

# Annual Report 2020





**In brief**

**Strategy & Targets**

**Divisions**

**Sustainability**

**Board Report**


**Financial Statements**

**Other**

**This is an interactive, clickable pdf.**

Moving between the different sections is easy with the help of a navigation menu at the top of the page for chapters and the respective menu on the left.

The logo above links back to this page.

The symbol with the arrow in the upper right corner  leads back to the page you were on before.

Alimak Group in brief  
The year in brief  
CEO Letter 2020

Trends and driving forces  
The New Heights programme  
Strategic priorities  
Value creation for stakeholders  
Group targets and progress 2020

Development per division  
BMU  
Construction  
Industrial  
Wind

A sustainable business  
Sustainable solutions  
Sustainable operations  
Sustainable relationships  
Managing sustainability  
Board signatures on the statutory sustainability report  
Auditor's report on the statutory sustainability report

Directors' report  
Risks and risk management  
Corporate governance  
Board  
Leadership Team

Consolidated statements of comprehensive income  
Consolidated statements of financial position  
Consolidated statements of cash flow  
Consolidated statements of changes in equity  
Notes to the consolidated financial statements  
Parent Company income statements  
Parent Company balance sheets  
Parent Company cash flow statements  
Statements of changes in Parent Company equity  
Notes to the Parent Company financial statements  
Board signatures  
Auditor's report

Key figures  
The share  
Information to shareholders  
Definitions

**Calendar**

The Annual General Meeting (AGM) for the 2020 financial year will be held on May 6, 2021.

The Interim Report for the period January – March 2021 will be published on April 22, 2021.

The Interim Report for the period January – June 2021 will be published on July 20, 2021.

The Interim Report for the period January – September 2021 will be published on October 21, 2021.

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In the event of any discrepancies between the Swedish and the English versions of the Annual Report, the Swedish version shall take precedence.

**On the cover:** A BMU being installed at Landmark Pinnacle in London, UK, with Alimak construction hoists in the foreground.



# Alimak Group in brief

## Alimak Group in brief

The year in brief

CEO Letter 2020

Alimak Group is a world-leading provider of vertical access solutions for professional use. With a global reach spanning over more than 100 countries, the Group offers vertical access solutions and unmatched customer support adding customer value through greater safety, productivity and resource efficiency.

The Group's products and service solutions are sold under the brands Alimak, CoxGomyl, Manntech, Avanti and Alimak Service.

### Division



manntech

#### BMU

BMU offers permanent building maintenance systems and facade access solutions available for every building structure regardless of its simplicity or complexity. The offering also includes services such as spare parts, certifications and refurbishments..

Share of Group revenue **26%\***



#### INDUSTRIAL

Industrial offers a wide range of elevators and platforms for permanent use across a broad spectrum of industries and harsh environments. The offering also includes service contracts to maintain reliability of the solutions which can be in use for up to 20-30 years.

Share of Group revenue **24%\***



#### CONSTRUCTION

Construction offers a wide range of hoists, elevators and platforms based on rack-and-pinion technology. These are used temporarily during construction and refurbishment projects. The offering also includes services like spare parts and certifications..

Share of Group revenue **27%\***



#### WIND

Wind offers products, solutions and training courses for safe work in wind turbines, such as service lifts, ladders and tower internals, with the aim of helping customers make wind energy cost competitive . The offering also includes services.

Share of Group revenue **23%\***

\* Alimak Group has a new organisational structure in place as of January 1, 2021. The data published for the new divisions in this document are a restatement which has not been reviewed by the company's auditors.



# Across the world

Alimak Group in brief  
 The year in brief  
 CEO Letter 2020

## The Group across the world



Alimak Group has a global network of own sales offices and distributors, reaching over 100 countries. The global organisation puts Alimak Group close to its customers and ensures good knowledge of their business as well as long-term rela-

tionships. It also benefits the customers through a unique combination of international and local service and support. The Group has an installed base of more than 70,000 units across the world.

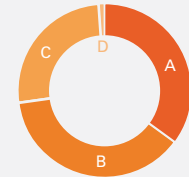
### Revenues

MSEK

3,740

### Revenue per region %

- A) Europe, 35
- B) APAC, 38
- C) Americas, 26
- D) ROW, 1

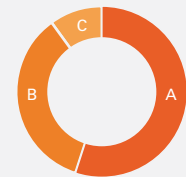


### Employees

2,049

### Employees per region %

- A) Europe, 55
- B) APAC, 35
- C) Americas, 10
- D) ROW, 0







# The year in brief

Alimak Group in brief

The year in brief

CEO Letter 2020

## Important events 2020

**On April 1**, the Board, due to the prevailing market uncertainty caused by COVID-19, proposed a decreased dividend for the financial year 2019 of SEK 1.75 per share which was approved by the Annual General Meeting held on May 7, 2020. The previous proposal of the Board of Directors of Alimak Group was a dividend of SEK 3.25 per share for the financial year 2019.

**On June 1**, Ole Kristian Jødahl assumed the role of President and CEO of Alimak Group. Ole Kristian Jødahl succeeds Tor-mod Gunleiksrud, who decided to leave the company after 8 years in the role. Ole Kristian Jødahl joined Alimak Group from the assignment as CEO of Hultafors Group. He has previously worked with operations management and held operational positions within SKF Group, most recently as Director, Sales & Marketing, Industrial Market, SKF Group.

**On May 7**, Alimak Group held its Annual General Meeting. In accordance with the Nomination Committee's proposal, Helena Nordman-Knutson, Tomas Carlsson, Christina Hallin and Sven Törnkvist were re-elected as Directors. Johan Hjertons-son, Petra Einarsson and Ole Kristian

Jødahl were elected as new Directors of the Board. Jan Svensson and Anders Jonsson decided to resign as Directors. Johan Hjertonsson was elected Chair of the Board.



**On August 27**, Alimak Group announced the acquisition of Verta Corporation, an American service provider with a large share of the portfolio consisting of Mann-tech units. Closing took place on September 30, 2020.

**On October 7 and 8**, Alimak Group announced a cost reduction initiative with targeted annual savings of around MSEK 60 and launched the New Heights programme, consisting of three steps 1. Establish the base, 2. Secure margin improvements and 3. Profitable growth.

1

Establish the base  
2020

2

Secure margin improvements  
2021

3

Profitable growth  
2022–2025

Order intake

MSEK

3,761

EBITA adj.

MSEK

396

Cash flow from operations

MSEK

505



## The year in key figures

Alimak Group in brief

The year in brief

CEO Letter 2020

### Key figures

	2020	2019	2018	2017	2016
Order intake, MSEK	3,761.3	4,363.2	4,621.1	4,101.2	2,143.9
Revenue, MSEK	3,740.3	4,587.4	4,320.4	4,000.7	2,048.6
Operating profit (EBITA adj.), MSEK	396.2	628.8	554.5	510.2	330.7
Operating margin (EBITA adj.), %	10.6	13.7	12.8	12.8	16.1
Operating profit (EBITA), MSEK	318.9	608.1	490.5	464.7	307.9
Operating profit (EBITA), %	8.5	13.3	11.4	11.6	15.0
EBIT, MSEK	277.5	565.1	439.4	416.8	306.8
Profit for the period, MSEK	182.8	394.0	344.0	291.6	194.0
Earnings per share <sup>1</sup> , SEK	3.37	7.28	6.35	5.58	4.10
Earnings per share <sup>2</sup> , SEK	3.37	7.28	6.35	5.38	3.58
Cash flow from operating activities, MSEK	505.1	502.1	239.9	335.4	224.0
Dividend, SEK	3.00 <sup>3</sup>	1.75 <sup>5</sup>	2.75	2.30	1.60
Leverage (Net Debt/EBITDA)	1.50 <sup>4</sup>	1.33 <sup>4</sup>	1.55	1.72	0.81

1. Previous periods have been adjusted to take into account the change in the number of shares after the completion of the rights issue in Q2 2017.

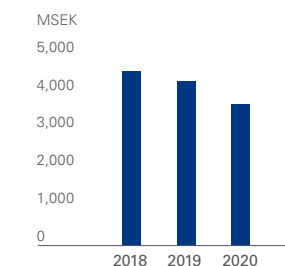
2. Based on the existing number of shares, 54,157,861.

3. Proposed by the Board of Directors. Includes an ordinary dividend of SEK 2.00 and an extra dividend of SEK 1.00.

4. Leverage including the impact of IFRS 16.

4. Lowered due to the market uncertainty caused by COVID-19. The Board's previous proposal was a dividend of SEK 3.25 per share.

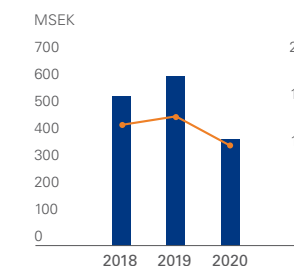
### Order intake



■ Order intake

Order intake decreased by 14 per cent, 11 per cent organic decrease, to MSEK 3,761.

### Profitability



■ EBITA adj.  
— EBITA adj. margin

EBITA adj. decreased to MSEK 396, with a margin of 10.6 per cent.

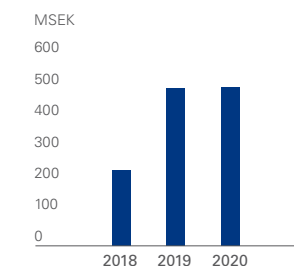
### Revenue



■ Revenue

Revenue decreased by 18 per cent, down 15 per cent organically, to MSEK 3,740.

### Cash flow



■ Cash flow from operations

Cash flow from operations improved slightly to MSEK 505.



# CEO Letter 2020

Alimak Group in brief

The year in brief

CEO Letter 2020

2020 was a challenging year for Alimak Group in the wake of COVID-19. The pandemic brought on a highly challenging operational environment as well as weaker market demand and customer investment activity. In response, the Group rapidly adapted to the new reality and has done everything possible to keep our employees and customers safe and to continue to deliver the access solutions our customers around the world depend on as a critical part of their business operations.

Revenue during the year decreased by 15 per cent organically, impacted by COVID-19, and the adjusted EBITA-margin decreased to 10.6 per cent compared to 13.7 per cent in 2019. All business areas recorded a decline in revenue with the main decrease being within Construction Equipment and Industrial Equipment. Rental and Wind were the businesses most resilient to the pandemic, and we managed to maintain our market shares. Within General Industry and BMU we have seen delayed investment decisions and very few project cancellations during the year and in Q4 we started to see improved order intake within Construction. However, I am pleased to see that the efficiency measures we have executed so far have strengthened our underlying profitability and that we were able to deliver an adjusted EBITA-margin of 13.7 per cent in the fourth quarter as well as strong cash flow during the entire year. The cost reductions announced in October have been implemented as planned and we are well on track to deliver on the MSEK 60 targeted annual savings with full effect as of the second half of 2021.

## FIRST STEP TOWARDS NEW HEIGHTS IN PLACE

On June 1, I assumed my position as CEO of the Group. One of my first steps was to launch a business review which we finalised and presented the outcome from in

October. We identified a clear untapped value creation potential for the Group, based on our strong global position as a leading access solution provider in the Construction, Industrial, Wind and BMU market segments. As a result, the New Heights programme was launched consisting of three steps; Establish the base, Secure margin improvements and Profitable growth.

The New Heights programme includes four strategic areas and behaviours and two fundamental enablers needed to deliver on our targets: Customer obsession, Technology leadership, People development and Operational excellence with digitalisation and sustainability as fundamental enablers. An important part of step one was the reorganisation of the Group's business, effective January 1, 2021, into four customer-centric divisions: Construction, Industrial, BMU and Wind. The divisions are responsible for the full customer journey – understanding real customer needs and development, marketing and sales of the value proposition, including original equipment, spare parts and services and thereby the current After Sales business area is integrated into the divisions. We will also put more attention on the important area of People & Culture, establishing a function in the Leadership Team to secure excellence in developing our most important asset – our employees.





Alimak Group in brief

The year in brief

CEO Letter 2020

*“The updated vision reflects a changed mindset from focusing on the product itself to taking a broader view of our place in the customers’ value creation chain and ecosystems.”*

### CUSTOMER ECOSYSTEMS IN FOCUS

This new organisational structure means that responsibility for developing the value proposition is placed within the divisions, as they are the closest to the customers and best understand their needs over the product lifecycle. Our solutions often remain in operation for 20 to 30 years which means that there is a lot of value to capture, both for the customers and for Alimak Group. We will focus on making our solutions fully connected into our customers’ eco-systems and we will help our customers reduce their CO<sub>2</sub> footprint through sustainable solutions. We will make sure that customers gain the full potential value throughout the life of our solutions, as well as creating value for our shareholders. This is why we will put a lot of effort into developing our aftermarket services globally further within all divisions.

August of 2020, we announced the acquisition of Verta Corporation, an American service provider with a large share of the portfolio consisting of Manntech units. The acquisition further strengthened our standing as the market leading service provider in North America and gave us access to even more, highly skilled service technicians – in line with our continued ambition to grow our service business and expand our coverage, especially towards BMU customers.

### SUSTAINABLE, PROFITABLE GROWTH

Our vision is to move people, material and businesses safely to new heights. The updated vision reflects a changed mindset from focusing on the product itself to taking a broader view of our place in the customers’ value creation chain and ecosystems. Our vision also reflects our sustainability ambitions and contribution to workplace safety, reduced climate impact, social responsibility and other important aspects. Alimak Group is a signatory of the UN Global Compact and we support the initiative’s Ten Principles in the areas of Human Rights, Labour, Environment and Anti-Corruption.

Alimak Group is a global player with leading brands, in a market where mega trends like urbanisation, digitalisation, sustainability and safety regulation support an underlying growth. We are accelerating our efforts in R&D and digitalisation as well as in product and service development in order to increase organic growth. As an example, we have recently launched a new construction hoist for the Chinese market designed for use inside elevator shafts. Further, our BIM Gallery has reached more than 1,000 downloads, proving the market’s need for digital portrayals of our product offering to improve the planning process of construction projects.

### SET FOR MARGIN IMPROVEMENTS IN 2021

We expect to see an improved business climate in 2021. However, with the continued lockdowns and spread of the virus, the first half of 2021 will most likely continue to be challenging. But we are prepared to manage different scenarios. 2021 will be a year where our main focus will be step two in the New Heights programme, delivering on our profit commitments while at the same time preparing the Group for phase three of the New Heights programme; sustainable profitable growth in the years to come. As part of this work, we will finalise the divisional strategies by identifying the market opportunities present over the product lifecycle in our prioritised customer segments around the world. We are in a strong financial position and are able to invest in growth-enhancing activities.

I want to take this opportunity to thank each and every one of our employees for adapting to the challenges during the year, for your commitment and for taking ownership to minimise, to the extent possible, the spread of the virus as well as the impact on our employees, customers and business. I am very happy and proud to have been given this opportunity to join the Group and its amazing people. I see a lot of potential to realise going forward.

**Ole Kristian Jødahl**

*President & CEO*





# Strategy and Targets

**Trends and driving forces**

**The New Heights programme**

**Strategic priorities**

**Value creation for stakeholders**

**Group targets and progress 2020**



# Trends and driving forces

## Trends and driving forces

The New Heights programme

Strategic priorities

Value creation for stakeholders

Group targets and progress 2020

The Group is well-positioned to take advantage of important, global macro-economic trends in both mature as well as emerging markets which form the basis for market growth: demographics, digitalisation and sustainability.

MEGA TRENDS	ALIMAK GROUP'S RESPONSE	Population residing in urban areas 1990–2050, %
<p><b>Demographic changes</b></p> <p>The world's population continues to grow. At the same time, urbanisation is driving the trend towards densification in megacities dominated by high-rise buildings. This leads to a need for the construction of more homes, offices, hospitals, schools and transportation as well as new and upgraded infrastructure and increased energy consumption.</p>	<p><b>Expanded product portfolio</b></p> <p>The growing population and development of megacities generates increased activity in the construction and industrial sectors, which also drives the demand for vertical access solutions across the Group's product portfolio. Alimak Group strives to offer a complete portfolio of solutions to match the needs of mature and emerging markets and to secure a global reach.</p>	<p>Source: United Nations Population Division, World Urbanization Prospects: The 2018 Revision.</p>
<p><b>Digitalisation</b></p> <p>Industry 4.0, automation and big data create opportunities for enhanced products and services, to increase future productivity for customers. In 2020, the COVID-19 outbreak led to increased customer acceptance for remote support as well as an increased need to know how and where their equipment is being used.</p>	<p><b>Connected offering</b></p> <p>Through more connected products, the Group is able to learn more about how its solutions are used, helping both customers use them in a more productive way and the Group itself understand how they can be designed for increased sustainability. It also offers exciting opportunities to further develop the service offering from an ecosystem perspective.</p>	
<p><b>Sustainability</b></p> <p>The increased global focus on sustainability is manifested in different ways, including the transition to renewable energy and stricter work environment legislation. Health and safety requirements increase the demand for vertical access solutions in both mature markets as well as emerging markets, while also increasing the pressure on businesses to switch to more sustainable products and processes.</p>	<p><b>Safety first and proven track-record</b></p> <p>With a proven track-record and market leadership, Alimak Group benefits from stricter safety regulations. The Group's product portfolio includes solutions for the growing wind industry and continuous R&amp;D efforts are put into more energy-effective solutions to contribute to the UN Sustainable Development Goals.</p>	<p><b>UN Sustainable Development Goals</b></p> <p><b>THE GLOBAL GOALS</b> For Sustainable Development</p>



# The New Heights programme

Trends and driving forces

The New Heights programme

Strategic priorities

Value creation for stakeholders

Group targets and progress 2020

A decentralised, customer-centric organisation is the base of Alimak Group's three-step New Heights programme, launched in October 2020. The programme aims to make sure that the Group meets its financial targets over the business cycle.

Following the business review initiated by CEO Ole Kristian Jørdahl, Alimak Group decided to launch the New Heights programme, consisting of three steps  
1. Establish the base, 2. Secure margin improvements and 3. Profitable growth.

1

**Establish the base  
2020**

2

**Secure margin improvements  
2021**

3

**Profitable growth  
2022–2025**

## 1. ESTABLISHING THE BASE

A reorganisation forms the base for an efficient execution of the New Heights programme. Going forward, the Group will be organised into four customer-centric divisions: Construction, Industrial, BMU and Wind. The new organisation, and subsequent reporting structure, came into effect as of January 1, 2021.

The aim is to establish an organisation with responsibility, accountability and a mandate to act where the customers' needs are at the centre of all decisions made within the Group.

The divisions will be responsible for the full customer journey and asset lifecycle – original equipment, spare parts and services – and will be supported by lean corporate functions. One of these is the service delivery teams already in place across the world. They remain a fully integrated local team per country managed by one division – supporting delivery of services to all divisions.

Further measures taken during 2020, in the Establishing the base phase, include:

- ✓ Updating Group vision and core values
- ✓ Accelerating innovation, digitalisation and a customer-centric value proposition
- ✓ Establishing a People & Culture function to secure excellence in developing the Group's most important asset

## 2. SECURING MARGIN IMPROVEMENTS

Step two focuses on getting up to speed with the implementation of the strategies, where profit before growth is vital.

The reorganisation, in combination with restructuring, will result in a net reduction of approximately 120 employees with targeted annual savings of around MSEK 60, with full effect by end of H1 2021. This gave rise to non-recurring costs of approximately MSEK 60, taken during Q3 and Q4 2020. The aim of the savings is to, together with the actions in 'Establishing the base', prepare the Group for future profitable growth.

## 3. PROFITABLE GROWTH

Step three will be to drive a strong profitable growth, both organic and through acquisitions, to make sure that the Group meets its financial targets over the business cycle. A more detailed roadmap with strategies for each division will be presented at a Capital Markets Day during 2021.



# Strategic priorities

Trends and driving forces

The New Heights programme

Strategic priorities

Value creation for stakeholders

Group targets and progress 2020

Alimak Group has a market leading position but see good opportunities to grow and strengthen its profitability in line with the New Heights programme and to accelerate value creation for all stakeholders. The overarching strategic priorities are areas important for the Group's success.

Strategies are drawn up for each individual division but there are several common priorities across the entire Group.

## FUNDAMENTAL ENABLERS

Digitalisation and sustainability are fundamental enablers across all strategic initiatives.

Digitalisation for Alimak Group covers all areas – from product development to own manufacturing and processes. By replacing mechanical functions with electronics, the Group can improve the products' functionality – making smarter products. Through more connected products, the Group is able to learn more about how its solutions are used, helping both customers use them in a more productive way and the Group itself in understanding how they can be designed for increased sustainability. Connectivity also offers exciting opportunities to widen the service capability by developing and packaging service offerings tailored to customer's needs proactively.

Sustainable business is core to the future, profitable growth of the company. More information about the Group's ongoing sustainability initiatives is available on pages 27–38 of this report.

## GROUP-WIDE SYNERGIES

In addition to the common strategic priorities, the divisions can leverage on the Group's common footprint and utilise a common back office set up as well as a joint global service delivery organisation. Together, the four divisions cover the widest technology base and portfolio in the industry. And last but not least, the divisions benefit from the strong financial backing provided by the Group.

*“In the new organisation, the divisions – as they are the closest to the customers and best understand their needs – are responsible...”*





Trends and driving forces

The New Heights programme

Strategic priorities

Value creation for stakeholders

Group targets and progress 2020

*...for the full asset lifecycle value proposition, including services.”*

**Customer obsession** is at the core of everything the Group does. As a truly customer driven company, all decisions are influenced by customer needs. In the new organisation, the divisions – as they are the closest to the customers and best understand their needs – are responsible for the full asset lifecycle value proposition, including services.

**Technology leadership** is all about setting the agenda in the industry. The divisions will continuously broaden and develop their product portfolios to meet evolving customer needs and safeguard their strong market position. The Group will strengthen its R&D capabilities to develop upgraded and more digitally connected solutions.

Alimak Group will broaden its service capability by developing and packaging new service offerings tailored to customer needs. This includes for example remote monitoring and troubleshooting as well as online training.



**People development** is about attracting, developing and retaining the best people as the employees are the Group's most important asset. This work is accelerated by the addition to the management team of the Chief People & Culture Officer as well as through the new organisation which defines roles with clear responsibilities, accountability and a mandate to act.

**Operational excellence** and efficiency is something the Group strives for in all its processes and manufacturing. The mindset of continuous improvements is achieved through iterative problem solving and proactive leadership, ensuring utilisation of assets in the most efficient way.





# Value creation for stakeholders

Trends and driving forces

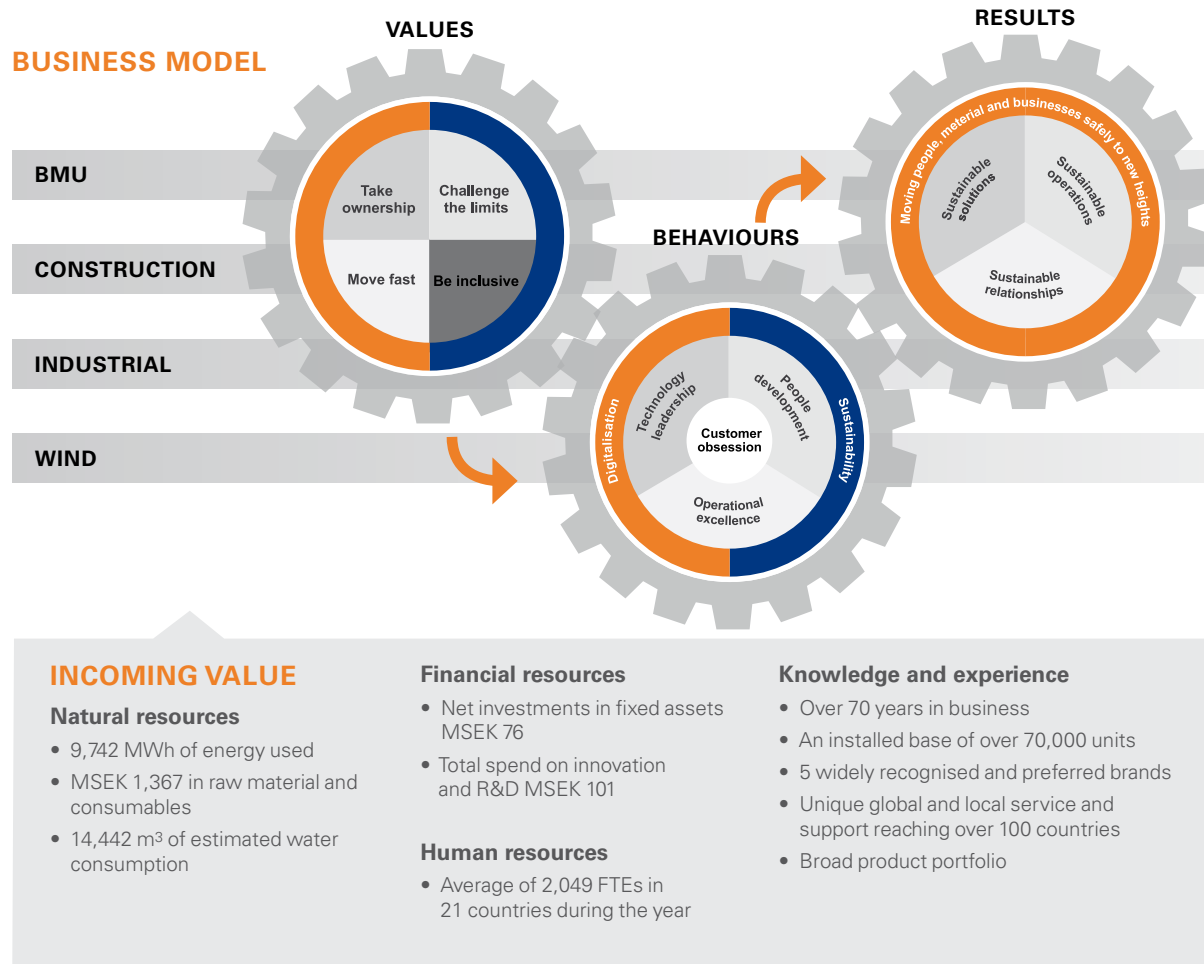
The New Heights programme

Strategic priorities

Value creation for stakeholders

Group targets and progress 2020

Alimak Group creates value through its business model of providing world-leading access solutions for professionals at heights, through the lifecycle of the products which can be up to 20–30 years. The corporate values are the guidelines for all behaviours and strategic decisions that lead to results – always with the customer needs as the number one priority.



## CREATED VALUE

### Customers

- Higher productivity in transporting people and material
- Safer working conditions for the customers' employees
- Low total cost of ownership

### Shareholders

- Net profit of MSEK 183
- 5.0% return on equity
- Proposed dividend of SEK 2.00 per share for 2020, plus an extra dividend of SEK 1.00

### Employees

- Salaries and remuneration of MSEK 1,131
- Professional development
- Reduced number of accidents with lost time 24 (44)

### Environment/Society

- Reduced CO<sub>2</sub> emissions by 37%
- Taxes for the year's profit of MSEK 58
- Industry association participation – setting standards for safer equipment and its usage
- The refurbishment and upgrade offering means longer lifetimes and less new resources used

### Business partners

- Reliable, long-term business relations and opportunities for around 120 distributors and 900 suppliers
- Improved safety, health, environment, and quality through audits and Code of Conduct

## Addressing global challenges





# Group targets and progress 2020

Trends and driving forces

The New Heights programme

Strategic priorities

Value creation for stakeholders

Group targets and progress 2020

Alimak Group was impacted by the consequences of the COVID-19 pandemic on all key performance indicators in 2020. With the New Heights programme in place, the financial targets stand firm.

The mid-term targets, set after the two large acquisitions at the beginning of 2017, include a three percentage point increase of the EBITA margin from the baselines of 12.0 per cent actual proforma 2016.

In addition, the Group aims to have average annual organic revenue growth of at least 6 per cent and to maintain an effective capital structure with a net debt of around 2.0x EBITDA. The capital structure will be flexible and allow for strategic initiatives.

Alimak Group also has a target of paying a dividend of approximately 50 per cent of its net profit for the current period to the shareholders. Decisions on dividend payment will take account of the Group's financial position and cash flow.

## DEVELOPMENT IN 2020

Order intake during the year decreased by 14 per cent to MSEK 3,761 (4,363), with an organic decrease of 11 per cent and unfavourable exchange rate translation effects.

Revenue decreased by 18 per cent to MSEK 3,740 (4,587), down 15 per cent organically and impacted by unfavourable exchange rate translation effects.

All business areas recorded a decline in revenue with the main decrease being in Construction Equipment and Industrial Equipment.

## Financial targets

Organic revenue growth

6%

EBITA margin

15%

Leverage (Net Debt/EBITDA)

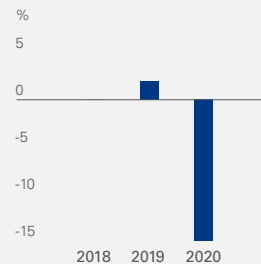
2.0x

Dividend policy

~50%

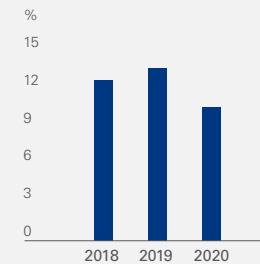
## Progress

Organic revenue growth



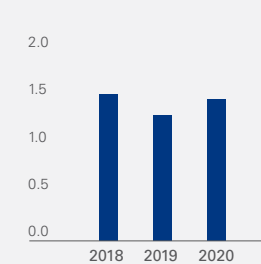
Revenue decreased 15 per cent organically. All business areas recorded a decline in revenue, the biggest impact coming from Construction and Industrial.

EBITA margin adj.



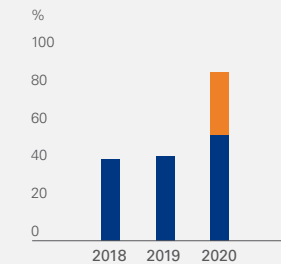
The margin dropped by 3.1 percentage points to 10.6 per cent.

Leverage



Leverage (Net debt/EBITDA) increased to 1.50, well below the target.

Dividend payout ratio



■ Extra dividend  
■ Ordinary dividend

The Board of Directors propose an ordinary dividend of SEK 2.00 (1.75) per share and an extra dividend of SEK 1.00.



Trends and driving forces

The New Heights programme

Strategic priorities

Value creation for stakeholders

**Group targets and progress 2020**

In 2020, 35 per cent of the Group's revenues came from Europe, some 38 per cent from the Asia and Pacific region, 26 per cent from North, Central and South America and a further 1 per cent from the rest of the world.

#### **MARGIN RECOVERY DURING SECOND HALF**

EBITA adj. for the year amounted to MSEK 396 (629), corresponding to a margin of 10.6 per cent (13.7), below the target. The decrease was primarily the result of the volume drop but margins improved during the second half of the year, following cost savings initiatives, ending the fourth quarter on 13.7 per cent.

MSEK 60 was taken as non-recurring expenses during the year, relating to the cost-out part of the New Heights programme, announced at the beginning of October. In the fourth quarter, an additional MSEK 16 of non-recurring expenses were taken relating to reservations for customer claims following delays in project deliveries as well as provisions for inventories and customer receivables.

EPS decreased to SEK 3.37 (7.28).

#### **LEVERAGE STILL WITHIN TARGET RANGE**

The Group ended 2020 with a net debt of MSEK 680, a leverage of 1.50x EBITDA. This as compared to 1.33 as of December 31, 2019. The increase was due to the lowered EBITDA result during 2020, slightly offset by a decrease in net debt of MSEK 327. Despite this, the Group retains its strong financial position with a leverage well below the target of 2.0x.

#### **EXTRA DIVIDEND**

For the financial year 2019 the proposed dividend was cut from SEK 3.25 to SEK 1.75 due to the prevailing market uncertainty caused by COVID-19, and approved by the Annual General Meeting held on May 7, 2020. For the financial year 2020, The Board of Directors propose a dividend of SEK 2.00 (1.75) per share based on existing number of shares. In addition, the Board proposes an extra dividend of SEK 1.00.

This total level takes into consideration the current market conditions and prioritisation of a continued strong balance sheet to support the Group's growth ambitions.





# Divisions

Development per division

BMU

Construction

Industrial

Wind







# Divisions

Development per division

- BMU
- Construction
- Industrial
- Wind

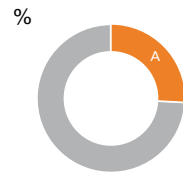
## BMU



### YEAR IN BRIEF

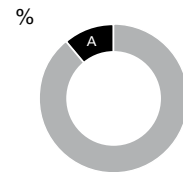
- > **Customers delayed investment decisions** and award dates following end-market uncertainty, relatively good momentum for services sales
- > **Revenue decreased** to MSEK 962 (1,166), impacted by closed factories and delayed project starts
- > **EBITA margin decreased** to -3.5 per cent, compared to 4.6 in 2019

Share of Group revenue



A) BMU, 26

Share of Group EBITA



A) BMU, -11

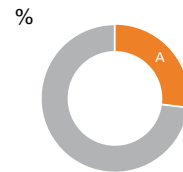
## Construction



### YEAR IN BRIEF

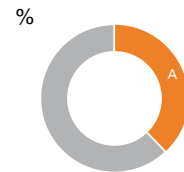
- > **The market uncertainty** pushed many customers into preferring rental options over buying and order intake only decreased by 6 per cent
- > **Revenue decreased** to MSEK 1,008 (1,385) following the low backlog at the beginning of the year
- > **EBITA margin decreased** to 12.0 per cent (17.5) due to the lower volumes

Share of Group revenue



A) Construction, 27

Share of Group EBITA



A) Construction, 38

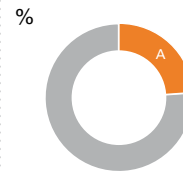
## Industrial



### YEAR IN BRIEF

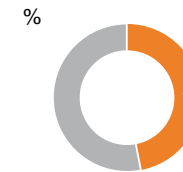
- > **The important service sales** represented 63 per cent of order intake
- > **Challenges including delayed shipments** and restrictions to site access led to revenue decreasing 20 per cent to MSEK 917 (1,140)
- > **EBITA margin decreased** to 16.4 per cent (19.8)

Share of Group revenue



A) Industrial, 24

Share of Group EBITA



A) Industrial, 47

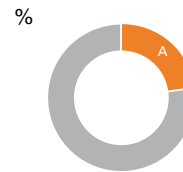
## Wind



### YEAR IN BRIEF

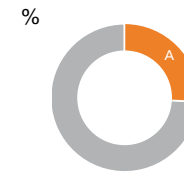
- > **The global wind market** was less impacted by the pandemic
- > **Revenue held up well**, with only a slight decrease to MSEK 854 (866)
- > **EBITA margin improved slightly** to 9.6 per cent compared to 9.5 per cent in 2019

Share of Group revenue



A) Wind, 23

Share of Group EBITA



A) Wind, 26

The data published for the new divisions in this document are a restatement which has not been reviewed by the company's auditors.





# BMU

Development per division

BMU

Construction

Industrial

Wind

The market for providing optimal building maintenance systems available for every building structure regardless of its simplicity or complexity was challenging during 2020. With customers delaying investment decisions which resulted in lower factory utilisation and project margins were negatively impacted but, improved during the last quarter.

The BMU division offers permanently installed equipment and systems that enable regular access to the facade of buildings, often called Building Maintenance Units (BMUs).

Typically, the equipment is used to provide a permanent means of being able to access the outside facade of buildings for maintenance purposes, which includes cleaning and replacing panels, lights and windows. The permanent access solutions are also used on infrastructure such as stadiums, airports, hospitals, bridges and industrial installations for the same purposes.

In addition to catalogue standard solutions for basic facade access needs, the division offers both Engineered to Order, which are customised solutions to overcome project specific challenges requiring deep engineering know-how, as well as Configured to Order, which are configurable Building Maintenance systems built on innovative, proven technologies and provide exceptional performance.

### VALUE CREATION

Present around the world with over 120 years of combined experience, the Manntech and CoxGomyl brands are industry pioneers and innovators, providing optimal building maintenance systems available for every building structure regardless of its simplicity or complexity. The combination of the brands provide the most reliable and efficient building access solutions which are built on proven

technologies, providing exceptional performance whilst meeting the highest standards of safety and quality.

In the high complexity market of super tall buildings or buildings with complex shapes, the historical success and brand names of CoxGomyl and Manntech are important aspects in the decision to buy. In these bespoke, highly complex buildings, the functionality, reliability and visual appearance are important to the customers and the architects.

### MARKET AND COMPETITORS

Demand for building maintenance units is driven by the continued rise in complex facades and growth in mega tall buildings where CoxGomyl and Manntech are market leaders in the high- to mid-complexity range. The BMU market is a competitive and complex market which is in a speciality niche within the construction industry.

### DEVELOPMENT IN 2020

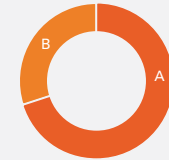
The BMU division had a challenging 2020 as the impacts of COVID-19 created uncertainty on the customers' end-markets. During the year, the division faced investment decisions that were put on hold and delayed project award dates from customers across most regions who hesitated or pushed back on taking projects live. This led to a 22 per cent decrease in order intake to MSEK 975 (1,246).

Order intake split 2020 %



A) Equipment, 70  
B) Service, 30

Revenue split 2020 %



A) Equipment, 70  
B) Service, 30

### BMU

	2018	2019	2020
Order intake, MSEK	1,015.2	1,246.2	975.0
Revenue, MSEK	1,086.5	1,165.6	961.8
EBITA, MSEK	-12.5	54.0	-34.1
EBITA margin, %	-1.15	4.6	-3.54
EBIT, MSEK	-15.0	35.4	-47.2
EBIT margin, %	-1.4	3.0	-4.9



## Development per division

## BMU

## Construction

## Industrial

## Wind

The same effect was noticeable on revenue, which declined 18 per cent to MSEK 962 (1,166). At the beginning of the year, the backlog was overweight to the second half of the year. But as customers continued to push back completion dates of their developments, they delayed milestones such as signing of approval drawings. This led to later project starts for the division and thereby lowered factory utilisation. During the first quarter the division also experienced supply chain interruptions when factories had to close during lockdowns.

EBITA decreased to MSEK -34 (54), corresponding to a margin of -3.5 per cent (4.6). Though as the Group improved its margins in the fourth quarter, the BMU division stood for the main improvement when reporting both improved gross margins as well as lower costs.

During the year, the division reported relatively good momentum in selling services to BMU customers. Order intake for services only decreased by 7 per cent, while revenue from services was almost flat at -1 per cent.



## CASE: THE WARDIAN, LONDON

## BMUs with rotating pods service the luxurious apartments at The Wardian

The Wardian was conceived as a development which would set new standards for high rise living among London's bustling Canary Wharf. With a double tower design reaching 55 and 50 stories respectively, the residential development provides 766 high grade residences ranging from suites to one or two bed apartments and luxurious penthouse accommodation.

The client brief for CoxGomyl called for a system of two Building Maintenance Units, one on each tower, to provide complete facade coverage. The significant overhang at the two story penthouse accommodation presents a particular challenge. The solution CoxGomyl developed encompasses two BMUs both travelling on a twin track around the perimeter of each tower. These BMUs provide an outreach of 5.75 metres and are returned to a designated garage area in order to avoid any negative impact on the clean lines of the building design.

A unique custom designed cradle facilitates comprehensive access to all facade surfaces with a side mounted rotating pod in addition to a 3.5 metre main cradle. This incorporates programmable logic controller (PLC) guidance for the facade restraint system to deliver simple, operator friendly and convenient access to overhanging sections. The full building maintenance system also includes an auxiliary materials hoist with a weight capacity of 620kg for glass panel replacement tasks.

The constant upkeep of a luxurious development such as this is a major factor in its success and the professional access solution provided by CoxGomyl convinced the client that the brand's reputation for excellence was well earned.



## Construction

Development per division

BMU

Construction

Industrial

Wind

Entering 2020 with a low backlog, Construction reported customers switching their preference from buying equipment to renting, caused by the underlying market uncertainty. While order intake from the previously low UK and the Nordics improved, the important US market declined during the year.

Construction develops, manufactures, sells and provides rentals of a wide range of construction hoists and platforms for temporary use in construction and renovation projects. The rental option is provided in the selected markets France, Benelux, Germany, Switzerland and Australia. The offering also includes analysis of customer needs, identification of solutions and products and customer training on site. The division also offers sales of the Group's used construction products, mainly derived from its own rental fleet as well as the important service offering of things such as assembly, disassembly, maintenance, operating assistance, transportation and insurance.

Products range from basic to large, bespoke highspeed solutions. These include rack-and-pinion operated construction hoists for passengers and materials, transport platforms and material elevators for vertical transportation of people and material, as well as mobile work platforms.

Alimak Group is a pioneer in the industry and has been a market leader for over 70 years. The Alimak brand is well established and respected in the construction sector and in many regions synonymous with the term construction hoist.

### VALUE CREATION

The Construction division creates value through products designed for a number of different uses where work safety, reliability, versatility and price are key requirements. The use of modular designs as a foundation for

further customisation reduces assembly time and maintenance costs for the customer.

The rental option provides the customer with greater flexibility, since use of the construction equipment is project-based and thus subject to a time limit. Renting the equipment is less capital-intensive and offers the customer lower risk and greater cost control.

Used sales provides customers with an alternative to investing in new products when market conditions and uses allow for more basic machinery, particularly in emerging markets.

### MARKET AND COMPETITORS

The underlying driver of demand for the Construction installations is global and regional construction activity, primarily on commercial and high-rise residential buildings.

The Alimak brand is truly global in a relatively fragmented market and competition varies by region. The brand enjoys a leading position in most developed markets and is amongst the leading players in many of the emerging markets.

Alimak holds a strong position in the construction hoist segment, whereas more growth opportunities exist in the platform segment.

In certain markets, customers have historically been more inclined to rent equipment than to buy it, and small construction firms are generally more inclined than large

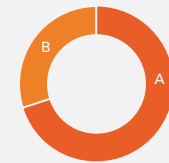
### Order intake split 2020 %



A) Equipment, 72

B) Service, 28

### Revenue split 2020 %



A) Equipment, 70

B) Service, 30

### Construction

	2018	2019	2020
Order intake, MSEK	1,377.3	1,154.0	1,088.4
Revenue, MSEK	1,240.2	1,385.4	1,007.7
EBITA, MSEK	221.7	243.0	121.1
EBITA margin, %	17.9	17.5	12.0
EBIT, MSEK	216.4	243.0	119.4
EBIT margin, %	17.5	17.5	11.8





Development per division

BMU

Construction

Industrial

Wind

companies to rent equipment. Alimak is a leading player in the handful of rental markets it serves. Competitors are mainly other manufacturers of construction hoists and platforms, as well as a number of small specialist and some generalist rental businesses.

#### DEVELOPMENT IN 2020

During 2020, order intake for Construction improved in the UK and Nordics compared to the previous year, but decreased in the important US market. In total, orders booked decreased by 6 per cent, to MSEK 1,088 (1,154).

Overall, COVID-19 impacted the sector with increased uncertainty, leading many customers to delay investment decisions and preferring to rent instead of buying, which favoured the Group's rental operations in a handful of markets – improving order intake but the business model was affected by lower revenues following lockdowns that restricted access to sites. External rental company customers were increasingly short term focused, investing in equipment only when projects were confirmed and their current fleet could not cope with the demand.

This development combined with the fact that Construction entered 2020 with a low backlog, the result of lower order intake in 2019, impacted revenue throughout the year – down 27 per cent to MSEK 1,008 (1,385). The revenue from services also decreased, however at a lower rate of 12 per cent.

EBITA margin decreased to 12.0 per cent (17.5). This was the result of the lower volumes and unfavourable geographical mix with lower deliveries to Americas that usually carry higher margins, though cost control countered some of the margin effect.

CASE: THE SPHERE, LAS VEGAS, USA

## BIM modelling facilitates unique project

MSG Sphere at The Venetian is a sphere-shaped music and entertainment arena being built near the Las Vegas Strip. Upon completion, the 17,500 seat arena will be 360 feet tall and 500 feet across. The exterior will be, in effect, a huge video screen with more than 36 miles of LED lights and a 250-million-pixel interior screen with a 19,000 by 13,500 resolution, one of the largest highest-definition screens in the world, according to MSG.

Alimak supplied 18 Scando 650 construction hoists to rental company Compass Equipment in Nevada, which is contracted by the developer for this project, providing access for the people and materials to the working height as they construct this unique building.

“We were able to offer the builder a comprehensive hoist package that included an extensive design effort for as many as 18 cars with multiple unique applications. Our ability to offer 3D BIM modelling capabilities in coordination with the Alimak engineering and BIM team provided a significant advantage while creating a model whereby different sizes and types of cars could be placed on this unique project,” says Ray Bellamy, Vice President at Compass Equipment.

He continues “We will be designing and applying multiple types of attachment processes as well as multiple car sizes and entry/exit positions outside of normal application and the Alimak engineering team was a key element to our mutual success.”





## Industrial

Development per division

BMU

Construction

**Industrial**

Wind

The permanent access solutions sold by Industrial were subject to delays in customer decision making as well as shipments. The important service business was affected by restrictions to site access but with a smaller impact on order intake, with orders relating to service making up 63 per cent for the division for the full year.

The Industrial division serves customers with permanently installed rack-and-pinion and traction elevators, often under strict code regulation, in several end-segments such as ports, power and cement for maintenance and accessibility purposes. Service is also a core part of the offering with industry leading product and customer support with a complete range of service solutions including; service packages, preventative maintenance and repairs, inspections, refurbishments, genuine replacement parts and customer training, tailored to manage the total lifecycle of the equipment.

The majority of the business is customised and the vertical access solutions constitute a minor part of large complex engineering, procurement and construction investments. The Group's industrial elevators are therefore often specially adapted to suit specific customer applications and requirements with respect to size, load capacity, height, safety and speed. The division's products have a long anticipated lifecycle, averaging approximately 25 to 30 years. Services such as maintenance, spare parts, repairs and refurbishments can make up 75 per cent of the potential lifecycle revenues.

### VALUE CREATION

The Industrial division creates value for its customers through providing safe, reliable and high-quality products and services, delivered by professionals who are close to the customer's business and understand their needs. With

over 70 years of experience and a presence in over 100 countries, Alimak Group has close relationships to key customers on both a local and a global level.

The products benefit from the Group's significant technological experience and are often designed to function under extreme conditions and in corrosive environments while offering reliability and efficiency.

### MARKET AND COMPETITORS

Demand for permanently installed industrial elevators follows the general levels of investment in the industries of end-users.

The market for industrial rack-and-pinion elevators is consolidated, with Alimak as a leading player.

The traction market is more fragmented with industrial applications supplied both by large commercial manufacturers as well as smaller local companies.

### DEVELOPMENT IN 2020

The Industrial division's order intake in 2020 decreased by 18 per cent to MSEK 867 (1,056). Especially the oil & gas end market was heavily impacted during the year. The impact on services was however somewhat smaller than that of equipment, which increased the share of the division's order intake related to services to 63 per cent in 2020.

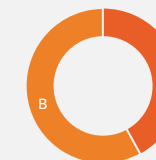
### Order intake split 2020 %



A) Equipment, 37

B) Service, 63

### Revenue split 2020 %



A) Equipment, 42

B) Service, 58

### Industrial

	2018	2019	2020
Order intake, MSEK	1,106.7	1,056.0	867.3
Revenue, MSEK	954.8	1,140.4	917.1
EBITA, MSEK	153.6	225.9	150.1
EBITA margin, %	16.1	19.8	16.4
EBIT, MSEK	130.8	224.8	147.5
EBIT margin, %	13.7	19.7	16.1





## Development per division

BMU

Construction

Industrial

Wind

Revenue decreased by 20 per cent to 917 (1,140). In the first quarter of 2020, the division experienced business interruptions as the manufacturing facility in China had to close following lockdowns. Somewhat later in the year, in light of the lower volumes, temporary redundancy plans were put in place in the factories. Throughout 2020, the division also faced delays of scheduled shipments which impacted the reporting of revenue.

But the main impact on Industrial from COVID-19 was governments and customers restrict access to sites to varying degrees. For the important service business, this led to reduced utilisation of service technicians stemming from related safety precautions and travel restrictions.

Following the lower volumes, EBITA decreased to 16.4 per cent (19.8) in 2020.

**CASE:** SVANEN CRANE SHIP, BALTIC SEA REGION

## A high-performance elevator for challenging conditions

In terms of marine elevator design and installation, no project comes bigger than the Van Oord Svanen crane ship, the largest crane vessel anywhere in the world, boasting a lifting capacity of a staggering 8,000 tonnes. Initially used as a crane for bridge construction projects, the Svanen has been widely utilised as a vital part of the construction infrastructure for around 650 offshore wind tower foundations.

Alimak were selected as the ideal provider for a high functioning industrial elevator on board the Svanen, installed in 2020, based on the brand's strong history of experience and expertise in the offshore industry, particularly in marine elevator and explosion proof elevator projects.

A challenge in this kind of marine elevator vertical access system is the immense forces offshore vessels must deal with during construction work and in everyday operations. The crane itself is used to drive the base of the wind turbines deep into the ocean floor. The elevator developed for the particular needs of this project therefore uses special bolts and mounting methods to avoid the risk of them working loose under this extreme force and the safety hazard of a bolt dropping from up to 70 metres.

In addition to the forces exerted by heavy machinery and environmental conditions, offshore vertical access solutions also commonly involve hazardous environments which require the enhanced safety of an explosion proof elevator. Alimak are recognised as a name to trust when it comes to safety in vertical access solutions for a broad range of high-risk industrial applications.





## Wind

Development per division

BMU

Construction

Industrial

Wind

The Wind division aims to create safe work in wind turbines, off-shore and on-shore. During 2020, the division was the least impacted by the pandemic and reported good development within services sales. Challenging comparables as well as a continued exit from the market for low-profit tower internals as part of re-focusing to supply niche tower internals was a common theme throughout the year.

The Wind division supplies safe and competitive access solutions for wind towers worldwide under the brand Avanti by means of a complete portfolio of highly reliable products and an efficient supply chain close to the customers, to optimise the management of the energy produced by wind turbines.

With a comprehensive range of vertical access solutions all geared around maximising safety, Avanti service lifts meet the varied and changing needs of the customers in the renewable energy industry served by 3 technologies: wire guided, rack-and-pinion as well as ladder guided service lifts.

Avanti provides its complete portfolio of vertical access solutions (lifts, ladders, fall protection, climb assistance systems and tower internals) to the biggest global wind OEMs and offers service, training and inspections also to utilities and service companies in the sector.

### VALUE CREATION

Safe work in wind turbines, off-shore and on-shore. Through high-quality safety products and solutions for wind turbine towers, Avanti helps customers make wind energy cost competitive.

Over 35,000 service lifts have been installed globally, more than 10,000 tower internals and more than 15,000

service technicians working in the wind industry have been trained and educated in safety by Avanti.

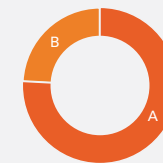
### MARKET AND COMPETITORS

The trend towards clean, affordable and reliable power remains one of the key drivers behind the growth in renewable energy such as wind. Demand for the Group's products aimed at this industry, where the Avanti brand holds a market-leading position, correlates with global investments in wind energy. While there is an expectation of a lower number of towers installed as a result of larger turbines, the lift market will expand due to the increase in lift penetration in the US and Chinese markets. The customers are mainly wind turbine OEMs which have undergone consolidation in the past years. Only a few competitors have a complete product portfolio similar to Avanti, as most of them are specialised in one product.

### DEVELOPMENT IN 2020

The global wind market held up well against the pandemic, with the main impact on the division coming from the need to close down factory in China during the beginning of 2020 following lockdowns in the wake of the pandemic outbreak. During the first two quarters, the division also faced challenging revenue comparables from the stand-

### Order intake split 2020 %



A) Equipment, 76

B) Service, 24

### Revenue split 2020 %



A) Equipment, 80

B) Service, 20

### Wind

	2018	2019	2020
Order intake, MSEK	1,121.9	907.0	830.7
Revenue, MSEK	1,038.9	896.1	853.8
EBITA, MSEK	127.7	85.1	81.8
EBITA margin, %	12.3	9.5	9.6
EBIT, MSEK	107.2	62.0	57.8
EBIT margin, %	10.3	6.9	6.8





## Development per division

BMU

Construction

Industrial

Wind

ardised parts of the tower internals business that was exited during 2019.

During 2020, order intake was also somewhat impacted by a further exit from the low-profit tower internals business following the focus on profit before growth and for the full year, order intake for the division decreased by 8 per cent to MSEK 831 (907). Order intake related to services however increased by 9 per cent.

Revenue for the division only decreased by 5 per cent during the year, to MSEK 854 (896) as activity, particularly in China, began to recover in the second quarter. Revenue from services also head up well, increasing by 1 per cent compared to 2019.

With the stable revenue development during the year, the EBITA margin improved slightly to 9.6 per cent (9.5).



CASE: SERVICE LIFTS FOR OFFSHORE WIND MEGA-FARM IN CHINA

## Avanti offshore service lifts to meet urgent demand for energy in China

Avanti has recently been chosen for more than 60 per cent of the service lifts for the SPIC Guangdong project. The project developer SPIC Guangdong Offshore Wind Power Ltd. has secured permits for installation of 3.2 GW – enough to supply three million households with power as China is accelerating its development of wind power. In the Guangdong province alone, there are ambitious plans to install from 15 to 20 GW. In comparison, all of Europe currently has less than 20 GW of wind power capacity installed.

Also, in Jiangsu and Fujian province located on the east coast of China, wind power is becoming a more dominant energy source as the increasing demand for energy as well as a demand to reduce air pollution in the cities is growing. Wind energy can now commercially compete with coal and other fossil fuels.

The customer chose the Avanti Octopus with the different sizes and versions – the most common ladder guided service lift for offshore installations. The Octopus service lift uses the existing safety ladder

system to guide its travel path to avoid swinging conditions. The customer valued Avanti's extensive knowledge and long experience from offshore installations in Europe. Avanti China has since 2019 technologically lead the lift offshore market in China.



# Sustainability

**A sustainable business**  
**Sustainable solutions**  
**Sustainable operations**  
**Sustainable relationships**  
**Managing sustainability**

**Board signatures on the  
statutory sustainability report**  
**Auditor's report on the  
statutory sustainability report**





# A sustainable business

## A sustainable business

- Sustainable solutions
- Sustainable operations
- Sustainable relationships
- Managing sustainability
- Board signatures on the statutory sustainability report
- Auditor's report on the statutory sustainability report

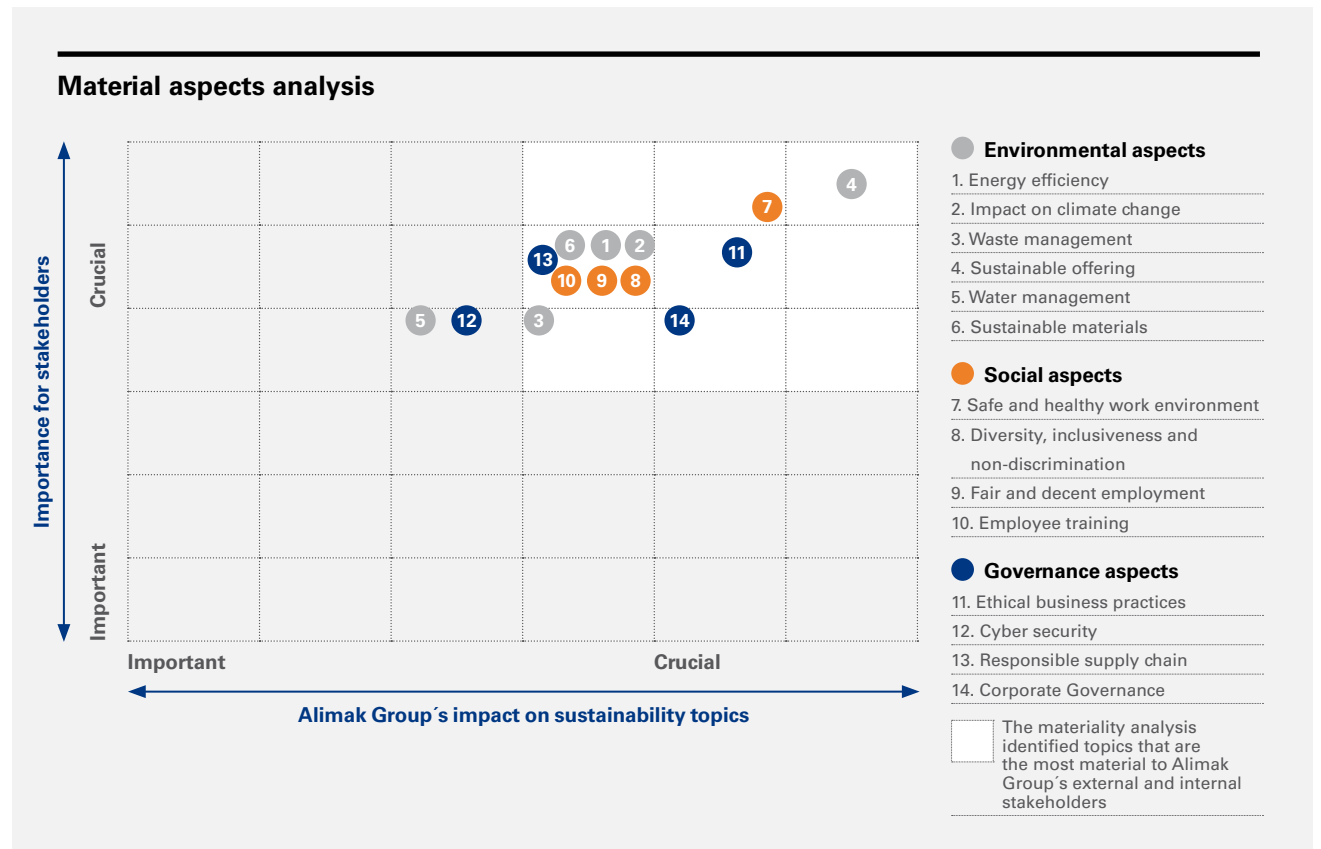
As highlighted in the New Heights programme, sustainability will be one of Alimak Group's fundamental enablers and cross through all strategic initiatives and thereby be a vital part of the DNA – both for the Group, and fully integrated into each division's strategy.

In a world that is growing and becoming ever more global, megacities are created – driven by population growth and urbanisation. These growing communities need infrastructure, housing and renewable energy. Alimak Group's access solutions enable the development of this in an efficient way, but most importantly through higher safety via vertical access automation at the customer's facilities. Sustainable operations as well as a focus on relationships are necessary to achieve this. The Group's major focus on the service business is a vital part in creating a more sustainable society as the offering of upgrades and refurbishment extends the solutions' lifetime.

The Group is also exposed to risks in the sustainability area, for example, risks concerning environmental issues, climate change, health & safety, respect for human rights, bribery and corruption. These risks are described in the Risks and risk management chapter of this document.

### STAKEHOLDERS

The main focus for 2020 was a full retake of the stakeholder dialogue and materiality analysis. Alimak Group aims for close dialogue and collaboration with its various stakeholders. The dialogue is based on honesty, transparency and facts. It forms the basis for the Group's sustainability work and what is prioritised in order to increase value creation, reduce environmental impact and contribute to improved social development. Stakeholders include customers, employees, investors, suppliers and distributors and society as a whole.





**A sustainable business**

- Sustainable solutions
- Sustainable operations
- Sustainable relationships
- Managing sustainability
- Board signatures on the statutory sustainability report
- Auditor's report on the statutory sustainability report

The retake of the stakeholder dialogue started with a desktop analysis to identify all relevant aspects throughout the Group's value chain. Based on the value chain, impacts from an environmental, economic and social perspective were identified. The second step included evaluation and ranking of the identified aspects by both internal and external stakeholders through surveys and in-depth interviews to prioritise the importance of the aspects before being confirmed by Alimak Group's leadership team.

The materiality analysis defined several aspects that form the basis for the Group's new sustainability strategy and framework. The outcome of the materiality analysis is also used as input for the Group's strategy work within the divisions.

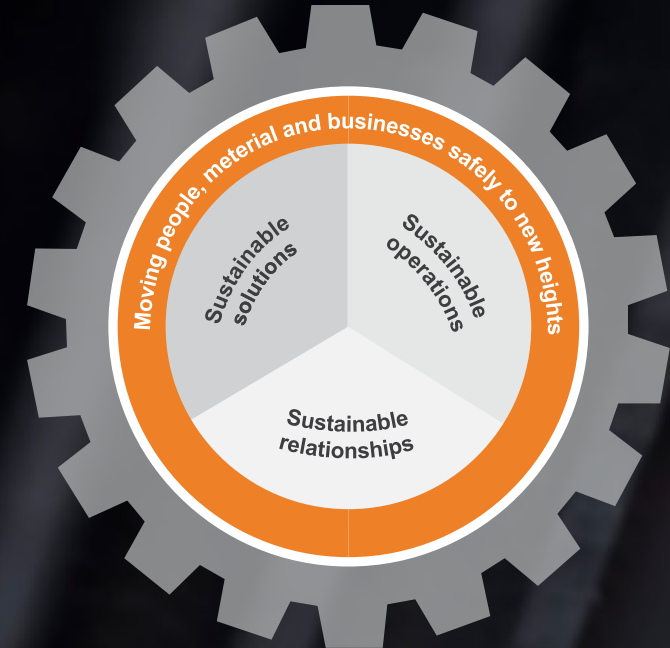
**ABOUT THIS REPORT**

This and the following pages make up the Group's statutory Sustainability report in accordance with the Swedish Annual Accounts Act (ÅRL).

Alimak Group is a signatory to the UN Global Compact, an initiative aiming to make human rights, fair labour standards, environmental responsibility and anti-corruption core parts of the participating companies' operations. These pages also constitute Alimak Group's Communication on Progress.

**UPDATED FRAMEWORK**

Based on the outcome of the stakeholder dialogue and materiality analysis, Alimak Group has updated its framework for sustainability focus areas and how it ties in with the whole business to reach the vision of "Moving people, material and businesses safely to new heights". The three new focus areas include Sustainable solutions, Sustainable operations and Sustainable relationships, presented here, and will form the basis for the selection of new KPIs and targets during 2021.





# Sustainable solutions

A sustainable business

Sustainable solutions

Sustainable operations

Sustainable relationships

Managing sustainability

Board signatures on the statutory sustainability report

Auditor's report on the statutory sustainability report

Through its products and services, Alimak Group helps customers increase safety and reduce their climate impact. The solutions create access to renewable energy parks, improved logistics at construction sites and better working conditions within the industries building the infrastructure of the future.

Urbanisation, growth of new megacities and the global need for larger wind parks require new, innovative and safe solutions for access and work at high heights. The Group's long experience of supplying quality products backed up by extensive after-market support enables the building, operation and maintenance of future sustainable cities, communities and industrial applications in a safe and more sustainable way, meeting the demands of these global trends.

## PROMOTING END-USER SAFETY

Alimak Group contributes to a safer working environment for those working in the construction and industrial sectors, by offering not only quality-tested access solutions but also continuous services providing operational assistance and advice on proper use of the equipment. Alimak Group is committed to improving the safety, efficiency, ease-of-use and service life of its products via structured quality control systems and processes deployed in engineering and manufacturing. One example is case studies from interesting and challenging installations that are produced and distributed among existing and potential customers. These demonstrate best-in-class solutions and facilitate contact between customers to disseminate knowledge of improved and safe solutions.

As a further example, operational feedback, obtained through the service activities, is taken into account in both the development of new solutions and in upgrading or



A CoxGomyl BMU at work at the ICC Tower in Hong Kong.



improving existing installations. The Group also offers refurbishment and upgrades for older equipment. In many developing countries, where simpler, manual and less safe equipment often has been used to move people and goods vertically, the Group's products and solutions can make a major change for the better.

Alimak Group follows up every industry-related incident, regardless of manufacturer or cause, to ensure that experience and lessons learned are incorporated into the operational procedures and new solutions. Local regulations often require regular inspections by certified staff, something Alimak Group offers as part of its service offering. Alimak Group also actively contributes to higher standards by participating in several industry associations to set standards for safer equipment and their usage. Product safety measures include design risk assessment, DFMEA (Design Failure Mode & Effect Analysis), compliance with different product standards and regulations, external certifications by third parties, product documentation for final users and product training for users, installers and service personnel.

## PRODUCT QUALITY AND LONG LIFETIMES

Alimak Group's solutions are often used in environments subject to great stress caused by heat, cold, vibration and particles, such as sand, dust or salt. Despite all this, the equipment must perform safely – day after day, year after year. Alimak Group's quality products are designed for



A sustainable business

Sustainable solutions

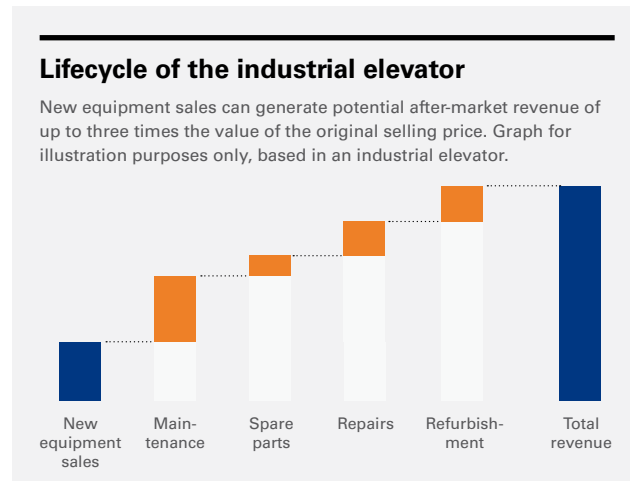
Sustainable operations

Sustainable relationships

Managing sustainability

Board signatures on the statutory sustainability report

Auditor's report on the statutory sustainability report



long service, which reduces their environmental impact and promotes the customers' productivity, helping them consume less resources over time. The Group's strong service delivery operations, including service, repairs, spare parts and refurbishments, help guarantee and extend the expected lifetime of the original equipment. Going forward, the concept of circularity will form a crucial part of the Group's strategy.

**ENERGY AND RESOURCE EFFICIENCY**

In its Environmental Policy, Alimak Group considers environmental protection to be a priority in terms of reducing the impact caused by business activity throughout the product lifecycle. A lifecycle assessment of construction hoists shows that the vast majority of Alimak Group's CO<sub>2</sub>

impact stems from the solution's operation at customer sites. The Group addresses this through constant product innovation including research into product optimisation from a weight perspective. Reduced product weight means reductions in the customer's operational costs as well as their environmental impact. Continuous R&D efforts are put into more energy-efficient solutions as well as the use of new materials. The Group participates in several research and collaboration contexts that look at how new materials, e.g. composites, can make a difference in the future. Two examples of this are the triple helix concepts Smart Build as well as Lighter. The latter is an innovation platform driven by key players in the automotive and aeronautics sector to develop lightweight material structures with high performance.

Alimak Group also offers construction customers a selection of solutions for rent or second hand purchase as an alternative to investing in new products, thus further extending a solution's lifetime and reducing the need for using new resources.

**DIGITALISATION AND PRODUCT ADAPTATIONS**

Some product groups are built around modular systems, which means that the equipment can be adapted to customer-specific needs, yet still be based on relatively standardised and known components. This provides the opportunity to deliver solutions based on more efficient manufacturing and controlled handling of components with reduced environmental impact. Product development takes place at the production units, where sustainability is a key development area in the design of new products, for example in the selection of materials or design aimed

at ensuring longevity through maintenance and after-market support via parts that can be exchanged or upgraded. Final assembly and testing of solutions are to a large degree performed in-house, but are subjected to strict processes for site testing that are also in place to ensure safety and quality regardless of location and installation.

Since the 2019 acquisition of Dataline i Borås AB, a long-time supplier of control systems, the Group has increased its investments into taking the next step in the digitalisation of the Group's products and solutions. Dataline creates electronics that enable Alimak Group's products to be run in an optimal and safe way. The electronics also enable the collection of important data on usage and the status of the machines. As an example, all BMUs sold from early 2021 and onwards have remote monitoring capabilities built in. This provides a safer work environment for the employees of the Group's customers and builds a strong base for future after-market business when looking at the full ecosystem in which the Group's solutions are used. The COVID-19 pandemic also seems to have resulted in an accelerated acceptance by customers for remote support when possible.





# Sustainable operations

A sustainable business

Sustainable solutions

Sustainable operations

Sustainable relationships

Managing sustainability

Board signatures  
on the statutory  
sustainability report

Auditor's report  
on the statutory  
sustainability report

Having sustainable operations is a core part of delivering world-leading access solutions. Alimak Group reduces the climate impact of its own operations and promotes a safe workplace.

Alimak Group's business covers the whole value chain. Research and development is integrated with marketing, sales and production, maximising customer benefit. The Group manufactures and assembles its products in eight countries across the world and distributes them to more than 100 countries through its own sales and service network and distributors.

Alimak Group is committed to the environment in which it carries out its activities and aims to minimise the negative impact they cause. The manufacturing processes includes elements such as welding, cutting, machining and treatments such as galvanising and painting of key components like masts, cradles, frames, elevator cages, platform structures and drives. A number of these activities result in waste such as excess materials and involve the use of pollutants and different chemicals. Alimak Group is working actively to reduce its environmental footprint.

In 2020, Alimak Group joined a research programme in the area of resource efficiency, REES – Resource Efficient and Effective Solutions, funded by the Research foundation MISTRA. The four-year programme is led by Linköping University with the involvement of several other leading universities in the area of sustainability. The aim of the programme is to create and advance solutions, methods and knowledge about resource efficiency and circular economy – combining theory and practical examples from the industry. In total thirteen companies are participating in the programme including for example ABB, Epiroc, Volvo and Stena.



Alimak Group still has operations in Skellefteå, Sweden, where it was founded in 1948. Today, the Group manufactures and assembles its products in eight countries across the world.



- A sustainable business
- Sustainable solutions
- Sustainable operations**
- Sustainable relationships
- Managing sustainability
- Board signatures on the statutory sustainability report
- Auditor's report on the statutory sustainability report

**HEALTH AND SAFETY**

Safety is a system aspect which impacts all of Alimak Group's processes – from sales and design to the interaction with end users. The Group is committed to strengthening the health and safety culture at work and making sure that employees acquire habits that ensure safe behaviour at work. The main objective is to promote safety as an attitude. Every legal entity has a designated person in charge of health and safety and coordination of activities is carried out with suppliers, customers and contractors to prevent risks and accidents.

Alimak Group requires that employees must have the necessary training to respond satisfactorily to current and future challenges so these needs are identified annually, in order to be able to plan the formative action and ensure maximum effectiveness for each course or training programme.

Training plans are defined in the annual performance appraisals of employees: these aim to

- ensure acquisition of the necessary skills in the workplace,
- or increase effectiveness as part of the Group's philosophy of continuous improvement,
- or keep the knowledge and skills required in the sector updated.

Further measures that are in place include a prevention management system based on ISO 45001 in all relevant units as well as generally introduced internal audits, Safety Walks and Safety Observations to detect opportunities for improvement. All the measures that have been implemented have resulted in a steady decline in the accident rates of the organisation but the work to drive these



The three new focus areas; Sustainable solutions, Sustainable operations and Sustainable relationships, will form the basis for the selection of new KPIs and targets during 2021.

**Sustainability data**

	2020	2019	2018 <sup>1</sup>
Energy Consumption (not district heating), MWh/Revenue in MSEK <sup>1</sup>	2,60	2,88	3,10
CO <sub>2</sub> emissions, tonnes/Revenue in MSEK <sup>1</sup>	1,24	1,61	2,06
Water Consumption (estimated), m <sup>3</sup> /Revenue in MSEK <sup>1</sup>	3,86	3,59	4,32
Office paper consumed, kg/Revenue in MSEK	2,88	3,36	2,53
Number of accidents recorded with lost time (LTI & FTI), all sites	24	44	49
Total Recordable Injury Frequency Rate (TRIFR), all sites	5,02	16,34	18,33

<sup>1)</sup> Production and assembly facilities



- A sustainable business
- Sustainable solutions
- Sustainable operations**
- Sustainable relationships
- Managing sustainability
- Board signatures on the statutory sustainability report
- Auditor's report on the statutory sustainability report

numbers down never stops. In 2020, 24 (44) occupational incidents resulting in lost time occurred. During the year, several actions have been implemented to increase the safety awareness of employees such as additional safety audits of critical sites, newly introduced safety campaigns and training in preventive tools like Safety Observations.

The Group's work environment focus is on preventive measures and rapid rehabilitation, in order to avoid long periods of sick leave. Each and every reported incident is followed up and actions are taken to eliminate the root cause of the incident.

**ENVIRONMENTAL IMPACT**

Alimak Group is actively working on reducing the environmental impact of its production and assembly, mainly through ensuring efficient and responsible use of raw materials, energy, water and chemicals, as well as minimising emissions and waste coming from production. The Group's production and assembly plants are certified under the ISO14001 standard, to ensure proper environmental management in all areas of the organisation as well as with stakeholders. In the production and assembly facilities, daily work to lower impact via the implementation of energy-saving technologies continues, and when investments in production equipment are made. Power savings and reduced use of consumables are always part of the evaluation and LEAN projects are implemented to improve and optimise the processes. Authorised waste managers are used for hazardous and non-hazardous waste.

In 2020, the Group's CO<sub>2</sub> emissions dropped by 37 per cent compared to 2019. While a large part of this comes from reduced activity following the COVID-19 pandemic, revenue only dropped 18 per cent and additional emission

saving initiatives have been ongoing. Examples of these include some of the factories moving to renewable energy, actions to avoid unnecessary airfreights for delivery of products and increased efficiency in the manufacturing process.

**RESPONSIBLE PROCUREMENT**

Proximity to the customer, punctual deliveries and high-quality services are important elements of Alimak-Group's offering and are essential in creating long-term customer relationships. Having suppliers that can support this vision is vital and relevant KPIs addressing delivery accuracy, completeness and other supplier performance metrics are monitored. Alimak Group aims to be a reliable business partner, strives for long-term business relationships, and uses commercial framework agreements with key suppliers for all critical components.

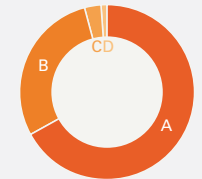
The largest purchasing category is steel and steel related materials, representing 38 per cent of total purchasing volume in 2020. The majority, 67 per cent, of purchases are made from Europe.

**GREEN TRANSPORTATION**

For transport and travel, the aim is to minimise both direct and indirect emissions of greenhouse gases. Alimak Group chooses "green" transport, strives for sea transport over air and uses combined transports whenever possible. The shipping method is often determined by the customer's request, but to the greatest extent possible, equipment is shipped from the factories by the most ecofriendly way of transportation and local resources are used for installation and service. For spare parts, local or regional stock centres ensure fast service as well as minimised environmental impact.

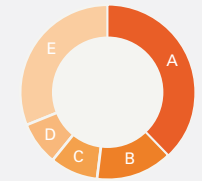
**Purchasing, by geographical region %**

- A) Europe, 67
- B) APAC, 29
- C) Americas, 3
- D) ROW, 1



**Purchasing categories %**

- A) Steel and steel related, 38
- B) Electronics, 14
- C) Drive units, 9
- D) Cables and other components, 8
- E) Other, 31







# Sustainable relationships

A sustainable business

Sustainable solutions

Sustainable operations

**Sustainable relationships**

Managing sustainability

Board signatures  
on the statutory  
sustainability report

Auditor's report  
on the statutory  
sustainability report

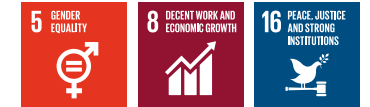
Alimak Group has customers in more than 100 countries, served by approximately 2,000 employees. The Group conducts its business in a responsible manner, promoting an inclusive and engaging workplace, and expects business partners to do the same.

Alimak Group's employees are vital to the success of the Group. The goal is to be an attractive employer and the ambition is to attract, develop and retain qualified and motivated employees in a professional and attractive work environment. An environment where all activities should be conducted with respect for human rights, health and safety in line with the Code of Conduct. Alimak Group strictly complies with the legal labour framework of all the countries where it operates and implements labour practices that allow sustainable economic growth.

At the end of 2020, 55 per cent of the Group's approximately 2,000 employees were based in Europe, some 35 per cent in the Asia and Pacific region and a further 10 per cent in North, Central and South America. The Group also has more than 120 distributors across the world and approximately 900 suppliers. The Group is active across the world, with the level of gender equality and diversity varying between countries.

## CORPORATE VALUES

Alimak Group's corporate values were updated during 2020 to reflect the new organisation following the launch of the New Heights programme, to support and strengthen the new organisational structure. These new values include Take ownership, Move Fast, Challenge the limits and Be Inclusive. The values are the core guiding principles for employees in day-to-day decision making and behaviour and will be emphasised during 2021.



In 2020, Alimak Group updated its corporate values.





A sustainable business

Sustainable solutions

Sustainable operations

**Sustainable relationships**

Managing sustainability

Board signatures on the statutory sustainability report

Auditor's report on the statutory sustainability report

**MAKING PEOPLE & CULTURE A STRATEGIC AREA**

As part of the New Heights programme, Alimak Group launched the intention to add a Chief People & Culture Officer to the Group Leadership Team to secure excellence in employee development and ensure a high-performance company culture that lives up to the core values. The position will be filled by Annika Haaker in 2021. This addition came as a result of the new customer-centric organisation where roles were redefined with clear responsibilities, accountability and a mandate to act to give employees a better chance of blossoming within the Group.

**EMPHASIS ON EQUAL OPPORTUNITY**

Alimak Group is, within each entity, working to ensure equal employment opportunities for all qualified individuals, without distinction or discrimination due to race, religion, colour, sex, national origin, disability, age or any other status protected under applicable laws.

The proportion of women in the Group at the end of the year was 15 per cent. The proportion of women in the global Leadership Team was 20 per cent. The proportion in the Board of Directors was 33 per cent, or 43 per cent for Directors elected by the Annual General Meeting. The proportion of women in both the Board and Leadership Team has increased since 2019. Alimak Group's Employee and Recruitment Policy emphasises equal opportunity and diversity. It is also an important part of one of the new corporate values "Be inclusive". As stated in the Code of Conduct, Alimak Group will not accept any form of discrimination, harassment, retaliation, violence, abusive language or bullying behaviour.

**EMPLOYEE SATISFACTION**

Vital elements for the retention and development of existing personnel are a good work environment, room for personal development and strong leadership. The Group's second company-wide employee survey was conducted during autumn 2020. The survey was distributed to over 2,200 employees, across more than 20 countries and in 7 languages. All employees had the opportunity to participate and the total response rate was over 70 per cent. The 2020 survey showed that more than 70 per cent of all employees are satisfied or very satisfied with their jobs and the working climate; this is an improvement of about 3 percentage points compared to 2019.

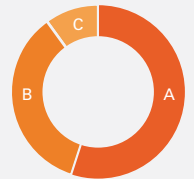
At a Group level, 2020 showed improvements across all areas of the survey, specifically in positive responses relating to Equality and Fair treatment, interaction and leadership with Direct Managers and an improved understanding of the Organisation, Roles and the Strategy. The key areas for improvement relate to development in terms of job related training, education and professional growth, and finding ways to improve communication at both the Group and local levels, including opportunities for collaboration across departments and divisions.

**COMPLIANCE IS KEY**

Alimak Group's Code of Conduct is based on the UN Global Compact's principles as well as on international and national legislation, international norms and conventions including the OECD Guidelines for Multinational Enterprises. At the end of 2020, 96 per cent of the Group's employees had completed the Code of Conduct training, which is available in the main languages spoken by the

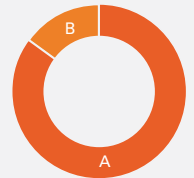
**Employees by region %**

- A) Europe, 55
- B) APAC, 35
- C) Americas, 10
- D) ROW, 0



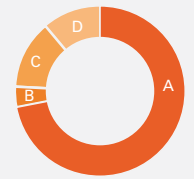
**Employees by gender %**

- A) Men, 85
- B) Women, 15



**Employees by work category %**

- A) Production and services, 72
- B) R&D, 4
- C) Sales, 13
- D) Administration, 11





A sustainable business  
Sustainable solutions  
Sustainable operations

#### Sustainable relationships

Managing sustainability

Board signatures  
on the statutory  
sustainability report

Auditor's report  
on the statutory  
sustainability report

### *The safety of employees was the Group's top priority following the outbreak of COVID-19.*

Group's employees. The decrease of two percentage points compared to 2019 stems primarily from a small acquisition finalised in September 2020 where the employees are scheduled to do the training as soon as possible. Alimak Group requires that all suppliers, distributors and third party sales channels comply with the Code of Conduct and other Group policies and requirements. The Code of Conduct is included in all new and renewed agreements with third-party sales channels and many larger distributors have their own defined policies that meet or sometimes exceed the requirements defined by Alimak Group.

For suppliers, the Code of Conduct is included as standard in all purchase orders placed. Alimak Group buys from more than 900 main suppliers. The number of suppliers and the varying business cultures between countries is a challenge when it comes to assuring quality, reliability and compliance. Some of the supplier countries are generally known to have issues related to corruption, human rights violations or environmental problems and where this is the case the Group uses more stringent evaluation and control procedures to ensure compliance.

Further information on Alimak Group's Corporate Governance work and policies is available on pages 54–65 in this document.

#### SAFETY FIRST DURING COVID-19

The safety of employees was Alimak Group's top priority following the outbreak of COVID-19. Measures for each site and office were adapted to local regulations and recommendations with the result that several of the manufacturing and assembly facilities were closed for parts of the first and second quarter. The Group also utilised governmental support, where possible, favouring furloughing over layoffs.

Following the Group's digitalisation push over the past few years, the digital infrastructure was already in place to quickly move employees into working remotely through the help of collaboration tools, file sharing and external VPN solutions.

Further, Alimak Group utilised the sharing of experiences, learnings and resources between countries to adapt in the best possible way. The sites in China helped factories in Spain source PPE when this was hard to come by in Europe. Creative solutions were also applied to support local communities, especially the critical healthcare sector. One such example is the Avanti unit in Spain, where employees in the warehouse made PPE helmets with face protection that were sent to a local hospital in Zaragoza after learning they were running short of PPE equipment. After contacting several suppliers without success, the team came up with the unusual, but highly appreciated, application of spare helmets that were held in storage and

a plastic sheet that is usually used for laminated guides. Before assembly started, the team checked with the doctors if it would be comfortable enough and were told that any help at all would be interesting. The Group's response to the pandemic was also included as a topic in the 2020 employee survey, with an aggregated score of 5.73 out of 7 when combining the answers to the seven related questions – including how well the Group managed to take appropriate actions, provide support and direction as well as find meaningful ways to stay in touch on both the global and local levels.



# Managing sustainability

A sustainable business  
Sustainable solutions  
Sustainable operations  
Sustainable relationships

## Managing sustainability

Board signatures  
on the statutory  
sustainability report

Auditor's report  
on the statutory  
sustainability report

Sustainability, and the key factor of safety, is high on the agenda for Alimak Group. The management structure for the area runs through the whole organisation – from individual countries up to the Board of Directors.

With a global footprint comes global responsibility, and Alimak Group complies with laws and regulations in all territories where business is conducted.

Sustainability is a part of the day-to-day work of operations, with health and safety being constantly monitored and reported upon by the units to the Leadership Team. Rules for operational escalation and interaction related to any incidents that occur have been defined.

Responsibility for the sustainability function resides inside the Group with the CTO where the development of management and reporting systems, KPIs and also monitoring and auditing are handled and acted upon.

Health and safety related KPIs such as TRIFR, safety observations and LTIs are reported on a monthly basis while other sustainability KPIs are reported upon at least quarterly by all Group units. Trends and developments in the area of sustainability are also monitored by the Audit Committee on behalf of the Board.

Alimak Group's Code of Conduct is the main instrument of control for the sustainability area. The Code is based on the UN Global Compact's principles for human rights, work conditions, the environment, business ethics and anticorruption as well as on the Group's core values, international and national legislation, international norms and conventions including the OECD Guidelines for Multi-national Enterprises. Alimak Group has a formalised pro-

cedure for implementation of the Code for employees, suppliers and distributors based on Group Policies for relevant areas such as HR and Quality, where the more detailed requirements are defined. The Group provides a Code of Conduct e-learning and it is the local Country Managers' responsibility to make sure that all employees within the country receive proper and regular training in the Alimak Group Code of Conduct. This is followed up on a quarterly basis.

## WHISTLEBLOWER SYSTEM

Alimak Group's whistleblower system enables customers, suppliers and employees to anonymously sound the alarm on any deviations from Alimak Group's Code of Conduct and business ethics guidelines. The whistleblower form and function is described in more detail on the Group's website and is processed externally for increased confidentiality and security.

Regardless of the reporting channel, all reports of potential violations of the guidelines that are made in good faith are investigated swiftly, fairly and comprehensively, with the appropriate internal and/or external assistance.

The compliance officer of the Group is in charge of ensuring that these issues are handled correctly. Reports are made at Board Meetings and also to the Audit Committee.

## Topics covered by the Code of Conduct

- Legal requirements
- Freedom of association and collective agreements
- Prohibition of discrimination
- Salaries and compensation
- Working hours
- Health and safety in the workplace
- Housing conditions
- Prohibition of child labour
- Terms of employment
- Prohibition of forced labour and disciplinary measures
- Environmental protection and environmental work
- Business ethics



## Board signatures on the statutory sustainability report

A sustainable business  
Sustainable solutions  
Sustainable operations  
Sustainable relationships  
Managing sustainability

**Board signatures  
on the statutory  
sustainability report**

Auditor's report  
on the statutory  
sustainability report

The Board of Directors and the President & CEO hereby declare the Sustainability Report for the 2020 financial year. The Sustainability Report describes Alimak Group's sustainability efforts and has been prepared in accordance with the Swedish Annual Accounts Act's (ÅRL) demands on sustainability reporting, chapter 6, § 11.

Stockholm, March 17, 2021

**Johan Hjertonsson**  
Chairman of the Board

**Petra Einarsson**  
Board member

**Christina Hallin**  
Board member

**Tomas Carlsson**  
Board member

**Helena Nordman-Knutson**  
Board member

**Sven Törnkvist**  
Board member

**Örjan Fredriksson**  
Board member & Employee representative

**Greger Larsson**  
Board member & Employee representative

**Ole Kristian Jødahl**  
President & CEO, Board member





## Auditor's report on the statutory sustainability statement

A sustainable business  
Sustainable solutions  
Sustainable operations  
Sustainable relationships  
Managing sustainability  
Board signatures  
on the statutory  
sustainability report  
**Auditor's report  
on the statutory  
sustainability report**

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

To the general meeting of the shareholders of Alimak Group AB (publ),  
corporate identity number 556714—1857

### ENGAGEMENT AND RESPONSIBILITY

It is the Board of Directors who is responsible for the statutory sustainability statement for the year 2020 on pages 27-38 and that it has been prepared in accordance with the Annual Accounts Act.

### THE SCOPE OF THE AUDIT

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability statement.

This means that our examination of the sustainability 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.

### OPINIONS

A statutory sustainability statement has been prepared.

Stockholm, March 17, 2021  
Ernst & Young AB

**Henrik Jonzén**  
Authorized Public Accountant



# Board Report

**Directors' report**

**Risks and risk management**

**Corporate governance**

**Board**

**Leadership Team**



# Directors' report

## Directors' report

Risks and risk management

Corporate governance

Board

Leadership Team

The Board of Directors and the President & CEO of Alimak Group AB hereby present the Annual Report and consolidated accounts for the 2020 financial year. Alimak Group AB is a public limited Company with its registered offices in Stockholm, company registration number 556714-1857.

### BUSINESS AND OPERATIONAL STRUCTURE

Alimak Group AB is the Parent Company of a Group that is a world-leading provider of access solutions for professional at heights. The Group has production and assembly facilities in eight countries across Europe, the Middle East, the Americas and China, along with a own sales and service network and distributors that supply and maintain vertical access solutions in more than 100 countries. At present there are over 70,000 hoists, elevators, lifts, building maintenance units and platforms installed around the world.

During 2020, operations were divided into four business areas: Construction Equipment, Industrial Equipment, After Sales and Rental, which also were the Group's reporting segments.

Business area Construction Equipment designs, develops, manufactures and distributes a wide range of hoists, elevators and platforms, in many cases installed for temporary use during construction and refurbishment projects.

Business area Industrial Equipment designs, develops, manufactures and distributes a wide range of elevators, platforms and maintenance units for permanent use across a broad range of industries, including buildings and infrastructure, ports and shipyards, oil & gas, wind, power and cement.

Business area After Sales offers a wide range of after-market services, mainly targeted at the Group's installed base and customers. The offering includes installation, technical support, maintenance, repairs, refurbishment, training, inspections and spare parts.

Business area Rental hires out the Group's construction hoists and platforms to the construction industry in Australia and several markets in Europe. The rental business is backed by a range of related support services. The business area also sells used equipment.

From January 1, 2021, the operations are instead divided into four divisions; BMU, Construction, Industrial and Wind.

### Purchasing and supply of materials

For its manufacturing, the Group purchases made-to-order and standardised materials, components and services from regional and global suppliers. Certain key components are also made within the Group. Where possible, the Group uses a range of different suppliers, and always tries to avoid being dependent on a single supplier. The Group strives to negotiate Group-wide supply agreements with its main suppliers. All suppliers must comply with the requirements stipulated by the Group regarding precision of supply and financial stability, as well as environmental and social targets.

### Sustainability and corporate responsibility

The Group's Code of Conduct summarises the Group's basic guidelines and directives for employees' interactions with one another, stakeholders and other parties. The code also defines the Group's way of working, to ensure that all activities are carried out with a high degree of integrity. The Group has high internal requirements and strict rules with regard to social and environmental matters, as well as business ethics.

### SIGNIFICANT EVENTS DURING THE YEAR

#### Management changes

On January 15, Alimak Group communicated that Tormod Gunleiksrud had informed Alimak Group's Board of Directors that he wished to leave his position as President and CEO during 2020.

On August 28, Stefan Rinaldo decided to leave his role as COO of Alimak Group, the role will not be replaced.

On November 25, Tobias Lindquist decided to leave his role as CFO of Alimak Group. As of November 26, Bernt Ingman assumed the role of Interim CFO.

On November 26, Alimak Group appointed Annika Haaker as Chief People & Culture Officer. Annika Haaker is currently Group HR Director of HL Display. She has 20+ years' experience from leading HR in international listed companies including Global Director of Talent & Development for Nobia and Nasdaq. Annika will be a part of the Group Leadership Team and will start by mid-April 2021.

### New CEO appointed

On March 20, the Board of Directors of Alimak Group appointed Ole Kristian Jødahl as President and CEO of Alimak Group, effective as of June 1, 2020. Ole Kristian Jødahl succeeded Tormod Gunleiksrud, who left the company after 8 years as President and CEO.

Ole Kristian Jødahl joined Alimak Group from the assignment as CEO of Hultafors Group. He has previously worked with operations management and held operational positions within SKF Group, most recently as Director, Sales & Marketing, Industrial Market, SKF Group.

### Revised dividend for 2019

On April 1, the Board, due to the prevailing market uncertainty caused by COVID-19, proposed a decreased dividend for the financial year 2019 of SEK 1.75 per share which was approved by the Annual General Meeting held on May 7, 2020. The previous proposal of the Board of Directors of Alimak Group was a dividend of SEK 3.25 per share for the financial year 2019.

### Changes to the Board

On May 7, Alimak Group held its Annual General Meeting. In accordance with the Nomination Committee's proposal, Helena Nordman-Knutson, Tomas Carlsson, Christina Hallin and Sven Törnkvist were re-elected as Directors. Johan Hjertonsson, Petra Einarsson and Ole Kristian Jødahl were elected as new Directors of the Board. Jan Svensson and Anders Jonsson decided to resign as Directors. Johan Hjertonsson was elected Chair of the Board.

### Verta acquisitions

On August 27, Alimak Group announced the acquisition of Verta Corporation, an American service provider with a large share of the portfolio consisting of Manntech units. Closing took place on September 30, 2020.

### Launch of the New Heights Programme

On October 7 and 8, Alimak Group launched the New Heights programme, consisting of three steps 1. Establish the base, 2. Secure margin improvements and 3. Profitable growth.

**Directors' report**

Risks and risk management

Corporate governance

Board

Management Team

Part of the programme is a reorganisation of the Group into four, customer centric divisions: Construction, Industrial, BMU and Wind. The new organisation, and subsequent reporting structure, came into effect as of January 1, 2021.

The reorganisation, in combination with restructuring, will result in targeted annual savings of around MSEK 60, with full effect by end of H1 2021. This led to non-recurring costs of approximately MSEK 60, of which MSEK 35 was taken in Q3 2020 and the balance of MSEK 25 was taken in Q4 2020.

The reorganisation includes changes to the Group Leadership Team, in addition to those announced other times of the year:

- Henrik Teiwik, Head of Business Areas Construction Equipment and Rental left the Group. David Batson, previously Country Manager Australia was appointed EVP Construction Division.
- Fredrik Betts, Head of Business Unit General industry and Oil & Gas left the Leadership Team and assumed the position of Global Head of Sales Industrial Division. The recruitment process for the EVP Industrial Division has been initiated.
- Mark Casey, previously Head of Business Unit BMU, was appointed EVP BMU Division.
- José Maria Nevot, previously Head of Business Unit Wind, was appointed EVP Wind Division.
- Patrik Sundqvist, previously Interim Head of Business Area After Sales was appointed Chief Service Delivery Officer (CSDO). Patrik Sundqvist also assumed the role of interim EVP Industrial Division.
- Matilda Wernhoff was appointed Chief Strategy Officer (CSO), a new function in the Group Leadership Team.

**FINANCIAL OVERVIEW****Multi-year overview**

MSEK	2020	2019	2018	2017
Revenue	3,740.3	4,587.4	4,320.4	4,000.7
Operating profit, EBIT	277.5	565.1	439.4	416.8
Profit before tax, EBT	240.6	508.6	396.6	388.6
Net profit for the year	182.8	394.0	344.0	291.6
Balance sheet total	5,619.4	6,416.9	6,032.3	5,577.0
Equity/assets ratio, %	63	57	57	56
Average number of employees	2,049	2,286	2,377	2,438

**Revenue and operating profit (EBIT)**

Revenue for the Group totalled MSEK 3,740.3 (4,587.4). Operating profit (EBIT) decreased to MSEK 277.5 (565.1), representing an operating margin of 7.4 per cent (12.3).

**Analysis per segment**

MSEK	2020		2019	
	Revenue	Operating profit	Revenue	Operating profit
Construction	497.3	36.3	813.2	130.9
Industrial	1,742.9	-45.3	2,115.0	45.2
After Sales	1,139.4	243.2	1,262.6	330.7
Rental	360.8	43.3	396.6	58.3
<b>Total</b>	<b>3,740.3</b>	<b>277.5</b>	<b>4,587.4</b>	<b>565.1</b>

Business area Construction Equipment was impacted by customer hesitation and delayed decision making on order signing. This, in combination with the low backlog from the previous year resulted in a decrease in revenue of MSEK 315.9, ending up at MSEK 497.3 (813.2). Operating profit decreased to MSEK 36.3 (130.9).

Business area Industrial Equipment reported a 19 per cent drop in revenue to MSEK 1,742.9 (2,115.1). Operating profit decreased to MSEK -45.3 (45.2) but profitability improved significantly in the fourth quarter.

Revenue for business area After Sales totalled MSEK 1,139.4 (1,262.6) corresponding to 30 per cent of Group revenue, while making up a larger part of operating profit, 88 per cent, at MSEK 243.2 (330.7).

Business area Rental was faced by several stages of lock-downs, restricting access to sites, and reported a drop in revenue to MSEK 360.8 (396.6). Order intake however increased by MSEK 25.8. Operating profit decreased slightly to MSEK 43.3 (58.3).

**Financial income and expense**

Net financial items for the year amounted to MSEK -36.9 (-56.5). The impact from applying IFRS 16, Leasing, is MSEK 8 (11).

**Tax**

The total tax expense for the year was MSEK 57.9 (114.6), corresponding to an effective tax rate of 24.1 per cent (22.5). The tax expense varies depending on the geographic distribution of where the Group's profits arise and the possibility of utilising tax loss carry forwards.

**Profit for the year**

Profit for the year totalled MSEK 182.7 (394.0). Comprehensive income for the year totalled MSEK -62.5 (447.3). The difference between profit for the year and comprehensive income for the year is mainly due to a decrease in the translation reserve for foreign operations, and the negative revaluation of pension plans.

**Cash flow**

Cash and cash equivalents at December 31, 2020 totalled MSEK 225.6 (313.6). The Group's cash flow from operating activities totalled MSEK 505.1 (502.1). The Group's cash flow from investing activities amounted to MSEK -55.5 (-167.6). The Group's cash flow from financing activities totalled MSEK -515.5 (-390.0).

**Financing and financial position**

The Group's balance sheet total was MSEK 5,619.4 (6,416.9) at year-end. Net debt totalled MSEK 680.4 (1,007.3), primarily consisting of loans from credit institutions (see Notes 18 and 21). Compared with December 31, 2019 trade receivables decreased from MSEK 966.0 to MSEK 769.2. Inventories decreased by MSEK 174.3 to MSEK 439.0.

**Investments**

The Group's investments in property, plant and equipment totalled MSEK 61.5 (64.8). Depreciation during the period amounted to MSEK 63.2 (63.0).

**Intangible assets**

At year-end, the carrying amount for intangible assets was MSEK 2,831.8 (2,988.4), of which goodwill comprised MSEK 2,260.4 (2,366.7). The yearly impairment test did not indicate any impairment need of the carrying amount of goodwill.



**Directors' report**

Risks and risk management

Corporate governance

Board

Leadership Team

**Equity**

On December 31, 2020 the Group's shareholders' equity totalled MSEK 3,527.9 (3,684.2). In addition to the result from the year's operations, the change in equity reflects the dividend paid of MSEK 94.3 and other changes of MSEK -244.7, of which MSEK -223,2 come from the translation reserve for foreign operations and the rest from revaluation of cash flow hedges and defined benefit pension plans. The Group made no share repurchase during the year, compared to 197,111 shares repurchased in 2019.

**PERSONNEL**

The Group prioritises having its own permanent workforce and works proactively and systematically to ensure the well-being of employees and safety in the workplace. Each company in the Group has its own personnel policy that complies with local laws, regulations and agreements. The current staffing level is considered to be well balanced in terms of current order volumes, and certain adjustments are made on an ongoing basis. The average number of employees in 2020 was 2,049 (2,286). At year-end, the number of employees totalled 2,162 (2,314). Salaries and remuneration paid during the year amounted to MSEK 1,030.3 (1,099.0).

**RESEARCH AND DEVELOPMENT**

The aim of the Group's research and development is to increase customer productivity, reduce environmental impact, improve the work environment and cut costs. R&D, a top priority in the Group, also encompasses the development of production technology, production processes and IT systems, where such is necessary. The work is mainly carried out at, or close to, the production companies and in close cooperation with customers. Extensive sharing of experiences takes place between the business areas in order to create synergies and new ideas for the future. R&D costs for the year totalled MSEK 101.3 (92.0).

**OUTLOOK**

Alimak Group has a leading position in the industry for vertical access solutions for professional use, with applications suitable for both temporary and permanent installations for various industries. The product offering is complemented with a broad range of after-market services targeted at the Group's installed base of more than 70,000 units. With

its own sales offices and an extensive distributor network, the Group has a global reach to more than 100 countries. Furthermore, the Group's is well positioned to take advantage of important global trends supporting an increase in the demand for the Groups products and services.

Based on the above, the Group's mid-term financial targets are to achieve an annual average organic growth in revenues of 6 per cent, an EBITA margin of 15 per cent combined with a leverage (net debt/ EBITDA) of 2.0 times. While the Group maintains a strong financial position, with leverage below the target, it has not managed to reach its growth and margin target over the past years.

As a result of this, Alimak Group in 2020 launched the New Heights programme consisting of three steps 1. Establish the base, 2. Secure margin improvements and 3. Profitable growth. The related cost-savings programme is on going, with some savings coming through already in the fourth quarter of 2020 and is on track to fully deliver on the targeted annual savings of MSEK 60 beginning of the second half of 2021.

After the challenging 2020 in the wake of the COVID-19 pandemic, Alimak Group expects to see an improved business climate in the coming year. However, the first half of 2021 will most likely continue to be challenging but the Group is prepared to manage different scenarios.

**ENVIRONMENTAL IMPACT**

Alimak Group's biggest impact on the environment derives from the solutions' operation at customer sites but also from production and assembly. The Group works actively in order to reduce its environmental footprint, with a focus on supply and production as well as R&D to decrease the weight of the vertical access solutions.

All major production and assembly sites are certified according to ISO14001 and several locations are also certified according to OHSAS18001 / ISO45001.

In 2020, the Group did a full retake of the stakeholder dialogue and materiality analysis – resulting in an updated framework for sustainability focus areas which will form the basis for selection of new KPIs and targets during 2021.

**SUSTAINABILITY REPORTING**

In accordance with chapter 6, § 11 of the Swedish Annual Accounts Act, Alimak Group has elected to prepare the statutory Sustainability report separately from the Director's report. The Sustainability report was submitted to the auditor for review together with the Annual report. The Sustainability report is included on pages 27–38 in this document.

**SHARE CAPITAL AND OWNERSHIP**

At the end of the year, Alimak Group's share capital amounted to SEK 1,083,157, represented by 54,157,861 shares. The Group has just one class of share, and all shares carry one voting right. On December 31, 2020 Latour, the single largest shareholder in Alimak Group, held 16,016,809 shares, corresponding to 29.6 per cent of both votes and share capital. Alantra EQMC Asset Management held 6,630,091 shares, corresponding to 12.2 per cent of the shares.

No restriction applies in law or the Articles of Association as to the transferability of the shares. There are no restrictions as to how many votes each shareholder can cast at an AGM.

For further information regarding the Group's shares and ownership, see pages 113–114.

**CORPORATE GOVERNANCE**

In accordance with the Swedish Annual Accounts Act, Alimak Group has prepared a corporate governance report that includes the Board of Directors' report on internal control. This can be found on pages 54–65 of this document.

**CURRENT GUIDELINES FROM THE BOARD FOR REMUNERATION PAYABLE TO SENIOR EXECUTIVES**

The Board proposes that the general meeting resolve on the following guidelines for salary and other remuneration to directors, President and Chief Executive Officer (CEO), Deputy CEO and other senior executives. Senior executives refer to senior executives of the Group executive management. These guidelines will be valid for agreements entered into after the general meeting's resolution and for changes made to existing agreements thereafter. These guidelines do not apply to any director fees decided or approved by the general meeting or such issues and transfers as are covered by Chapter 16 of the Swedish Companies Act (SFS 2005:551).

**Directors' report**

Risks and risk management

Corporate governance

Board

Leadership Team

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

In short, the Company's business strategy is the following.

Alimak Group will improve its position as a global, market leading supplier of professional vertical access solutions in order to achieve sustainable, profitable growth. This is to be achieved through market expansion, growth in after sales business and through business optimisation.

For more information regarding the business strategy of the Group, please see [alimakgroup.com](http://alimakgroup.com), as well as the latest annual report including sustainability report.

It is of fundamental importance to the Group and its shareholders that these guidelines, in both a short- and long-term perspective, create good conditions to attract and retain senior executives and other employees with excellent competence. The purpose of these guidelines is to increase transparency in remuneration issues and through relevant remuneration structures, create incentives for senior executives, to execute strategic plans and deliver effective operational results to support the Group's business strategy and long-term interests, including its sustainability. To obtain this, it is important to sustain fair and internally balanced terms that are at the same time competitive on the market with respect to structure, scope and compensation levels. These guidelines ensure that senior executives, regardless of geographical market, may be offered a competitive total compensation.

**Remuneration and forms of remuneration**

The terms of employment for senior executives should consist of a balanced combination of fixed remuneration, variable remuneration, pension and other benefits and terms for dismissal/ severance payment. Furthermore, the Board may prepare and the general meeting resolve, on share and share-price related incentive programs. Such a combination of compensation fosters and supports management and achievement of objectives in both a short and long-term perspective. The various types of remuneration that may be paid out are described below.

**Fixed remuneration**

The fixed remuneration shall be individually determined and shall be based on each individual's responsibility and role as well as the individual's competence and experience in the relevant position. In the event of full payment of variable remuneration, the fixed remuneration comprises between 45–55 per cent of the total remuneration to senior executives.

**Variable remuneration**

Senior executives have an annual variable remuneration that is payable after each year end. The annual variable remuneration is structured as a percentage rate of the total compensation. Variable remuneration objectives shall primarily be based on the outcomes of financial objectives for the Group as well as clearly defined individual objectives with respect to specific assignments or the Group's sustainability efforts. The objectives shall be designed so as to promote the Group's business strategy and long-term interests, including its sustainability, through having a direct alignment to business strategy and promoting the long-term development of the senior executive.

The variable remuneration varies depending on position and may be up to 70 per cent of the fixed remuneration for the CEO and up to 50 per cent of the fixed remuneration for other senior executives. The objectives are constructed so that no variable remuneration will be paid if a certain minimum performance level is not achieved. In the event of full payment of variable remuneration, the variable remuneration comprises between 25–30 per cent of the total remuneration to senior executives.

At the end of the annual measurement period, an overall performance evaluation shall be made to determine the extent to which the objectives have been achieved. The Remuneration Committee is responsible for the evaluation with respect to variable compensation to the CEO and other senior executives. With regards to financial objectives, the evaluation will be based on the latest audited financial information made public by the Group.

The Group does not have any potential deferral periods or, according to agreements, any possibility to reclaim variable remuneration.

**Pension**

The main principle is that pension contributions are based on collective bargaining agreement provisions in each geographical market. On entering into new pension agreements, senior executives entitled to pension will have defined contribution pension agreements based on fixed remuneration. Variable remuneration shall constitute pensionable salary to the extent necessary to comply with mandatory collective bargaining agreement provisions applicable to the senior executive. Pensioning of senior executives takes place in accordance with the respective country's pension rules.

Pension agreements for the CEO may exceed applicable local collective bargaining agreements, but must be defined contribution based, and must not exceed between 30–40 per cent of the fixed remuneration.

For employments governed by rules other than Swedish, pension benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

In the event of full payment of variable remuneration, pensions comprise between 15–20 per cent of the total remuneration to senior executives.

**Other benefits**

Other benefits, such as company car, housing allowance, compensation for healthcare, and health and medical insurance must comprise a minor part of the total compensation and must correspond to what may be deemed market practice in each geographical market.

For employments governed by rules other than Swedish, other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

In the event of full payment of variable remuneration, other benefits comprise between 5–10 per cent of the total remuneration to senior executives.

**Directors' report**

Risks and risk management

Corporate governance

Board

Leadership Team

**Special remuneration**

Further special remuneration, provided that such extraordinary arrangements are limited in time and do not exceed 36 months, and may only be awarded on an individual basis, either for the purpose of recruiting or retaining executives, or to induce individuals to move to new places of service or accept new positions, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. These must not exceed an amount equivalent to two times the remuneration the senior executive would have received in the absence of such an agreement on special remuneration. Such remuneration may not be awarded more than once per year and per individual. Any resolution on such remuneration shall be made by the Board based on a proposal from the Remuneration Committee.

**Long-Term incentive program**

This year, as twice previously, the Board has proposed that the general meeting adopts a performance-based stock option program, as the Board believes that such a program offers the best means of tying rewards to senior executive and key employees, to the Company's future earnings and value development.

The program mentioned requires a personal investment in the Company's shares, and that these shares are retained during a three-year period of service. At the end of the period of service, participants will be allotted shares in the Company at no cost, on the condition that certain terms of service such as continued employment and a specific financial performance objective, are fulfilled.

These long-term incentive programs foster the Group's business strategy, long-term interests, including its sustainability, through improving the ability of the Group to recruit and retain employees, spread and increase share ownership among key employees, and ensure a united focus on long-term value increase for shareholders.

There will be no allotment under the Company's long-term incentive program during the year 2020, as no previous incentive program comes to an end at this time.

**Terms for dismissal etc.**

Terms for dismissal and severance pay shall correspond to what may be deemed market practice on each geographical market. For a majority of the members of the Group Leadership, a notice period of six to 12 months applies if the employment agreement is terminated by the Company. The severance pay of the Chief Executive Officer corresponds to 12 months' base salary.

**Remuneration payable to Directors**

In certain cases, Directors re-elected by the general meeting, should be able to receive fees and other remuneration for work carried out on behalf of the Group, alongside their Board work. Fees at market rates, approved by the other Board members, may be payable for such services.

**Remuneration and employment conditions for other employees**

In the preparation of this proposal for guidelines, remuneration and employment conditions for employees of the Company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Remuneration Committee's and the Board's basis of decision when evaluating the reasonableness of the guidelines and appurtenant limitations.

**The decision-making process to determine, review and implement the guidelines**

The Board resolves, after preparation by the Remuneration Committee, on the structures of remuneration systems, as well as levels and forms of remuneration to senior executives. The Board shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting for adoption. The guidelines shall be in force until new guidelines are adopted by the general meeting. The Remuneration Committee shall monitor and evaluate programs for variable remuneration for the Group executive management, the application of the guidelines as well as the current remuneration structures and compensation levels in the Group.

The members of the Remuneration Committee are independent of the Group and the executive management of the Group. The CEO and other members of the Group executive management do not participate in the Board's processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters. Conflicts of interest are counteracted in all resolutions and any potential conflicts of interest are handled in accordance with the Group's framework for governance, consisting out of a code of conduct, policies and guidelines.

**Derogation from the guidelines**

The Board may temporarily resolve to derogate from the guidelines, in whole 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 set out above, the Remuneration Committee's tasks include preparing the Board's resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

**Description of material changes to the guidelines**

Description of material changes to the guidelines and how the views of shareholders' have been taken into consideration

The content of the guidelines has been reviewed and adapted to the legal requirements imposed by Directive (EU) 2017/828 of the European Parliament and of the Council amending Directive 2007/36/EC as regards encouragement of the long-term shareholder engagement.

**Miscellaneous**

Total remuneration and other benefits paid to senior executives during the year are stated in the annual report.

**Directors' report**

Risks and risk management

Corporate governance

Board

Leadership Team

**PARENT COMPANY**

The business of the Parent Company, Alimak Group AB, consists of certain Group-wide, shareholder-related services. Since January 1, 2019, only the CEO, CFO and Investor Relations and Group Communications Manager are employed by the Parent Company.

In addition, the Group's borrowing is centralised within the Parent Company, which is also the account-holder of a Group-wide transaction account (a cash pool) with a financial institution.

Revenue for the year totalled MSEK 20.9 (12.1) and an operating loss of MSEK -27.4 (-21.3) was recorded. Financial net totalled MSEK 267.5 (17.5) and profit before tax for the year amounted to MSEK 299.2 (138.9). Profit for the year was MSEK 288.4 (109.9).

At the end of the year, the equity/assets ratio was 86.4 per cent (78.3). By resolution of the 2020 AGM, a dividend of MSEK 94.3. was paid to shareholders, corresponding to SEK 1.75 per share.

At year-end, the Parent Company's cash and cash equivalents, including unutilised credit commitments and overdraft facilities, totalled MSEK 1,837.2 (1,636.5).

**EVENTS AFTER THE FINANCIAL YEAR-END****CFO appointed**

On February 9, 2021, Alimak Group appointed Thomas Hendel as CFO, effective as of May 17, 2021.

Thomas Hendel will join Alimak Group from the role as Deputy Chief Financial Officer of Saab Group, a position he has held since 2016. He has 30 years of experience from different financial and general management roles within Saab and ABB, including as Interim Chief Financial Officer at Saab between May and September 2020.

**New reporting structure**

Following the reorganisation that forms the base of the New Heights programme, the Group is since January 1, 2021 organised into four, customer centric divisions: Construction, Industrial, BMU and Wind. The subsequent reporting structure is also effective as of January 1, 2021 and will be reported for first time in the interim report for the first quarter 2021.

**PROPOSED APPROPRIATION OF PROFIT****The following amounts are available for distribution by the AGM (SEK)**

Retained earning	2,542,814,164
Net profit for the year	288,426,395
	<b>2,831,240,559</b>

**The Board proposes that the amounts be distributed as follows**

Dividend of 3.0 SEK per share to be paid to shareholders*	161,582,250
To be carried forward	2,669,658,309
	<b>2,831,240,559</b>

\* The proposed record day for dividend payment is May 10, 2021. The amount proposed as dividend corresponds to SEK 3.00 per share, based on the existing number of shares, 54,157,861 and excluding the 297,111 shares held by the Group.





# Risks and risk management

Directors' report

**Risks and risk management**

Corporate governance

Board

Leadership Team

Exposure to risk is a natural element in running a business and the purpose of risk management is not to avoid risk, but to take a controlled approach to the risks that the business is exposed to. Alimak Group applies a risk review process that seeks to identify, assess and manage key risks.

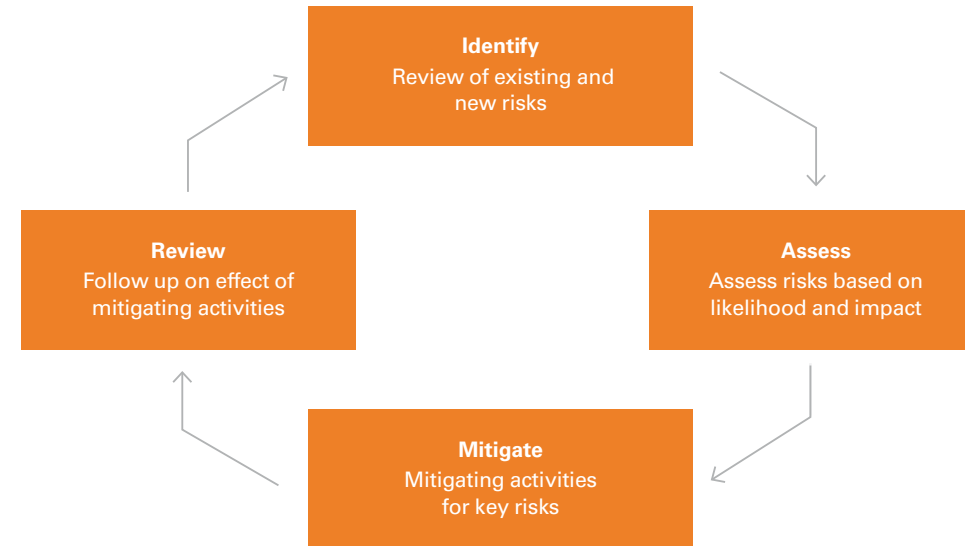
The risks are divided into strategic, operational and financial risks. The Group is also exposed to risks in the sustainability area, for example, risks concerning environmental issues, climate change, health & safety, respect for human rights, bribery and corruption. These risks are included among the operational risks.

The members of the Group Leadership Team review the Group's risk profile annually and ensure that identified key risks are managed and that the information is used as input for the strategy process. The Board of Directors is ultimately responsible for ensuring that there is an appropriate and efficient risk management process in place and the CEO and CFO give regular risk updates to the Audit Committee and the Board.

In 2020 the outbreak of COVID-19 brought on a highly challenging environment and a lot of focus has been on risk mitigation linked to the effects of the pandemic.

The safety of employees was the Group's top priority but mitigating activities have been carried out in several areas which will be explained in more detail on the following pages.

## Risk review process





- Directors' report
- Risks and risk management**
- Corporate governance
- Board
- Leadership Team

**STRATEGIC RISKS**

Risk area	Description	Alimak Group's response
<b>Market and economy</b>	<p>The Group's ability to generate profits may be affected by a down-turn in the general economy or in a specific country, region or industry. Political and social instability may also have a negative impact on the Group's ability to generate profit.</p> <p>In 2020 the outbreak of the COVID-19 pandemic caused a global economic down-turn in the economy and for Alimak Group this resulted in a weaker market demand and customer investment activity.</p>	<p>Alimak Group's products are sold to customers in more than 100 countries every year. The Group operates through its own subsidiaries in 21 countries and the remaining markets are covered by a distributor network. Altogether, this provides the Group with a favourable underlying risk diversification.</p> <p>As a response to the challenges caused by COVID-19 the Group has had focus on measures to safeguard profitability. A cost reduction programme was launched in October. It has also been important for the local management teams to capture the benefits of various incentives introduced by Governments in countries where Alimak Group operates.</p> <p>Travel restrictions and lock-down measures have also made it important to find new ways of interacting with the customers and to ensure that the digital tools provided by the Group is used in an efficient way. Group IT has had an important role in terms of providing support and guidance to the employees.</p>
<b>Competition</b>	<p>The Group competes with regional and local competitors in all divisions and markets. Any changes to the structure of the Group's current competitors or the emergence of new competitors may result in a reduction in the Group's sales, market share and revenue.</p>	<p>It is the responsibility of the Division Heads, in close co-operation with their sales teams around the world, to monitor the competitors and to ensure that the Group does not become too dependent on few major customers.</p>
<b>Strategy development and execution</b>	<p>The Group's strategy is subject to review on a yearly basis. There is always a risk of not having reliable financial forecasts and enough insight into current market trends and threats to support the development of the strategy. Another risk in this area relates to the strategy execution and that the Group's strategy is not clearly communicated to and understood by the Group's employees.</p>	<p>The Group's strategy is developed jointly by the Group Leadership Team and the Board. The Head of each division drives the development of their respective division strategies. Once the strategy has been approved by the Board, the Heads of each division are responsible to communicate and implement the strategy in their organisations.</p>
<b>Brand and reputation</b>	<p>One important competitive advantage of the Group is its trademarks, which are associated with safety, reliability and quality. All real or perceived problems with products, operations or regulatory compliance in areas such as the Market Abuse Regulation ("MAR") and anti-corruption may result in damage to the Group's reputation.</p>	<p>Operational and product safety are of great importance to the Group and more information is provided below under Environment, Health &amp; Safety and Product Safety.</p> <p>The Group's Insider policy, Communication policy and the Code of Conduct provide guidance both internally and to the Group's business partners on ethical and compliance matters relating to the Group's business operations. The Group's Investor Relations and Communications Manager together with the Group CFO provide guidance within the organisation and coordinates information to the market.</p>
<b>M&amp;A</b>	<p>The Group has in the past years strengthened its market position through organic growth, business acquisitions and efficiency improvements. Growth through acquisitions is risky by nature due to the difficulties in evaluating the business that is going to be acquired but also to be able to realise synergies during the integration phase.</p>	<p>Acquisitions are co-ordinated by the Chief Strategy Officer. External expertise is brought in for legal, tax, financial and environmental assessments when necessary.</p> <p>Acquisitions are carried out according to a defined M&amp;A process consisting of pre-evaluation, due diligence, post-signing integration planning and integration execution. Processes are also in place for management of confidential and sensitive information.</p>
<b>Statutory requirements and standards</b>	<p>The global nature of the Group's business means that it is subject to numerous laws and regulations in areas such as environment, health &amp; safety, trade restrictions, exchange control and competition law. Ensuring compliance with laws and regulations as well as monitoring the development in this area is a challenging task.</p>	<p>The managing director of each legal entity in the Group is responsible for ensuring that local laws and regulations are followed.</p> <p>The Group has active representation in relevant committees for development of new technical standards enabling the Group to monitor the development in this area.</p> <p>All major production and assembly sites are certified according to ISO14001 and several locations are also certified according to ISO45001.</p>



## OPERATIONAL RISKS, INCLUDING SUSTAINABILITY RISKS

Risk area	Description	Alimak Group's response
<b>Sales channels and price management</b>	Sudden cost increases resulting from for example increases in commodity and component prices or changes in customs and trade tariffs may result in margin erosion if the Group does not manage to pass on this additional cost to the customers.	<p>The Division Heads are responsible for price management in their respective businesses. Price adjustment mechanisms should be included in agreements with customers and regular reviews and updates of selling price lists are performed.</p> <p>The Procurement functions within each division are responsible for supplier selection and management. Threshold price adjustment clauses should be included in agreements with suppliers and the aim is to work with multiple sourcing opportunities to avoid being dependent on certain suppliers.</p>
<b>Manufacturing and sourcing</b>	Alimak Group has 11 production and assembly facilities in 8 countries and production disruptions may occur due to events such as a fire, extreme weather, epidemic outbreak and strikes resulting from labour disputes.	<p>Due to COVID-19 some of the Group's production and assembly facilities have been temporarily closed during parts of the year. The decrease in order intake has also resulted in that some of the sites have chosen to temporarily lay off staff and thereby reduce the production capacity and cut cost.</p> <p>The pandemic has also caused some disturbances in the supply chain and in logistics which has had a negative impact on lead-times.</p> <p>Some of the Group's products are manufactured in more than one location but when there is single site production, the processes are structured to allow for temporary locations or subcontracting.</p> <p>The Group has insurance coverage for business interruptions in significant sites with regular inspections of the Group's main manufacturing facilities performed by insurance risk consultants.</p> <p>Local contingency planning exists at the main manufacturing sites.</p> <p>The sourcing organisation is actively working with having multiple sourcing channels for critical parts.</p>
<b>Contracting practices</b>	The Group faces a risk that contracts with customers, distributors and suppliers are not negotiated, reviewed and authorised in accordance with existing internal policies resulting in an exposure to for example liability claims and too far-reaching commitments.	<p>All agreements with third party sales channels, such as distributors and sales representatives, are handled according to a structured process based on agreement templates.</p> <p>There are standard agreement templates for contracts with suppliers and customers.</p> <p>There is a Group Policy for sales and contracting practices, including instructions about minimum trading terms.</p>
<b>Development of new customer offerings</b>	The risk of not being able to launch new products and service offerings in line with customer expectations or that the Group does not manage to capture the benefits of digitalisation and sustainability.	<p>The pandemic outbreak has clearly illustrated the benefits of connected products since it enables more services to be provided remotely. During 2020 the Group has increased its investments in R&amp;D and digitalisation and a digital technology hub for Alimak Group has been established. The aim is that all products should be connected and digitalised in the future.</p> <p>Alimak Group has implemented improved governance processes for R&amp;D projects.</p> <p>The Group is from January 1, 2021, organised in four customer centric divisions. The divisions are responsible for the full customer journey, from original equipment to spare parts and services.</p>
<b>Intangible assets</b>	The Group risks failing to capture, enhance, and protect the Group's intellectual property rights, e.g. know-how, product innovations, trademarks.	<p>Trademarks are handled by Group Tax &amp; Legal together with appointed representatives from each division.</p> <p>Domain names are handled by the Group CIO.</p> <p>Patents are handled by the Group CTO together with product managers from each division.</p> <p>External advisors have also been appointed to provide assistance on a regular basis in these matters.</p>
<b>Cyber security and Information Security</b>	<p>Unauthorised access to the Group's IT systems may result in loss of sensitive data and business interruptions.</p> <p>As the Group's customer offerings become more digital and connected, the amount of data increases and thereby also the risk in this area.</p>	<p>IT Infrastructure and security is the responsibility of the Group CIO. All hardware for infrastructure is controlled by the CIO function and this function also handles user account creation and removal, system access and rights management and security controls.</p> <p>E-learning course on malicious e-mails are available. The CIO function distributes examples of malicious e-mails to all employees on a regular basis.</p> <p>A GDPR compliance review was conducted during the year.</p>

Directors' report

Risks and risk management

Corporate governance

Board

Leadership Team



**SUSTAINABILITY RISKS**

Risk area	Description	Alimak Group's response
<b>Business ethics / Code of conduct</b>	<p>Risk of corruption and bribery exists in many countries where Alimak Group operates and it is therefore of great importance to ensure that the Group's own employees as well as distributors, suppliers and consultants understand the Group's Code of Conduct and act in accordance with it.</p> <p>The Group's Code of Conduct is based on the ten principles of UN Global Compact and covers the areas human rights, labour, environment and anti-corruption</p>	<p>The Group provides a Code of Conduct e-learning and the Managing Director of each legal entity in Alimak Group is responsible for ensuring that all employees have received proper training on the code.</p> <p>The Group's Code of Conduct is included in all agreements with distributors, sales representatives and suppliers.</p> <p>Alimak Group has a whistleblower channel in place enabling anonymous reporting on any deviations from the Code of Conduct. For more details see the Sustainability Report.</p>
<b>Environment Health and Safety</b>	<p>The laws and regulations in the Environment, Health &amp; Safety area are complex and changes over time. Non-compliance may result in injuries and accidents, damage to the environment as well as penalties.</p> <p>The outbreak of COVID-19 triggered a new kind of safety risk that the Company needed to handle. Considering how contagious the virus is there is a risk that it may quickly spread in the workplace and impose a safety risk to the employees.</p>	<p>All production and assembly facilities are certified in accordance with the ISO14001 standard to ensure proper environmental management.</p> <p>Every legal entity has a designated person in charge of performing health and safety risk assessments.</p> <p>The Group HSEQ Manager provides policies and tools in the areas of Health &amp; Safety, Environment and Quality to ensure that all production and assembly facilities actively work to promote a safe work environment to prevent accidents from happening. All production and assembly facilities and some of the sales entities are certified in accordance with ISO 45001.</p> <p>The safety of employees was the Group's top priority following the outbreak of COVID-19. Measures for each site and office were adapted to local regulations and recommendations with the result that many employees have been working from home and several of the manufacturing and assembly facilities have been wholly or partly closed during parts of the year.</p> <p>For more detailed information about activities carried out during 2020 and KPI performance, see the Sustainability Report.</p>
<b>Human resources</b>	<p>The Group's biggest asset is its employees, and it is of utmost importance to be able to attract new talent to the Group but also to ensure to develop and retain current employees.</p>	<p>New company values focusing on people and business development have been launched by the CEO.</p> <p>A Chief People &amp; Culture Officer role has been created and the person that will take on this role has been appointed and will start to work for Alimak Group during the spring 2021.</p> <p>An annual performance review process is in place.</p> <p>For the second year in a row a group-wide employee survey was conducted. The purpose of the survey is to gain a better understanding of the employee satisfaction and engagement.</p> <p>The Code of Conduct outlines the Group's commitment to treating all employees in a fair and equal manner.</p>
<b>Product safety</b>	<p>Alimak Group contributes to a safer and more reliable work environment for people working in the construction and industrial sectors by offering its access solutions. If the products do not function properly it may cause severe bodily injuries which in its turn may damage the reputation of the Group.</p>	<p>Product and system is testing included in the R&amp;D project model.</p> <p>Preventive safety measures are built into many products based on design standards, risk assessments and market feedback.</p> <p>Certification process for service technicians and people operating the equipment is being developed to ensure proper handling of the solutions.</p> <p>The Group has active representation in relevant committees for development of new technical standards for products and solutions.</p>

- Directors' report
- Risks and risk management**
- Corporate governance
- Board
- Leadership Team





## FINANCIAL RISKS

Risk area	Description	Alimak Group's response
<b>Currency risk</b>	<p>As a result of the Group's global operations, Alimak Group is exposed to currency risk which impacts the income statement, balance sheet and cash flow. Over time, exchange rate fluctuations also affect the Group's long-term competitiveness and therefore its capacity of earning.</p> <p>The foreign currency exposure arises primarily when purchases and sales are not made in the functional currency of the entity making the transaction (transaction risk) and, also when the income statements and balance sheets of foreign subsidiaries are translated to Swedish kronor (translation risk).</p> <p>Since a large part of production is concentrated to a few countries, while sales occur in many countries, the Group is exposed to a net inflow of foreign currencies. The currencies with the largest currency exposure impact are USD, EUR, AUD and GBP resulting from the significant business activities in these currencies.</p>	<p>It is the responsibility of the Group's Treasury function to manage the Group's financial risks in accordance with the guidelines laid down by the Board of Directors in the Group's financial policy.</p> <p>The exposures are, as far as possible, concentrated to countries where the production is located, by invoicing the sales companies in their respective reporting currency.</p> <p>Alimak Group's objective when managing foreign currency risks is to reduce the short-term fluctuations in the income statement and to increase the predictability of the financial results. This is done by hedging the net commercial flows by entering foreign currency forward contracts and foreign currency swaps. The exposures are hedged at the time of a binding order to safeguard the gross margin and the investment budget.</p> <p>Foreign currency risks related to sales and cost incurred in foreign entities converted to Swedish kronor is not hedged. Alimak Group does not enter into any speculative transactions.</p>
<b>Interest rate risk</b>	<p>Alimak Group's interest rate risk relates primarily to cash flow from interest-bearing short-term investments in cash and cash equivalents as well as from outstanding interest-bearing debt with floating interest. Alimak Group's borrowings are made at variable interest rates and interest payments are generally made quarterly.</p>	<p>The Group's interest rate risk is limited considering the relatively low leverage rate. The leverage target of 2.0 is set by the Board of Directors. It is the responsibility of the Group's Treasury function to manage and monitor the interest rate risk in accordance with the guidelines in the Group's financial policy.</p>
<b>Liquidity and refinancing risk</b>	<p>The risk that the Group cannot meet payment commitments to suppliers and banks due to insufficient liquidity or the inability to obtain adequate financing on acceptable terms at any given point in time.</p> <p>The prevailing market uncertainty caused by COVID-19 imposed an increased liquidity risk due to a decrease in revenue and, at the same time, a more challenging situation when it comes to the collection of trade receivables.</p>	<p>Alimak Group has access to a senior credit facility of MSEK 2,500 with four-year tenor maturing in 2024.</p> <p>With a leverage of 1.50 as of December 31, 2020, the Group has good headroom in relation to the bank covenant stated in the loan agreement, and the risk is limited.</p> <p>Under the financial policy the liquidity reserve shall always be maintained such that it can cover the anticipated fluctuations in the daily business over a period of six months. To meet this requirement the Group has overdraft facilities and confirmed credit facilities amounting to MSEK 193.</p> <p>For efficient use of the Group's liquidity, the Group Treasury function is managing a global multicurrency cash pool. For entities that cannot participate in the cash pool due to local regulations, excess liquidity and short-term funding is managed via intercompany loan agreements with Group Treasury.</p> <p>To mitigate the increased liquidity risk resulting from COVID-19, Alimak Group's Treasury function has put extra focus on ensuring a close collaboration and communication with the Group's external banks as well as on ensuring good quality in cash-flow forecasts from the Group's subsidiaries. As a precautionary measure the Board also decided to lower the dividend from SEK 3.25 to SEK 1.75.</p>
<b>Counterparty and credit risk</b>	<p>Risk of adverse effects on the Group's finances from inadequate credit evaluation of new and existing customers and risk of bad debts due to insufficient routines in collecting customer payments.</p> <p>The risk of bad debts increased because of the negative financial impact that many companies experienced from COVID-19.</p>	<p>Accounts receivables are managed locally by each subsidiary and monitored at division level and by Group Treasury. Both local credit rating institutes and Dun &amp; Bradstreet are used in assessing financial viability of counterparties.</p> <p>The subsidiaries were given the task to closely monitor the collection of trade receivables and the performance was presented and discussed in the monthly management calls.</p>

Directors' report

Risks and risk management

Corporate governance

Board

Leadership Team



Directors' report

Risks and risk management

Corporate governance

Board

Leadership Team

Risk area	Description	Alimak Group's response
<b>Accounting and reporting risk</b>	Risk that reports to investors, lenders and regulatory bodies do not give a fair view of the Group's financial position and results.	<p>Instructions and training are provided by Group Finance to the local finance organisations.</p> <p>A group of controllers from Group Finance and the divisions closely monitor the accuracy of the reporting.</p> <p>During 2020 work has been carried out to reduce the number of legal entities in countries where the Group had more than one legal entity. This work will continue in 2021.</p>
<b>Tax risk</b>	The Group is taxed in the jurisdictions where operations are carried out through subsidiaries and the Group's ambition is to pay the right tax in the right countries. There is however always a risk that tax authorities make a different interpretation of tax laws and regulations and impose additional tax and penalties.	<p>The Finance Manager of each Group entity is responsible for the local tax compliance.</p> <p>The Group's central tax function provides policies and guidance for pricing of intra-group transactions to ensure a consistent methodology within the Group.</p> <p>Tax audit support is provided by the Group's central tax function and, when needed, also by external tax advisors.</p>
<b>Fraud risk</b>	Risk of adverse effects on the Group's finances resulting from internal or external fraud or mistakes in the local finance processes.	<p>The Group's financial policy requires that all payments are approved by two persons jointly.</p> <p>The Group Treasury function is responsible for cash management and bank relations at Group level and co-operates closely with the local Finance Managers. Most of the subsidiaries are included in the Group's cash-pool allowing Group Treasury to closely monitor all transactions taking place in the different entities.</p> <p>Regular reminders are distributed to the finance organisation referring to examples of fake President fraud attempts.</p>
<b>Insurance risk</b>	An insufficient insurance coverage could have a negative impact on the Group's financial result.	<p>A Group-wide insurance programme is in place mainly relating to property, business interruption, travel and liability risks.</p> <p>The insurance coverage is managed by Group Tax &amp; Legal and it has been set up so that it provides a reasonable balance between risk exposure and insurance cost.</p> <p>The adequacy of the insurance coverage is reviewed once per year together with the insurance broker.</p>

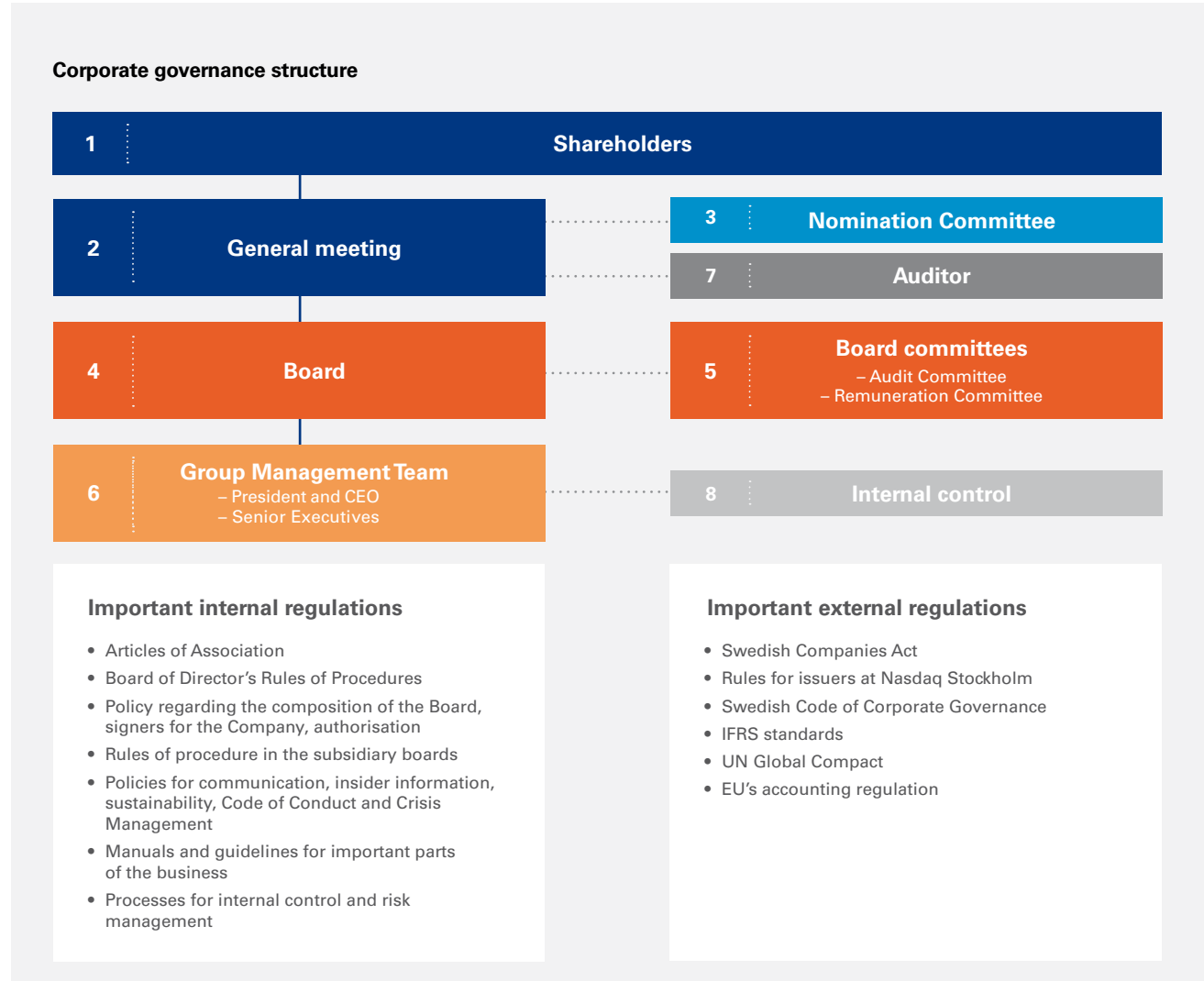


# Corporate governance

- Directors' report
- Risks and risk management
- Corporate governance
- Board
- Leadership Team

Alimak Group AB has its headquarters in Stockholm and is the Parent Company of Alimak Group, with subsidiaries in 21 countries. The Group has approximately 2,000 employees worldwide and conducts sales to more than 100 countries via its own companies and distributors. The Company is a public limited company with shares listed on Nasdaq Stockholm.

Alimak Group is managed and controlled on the basis of a system of corporate governance comprising a number of principles, policies, guidelines, structures and processes, which are described in this report. Corporate governance is intended to ensure a decision-making process that is effective and creates value, with a clear division of roles and responsibilities among the Company's shareholders, Board, management and other employees. Corporate governance is based on external regulations such as the Swedish Companies Act, Nasdaq Stockholm's Rule Book for Issuers, the Swedish Code of Corporate Governance ("the Code") and other relevant laws, regulations and rules. Internal regulations such as Articles of Association, Code of Conduct, Insider and Communication policies and the Board's procedural rules also apply.





Directors' report

Risks and risk management

Corporate governance

Board

Leadership Team

**1 SHAREHOLDERS**

The Company's share capital on December 31, 2020 totalled approximately MSEK 1.1. The number of shares outstanding was 54,157,861. Each share carries the right to one vote at the Company's annual general meetings. According to the share register, the Company had 4,910 known shareholders on December 31, 2020. Investment AB Latour was the largest shareholder, with 29.6 per cent of the share capital. Alantra EQMC Asset Management was the second largest with 12.2 per cent of the share capital. At year-end, foreign shareholders accounted for approximately 33.6 per cent of the total. There are no restrictions as to how many votes each shareholder can cast at a general meeting. The Board is not aware of any shareholder agreements, or other agreements, between shareholders in the Company.

**2 GENERAL MEETING**

According to the Swedish Companies Act, the general meeting is the Company's highest decision-making body. In addition to the annual general meeting, extraordinary general meetings may also be convened. The Company's annual general meetings are held in Stockholm, Sweden, before the end of June each calendar year. At the annual general meeting, shareholders exercise their right to vote on key issues such as the adoption of the income statements and balance sheets, appropriation of the Company's earnings, discharge from liability for the Directors of the Board and the President & CEO, election of Directors of the Board and auditors and remuneration to the Board and auditors, as well as other issues in accordance with the Swedish Companies Act, the Articles of Association and the Code. During 2020, one general meeting was held:

**Annual General Meeting 2020**

The annual general meeting 2020 was held on May 7, 2020 in Stockholm, Sweden and 72.30 per cent of the total number of shares in the Company were represented, some in person or by proxy and some through postal voting.

Decisions at the annual general meeting 2020 included:

- adoption of balance sheets and profit and loss accounts, as well as the consolidated profit and loss account and consolidated balance sheet for the financial year 2019.
- adoption of the Board's proposal that a dividend of SEK 1.75 per share would be paid, the record day being Monday, May 11, 2020.
- discharge from liability during the 2019 financial year for the Directors and the CEO.
- re-election of Helena Nordman-Knutson, Christina Hallin, Tomas Carlsson and Sven Törnkvist as Directors. Johan Hjertonsson, Petra Einarsson and Ole Kristian Jørdahl were elected as new Directors. Johan Hjertonsson was elected Chair of the Board.
- re-appointment of the registered audit firm Ernst & Young AB as auditor of the Company.
- adoption of the guidelines for salary and other remuneration, as proposed by the Board.
- adoption of a performance-based stock savings programme for senior executives, LTI 2020.
- a resolution to authorise the Board to, on one or more occasions until the next annual general meeting of 2021, pass resolutions on the acquisition and/ or transfer of own shares. The later may be resolved with deviation from the shareholders' preferential rights.

**Annual General Meeting 2021**

The annual general meeting 2021 will be held on May 6, 2021. All shareholders who are registered in the share register maintained by Euroclear Sweden AB ("Euroclear") five days prior to the annual general meeting are entitled to participate in the annual general meeting. Such shareholders must have informed the Company of their intention to attend no later than on the date stated in the notice convening the annual general meeting. Further information about the annual general meeting is available at [alimakgroup.com](http://alimakgroup.com).

**3 NOMINATION COMMITTEE**

According to the Code, the Company is required to have a Nomination Committee tasked with presenting a proposal for a Chair for the annual general meeting. The Nomination Committee also presents proposals regarding number of Directors of the Board, fees to be paid to each of the Directors, election of Directors and Chair of the Board, remuneration to the auditor and election of the auditor and, if necessary, proposal for changes in the instruction for the Nomination Committee. In 2016, the Company's annual general meeting adopted an instruction regarding the appointment of the Nomination Committee, applicable until the general meeting resolves otherwise. Pursuant to this instruction, the Nomination Committee shall, prior to the annual general meeting, be composed of persons appointed by the four largest shareholders listed in the shareholders' register maintained by Euroclear as of August 31 each year together with the Chair of the Board, who will also convene the first meeting of the Nomination Committee. The member appointed by the largest shareholder shall be Chair of the Nomination Committee. Shareholders who wish to present proposals to the Nomination Committee prior to the annual general meeting may submit them to the Chair





Directors' report  
Risks and risk management  
Corporate governance  
Board  
Leadership Team

### Board Members, independence and attendance 2020

Name	Born	Member since	Position	Independence in relation to Group	Independence in relation to major shareholders	Attendance at Board Meetings	Attendance at Audit committee meetings	Attendance at Remuneration committee meetings	Fees during the 2020 financial year (All input in thousands of SEK)			
									Basic fee	Audit committee	Remuneration committee	Total
Jan Svensson <sup>1</sup>	1956	2017	Chair	Yes	No	6/6	–	2/2 (Chair)	240	–	26	266
Johan Hjertonsson <sup>2</sup>	1968	2020	Chair	Yes	No	6/6	–	0/0 (Chair)	400	–	44	444
Anders Jonsson <sup>1</sup>	1950	2012	Board Member	Yes	Yes	6/6	–	2/2	116	–	19	135
Helena Nordman-Knutson	1964	2016	Board Member	Yes	Yes	12/12	4/4 (Chair)	–	310	100	–	410
Christina Hallin	1960	2018	Board Member	Yes	Yes	12/12	–	0/0	310	–	31	341
Tomas Carlsson	1965	2018	Board Member	Yes	Yes	12/12	4/4	–	310	75	–	385
Sven Törnkvist	1971	2019	Board Member	Yes	Yes	12/12	–	–	310	–	–	310
Petra Einarsson <sup>2</sup>	1967	2020	Board Member	Yes	Yes	6/6	–	–	194	–	–	194
Ole Kristian Jørdahl <sup>2</sup>	1971	2020	Board Member	No	Yes	6/6	–	–	–	–	–	–
Örjan Fredriksson	1968	2016	Employee representative	–	Yes	11/12	–	–	–	–	–	–
Greger Larsson	1959	2009	Employee representative	–	Yes	12/12	–	–	–	–	–	–
<b>Total</b>									<b>2,190</b>	<b>175</b>	<b>120</b>	<b>2,485</b>

1. Board and Committee member until the AGM 2020. 2. Board and Committee member since the AGM 2020.



of the Committee, in accordance with the information on procedure published on the Company's website prior to the annual general meeting. The proposals will be assessed by the Nomination Committee according to its instruction and the Code. The Nomination Committee's proposal and reasoned statement will be reported prior to the annual general meeting. The Company's Articles of Association have no Company-specific provisions concerning the appointment and dismissal of Directors of the Board or concerning amendment of the Articles of Association.

#### Nomination Committee prior to the 2021 annual general meeting

The Nomination Committee ahead of the annual general meeting 2021 comprises the following members:

- Anders Mörck, Investment AB Latour, Chair of the Nomination Committee
- Francisco De Juan, Alantra EQMC Asset Management
- Johan Lannebo, Lannebo Fonder
- Ulrik Grönvall, Swedbank Robur Fonder
- Johan Hjertonsson, Alimak Group's Chair of the Board

As a basis for its proposal, the Nomination Committee has conducted an evaluation of the work of the Board. Prior to the 2021 annual general meeting, the Nomination Committee has held a number of meetings, interviewed the Directors of the Board and had a number of contacts between the meetings. In addition, the Chair of the Board has presented the results of the evaluation of the work carried out by the Board, to the Nomination Committee. The requirements regarding competence, experience and background that should be placed for the Board in the Company have been discussed in detail. Matters of independence have been highlighted and an extra focus has been placed on the question of gender balance. The Nomination

Committee has applied a diversity policy as set out in section 4.1 of the Swedish Code of Corporate Governance.

#### 4 BOARD

The tasks of the Board are regulated first and foremost by the Swedish Companies Act and the Code. The work of the Board is also regulated by rules of procedure adopted annually by the Board. The rules of procedure for the Board determine the division of work and responsibilities among the Directors, the President & CEO and the committees. Furthermore, the division of work between the Board and President & CEO is governed by instructions to the President & CEO, which are adopted annually by the Board. The instructions to the President & CEO also include instructions on financial reporting. The duties of the Board include the establishment of strategies, business plans, budgets, interim reports, year-end accounts and annual reports, as well as the adoption of instructions, policies and guidelines. The Board shall also monitor financial performance and ensure quality in financial reporting and internal controls and shall assess operations in terms of the targets and guidelines established by the Board. Finally, the Board makes decisions on significant investments and changes to the Company's organisation and operations.

The Chair of the Board is responsible for the Board's work, and for ensuring that it is conducted efficiently and that the Board fulfils its obligations. The Chair shall monitor the Company's performance via regular contact with the President & CEO. The Chair presides over the Board meetings, but the agenda is agreed and the meetings prepared in consultation with the President & CEO. The Chair is also responsible for ensuring that each year the Board evaluates its work and that the Board members receive on

an ongoing basis the information they need to perform their work. The Chair represents the Company vis-à-vis its shareholders.

#### Composition of the Board

The Company's Board is currently made up of seven members elected by the annual general meeting and two employee representatives. No deputies have been appointed for Directors of the Board. At the annual general meeting held on May 7, 2020, Helena Nordman-Knutson, Christina Hallin, Tomas Carlsson and Sven Törnkvist were re-elected as Directors. Johan Hjertonsson, Petra Einarsson and Ole Kristian Jørdahl were elected as new Directors. Johan Hjertonsson was elected Chair of the Board. The employee representatives, Greger Larsson and Örjan Fredriksson, are appointed by the trade union organisations. Further information about the Directors is provided on pages 62-63.

#### Independence of the Board

According to the Code, more than half of the Directors appointed by the general meeting must be independent in relation to the Company and the Company's management. At least two of the Directors who are independent in relation to the Company and the Company's management shall also be independent in relation to the Company's major shareholders. To determine the independence of a Director, an overall assessment shall in each case be conducted regarding the Director's relationship to the Company. One of the Company's Directors elected by the general meeting is employed by the Company. Six out of seven Directors elected by the general meeting are deemed to be independent in relation to the Company and the Company's management. When determining whether a Director is independent in relation to a major shareholder, the extent



- Directors' report
- Risks and risk management
- Corporate governance**
- Board
- Leadership Team

of the Director's direct and indirect relationships with the major shareholder shall be taken into consideration.

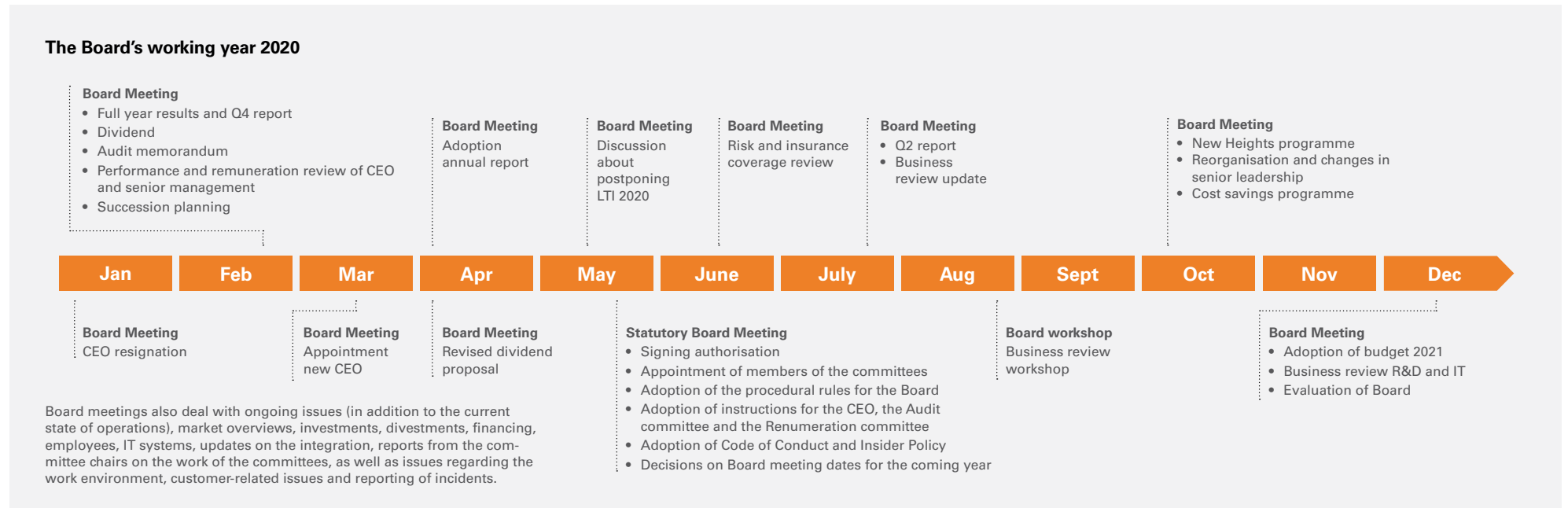
A Director is deemed not to be independent in relation to the Company's major shareholders if he or she is or recently has been employed at, or a Director of, a company that is a major shareholder. Six of seven Directors elected by the general meeting are independent in relation to the Company's major shareholders. The Company therefore satisfies the Code's requirements regarding the independence of the Board in relation to the Company, the Company's management and the Company's major share-

holders. The table on page 56 provides details of the Director's year of birth, the year they were first elected to the Board and whether they are deemed independent in relation to the Company, the Company's management and major shareholders as defined in the Code.

**Work of the Board during the year**

The Board met on twelve occasions during 2020. The current Board was appointed by the annual general meeting held on May 7, 2020 and met on six occasions during the year. In the course of the financial year, the Board not only

produced financial reports but also addressed issues regarding strategic policy, budgets, business planning, auditing, investments, incentive programmes, succession planning, environment, health, insurance cover, internal control and safety, as well as issues relating to the acquisition agenda. The COVID-19 impact on the business and mitigation activities was a recurring theme. Given travel restrictions, the Board did not visit any of the Group's production and assembly facilities during 2020.





### Remuneration to the Board

At the annual general meeting on May 7, 2020, it was decided that a fee of SEK 640,000 should be paid to the Chair of the Board and SEK 310,000 each to other Directors elected by the general meeting. In addition, SEK 100,000 should be paid to the Chair of the Audit Committee and SEK 75,000 to other members of the Audit Committee, SEK 70,000 to the Chair of the Remuneration Committee, and SEK 50,000 to other members of the Remuneration Committee. For further details regarding remuneration to the Directors, please see Note 7.

### 5 BOARD COMMITTEES

The primary function of the committees is to prepare matters to be presented to the Board prior to decision. The duties and instructions for each committee are defined annually by the Board.

#### Audit Committee

According to the applicable rules of procedure for the Board, the Audit Committee consists of no less than two members. The Swedish Companies Act stipulates that the members of the Audit Committee must not be employees of the Company and that at least one member shall be competent in accounting and auditing matters. The Audit Committee has two members: Helena Nordman-Knutson (Chair) and Tomas Carlsson. The Audit Committee is a committee within the Board that deals with issues relating to risk assessment, internal controls, financial reporting and auditing. Its main role is to ensure that the principles for financial reporting and internal controls are observed and that the Company maintains appropriate relationships with its auditors. The Committee shall identify and oversee the management of important auditing issues and discuss

them with the Company's auditors. The Committee shall examine the processes for monitoring the above-mentioned areas and shall form an opinion as to whether the Company is applying the financial reporting regulations consistently and fairly, and in accordance with the relevant rules and practices. The Audit Committee shall also form an opinion regarding the risk situation in the Company, assess whether the internal control and governance procedures applied are fit for purpose and effective, and determine whether the Company's risk and risk management reporting in the Annual Report is accurate and adequate. Furthermore, the Audit Committee shall ensure that the auditor is impartial and independent, and, in consultation with the auditor, plan the annual audit process and ensure that the audit is conducted on that occasion. The Audit Committee shall also assist in the drawing up of proposals for the appointment of the auditor at the annual general meeting. Remuneration Committee According to the applicable rules of procedure for the Board, the Remuneration Committee consists of no less than two members. The Remuneration Committee has two members: Johan Hjer-tonsson (Chair) and Christina Hallin. The role of the Remuneration Committee is to prepare issues regarding remuneration and other employment conditions for the President & CEO and the Company's other senior executives. This work involves preparing proposals for guidelines on conditions of employment, including remuneration, the relationship between earnings and remuneration and the main principles of incentive programmes. It also includes preparing proposals for individual remuneration packages for the President & CEO and other senior executives. In addition, the Remuneration Committee establishes guidelines on remuneration and incentive programmes for certain senior executives who report directly to the President

& CEO, and it decides upon the outcome of these programmes. The Remuneration Committee is also required to monitor and evaluate the Company's compliance with guidelines on remuneration to senior executives, as adopted by the annual general meeting. Furthermore, the Remuneration Committee is responsible for assisting the Board in its annual review of senior executives, including the President & CEO, and for evaluating the President & CEO's succession planning for senior executives.

### 6 PRESIDENT & CEO AND OTHER SENIOR EXECUTIVES

During 2020, the Group was organised into four business areas: Construction Equipment, Rental, Industrial Equipment and After Sales. Since January 1, 2021, The Group is organised into four divisions; BMU, Construction, Industrial and Wind. The Division Managers, who are responsible for business operations within each area, report directly to the President & CEO. The respective divisions are organised into functions driving strategic and operational division initiatives across the global organisation. For further information about the Group's divisions and operations, visit the website at [www.alimakgroup.com](http://www.alimakgroup.com).

The Management Team consists of the President & CEO, CFO, CTO, CSO, CSDO and heads of divisions. The President & CEO reports to the Board and conducts day-to-day management of the Company in accordance with the Board's guidelines and instructions. The division of work between the Board and President & CEO is set out in the Board's instructions to the President & CEO. The President & CEO is also responsible for producing reports and compiling information ahead of Board meetings, as well as for presenting material at such meetings. The President & CEO is responsible for financial reporting in the Company and





must ensure that the Board receives adequate information to enable it to evaluate the Company's financial position. The President & CEO shall continually monitor, and keep the Board regularly informed about, developments in the Company's business, sales performance, results and financial position, liquidity, key business events and all other events, circumstances or conditions that may be considered to be of relevance. The President & CEO and other senior executives are presented on pages 64–65.

#### Guidelines on remuneration to senior executives

Under the Swedish Companies Act, the Board is required to present proposals to the annual general meeting for guidelines on remuneration to the President & CEO and other senior executives. Issues regarding remuneration to the President & CEO shall be prepared by the Remuneration Committee and decided by the Board. Issues regarding remuneration to other senior executives shall, following recommendations by the President & CEO, be prepared and decided by the Remuneration Committee. For further information on proposals for guidelines on remuneration to senior executives and remuneration paid in 2020, see the Director's Report and Note 7 to the Financial Statements.

#### 7 EXTERNAL AUDITOR

At the annual general meeting on May 7, 2020, EY (Ernst & Young AB) was appointed as the Company's external auditor for the period up to and including the 2021 annual general meeting. EY appointed Henrik Jonzén as principal auditor. The auditor attends at least one Board meeting a year, at which the auditor reports on the audit for the year and discusses it with the Board, without the presence of the President & CEO and any member of the Company's management. During the past financial year, EY provided the Company with tax advisory services and other advice, in addition to its audit function. The auditor is paid for its work in accordance with the general meeting's decision. In 2020, the total fees paid to the Company's auditor were approximately MSEK 11. For more information, see Note 8.

#### 8 INTERNAL CONTROL

##### Insider trading and information policy

The Company has produced policy documents and e-learning training courses, with the aim of informing employees and other relevant parties within the Group about the rules and regulations regarding the Company's provision of information and the specific requirements that apply to persons operating within a listed company, for example regarding price-sensitive information. In this context, the Company has also developed procedures for handling the distribution of information that has not been made public. These procedures are in line with the Market Abuse Regulation Act (MAR).

#### Internal controls on financial reporting

The Company operates a risk management programme that is an integral part of the Company's operational and strategic governance. Operations are based on a governance framework consisting of a Code of Conduct, policies and guidelines that regulate how the Company is managed. The Board and the President & CEO are ultimately responsible for ensuring that internal controls are developed, communicated to and understood by those employees who are responsible for the individual control procedures, and for ensuring that the control procedures are monitored, implemented, updated and maintained. Managers at each level are responsible for ensuring that internal controls are established within their own areas of activity, and that these controls fulfil their purpose.

Internal controls include checks of the Group and the organisation, procedures and follow-up measures. The aim is to guarantee reliable and accurate financial reporting – to ensure that the Company's and Group's financial reporting is drawn up in compliance with the law, relevant accounting standards and other requirements. The internal control system is also intended to monitor compliance with the Group's policies, principles and instructions. Furthermore, the system ensures protection of the Company's assets, and that the Company's resources are utilised in a cost-efficient and appropriate manner.

Internal control is also exercised via follow up of the information and business systems implemented, as well as via risk analysis. In order to further develop and strengthen the internal control the Board have implemented a "SAFE methodology" for the Group.



Directors' report

Risks and risk management

Corporate governance

Board

Leadership Team

The SAFE methodology can be described as a way to:

- Safeguard the reporting and the Company assets
- Assist the subsidiaries to be firm, fair and friendly in their roles and help them to make their processes as efficient as possible
- Fix issues or ensure that outstanding issues from last year's audit are fixed within the current calendar year, as well as fixing reporting problems in the subsidiaries
- Ensure that the Group's guidelines are regarded as internal rules and will be followed

The SAFE methodology is used for internal control purposes for all the Group Companies. Due to the COVID-19 pandemic, most of the assistance to subsidiaries in the form of training had to be moved to digital sessions. Compliance with Group Policies is verified by local MD in quarterly certificates. A follow-up is also made in the board meetings of the subsidiaries.

The Board has concluded that the Company currently has no need to add a separate internal control function to the organisation, over and above current processes and functions for internal control. Follow up is exercised by the Board and the Company's management, and the level of control is deemed to meet the Company's needs. An annual assessment is made to determine whether a separate internal control function is necessary to maintain good internal control.

### Sustainable governance

The Board is responsible for the Company's approach to sustainability and its implied risks and opportunities, which are described in the Risk chapter of this document. This responsibility of the Board includes monitoring compliance with the Group's Code of Conduct, which is based on the ten principles enshrined in the UN Global Compact regarding social responsibility, the environment and business ethics.

The Board adopts the Group's policies, including the Code, and the Company's management establishes sustainability targets and indicators. The Code is communicated regularly via information to and training for the Group's employees.

The responsibility for implementing and monitoring compliance with the Code lies with the President & CEO and other members of the Company's leadership. Responsibility for practical implementation of the Code is delegated to the Group's purchasing, production and sales and service organisations, and is monitored by the Company's leadership and reported back to the Board. For more information about the Group's sustainability initiatives and priorities, see pages 27–38.

The Board, Stockholm, March 17, 2021

*More information on the Group's corporate governance work is available in the section on corporate governance at [alimakgroup.com](http://alimakgroup.com). The next four pages contain information about the Board members and the Leadership Team.*



## Board

Directors' report  
Risks and risk management  
Corporate governance  
Board  
Leadership Team



### JOHAN HJERTONSSON

Chair of the Board since 2020.

Independent of the Company, not Independent of a major shareholder (Investment AB Latour)

**Born:** 1968

President & CEO, Investment AB Latour

**Education:** MSc in Business and Economics – Lund University

**Current Board duties:** Chair of the Board of Nederman Holding AB, Swegon Group AB, Hultafors Group AB, Nord-Lock International AB, Caljan AS and Latour Industries AB and Board member of Sweco AB

**Former positions, selection:** Former president and CEO of AB Fagerhult and of Lammhults Design Group AB and has held a number of different senior positions within the Electrolux Group.

**Committee work:** Chair of the Remuneration committee

**Shareholding, own and via closely related persons\*:** 15,000



### HELENA NORDMAN-KNUTSON

Board member since 2016.

Independent of the Company and major shareholders

**Born:** 1964

Senior advisor, Safir Communication

**Education:** MSc in Political Science, Helsinki University. MSc in Economics, Hanken School of Economics, Helsinki

**Current Board duties:** Board member, Exel Composites, Lexington Group, Nidoco Group, SFF Sveriges Finansanalytikers Förening and the Royal Academy of Science investment committee.

**Former positions, selection:** Financial Analyst, Enskilda Securities, Orkla Securities and Öhman Fondkommission

**Committee work:** Chair of the Audit committee

**Shareholding, own and via closely related persons\*:** 1,100



### SVEN TÖRNKVIST

Board member since 2019.

Independent of the Company and major shareholders

**Born:** 1971

Head of Digital Business Development at EQT AB Group

**Education:** Master of Science in Business and Economics, Stockholm School of Economics

**Current Board duties:** –

**Former positions, selection:** Vice President Head of Digital Ericsson, various leading positions Google Sweden

**Shareholding, own and via closely related persons\*:** 2,000



### CHRISTINA HALLIN

Board member since 2018.

Independent of the Company and major shareholders

**Born:** 1960

CEO, SEM AB

**Education:** MSc in Engineering Chalmers University of Technology

**Current Board duties:** Board member of SEM (Swedish Electromagnet) Sensys Gatso Group and Bulten AB

**Former positions, selection:** President, Volvo Trucks China, Senior Vice President of Dong Feng Commercial

Vehicles, various management positions within Volvo Group in Sweden

**Committee work:** Member of the Remuneration committee

**Shareholding, own and via closely related persons\*:** 1,180



### TOMAS CARLSSON

Board member since 2018.

Independent of the Company and major shareholders

**Born:** 1965

President & CEO, NCC

**Education:** MSc in Engineering Chalmers University of Technology, Executive MBA from London Business School and Columbia Business School

**Current Board duties:** –

**Former positions, selection:** Head of Business Area Construction Sweden, NCC, President & CEO, Sweco

**Committee work:** Member of the Audit committee

**Shareholding, own and via closely related persons\*:** 6,700

\*Shareholding per December 31, 2020



Directors' report  
Risks and risk management  
Corporate governance  
**Board**  
Leadership Team

**PETRA EINARSSON**

Board member since 2020.

Independent of the Company and major shareholders

**Born:** 1967

**Education:** MSc in Business and Economics – Uppsala University

**Current Board duties:** Board member of SSAB

**Former positions, selection:** Previously president and CEO of the packaging company Billerud Korsnäs. Prior to that, she had a long career with senior positions within the engineering group Sandvik.

**Shareholding, own and via closely related persons\*:** 2,500

**OLE KRISTIAN JØDAHL**

Board member since 2020.

Not independent of the Company, independent of major shareholders

**Born:** 1971

President and CEO of Alimak Group AB

**Education:** Economics at NHH Norwegian School of Economics

**Current Board duties:** –

**Former positions, selection:** President and CEO of Hultafors Group AB. Previously several senior positions within AB SKF

**Shareholding, own and via closely related persons\*:** 8,600 shares and 65,000 call options

**ÖRJAN FREDRIKSSON**

Board member since 2016.

Employee representative

**Born:** 1968

**Appointed by:** The trade union IF Metall

**Shareholding, own and via closely related persons\*:** 0

**GREGER LARSSON**

Board member since 2009.

Employee representative

**Born:** 1959

**Appointed by:** PTK (the Swedish Confederation of Professional Employees)

**Shareholding, own and via closely related persons\*:** 0

\*Shareholding per December 31, 2020





## Leadership Team

Directors' report  
Risks and risk management  
Corporate governance  
Board  
Leadership Team



### OLE KRISTIAN JØDAHL

President & CEO since 2020.

**Born:** 1971

**Education:** Economics at NHH Norwegian School of Economics

**Former positions, selection:** President and CEO of Hultafors Group AB. Previously several senior positions within AB SKF

**Shareholding, own and via closely related persons\*:** 11,170 shares and 65,000 call options



### BERNT INGMAN

Interim Chief Financial Officer since 2020.

**Born:** 1954

**Education:** Master of Business Administration. Management training CEDEP / INSEAD, Fontainebleau

**Former positions, selection:** CFO of Munters AB. CFO of Husqvarna AB

**Shareholding, own and via closely related persons\*:** 0



### CHARLOTTE BROGREN

Chief Technology Officer since 2017.

**Born:** 1963

**Education:** PhD in Chemical Engineering, University of Lund

**Former positions, selection:** Director-General Vinnova, The Swedish Governmental

Agency for Innovation Systems, Technology Manager, ABB's Robotics Division, various management positions within ABB's research & development department

**Shareholding, own and via closely related persons\*:** 2,000



### MATILDA WERNHOFF

Chief Strategy Officer since 2020 and with the Group since 2016.

**Born:** 1990

**Education:** Business and Economics at Stockholm School of Economics

**Former positions, selection:** Head of Business Development & M&A Alimak Group; Consultant at McKinsey & Company

**Shareholding, own and via closely related persons\*:** 603

\*Shareholding per December 31, 2020



- Directors' report
- Risks and risk management
- Corporate governance
- Board
- Leadership Team**



**PATRIK SUNDQVIST**

Chief Service Delivery Officer and Interim EVP Industrial Division since 2020 and with the Group since 2008.

**Born:** 1975

**Education:** Service management, Handelshögskolan in Umeå

**Former positions, selection:** Interim Head of Business Area After Sales, Alimak Group; General Manager After Sales, Alimak Hek AB, Skellefteå; Business Area Head and Product Manager, Franke Futurum, Skellefteå

**Shareholding, own and via closely related persons\*:** 2,100



**DAVID BATSON**

EVP Construction Division and with the Group since 2016.

**Born:** 1967

**Education:** Bachelor of Business Royal Melbourne Institute of Technology (RMIT)

**Former positions, selection:** Managing Director Alimak Group Australia, General Manager Equipment Sales Group William Adams Pty Ltd, Rental Consultant Caterpillar Inc Asia Pacific, various Senior Sales and Marketing Positions with Wreckair Hire

**Shareholding, own and via closely related persons\*:** 0



**MARK CASEY**

EVP BMU Division since 2020 and with the Group since 2006

**Born:** 1963

**Education:** MBA Curtin University, Western Australia  
**Former positions, selection:** Head of Business unit BMU within Industrial Equipment, Alimak Group; Regional General Manager ROW CoxGomyl; CEO CoxGomyl, Regional Sales Director Asia Festo; Managing Director Festo SE Asia

**Shareholding, own and via closely related persons\*:** 2,000



**JOSÉ MARIA NEVOT**

EVP Wind Division and with the Group since 2009.

**Born:** 1969

**Education:** MSc in Mechanical Engineering, University of Zaragoza and MBA, Chamber of Commerce Zaragoza  
**Former positions, selection:** Head of Business unit Wind within Industrial Equipment, Alimak Group; CSO, Avanti Wind Systems; General Manager AWS S.L.; General Manager Oerlikon AB

**Shareholding, own and via closely related persons\*:** 2,000

\*Shareholding per December 31, 2020

Other members of the Group Leadership Team during 2020 include: Tormod Gunleiksrud, CEO; Tobias Lindquist, CFO; Stefan Rinaldo, COO; Henrik Teivik, Head of Business area Construction Equipment and Business area Rental; and Fredrik Betts, Head of Business units General Industry and Oil & Gas within Industrial Equipment.

During 2021, Annika Haaker will join the Leadership team in the role of Chief People and Culture Officer and Thomas Hendel in the role of CFO. Salomeh Tafazoli will join the Leadership team in the role EVP Industrial division.





# Financial Statements

**Consolidated statements of comprehensive income**

**Consolidated statements of financial position**

**Consolidated statements of cash flow**

**Consolidated statements of changes in equity**

**Notes to the consolidated financial statements**

**Parent Company income statements**

**Parent Company balance sheets**

**Parent Company cash flow statements**

**Statements of changes in Parent Company equity**

**Notes to the Parent Company financial statements**

**Board signatures**

**Auditor's report**





## Consolidated statements of comprehensive income

### Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

Amounts in MSEK	Note	2020	2019
Revenues	4, 5	3,740.3	4,587.4
Cost of sales	6	-2,550.7	-3,042.7
<b>Gross profit</b>		<b>1,189.6</b>	<b>1,544.7</b>
Selling costs		-357.8	-382.9
Administration costs		-457.1	-487.0
Development costs		-101.3	-92.0
Other operating gains and losses		4.1	-17.7
<b>Operating profit (EBIT)</b>	6, 7, 8, 9, 10	<b>277.5</b>	<b>565.1</b>
Financial income	11	7.1	57.1
Financial expenses	11	-44.0	-113.6
<b>Profit before tax (EBT)</b>		<b>240.6</b>	<b>508.6</b>
Income tax	12	-57.9	-114.6
<b>Net profit for the year</b>		<b>182.7</b>	<b>394.0</b>
Attributable to owners of the Parent Company		182.7	394.0
Earnings per share, SEK	22	3.37	7.28

Amounts in MSEK	Note	2020	2019
<b>OTHER COMPREHENSIVE INCOME</b>			
<i>Items that will not be reclassified to net profit for the year</i>			
Remeasurements of defined benefit pension plans	23	-23.7	-14.2
Income tax relating to remeasurements of pension plans		4.1	2.8
<b>Total</b>		<b>-19.6</b>	<b>-11.4</b>
<i>Items that may be reclassified to net profit for the year</i>			
Foreign exchange translation differences		-223.2	65.9
Change in fair value of cash flow hedges		-2.7	-1.5
Income tax relating to change in fair value of cash flow hedges		0.3	0.3
<b>Total</b>		<b>-225.6</b>	<b>64.7</b>
<i>Other comprehensive income</i>		-245.2	53.3
<b>Total comprehensive income</b>		<b>-62.5</b>	<b>447.3</b>
<b>Attributable to owners of the Parent Company</b>		<b>-62.5</b>	<b>447.3</b>





## Consolidated statements of financial position

Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

	Amounts in MSEK	Note	Dec 31, 2020	Dec 31, 2019		Amounts in MSEK	Note	Dec 31, 2020	Dec 31, 2019
<b>ASSETS</b>					<b>EQUITY AND LIABILITIES</b>				
<i>Intangible assets</i>					Share capital			1.1	1.1
Goodwill		13	2,260.4	2,366.7	Other contributed capital			2 915.1	2,914.6
Other intangible assets		13	571.4	621.7	Reserves			-1.0	224.6
<b>Total</b>			<b>2,831.8</b>	<b>2,988.4</b>	Retained earnings, including net profit for the year			612.7	543.9
<i>Property, plant and equipment</i>					<b>Total equity</b>	22		<b>3 527.9</b>	<b>3,684.2</b>
Land and buildings			123.6	121.6	Long-term borrowings	18, 21		666.8	1,034.9
Plant and machinery			74.3	93.9	Lease liabilities	15		158.1	202.9
Equipment, tools, fixtures and fittings			27.4	30.0	Provision for pensions	23		97.3	82.1
Rental equipment			126.1	123.4	Other provisions	24		74.0	63.7
Right-of-use assets			207.9	262.9	Deferred tax liabilities	12		205.6	204.4
<b>Total</b>	14, 15		<b>559.3</b>	<b>631.8</b>	Other long-term liabilities			6.0	-
<i>Financial and other non-current assets</i>					<b>Total non-current liabilities</b>			<b>1,207.8</b>	<b>1,588.0</b>
Deferred tax assets		12	142.9	165.9	Short-term borrowings	18, 21		48.7	84.0
Other long-term receivables		18	72.2	11.5	Lease liabilities	15		56.5	64.1
<b>Total</b>			<b>215.1</b>	<b>177.4</b>	Contract liabilities	17		75.8	99.4
<b>Total non-current assets</b>			<b>3,606.2</b>	<b>3,797.6</b>	Advance payments from customers			96.7	107.0
Inventories		16	439.0	613.3	Trade payables	18, 21		246.1	336.7
Contract assets		17	291.5	357.9	Tax liabilities			56.4	167.9
Trade receivables		18, 19	769.2	966.0	Other current liabilities	18, 21		115.1	111.9
Other receivables		18, 21	199.5	254.5	Accrued expenses and deferred revenue	25		188.4	173.7
Prepaid expenses and accrued income		20	64.3	57.8	<b>Total current liabilities</b>			<b>883.7</b>	<b>1,144.7</b>
Short term investments		18, 21	24.1	56.2	<b>TOTAL EQUITY AND LIABILITIES</b>			<b>5,619.4</b>	<b>6,416.9</b>
<b>Total</b>			<b>1,787.6</b>	<b>2,305.7</b>					
<i>Cash and cash equivalents</i>			225.6	313.6					
<b>Total current assets</b>			<b>2,013.2</b>	<b>2,619.3</b>					
<b>TOTAL ASSETS</b>			<b>5,619.4</b>	<b>6,416.9</b>					

For information on the Group's pledged assets and contingent liabilities, see Note 26.



## Consolidated statements of cash flow

Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

Amounts in MSEK	Note	2020	2019
<b>Operating activities</b>			
Profit before tax		240.6	508.6
Adjustments for:			
Depreciation and impairment of property, plant and equipment	9, 14, 15	137.5	154.0
Amortisation and impairment of intangible assets	9, 13	41.4	43.1
Net foreign exchange translation differences		7.9	4.1
Provisions and pensions		16.0	-15.1
Other non-cash items		-4.6	-2.5
Income tax paid		-155.0	-95.1
<b>Cash flow before change in working capital</b>		<b>283.8</b>	<b>597.1</b>
<i>Change in working capital</i>			
Change in inventories		136.1	87.3
Change in contract assets		31.8	-102.8
Change in current receivables		111.8	81.2
Change in current liabilities		-58.4	-160.7
<b>Cash flow from change in working capital</b>		<b>221.3</b>	<b>-95.0</b>
<b>Cash flow from operating activities</b>		<b>505.1</b>	<b>502.1</b>
<b>Investing activities</b>			
Purchase of intangible assets	13	-14.5	-22.3
Purchase of property, plant and equipment	14	-61.5	-64.8
Acquisition of subsidiaries, net of cash acquired	28	-14.9	-16.5
Net change in short term financial investments		35.4	-64.0
<b>Cash flow from investing activities</b>		<b>-55.5</b>	<b>-167.6</b>

Amounts in MSEK	Note	2020	2019
<b>Financing activities</b>			
Proceeds from borrowings		179.4	262.0
Repayment of borrowings		-530.0	-389.8
Repayment of lease liability	15	-70.6	-88.1
Repurchase of treasury shares		-	-25.4
Dividend paid		-94.3	-148.7
<b>Cash flow from financing activities</b>		<b>-515.5</b>	<b>-390.0</b>
<b>Net change in cash and cash equivalents</b>		<b>-65.9</b>	<b>-55.5</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>313.6</b>	<b>355.6</b>
<b>Exchange rate differences in cash and cash equivalents</b>		<b>-22.1</b>	<b>13.5</b>
<b>Cash and cash equivalents at year-end</b>		<b>225.6</b>	<b>313.6</b>

### SUPPLEMENTARY DISCLOSURES TO THE CONSOLIDATED STATEMENTS OF CASH FLOW

Amounts in MSEK	2020	2019
<b>Interest received/paid</b>		
Interest received	4.1	6.0
Interest paid	-32.6	-45.8
<b>Cash and cash equivalents</b>		
<i>The following sub-components are included in cash and cash equivalents:</i>		
Cash and bank balances	225.6	313.6



## Consolidated statements of changes in equity

Shareholders' equity is attributable in its entirety to shareholders in the Parent Company for both 2019 and 2020. See also Note 22.

2019						
Amounts in MSEK	Share capital	Other contributed capital	Translation reserve	Hedging reserve	Retained earnings including profit for the year	Total shareholders' equity
<b>Opening balance January 1, 2019</b>	1.1	2,938.7	161.9	-2.0	310.0	3,409.7
Net profit for the year	-	-	-	-	394.0	394.0
Other comprehensive income	-	-	65.9	-1.2	-11.4	53.3
<b>Comprehensive income for the year</b>	-	-	65.9	-1.2	382.6	447.3
Share based payments	-	1.3	-	-	-	1.3
Repurchase of treasury shares	-	-25.4	-	-	-	-25.4
Dividend	-	-	-	-	-148.7	-148.7
<b>Closing balance December 31, 2019</b>	1.1	2,914.6	227.8	-3.2	543.9	3,684.2
2020						
Amounts in MSEK	Share capital	Other contributed capital	Translation reserve	Hedging reserve	Retained earnings including profit for the year	Total shareholders' equity
<b>Opening balance January 1, 2020</b>	1.1	2,914.6	227.8	-3.2	543.9	3,684.2
Net profit for the year	-	-	-	-	182.7	182.7
Other comprehensive income	-	-	-223.2	-2.4	-19.6	-245.2
<b>Comprehensive income for the year</b>	-	-	-223.2	-2.4	163.1	-62.5
Share based payments	-	0.5	-	-	-	0.5
Repurchase of treasury shares	-	-	-	-	-	-
Dividend	-	-	-	-	-94.3	-94.3
<b>Closing balance December 31, 2020</b>	1.1	2,915.1	4.6	-5.6	612.7	3,527.9

### Translation reserve

The translation reserve includes all exchange rate differences arising in translation of financial statements from foreign operations that prepared their financial statements in a currency other than the one in which the Group's financial reports are presented.

### Hedging reserve

The hedging reserve refers to currency hedging after tax for the future cash flows for which the hedged items are not yet accounted in the balance sheet.

Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report



# Notes to the consolidated financial statements

Amounts in MSEK unless otherwise indicated.

Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

## Note 1. General information

Alimak Group AB (publ), org. reg. no. 556714-1857, has its registered office in Stockholm, Sweden. The address of the Company's headquarters is Blekholmstorget 30, SE-111 64 Stockholm, Sweden. Alimak Group AB and its subsidiaries form the Alimak Group, hereinafter referred to as Alimak Group or the Group. Alimak Group is listed on Nasdaq Nordic under the ticker ALIG. Alimak Group is global market leader in vertical access solutions for professional use. The Group also offers a comprehensive range of aftermarket service and has sales to more than 100 countries.

These financial statements were approved for issuance by the Board of Directors on March 17, 2021. The consolidated financial statements will be definitively adopted by the AGM on May 6, 2021.

## Note 2. Accounting policies

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRIC interpretations as adopted by the EU. Alimak Group also complies with the Swedish Annual Accounts Act and RFR 1 Supplementary Accounting Rules for Groups, published by the Swedish Financial Reporting Council. Alimak Group AB's (publ) annual accounts have been prepared in accordance with the Swedish Annual Accounts Act, and the Swedish Financial Reporting Council's recommendation RFR 2 Reporting for legal entities and statements.

The consolidated financial statements have been prepared on a historical cost basis, except for items that are required by IFRS to be measured at fair value, principally certain financial instruments. The consolidated financial statements including notes are presented in Swedish kronor (SEK) in millions with one decimal.

Detailed information about new accounting standards applied by Alimak Group from 2020 is available in section 2.2 Application of new and revised standards.

### Consolidation principles

The consolidated financial statements include Alimak Group AB and the subsidiaries over which the Parent Company exercises control. Control is achieved when Alimak Group is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries have been listed in Note A7, Subsidiaries.

Subsidiaries are accounted for using the acquisition method. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interest issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. If contingent consideration is classified as a financial liability, it is measured at fair value on each reporting date, and the changes in the fair value are recognised in the statement of income. Contingent consideration classified as equity is not revalued.

Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their acquisition date fair values. The share of non-controlling interest in the acquiree is recognised on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. Subsidiaries acquired during the financial period are included in the consolidated financial statements from the date of control, and divested subsidiaries until the control ceases.

If a business combination is achieved in stages, the previously held equity interest is revalued at fair value on the acquisition date. Any gains or losses arising from remeasurement are recognised in profit and loss. Acquisition-related costs are expensed as incurred. Transactions with non-controlling interests that do not result in a change of control are treated as equity transactions. In acquiring non-controlling interests' shares in subsidiaries, the difference between any consideration paid and the share of net assets acquired in the subsidiary is recorded in equity. Gains and losses realised on disposals to non-controlling interests are also recorded in equity. Distribution of net income for the period to the equity holders of the Parent Company Alimak Group and to non-controlling interests is presented in the statement of income. Equity attributable to non-controlling interest is disclosed as a separate item in the balance sheet.

All intercompany transactions, receivables, liabilities, unrealised profits and distribution of profits within Alimak Group are eliminated in the consolidated financial statements. Accounting principles of subsidiaries have been changed, to ensure consistency with the principles adopted by the Group.

Investments in associated companies over which Alimak Group has significant influence but neither control nor joint controlling influence, as well as joint venture companies where Alimak Group has joint control and a right to the joint venture's net assets together with the other owners, are reported in the consolidated accounts according to the equity method. Investments in associated companies and joint venture companies are initially recognised in the balance sheet through the use of the acquisition cost, which includes

goodwill identified at the acquisition as well the costs of acquiring or forming the associated company or joint venture company.

### Foreign currency transactions

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Open foreign currency-denominated receivables and liabilities at the end of the financial period, both intercompany and external, are translated using the exchange rate of the balance sheet date and the resulting foreign exchange gains and losses are recognised in the statement of income except when hedge accounting is applied. Foreign exchange gains and losses related to normal business operations are treated as adjustments to sales or costs. Exchange rate differences on derivative instruments designated as cash flow hedges of future cash flows are recorded in the statement of comprehensive income, until transferred to the statement of income simultaneously with the underlying cash flow. Exchange rate differences on other hedges relating to business operations are recorded in other operating income and expenses. Foreign exchange gains and losses associated with financing are included in financial income and expenses.

### Foreign subsidiaries

Items of each subsidiary included in the consolidated financial statements are reported using the currency that best reflects the operational environment of that subsidiary ("the functional currency"). The statements of income and cash flow of subsidiaries whose functional currency is other than the SEK are translated using the average exchange rate of the financial period. Assets and liabilities on balance sheets are translated into SEK at the balance sheet date exchange rate. Translation differences caused by different exchange rates are recognised through the statement of comprehensive income in the cumulative translation differences in equity. When applying hedge accounting for a hedge of a net investment in a foreign operation, exchange rate differences on the hedging instrument relating to the effective portion of the hedge are recognised in other comprehensive income, and any ineffective portion is recognised immediately in the statement of income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Translation differences that arise are recognised in equity.

Translation differences from acquisition cost eliminations and post-acquisition profits and losses of subsidiaries, associated companies and joint ventures are recognised in the statement of comprehensive income. When a foreign entity or part of it is disposed, accumulated translation differences previously





Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

recognised in other comprehensive income are reclassified to the statement of income as a part of the gain or loss on sale.

#### Segment reporting

Operating segments are reported consistently with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Alimak Group's CEO.

Alimak Group has four reporting segments, Construction Equipment, Industrial Equipment, After Sales and Rental. The segments are monitored and controlled on the basis of operating profit, whereas net financial items, taxes, balance sheet and cash flow are not reported per segment.

#### Revenue recognition

Alimak Group manufactures, sells and leases out solutions for vertical transports for the construction and industry sector. Alimak Group also provides support and service for the installed base of units. The business is operated in four business areas, Construction Equipment, Industrial Equipment, Rental and After Sales.

#### Revenue recognition

Revenue is recognised at an amount that reflects the expected and entitled consideration for transferring goods and/or services to customers when the performance obligation is satisfied, when control has passed to the customer.

#### Goods sold

Revenue from goods sold are recognised at the point in time when control of the good has been transferred to the customer. This occurs for example when the Group has a right to payment for the good, the customer has legal title of the good, the good has been delivered to the customer and/or the customer has the significant risks and rewards of the ownership of the good.

When the goods sold are highly customised and an enforceable right to payment is exists, revenue is recognised over time using the proportion of cost incurred to date compared to the estimated total cost to measure progress towards transferring the control of the good to the customer.

#### Rendering of service

Services are mainly performed within business area After Sales and normally over a very short period of time. Revenue from services are recognised at the point in time when the service is performed.

#### Rental operations

Rental income from rental equipment is recognised on a straight-line basis over the rental period. Sale of rental equipment and spare parts is recognised as revenue when the significant risks and rewards of ownership have been transferred to the buyer. The carrying value of the rental equipment sold is recognised as cost of sales.

#### Contract assets and contract liabilities

The timing of revenue recognition, billings and cash collections results in billed account receivables, unbilled receivables (contract assets), and customer advances (contract liabilities) in the Consolidated balance sheet. Billing occurs either as work progresses in accordance with agreed-upon contractual terms, upon achievement of contractual milestones or when the control of the goods has been transferred to the customer. Alimak Group sometimes receives advances from customers, before revenue is recognised, resulting in contract liabilities. These contract assets and contract liabilities are reported in the Consolidated balance sheet on a contract-by-contract basis at the end of each reporting period. Payment terms range from contract to contract and are dependent upon the agreement with the customer.

Cost to obtain contracts are not capitalised as the underlying contracts are normally fulfilled and finalised within one year.

There is normally not a financing component in the contracts as the time between the transferring of the goods/services and payments from the customer is shorter than one year.

#### Government grants

An unconditional government grant is recognised in the income statement when the grant becomes receivable. Other government grants are recognised initially as deferred income at fair value when there is reasonable assurance that they will be received and Alimak Group will comply with the conditions associated with the grant, and are then recognised in the statement of income, on a systematic basis over the period during which the costs related to the grant are incurred. A government grant is reported as a reduction of the cost it is aimed at covering.

#### Financing costs

Financing costs are charged to the statement of income during the financial period in which they incur, with the exception that the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as a part of the cost of the respective asset.

#### Income taxes

Tax expenses in the statement of income include taxes of the Group companies based on the taxable income of the period, tax adjustments for previous financial periods and the changes in deferred taxes. The statement of comprehensive income includes taxes on items presented in the statement of comprehensive income. Income tax receivables and payables are recognised at the amounts expected to be paid or recovered. Deferred tax assets or liabilities are calculated based on temporary differences between financial reporting and the taxation calculated with enacted tax rates. Temporary differences arise, for example, from defined benefit plans, provisions, elimination of inter Alimak Group inventory profits, depreciation differences on fixed assets, tax losses carried forward and fair value adjustments of assets and liabilities of acquired companies. Deferred tax liabilities are recognised in full and deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

#### Goodwill

Goodwill is initially measured as the excess of the aggregate of the consideration transferred, the fair value of previously owned interest and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of income. Goodwill is not amortised but tested for impairment at least annually. The impairment testing is described in detail in the section Impairments. Goodwill is measured at cost less impairment. Impairment losses are recognised in the statement of income.

#### Other intangible assets

Other intangible assets include trademarks, technologies, order backlogs, and customer relationships. These assets are recognised on the balance sheet at their original cost less cumulative amortisations and impairment losses, if any, except for intangible assets acquired in a business combination which are measured at fair value at acquisition date.

Intangible assets with definite useful lives are amortised on a straight-line basis over their useful lives as follows:

Technologies	5–15 years
Customer relationships	5–15 years
Order backlogs	1–3 years
Trademarks, separately acquired	10 years



Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

The assets' useful lives are reviewed, and adjusted if necessary, on each balance sheet date. Trademarks with indefinite useful lives, acquired in business combinations, or intangible assets under development are not amortised, but tested for impairment at least annually. The impairment testing is described in detail in the section Impairments.

#### Research and development costs

Research and development costs are expensed when incurred.

#### Property, plant and equipment

Property, plant and equipment are recognised on the balance sheet at cost less accumulated depreciations and impairment losses, if any. Depreciation is recognised on a straight-line basis to write off the cost less the estimated residual value over the estimated economic useful life of assets as follows:

Machinery and equipment	3–10 years
Rental equipment	8–12 years
Buildings	20–50 years

The assets' residual values and useful lives are reviewed, and adjusted if necessary, on each balance sheet date. The cost of major renovations is included either in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Alimak Group and the cost of the item can be distinguished from ordinary maintenance and repair costs. Gains and losses on sales of property, plant and equipment are included in the operating profit.

#### Impairments

The book values of property, plant and equipment, intangible assets and other assets are reviewed for potential impairment on each balance sheet date. Should any indication arise, the asset is tested for impairment. Impairment testing determines the recoverable amount of an asset. The recoverable amount is the fair value less costs to sell, or the higher cash flow-based value in use. If the recoverable amount of a single asset cannot be reliably determined, the need for impairment is assessed on the lowest level of the cash generating unit (CGU) that is mainly independent of the other units, and whose cash flows are separately identifiable from the cash flows of the other units.

An impairment loss is recognised in the statement of income when the carrying amount of an asset exceeds its recoverable amount. A previously recognised impairment loss is reversed only if there has been a significant

change in the estimates used to determine the recoverable amount, however, impairment loss can be reversed only to the extent that the carrying value of an asset is returned to a level where it would have been without the recognised impairment loss.

Goodwill and intangible assets with indefinite useful lives are not amortised, but are tested for impairment when any indication of impairment occurs, but at least annually. Impairment testing is performed on the level of the CGU. Goodwill is allocated to those units or groups of units, identified in accordance with the operating segments that are expected to benefit from the business combination. The testing of other intangible assets with indefinite useful life is either performed as part of a CGU, or on an individual asset level if it is possible to determine independent cash flows for it. The determined recoverable amount of a CGU is based on value-in-use calculations. Value-in-use is determined by calculating the present value of the estimated future net cash flows. The discount rate applied is the pre-tax weighted average cost of capital that reflects the current market view of the time value of money and risks related to the tested unit.

An impairment loss is recognised in the statement of income when the carrying amount of the CGU exceeds its recoverable amount. Impairment loss is first allocated to goodwill and then to other assets on a pro rata basis. Impairment losses recognised for goodwill cannot be subsequently reversed.

#### Leases, Alimak Group as lessee

Alimak Group rents property, plant, equipment and vehicles. Lease agreements are recognised in the Statement of financial position as Right-of-use assets and future payments of leasing fees as Lease liabilities. In determining the balances above, the main judgements made are related to determining the lease terms and whether a contract is or contains a lease. Regarding lease terms, most of the lease contracts for premises includes options either to extend or to terminate the contract. When determining the lease term, Alimak Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Example of factors that are considered are strategic plans, assessment of future technology changes, the importance of the underlying asset to Alimak Group's operations and/or costs associated with not extending or not terminating the lease.

In the consolidated statement of comprehensive income, Alimak Group recognises depreciation of the Right-of-use assets and interest expenses. Lease payments affect cash flow from operating activities (e.g. interest), and cash flow from financing activities (repayment of the lease liability).

Alimak Group does not apply IFRS 16 to intangible assets. Non-lease components are expensed and not accounted for as part of the right-of-use-asset or the lease liability. The Parent company applies the exception from IFRS 16 allowed under RFR 2 and Right-of-use assets or lease liabilities are not recognised.

#### Leases, Alimak Group as lessor

Alimak Group rents out equipment under operating leases with varying terms and renewal rights. In an operating lease the risks and rewards incidental to ownership of an asset remain with the lessor. The leased asset is recognised in the balance sheet according to the nature of the asset. Income from operating leases is recognised on a straight-line basis over the lease term. The depreciation of the leased asset is consistent with the normal depreciation policy of similar assets in own use.

In a finance lease the risks and rewards of ownership are transferred to the lessee. The sales profit is recognised similarly to profit from an outright sale. Finance lease receivables are recognised in balance sheet at present value. The financial income relating to the finance lease contract is recognised in the statement of income over the lease term to achieve a constant interest rate on outstanding balance.

#### Inventories

Inventories are measured at the lower of cost and estimated net realisable value. Cost is primarily determined using the weighted average method. The cost of inventory includes purchase cost as well as transportation and processing costs. The cost of self-manufactured finished goods and work in progress includes raw materials, direct labour, other direct costs and a proportion of both indirect costs related to manufacturing and overheads. An allowance is recorded for obsolete items. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

#### Financial instruments

##### Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly



Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

### Financial assets

#### Classification and subsequent measurement

The Group classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL);
- Fair value through other comprehensive income (FVOCI); or
- Amortised cost.

The classification requirements for debt and equity instruments are described below.

**Debt instruments** are those instruments that meet the definition of a financial liability from the issuer's perspective, such as trade receivables, loan receivables as well as government bonds.

The Group classifies its debt instruments into one of the following two measurement categories:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and are not designated as FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised (see impairment below). Interest income from these financial assets is included in the financial net using the effective interest rate method.

**Fair value through profit or loss (FVTPL):** Assets that do not meet the criteria for amortised cost are measured at fair value through profit and loss. A gain or loss on a financial debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the financial net in the period in which it arises. Interest income from these financial assets is included in the financial net using the effective interest rate method. Interest income from these financial assets is recognised in net financial items using the effective interest method. Accounts receivables sold without right of recourse are classified as "Hold to Sell" with profit or loss reported in operating profit.

**Debt instruments** are reclassified only when the Group's business model for management of these assets changes.

**Equity instruments** are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Gains and losses on equity investments at FVPL are included in the financial net in the statement of comprehensive income. The Group does not have any material investments in equity instruments.

#### Impairment and expected loss

Alimak Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instrument assets not carried at fair value. The Group recognises a provision for such losses on each reporting date. The measurement of ECL reflects an unbiased and probability-weighted amount based on reasonable and supportable information available such as past events, current condition and forecasts of future economic conditions. For trade receivables, the group applies a simplified approach where the provision for bad debts is based on future expected losses. To measure the expected credit losses, trade receivables are grouped into categories based on credit risk characteristics and days past due. If the provision is considered insufficient due to individual considerations, the provision is extended to cover the extra anticipated losses.

#### De-recognition

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) Alimak Group substantially transfers all the risks and rewards of ownership, or (ii) the Group neither substantially transfers nor retains all the risks and rewards of ownership and the Group has not retained control.

### Financial liabilities

#### Classification and subsequent measurement

All of the Group's financial liabilities, excluding derivatives, are classified as subsequently measured at amortised cost. Derivatives with negative fair values are classified at fair value through profit or loss.

#### De-recognition

Financial liabilities are derecognised when they are extinguished, i.e. when the obligation specified in the contract is discharged, cancelled or expires.

### Derivatives and hedge accounting

Derivatives are initially recognised at fair value on the date on which the derivative contract is entered into and are subsequently re-measured at fair value. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. Fair value gain or loss related to derivatives not designated or not qualifying as hedging instruments is recognised in profit or loss.

The Alimak Group applies the hedge accounting requirements of IFRS 9. For derivatives designated and qualifying as hedging instruments, the method of recognising the fair value gain or loss depends on the nature of the item being hedged. Derivatives are designated as either:

- Hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges);
- Hedges of highly probable future cash flows attributable to a recognised asset or liability (cash flow hedges); or
- Hedges of a net investment in a foreign operation (net investment hedges).

The Group documents, at the inception of the hedge, the relationship between hedged items and hedging instruments, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at the hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items based on the following hedge effectiveness requirements:

- There is an economic relationship between the hedged item and the hedging instrument;
- The effect of credit risk does not dominate the value changes that result from that economic relationship; and
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

#### Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of comprehensive income, together with changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.



Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

#### **Cash flow hedge**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity via other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income. Amounts accumulated in equity are recycled to the statement of profit or loss in the periods when the hedged item affects profit or loss. They are recorded in the income or expense lines in which the revenue or expense associated with the related hedged item is reported.

#### **Net investment hedge**

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised directly in equity via other comprehensive income; the gain or loss relating to the ineffective portion is recognised immediately in the statement of comprehensive income. Gains and losses accumulated in equity are included in the statement of comprehensive income when the foreign operation is disposed of as part of the gain or loss on the disposal.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash balances, short-term bank deposits and other short-term liquid investments with maturities of up to three months. Bank overdrafts are included in other current liabilities.

#### **Offsetting financial assets and liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the assets and settle the liabilities simultaneously.

#### **Pension obligations**

Alimak Group operates various pension plans in accordance with local conditions and practices. The plans are classified either as defined contribution plans or defined benefit plans.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity with no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. Contributions to the defined contribution plans are

charged directly to the statement of income in the year to which these contributions relate.

A defined benefit plan is a pension plan under which the Group itself has the obligation to pay retirement benefits and bears the risk of change in the value of plan liability and assets. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of reporting period less fair value of plan assets. The defined benefit obligation regarding each significant plan is calculated annually by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate or government bonds with approximating terms to maturity and that are denominated in the currency in which the benefits are expected to be paid. The applied discount rates are determined in each country by an external actuary. If an asset is recognised in the balance sheet based on the calculation, the recognition is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Actuarial gains and losses related to remeasurements of a defined benefit plan and the effect of the asset ceiling, if any, are recognised directly in the statement of comprehensive income. Interest and all other expenses related to defined benefit plans are recognised directly in the statement of income.

If a plan is changed or curtailed, the portion of the changed benefit related to past service by the employees, or the gain or loss on curtailment, is recognised directly in the statement of income when the plan amendment or curtailment occurs.

#### **Provisions**

Provisions are recognised when Alimak Group has a current legal or constructive obligation because of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are accounted for using the best estimate for the costs required to settle the obligation on the balance sheet date. In case the time value of money is significant the provision is stated at present value.

Provisions for warranties cover the estimated costs to repair or replace products still under warranty on the balance sheet date. Provision for warranty is calculated based on historical experience of levels of repairs and replacements.

Provisions for product claims consist of expected costs arising from settling

customer claims for which the value, probability and realisation can be estimated. A provision is recorded for a loss-making contract when the unavoidable costs required to fulfil the commitment exceed the gain to be received from the contract.

A restructuring provision is recorded when Alimak Group has prepared a detailed restructuring plan and started the implementation of the plan or communicated the plan. A restructuring plan shall include the following information: business which is affected, the main units and personnel affected by the restructuring, as well as the costs to be incurred and the timetable of the plan. A restructuring provision and other restructuring related expenses are booked to the function costs to which they implicitly belong. However, in case of a significant restructuring programme of Alimak Group or its business area, restructuring costs are presented separately in the statement of income.

#### **Profit distribution**

Profit distribution includes dividends and donations decided by the Shareholders' Meeting. The distribution of profits proposed by the Board of Directors is not recognised in the financial statements until approved by Alimak Group AB's shareholders at the Annual General Meeting.

#### **Treasury shares**

When the Parent Company Alimak Group or its subsidiaries purchase shares of Alimak Group AB, the consideration paid and directly attributable costs are recognised as a deduction in Other contributed capital in equity. When such shares are sold, the consideration received, net of directly attributable transaction costs and income tax effect, is included in equity.

### **2.1 ESTIMATES AND ASSUMPTIONS REQUIRING MANAGEMENT JUDGEMENT**

When preparing the consolidated financial statements, the management makes estimates and assumptions which have an impact on reported assets and liabilities, presentation of the contingent assets and liabilities in notes and reported income and expenses of the financial year. In addition, management judgement may be required in applying the accounting principles.

Estimates and assumptions requiring management judgement are based on the management's historical experience, best knowledge about the events and other factors, such as expectations on future events, that can be considered to be feasible. The actual amounts may differ significantly from the





Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

estimates used in the financial statements. Alimak Group follows the changes in estimates, assumptions and the factors affecting them by using multiple internal and external sources of information. Possible changes in estimates and assumptions are recognised in the financial period the estimate or assumption is changed. The most important items in the consolidated statements, which require the management's estimates and which may include uncertainty, comprise the following:

#### Impairment testing

Intangible assets and property, plant and equipment are always tested for impairment if, there is any indication of impairment. In assessing impairment both external and internal sources of information are considered. External sources include a significant decline in market value that is not the result of the passage of time, normal use of the assets or an increase in interest rate. Internal sources of information include evidence of obsolescence of, or physical damage to, an asset. When the recoverable amount of an asset is less than the carrying amount, an impairment loss is recognised as an expense immediately, and the carrying amount is reduced to the asset's recoverable amount.

Goodwill and other intangible assets with indefinite life are allocated to cash generating units (CGU) and tested for impairment at least annually. The recoverable amounts of CGUs are based on value-in-use calculations. These calculations require the use of estimates. On December 31, 2020 Alimak Group had goodwill amounting to 2,260.4 (2,366.7) and other intangible assets with indefinite life totalling 430.2 (453.4). Additional information is given in Note 13.

#### Taxes

Determination of income taxes and deferred tax assets and liabilities and the amount of deferred tax asset to be recognised requires management judgement. On December 31, 2020, Alimak Group's balance sheet included 64.9 (67.8) deferred tax assets resulting from tax losses carried forward.

Alimak Group is subject to income tax in numerous jurisdictions. There are many transactions and calculations for which the ultimate tax determination is uncertain. Alimak Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. More information regarding taxes is provided in Note 12, Income taxes.

#### Business combinations

Net assets acquired through business combinations are measured at fair value. The consideration exceeding the value of net assets acquired is recognised as goodwill according to the accounting principles. The measurement of fair value of the acquired net assets is based on market value of similar assets (property, plant and equipment), or an estimate of expected cash flows (intangible assets). The valuation, which is based on prevailing repurchase value, expected cash flows or estimated sales price, requires management judgement and assumptions. The management trusts that the applied estimates and assumptions are sufficiently reliable for determining fair values. More information on the measurement of fair value of the assets acquired through business combinations is presented in Note 28, Acquisitions and disposals.

#### Defined benefit plans

The present value of pension obligations depends on several factors determined on an actuarial basis by using several financial and demographic assumptions, and changes in these assumptions impact the carrying amount of pension obligations. The key financial assumption used in determining the net cost (income) for pensions is the discount rate. The appropriate discount rate is determined at the end of each year and is used to calculate the present value of estimated cash outflows to settle the pension obligation. In determining the appropriate discount rate, Alimak Group considers the yields of high-quality corporate or government bonds, depending on the country, that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension obligation. Other key assumptions related to pension obligations include financial assumptions such as estimated increases in salaries and pensions, and demographic assumptions such as mortality rates. Additional information on these assumptions and uncertainties related to them is disclosed in Note 23, Post-employment benefits.

#### Revenue recognition

When the goods sold are highly customised, revenue is recognised over time using the proportion of cost incurred to date compared to estimated total cost to measure progress made towards transferring the control of the good to the customer. This is the case mainly within business area Industrial where "Building maintenance units" are manufactured and sold.

Application of this method requires either an estimate of the actual costs incurred in proportion to the estimated total costs or an estimate of the

construction contract's physical stage of completion. Additionally, if the estimate of the outcome of the contract changes, the recognition of revenue and profit is adjusted in the period the change has been identified and can be estimated. The expected loss from the construction contract is expensed immediately.

#### Provisions

A provision is recognised when Alimak Group has a present legal or constructive obligation because of past events, and it is probable that an outflow of resources will be required to settle the obligation. A provision may be recognised only when the amount can be reliably estimated. The amount to be recorded is the best estimate of the cost required to settle the obligation at the reporting date. The estimate of the financial impact of the past event requires management judgement, which is based on similar events occurred in the past and, where applicable, external experts' opinions. Provisions are reviewed on a regular basis, and when necessary, adjusted to reflect the current best estimate. The actual costs may differ from the estimated costs. The most significant provisions are warranty provisions, which include the cost of repairing or replacing products during the warranty period. Restructuring provision is recognised when Alimak Group has prepared a detailed restructuring plan and started the implementation of the plan or communicated the plan. Restructuring costs are the expected costs directly related to restructuring provisions, and other incurred costs that the management considers as related to restructuring programmes, although not provided for. On December 31, 2020, provisions totalled 87.4 (76.3). Additional information about provisions is disclosed in Note 24, Provisions.

#### Inventories

Alimak Group recognises an allowance for obsolete inventory items at the end of the reporting period based on its best knowledge. The estimate is based on a systematic and continuous monitoring of the inventory. The nature, age structure and volumes based on estimated need are taken into consideration when estimating the amount of allowance. The amount of allowance for obsolete items in the balance sheet totalled 73.6 (50.4). Additional information about inventories is disclosed in Note 16, Inventories.

#### Fair value of financial assets and liabilities

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The fair value of the over-the-counter derivatives used for hedging is determined by using commonly applied



Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

valuation techniques, and by maximising the use of available market prices. In applying these techniques, judgement is used to select the applied method, and where appropriate, to make assumptions that are mainly based on existing market conditions at the reporting date.

Alimak Group recognises impairments on accounts receivable at the end of the reporting period based on the best knowledge when there is objective evidence that Alimak Group will not be able to collect all amounts due. Estimates are based on systematic and continuous follow-up as part of the credit risk control. The amount of impairment in the balance sheet on December 31, 2020 totalled 53.5 (48.6). Additional information regarding the impairment of accounts receivable is disclosed in Note 19, Trade receivables.

## 2.2 APPLICATION OF NEW AND AMENDED IFRS AND IFRIC INTERPRETATION

### New or amended accounting standards applied in 2020

The following new, amended or improved Accounting standards were applicable from January 1, 2020.

#### IFRS 16 Leases

IFRS 16 Leases was amended to provide lessees with a practical expedient that allows a lessee the option to not assess whether a COVID-19-related rent concession is a lease modification.

The expedient applies only to concessions that are directly due to COVID-19, and only if the following three criteria are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- the reduction in lease payments affects only payments originally due on or before June 30, 2021; and
- there is no other substantive change in other terms and conditions of the lease.

Alimak Group has not received any COVID 19 related concession to leases that are material.

#### IFRS 3 Business Combinations

On October 22, 2018, the International Accounting Standards Board (IASB) issued an amendment to IFRS 3 Business Combinations, to improve the definition of a business. The amendments will clarify whether an acquisition is a business or a group of assets.

The new definition of a business is:

An integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities.

This new definition mainly clarifies that an output of a business is to provide goods or services, rather than to generate dividends, lower costs or generate other economic benefits. All business combinations acquired by Alimak qualifies as such also under the new definition.

#### IAS 1 and IAS 8

On October 31, 2018, the IASB issued "Definition of Material" amendments to IAS 1 and IAS 8 to clarify the definition of material and to align with the definition used in the revised Conceptual Framework.

The amendment clarifies the definition of material by aligning the wording across IFRS standards and also includes some supporting requirements in IAS 1 Presentation of Financial Statements in the definition to give them more prominence.

The revised definition of 'material' states that;

"Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity."

#### IASB Conceptual framework

The IASB issued a revised conceptual framework on March 30, 2018 for periods beginning on or after January 1, 2020. The purpose of the conceptual framework is to assist the board in developing IFRS Standards based on consistent concepts, to assist preparers of the financial reports in developing consistent accounting policies for transactions or other events when no Standard applies or when the Standard allows for a policy choice, and to assist all parties in understanding and interpreting the standards.

Key changes from the previous version of the conceptual framework include:

- New concepts on measurement, including factors to be considered when selecting a measurement basis
- New concepts on presentation and disclosure, including when to classify income and expenses in other comprehensive income
- De-recognition guidance on when assets and liabilities are removed from financial statements
- Updated definitions of assets and liabilities, and recognition criteria for including assets and liabilities in the financial statements
- Clarification on prudence, stewardship, measurement uncertainty, and substance over form



Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

### Note 3. Financial risk management

As a result of the Group's global operations, it is exposed to financial risks. The Board of Directors is responsible for establishing the Group's finance policy, which comprises guidelines, targets and limits for financial management and management of financial risks.

Group Treasury is tasked with managing the Group's financial risks. The primary objective of the function is to contribute to the creation of value by managing the financial risks to which the Group is exposed in the course of regular business, and to optimise the Group's net financial items. The Group Treasury function also provides services to Group companies and is required to support subsidiaries with loans, investment facilities and foreign exchange transactions, and to act in an advisory capacity in financial matters. Group Treasury performs internal banking operations and is also responsible for the Group's cash management.

#### CURRENCY RISK

Currency risk is defined as the risk that fluctuations in foreign currencies have an adverse effect on the Group's cash flow, income statement or balance sheet. Foreign currency fluctuations affect the Group's results when sales and purchases in subsidiaries are made in different currencies (transaction exposure). The Group's results are also impacted when the income statements and balance sheets of foreign subsidiaries are translated to SEK (translation exposure). The currencies with the highest impact on the Group's results and net assets are AUD, EUR, and USD. Currency risk affects the Group's competitive situation in various ways.

#### Transaction exposure

Transaction exposure affects net profit for the sales and purchases made in currencies other than each unit's functional currency. Since a large percentage of production is concentrated within a few countries, while sales take place in many countries, the Group is exposed to a large net flows of foreign currencies. The exposures are, as far as possible, concentrated to countries where the production is located by invoicing the sales companies in their respective reporting currency. The effects from exchange rate changes are reduced by using incoming currency flows for payments in the same currency and currency hedging. Yearly transaction exposure for essential currencies is shown in the following table.

#### NET CASH FLOW IN NON REPORTING CURRENCY

Currency (MSEK)	2020	2019
AUD	108	96
EUR	109	41
GBP	102	135
SGD	18	30
SEK	-10	-6
USD	378	514
Others	241	84

Trade receivables and payables in other currencies than the subsidiaries reporting currency are hedged through financial instruments. Orders are also hedged at the point of ordering to safeguard the gross margin and investment budget. As per December 31, 2020 currency forward contracts were used to hedge these flows. The nominal amount of the hedges was MSEK 314 (428) and the average maturity was 6 months (4 months). The unrealised net result from outstanding contracts was at year-end MSEK 1.2 (-0.8) of which MSEK 3.1 with maturity 2021 and -1.9 with maturity 2022 and beyond.

#### Translation exposure

Translation exposure affects net profit for the year when the financial results of subsidiaries in various currencies are translated to SEK and other comprehensive income when net assets in various currencies are translated to SEK.

#### INTEREST RATE RISK

Interest rate risk is defined as the risk that changes in the market interest rate will adversely impact on the Group's net interest items. How quickly a change in interest rates takes effect depends on the fixed-interest term of the assets or liabilities. The average fixed-interest term for the Group's borrowing was 2.8 months (2.5) at year-end.

On June 29, 2018 the Group signed a multi-currency senior revolving facility of MSEK 2,500 replacing the facilities from 2015 and 2016.

Drawdowns under the senior credit facility are fixed with floating interest. The average interest rate on the Group's interest-bearing loans was 0.9 (1.4) per cent at year-end 2020.

The Group's loan agreements include certain requirements – covenants – regarding key financial ratios. These covenants are represented by the following key financial ratios:

- The Group's operating profit before depreciation, in relation to net indebtedness and interest payments.
- The Group's net debt, in relation to equity.

#### MARKET RISK SENSITIVITY

Change	2020		2019		
	Effect on net profit for the year	Effect on shareholders' equity	Effect on net profit for the year	Effect on shareholders' equity	
Market interest rates <sup>1</sup>	%	-5.4	-5.4	-8.7	-8.7
Exchange rates <sup>2</sup>	SEK %	18.9	220.5	19.3	316.9
AED		0.5	4.2	1.6	10.5
AUD		4.1	71.1	3.9	41.2
CNY		2.9	16.0	-2.0	23.1
EUR (Incl DKK)		2.6	83.5	8.7	117.4
GBP		1.7	4.8	0.3	11.4
HKD		1.1	3.9	0.3	12.5
NOK		0.4	4.4	0.9	14.1
USD		3.9	26.3	4.2	75.2
Others		1.7	8.5	1.5	11.5

1. Annual effect of a 1 per cent increase in all interest rates.

2. Effect from translation exposure of a unilateral weakening in SEK of 10 per cent against all currencies.

The table above shows the estimated effects of a parallel shift in all exchange rates and interest rates. The sensitivity analysis shows the estimated effects after tax, without taking the effects of cash flow hedges into account and with all other parameters assumed to be constant when the change in exchange rate or interest rate takes place.



Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

## FINANCING AND LIQUIDITY RISK

Financing risk is the risk that the Group cannot obtain adequate financing on acceptable terms at any given point in time. The senior revolving facility of MSEK 2,500 has a tenor of five years with maturity in 2024. Liquidity risk is defined as the risk that the Group cannot fulfill its short-term payment obligations. Under the financial policy of the Group, the liquidity reserve shall at all times be maintained such that it can cover the anticipated fluctuations in the daily business over a period of six months ahead. To meet this requirement the Group has overdraft facilities and confirmed credit facilities. The Group's overdraft facilities amount to MSEK 193 (207).

## CREDIT RISK

Credit risk is the risk that the counterpart in a transaction does not fulfill its contractual obligations.

The maximum credit exposure is equal to the carrying amount of the Group's financial assets. Given the Group's distribution of customers and the fact that the customers operate in different market and geographical segments, the general underlying credit risk is regarded as relatively low. Major exposures are subjected to credit assessments on a case-by-case basis. The Group's financial assets that have neither matured nor been impaired are considered to have high credit ratings.

## MAXIMUM CREDIT EXPOSURE

	Dec 31, 2020	Dec 31, 2019
Other long-term receivables	72.3	11.5
Trade receivables	769.2	966.0
Derivatives, net	1.2	-0.8
Other financial receivables	168.6	284.8
Cash and bank balances	225.6	313.6
<b>Total</b>	<b>1,236.9</b>	<b>1,575.1</b>

The group has entered into ISDA agreements with all financial counterparts used for trading derivative financial instruments under which the Group has a right to set-off if certain credits events were to occur. This means the Group's actual credit risk is limited to the net asset per counterparty.

## COMMODITY RISK

Commodity risk is defined as the risk that fluctuations in commodity prices will adversely affect the Group's profit. The Group's risk in connection with commodities is mainly confined to steel. The Group does not hedge commodity price risks.

## EXCHANGE RATES

When translating the income statements of foreign subsidiaries to SEK, the average rate for the period concerned is used. The balance sheets are translated to SEK using the closing rate.

Currency	Average rate 2020	Closing rate, Dec 31, 2020	Average rate 2019	Closing rate, Dec 31, 2019
AED	2.51	2.23	2.58	2.54
AUD	6.34	6.26	6.57	6.51
BRL	1.82	1.57	2.40	2.38
CAD	6.86	6.40	7.13	7.13
CNY	1.33	1.25	1.37	1.33
EUR	10.49	10.04	10.59	10.43
GBP	11.8	11.09	12.07	12.21
HKD	1.19	1.06	1.21	1.20
INR	0.12	0.11	0.13	0.13
KRW	0.008	0.008	0.008	0.008
NOK	0.98	0.95	1.07	1.06
RUB	0.13	0.11	0.15	0.15
SGD	6.67	6.18	6.93	6.90
USD	9.20	8.19	9.46	9.32





Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

## Note 4. Segment reporting

### OPERATING SEGMENTS

The Group consists of the following operating segments (business areas): Construction Equipment, Industrial Equipment, After Sales and Rental. Operating segments are the Group's primary basis of classification.

#### Construction Equipment

The business area designs, develops, manufactures and distributes standard and custom-built hoists mainly for temporary installations. Customers are found in the construction industry and in construction-related rental.

#### Industrial Equipment

The business area designs, develops, manufactures and distributes standard and custom-built elevators and maintenance units mainly for permanent installations. Customers are found in industries such as power, wind, metal, mining, ports, cement and oil & gas.

#### After Sales

The business area offers servicing, spare parts, upgrades and training mainly for equipment manufactured by the Group. Customers are found in manufacturing industries, in the construction industry and in construction-related rental.

#### Rental

The business area offers rental and servicing of equipment manufactured by the Group's other business areas. Customers are found in the construction industry.

#### Geographical markets

The Group operates worldwide and normally all operating segments are represented in the geographical regions of Europe, Asia and Australia, South and North America and Other Markets.

There are no intra-Group sales between the segments.

### REVENUE AND PROFIT PER OPERATING SEGMENT

	Construction Equipment	Industrial Equipment	After Sales	Rental	Total, Group
<b>2020</b>					
External revenue	497.3	1,742.9	1,139.4	360.8	3,740.3
Operating profit/loss	36.3	-45.4	243.2	43.3	277.5
<i>Operating profit/loss %</i>	7.3	-2.6	21.3	12.0	7.4
Profit before tax	n/a	n/a	n/a	n/a	240.6
<b>Net profit for the year</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>182.7</b>

	Construction Equipment	Industrial Equipment	After Sales	Rental	Total, Group
<b>2019</b>					
External revenue	813.2	2,115.0	1,262.6	396.6	4,587.4
Operating profit/loss	130.9	45.2	330.7	58.3	565.1
<i>Operating profit/loss %</i>	16.1	2.1	26.2	14.7	12.3
Profit before tax	n/a	n/a	n/a	n/a	508.6
<b>Net profit for the year</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>	<b>394.0</b>

### GEOGRAPHICAL MARKETS

Revenues	2020	2019
Australia	431.5	475.7
China	541.3	520.7
Denmark	195.7	262.7
France	169.8	167.1
Germany	152.2	162.8
Netherlands	120.2	110.7
Norway	66.0	145.8
Spain	79.7	123.6
Sweden	94.5	76.0
United Arab Emirates	116.2	225.6
United Kingdom	295.8	396.9
United States	832.1	1,194.4
Other Markets	645.3	725.4
<b>Total</b>	<b>3,740.3</b>	<b>4,587.4</b>

No customer represents more than 10 % of total revenue for the group.

### Intangible assets and Property, plant & equipment

	2020	2019
Australia	312.4	383.8
China	183.5	205.2
Denmark	557.9	592.7
France	41.8	61.6
Germany	109.4	156.4
Netherlands	152.8	46.7
Norway	44.4	51.5
Spain	107.7	111.7
Sweden	1,093.1	1,105.8
United Arab Emirates	53.9	63.3
United Kingdom	69.2	84.1
United States	652.7	740.4
Other Markets	12.3	17.0
<b>Total</b>	<b>3,391.1</b>	<b>3,620.2</b>



Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

## Note 5. Revenues

### REVENUES ARE SPLIT INTO THE FOLLOWING RECOGNITION METHODS:

	2020	2019
<b>Over time</b>		
Construction Equipment	–	–
Industrial Equipment	736.4	870.0
After Sales	–	–
Rental	194.3	216.7
<b>Total Over time</b>	<b>930.7</b>	<b>1,086.7</b>
<b>Point in time</b>		
Construction Equipment	497.3	813.2
Industrial Equipment	1 006.4	1,245.1
After Sales	1 139.4	1,262.5
Rental	166.5	179.9
<b>Total Point in time</b>	<b>2,809.6</b>	<b>3,500.7</b>
<b>Total</b>	<b>3,740.3</b>	<b>4,587.4</b>

See also note 17 Contract assets, liabilities and performance obligations.

## Note 6. Operating costs

	2020	2019
Raw materials and consumables	–1,485.1	–1,935.3
Personnel costs	–1,367.0	–1,434.1
Depreciation/amortisation	–178.9	–197.1
Other costs	–431.8	–455.8
<b>Total</b>	<b>–3,462.8</b>	<b>–4,022.3</b>

## Note 7. Number of employees, employee benefits and remuneration to Board of Directors and senior executives

	2020		2019	
	Average number of employees	Of whom, women, %	Average number of employees	Of whom, women, %
Australia	146	10	146	10
Belgium	8	0	7	0
Brazil	49	8	50	22
China	381	28	473	16
Denmark	47	16	43	19
France	53	13	55	13
Germany	161	19	159	20
India	31	3	36	3
Italy	8	7	8	13
South Korea	12	8	12	8
Malaysia	14	14	13	15
Netherlands	67	10	70	14
Norway	37	14	46	15
Russia	12	26	14	25
Singapore	16	25	21	24
Spain	315	12	360	12
Sweden	297	15	373	17
Switzerland	4	0	2	0
United Arab Emirates	102	5	104	5
United Kingdom	132	13	132	14
USA	157	14	162	12
<b>Total</b>	<b>2,049</b>	<b>16</b>	<b>2,286</b>	<b>14</b>

	2020	2019
<b>Group's gender breakdown in corporate management</b>	<b>Of whom, women, %</b>	<b>Of whom, women, %</b>
Board of Directors	33	29
Other senior executives	22	13
<b>Personnel expenses</b>	<b>2020</b>	<b>2019</b>
Salaries and benefits	1,030.3	1,099.0
Social welfare contributions	252.2	255.9
Other personnel expenses	84.5	79.2
<b>Total, Group</b>	<b>1,367.0</b>	<b>1,434.1</b>
Of which, pension costs included in social security costs	55.7	59.0

Of the Group's pension costs, MSEK 1.7 (2.0) refer to the category of Board of Directors and CEO. The Group's outstanding pension commitments to the latter amount to 21.2 (17.0).



Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

	2020		2019	
<b>Breakdown of salaries and other remuneration, by Board members and other employees (excl. pensions and social security contributions)</b>	<b>Board of Directors and President</b>	<b>Other employees</b>	<b>Board of Directors and President</b>	<b>Other employees</b>
Sweden	7.8	174.9	8.9	186.1
(Of which, bonuses etc.)	(0.5)	(2.7)	(1.8)	(5.1)
Outside Sweden	–	847.6	–	904.0
(Of which, bonuses etc.)	–	(30.2)	–	(38.5)
<b>Total, Group</b>	<b>7.8</b>	<b>1,022.5</b>	<b>8.9</b>	<b>1,090.1</b>
(Of which, bonuses etc.)	(0.5)	(32.9)	(1.8)	(43.6)

#### Long-term incentive programme (LTI)

The 2018 and 2019 Annual General Meetings resolved to implement long-term incentive (LTI) programmes directed at senior executives and other key employees in the Group (LTI 2018 and LTI 2019). The main purpose of the programmes is to strengthen the Group's ability to recruit and retain employees and to broaden and increase share ownership amongst senior executives and key employees. Through a performance-based stock savings programme, the rewards provided to key employees can be linked to the Group's future earnings and long-term growth, aligning the interests of the shareholders with the interests of the concerned employees. The annual General Meeting in 2020 also approved a Long-term incentive programme but no new programme was however launched in 2020.

Participation in the programme requires a personal investment in Alimak shares. For each acquired share, the participants are granted so called Performance Share Rights. After the qualifying period, which is approximately three years, each Performance Share Right entitles the participant to one Alimak share without any consideration provided that certain conditions are met. The participants must keep their own investment in shares and continue to be employed within the Group throughout the qualifying period in order to be entitled to shares. There is also a financial performance target related to the earnings per share for the Group that should be achieved in order for allotment to take place.

At the end of 2020 LTI 2018 had 16 (19) participants and LTI 2019 had 19 (22) participants that were still fulfilling the requirement to be employed within the Group. In accordance with the terms of the two programmes, employees have acquired 30,000 Alimak shares, of which 15,500 shares were acquired in 2019 within the framework of LTI 2019.

For the Long-term incentive programmes, personnel costs during the qualifying period are recognised based on the shares fair value on the allotment date. Personnel costs for shares relating to the programme are calculated on each accounting date based on an assessment of the probability of the performance targets being met. The costs are calculated based on the number of shares Alimak Group expects to need to settle the commitment at the end of the qualifying period. The cost is adjusted for participants who do not remain employed by the Group. Social security contributions must be paid in some countries based on the value of the employee's benefit. This value is based on fair value and recognised as a provision for social security contributions. The LTI programmes are equity settled and an amount equivalent to the personnel cost is recognised in Other contributed capital. The fair value of the Alimak share used in the calculation of the cost for LTI 2018 and 2019 was SEK 121. The total cost of the Group's long-term incentive programmes, LTI 2018 and LTI 2019, excluding social security costs amounted to MSEK 0.5 in 2020 (MSEK 1.3 in 2019).



Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

2020	Salary/ Board fee	Variable remunera- tion	Other benefits	Pension cost	Total
<b>Board of Directors</b>					
Johan Hjertzonsson, Board chairman (From May 2020)	0,4	–	–	–	0,4
Helena Nordman-Knutson	0,4	–	–	–	0,4
Christina Hallin	0,3	–	–	–	0,3
Petra Einarsson	0,2	–	–	–	0,2
Jan Svensson, Board chairman (Until May 2020)	0,3	–	–	–	0,3
Anders Jonsson	0,1	–	–	–	0,1
Tomas Carlsson	0,4	–	–	–	0,4
Sven Törnkvist	0,3	–	–	–	0,3
<b>President</b>					
Ole Kristian Jödahl (from June 1)	2,6	–	0,7	0,9	4,2
Tormod Gunleiksrud (until June 1)	2,0	–	0,1	0,8	2,9
Tormod Gunleiksrud (in capacity of former president)	5,5	–	–	1,5	7,0
<b>Deputy CEO and COO, Stefan Rinaldo (until October 31)</b>	3,3	–	–	0,6	3,9
<b>Other senior executives (8 persons)<sup>1</sup></b>	14,1	2,3	0,1	4,4	20,9
<b>Other former senior executives</b>	2,0	–	–	0,7	2,7
<b>Total</b>	<b>31,9</b>	<b>2,3</b>	<b>0,9</b>	<b>8,9</b>	<b>44,0</b>

#### Board of Directors

Fees are paid to the Chairman and Board members in accordance with resolution of the AGM. The President and employee representatives are not paid Board fees. Under a resolution of the 2020 AGM, the annual fees to Board members elected by the AGM total SEK 2,485,000. Of this amount, SEK 640,000 is paid to the Board Chairman and SEK 310,000 each to other Board members. Furthermore, it was decided that a fee of SEK 100,000 be paid to the Chairman of the Audit Committee, SEK 75,000 to the Chairman of the Remuneration Committee, SEK 70,000 to each member of the Audit Committee (excluding the Chairman) and SEK 50,000 to each member of the Remuneration Committee (excluding the Chairman). The Audit Committee consists of Helena Nordman-Knutson (Chair), and Tomas Carlsson.

The Remuneration Committee consists of Johan Hjertzonsson (Chair) and Christina Hallin. The Board members are not entitled to any benefits after leaving the Board.

#### Group Management

Remuneration to the President and other members of Group Management consists of base salary, variable salary, other benefits and pension. The variable salary generally amounts to a maximum of 40 per cent of the annual base salary and is linked to the Company's performance.

2019	Salary/ Board fee	Variable remunera- tion	Other benefits	Pension cost	Total
<b>Board of Directors</b>					
Jan Svensson, Board chairman (Member until and Chairman from AGM May 2018)					
Anders Jonsson, Board Chairman (Chairman until and Member from AGM May 2018)	0,7	–	–	–	0,7
Anders Thelin (until AGM May 2018)	0,4	–	–	–	0,4
Eva Lindqvist (until AGM May 2018)	0,1	–	–	–	0,1
Joakim Rosengren	0,4	–	–	–	0,4
Helena Nordman-Knutson	0,3	–	–	–	0,3
Christina Hallin (from AGM May 2018)	0,4	–	–	–	0,4
Tomas Carlsson (from AGM May 2018)	0,2	–	–	–	0,2
<b>President, Tormod Gunleiksrud</b>	4,7	1,8	–	2,0	8,5
<b>Deputy CEO and COO, Stefan Rinaldo</b>	3,1	–	–	0,9	4,0
<b>Other senior executives (7 persons)</b>	14,3	0,9	3,0	2,4	20,6
<b>Total</b>	<b>24,6</b>	<b>2,7</b>	<b>3,0</b>	<b>5,3</b>	<b>35,6</b>

1. At the end of 2020 the Group Management Team consisted of CEO, CSO, CFO, CTO and head of Business area Construction who is also Head of BA Rental, Head of BA After Sales, Head of Business Unit General Industry, Head of BU Wind and Head of BU BMU. During the year 2020 one role, Chief Strategy Officer (CSO), was added to the Management team and one left (Deputy CEO and COO).

#### President and Chief Executive Officer

For the President and CEO Ole Kristian Jödahl, an annual fixed salary of SEK 2,625,000 (7 months) and a Fixed bonus of SEK 500,000 was expensed in 2020. Ole Kristian Jödahl received other benefits of SEK 186,000 (Car, Travels). Every year, pension premiums calculated at 35 per cent of the annual base salary are placed in a direct pension plan classified and accounted for as a defined contribution plan. The direct pension plan is guaranteed through pledged endowment policies owned by the Company. Ole Kristian Jödahl's pensionable age is 65. His period of notice for terminating his employment contract is 6 months, while 12 months applies if the contract is terminated by the Company. The President is entitled to severance pay amounting to 12 months' base salary.



[Consolidated statements of comprehensive income](#)[Consolidated statements of financial position](#)[Consolidated statements of cash flow](#)[Consolidated statements of changes in equity](#)[Notes to the consolidated financial statements](#)[Parent Company income statements](#)[Parent Company balance sheets](#)[Parent Company cash flow statements](#)[Statements of changes in Parent Company equity](#)[Notes to the Parent Company financial statements](#)[Board signatures](#)[Auditor's report](#)

For former president and CEO, Tormod Gunleiksrud an annual fixed salary of SEK 1,956,000 (5 months) was expensed in 2020. In addition to that severance pay of SEK 5,481,000 was expensed. Pension premiums was expensed with SEK 1,467,000.

#### Other members of Group Management

The members of Group Management – senior executives – who are employed in Sweden are entitled to pension benefits corresponding in all essential respects to the Swedish ITP pension plan.

Senior executives who are not employed in Sweden are generally covered by defined contribution pension plans. In most cases, the pensionable age for senior executives is 65 years. All senior executives have a notice period of 6 to 12 months if the employment is terminated by the Company.

#### Note 8. Fees to auditors

	2020	2019
<b>Ernst &amp; Young:</b>		
Auditing assignment	9.3	9.0
Audit work outside the scope of the audit assignment	0.9	0.4
Tax advice	0.2	0.2
Other services	0.2	0.4
<b>Total</b>	<b>10.6</b>	<b>10.0</b>
<b>Other auditors:</b>		
Auditing assignment	1.0	0.7
Audit work outside the scope of the audit assignment	0.2	0.1
Tax advice	0.8	0.4
Other services	0.3	0.7
<b>Total</b>	<b>2.3</b>	<b>1.9</b>

#### Note 9. Depreciation/amortisation

	2020	2019
<b>Depreciation/amortisation according to plan per asset</b>		
Other intangible assets	41.4	43.1
Land and buildings	6.4	5.4
Plant and machinery	20.4	17.7
Equipment, tools and fixtures and fittings	12.4	16.5
Rental equipment	24.0	23.4
Right-of-use assets	74.3	91.0
<b>Total</b>	<b>178.9</b>	<b>197.1</b>
<b>Depreciation/amortisation according to plan per function</b>		
Cost of goods sold	104.6	116.8
Selling expenses	42.9	49.3
Administration expenses	29.2	28.7
Development expenses	2.2	2.3
<b>Total</b>	<b>178.9</b>	<b>197.1</b>

[Consolidated statements of comprehensive income](#)[Consolidated statements of financial position](#)[Consolidated statements of cash flow](#)[Consolidated statements of changes in equity](#)[Notes to the consolidated financial statements](#)[Parent Company income statements](#)[Parent Company balance sheets](#)[Parent Company cash flow statements](#)[Statements of changes in Parent Company equity](#)[Notes to the Parent Company financial statements](#)[Board signatures](#)[Auditor's report](#)**Note 10. Other operating gains and losses**

	2020	2019
<b>Operating gains</b>		
Exchange gains	22.8	14.2
Other gains	7.4	1.8
<b>Total</b>	<b>30.2</b>	<b>16.0</b>
<b>Operating losses</b>		
Exchange losses	-26.1	-33.7
<b>Total</b>	<b>-26.1</b>	<b>-33.7</b>

**Note 11. Financial income and expense**

	2020	2019
<b>Financial income</b>		
Interest income	4.5	6.5
Exchange gains	2.6	50.6
<b>Total</b>	<b>7.1</b>	<b>57.1</b>
<b>Financial expense</b>		
Interest expense	-33.4	-47.0
Interest expenses leases	-8.0	-10.5
Exchange losses	-2.6	-56.1
<b>Total</b>	<b>-44.0</b>	<b>-113.6</b>

**Note 12. Income Tax**

The Group's tax cost for the year totalled MSEK -57.9 (-114.6), corresponding to an effective tax rate of 24.1 per cent (22.5).

	2020	2019
Current year tax expense	-44.8	-96.1
Deferred tax	-13.1	-18.5
<b>Total</b>	<b>-57.9</b>	<b>-114.6</b>
<b>Reconciliation of effective tax</b>	<b>2020</b>	<b>2019</b>
Income before taxes	240.6	508.6
Tax expense at Swedish tax rate 21.4%	-51.5	-108.9
Effect of different tax rates in foreign subsidiaries	-6.5	-5.4
Tax expense for previous years	-0.4	-0.8
Tax exempt income and non-deductible expenses	-2.0	1.0
Previously unrecognised tax losses and temporary differences	3.8	16.0
Unrecognised current year tax losses and temporary differences	-0.7	-10.1
Effect of changes in tax rates	-	-2.0
Other (including withholding tax)	-0.6	-4.4
<b>Income tax expense</b>	<b>-57.9</b>	<b>-114.6</b>
<b>Effective tax rate in %</b>	<b>24.1</b>	<b>22.5</b>

The effect of different tax rates in foreign subsidiaries mainly comes from the profits generated in Australia, China and USA where the corporate income tax rates are higher than in Sweden. The positive tax effect of previously unrecognised tax losses relates to Brazil and China where the companies have been able to offset this year's profits with losses on which no deferred tax had been recognised.



Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

#### Deferred tax

The tables below shows deferred tax assets and liabilities and period and the movement in net deferred tax during the year.

	Dec 31, 2020	Dec 31, 2019
<b>Deferred tax assets</b>		
Property, plant and equipment	12.8	9.4
Financial instruments	1.2	0.5
Inventories	12.3	9.2
Current receivables	13.0	41.7
Provisions	42.5	40.4
Untaxed reserves	–	0.3
Loss carry-forwards	64.9	67.8
Other deferred tax assets	–3.8	–3.4
<b>Total</b>	<b>142.9</b>	<b>165.9</b>
<b>Deferred tax liabilities</b>		
Property, plant and equipment	11.0	9.6
Intangible non-current assets	163.6	164.3
Provisions	0.8	0.8
Untaxed reserves	29.9	24.1
Other deferred tax liabilities	0.3	5.6
<b>Total</b>	<b>205.6</b>	<b>204.4</b>

#### TAX LOSS CARRY-FORWARDS

	Recognised		Not recognised	
	Dec 31, 2020	Dec 31, 2019	Dec 31, 2020	Dec 31, 2019
Expires within five years	68.9	78.6	34.2	45.4
Expires after five years	2.5	9.5	–	0.7
No expiration date	182.0	158.8	26.1	131.4
<b>Total tax loss</b>	<b>253.4</b>	<b>246.9</b>	<b>60.3</b>	<b>177.5</b>

	2020	2019
<b>Changes in deferred taxes, net</b>		
Opening balance, 1 Jan	–38.5	–30.3
Recognised in income statement	–11.9	–18.5
Recognised in other comprehensive income	4.4	3.1
Reclassification	–22.7	7.1
Translation differences	6.0	0.1
<b>Closing balance, 31 Dec</b>	<b>–62.7</b>	<b>–38.5</b>

Reclassifications mainly relate to Alimak Group US where a reclassification has been done between deferred and current tax.

Deferred tax assets on tax loss carry-forwards are reported to the extent that the realisation of the related tax benefit through future taxable profits is probable also when considering the period during which the losses can be utilised.

As of December 31, 2020, the total amount of tax loss carry-forwards was MSEK 313.7 (424.4). The deferred tax relating to the recognised losses amounted to MSEK 64.9 (67.8). The tax losses on which deferred tax has been recognised mainly relate to Australia, Netherlands and Spain. The tax losses on which no deferred tax has been recognised mainly relate to China and Brazil.



Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

**Note 13. Goodwill and other intangible assets**

2020	Goodwill	Trademark	Customer relations	Tech-nology	Develop-ment costs	Total
<b>Accumulated historical cost</b>						
Opening balance, Jan 1	2,583.6	454.1	207.3	49.6	39.6	3,334.2
Acquisitions	9.5	4.3	12.1	–	10.2	36.1
Sales, disposals	–	–	–	–	–	–
Reclassifications	–	–	–	–	–1.9	–1.9
Translation differences for the year	–123.4	–27.0	–14.7	–2.6	–2.2	–169.9
<b>Closing balance, Dec 31</b>	<b>2,469.7</b>	<b>431.4</b>	<b>204.7</b>	<b>47.0</b>	<b>45.7</b>	<b>3,198.5</b>
<b>Accumulated amortisation and impairment loss</b>						
Opening balance, Jan 1	–216.9	–0.7	–111.0	–14.3	–2.9	–345.8
Sales, disposals	–	–	–	–	–	–
Amortisations for the year	–	–0.5	–27.5	–5.9	–7.5	–41.4
Reclassifications	–	–	–	–	1.5	1.5
Translation differences for the year	7.6	0.0	7.9	1.2	2.3	19.0
<b>Closing balance, Dec 31</b>	<b>–209.3</b>	<b>–1.2</b>	<b>–130.6</b>	<b>–19.0</b>	<b>–6.6</b>	<b>–366.7</b>
<b>Carrying amount at year-end</b>	<b>2,260.4</b>	<b>430.2</b>	<b>74.1</b>	<b>28.0</b>	<b>39.1</b>	<b>2,831.8</b>

2019	Goodwill	Trademark	Customer relations	Tech-nology	Develop-ment costs	Total
<b>Accumulated historical cost</b>						
Opening balance, Jan 1	2,512.9	445.8	205.0	47.7	17.4	3,228.8
Acquisitions	28.0	0.5	–	–	21.8	50.3
Sales, disposals	–	–	–	–	–1.2	–1.2
Reclassifications	–	1.3	0.1	0.6	–	2.0
Translation differences for the year	42.7	6.5	2.2	1.3	1.6	54.3
<b>Closing balance, Dec 31</b>	<b>2,583.6</b>	<b>454.1</b>	<b>207.3</b>	<b>49.6</b>	<b>39.6</b>	<b>3,334.2</b>
<b>Accumulated amortisation and impairment loss</b>						
Opening balance, Jan 1	–214.1	–	–74.7	–7.9	–2.0	–298.7
Sales, disposals	–	–	–	–	1.2	1.2
Amortisations for the year	–	–0.1	–35.7	–6.1	–1.2	–43.1
Reclassifications	–	–1.3	–0.1	–0.6	–	–2.0
Translation differences for the year	–2.8	0.7	–0.5	0.3	–0.9	–3.2
<b>Closing balance, Dec 31</b>	<b>–216.9</b>	<b>–0.7</b>	<b>–111.0</b>	<b>–14.3</b>	<b>–2.9</b>	<b>–345.8</b>
<b>Carrying amount at year-end</b>	<b>2,366.7</b>	<b>453.4</b>	<b>96.3</b>	<b>35.3</b>	<b>36.7</b>	<b>2,988.4</b>

The trademarks acquired through business combinations have been valued at fair value in connection with the acquisition. These trademarks have been assessed to have indefinite useful lives and it is estimated that they will create cash flow for an indefinite period. The estimate is based on their global, regional or customer segment specific market leadership and their long history. The trademarks are continuously developed and are tested for impairment whenever Goodwill is reviewed for impairment. Trademarks are all included in business area Industrial.

Other trademarks are amortized over 10 years.



Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

**GOODWILL HAS BEEN ALLOCATED TO THE FOLLOWING CASH FLOW GENERATING UNITS, MSEK:**

	Dec 31 2020	Dec 31 2019
Business area Construction Equipment	103.0	112.2
Business area Industrial Equipment	898.0	946.6
Business area After Sales	1 259.4	1,307.9
<b>Total</b>	<b>2,260.4</b>	<b>2,366.7</b>

Goodwill is reviewed for potential impairment whenever there is an indication that the current value may be impaired, or at least annually. Impairment testing of goodwill is carried out by allocating goodwill to the lowest cash generating unit level (CGU) which generates independent cash flows. These levels have been identified according to the operative business organisation to be the reported operating segments.

The recoverable amounts of the cash generating units (CGU) are determined on the basis of value-in-use calculations. The future cash flow projections are based on the strategic plans approved by the top management and the Board of Directors. Cash flow projections cover 10 years, of which the last year is used to define the terminal value. Cash flows beyond the forecast period are projected by using a 2 per cent long-term growth rate.

The key assumptions made by the management in the projections relate to market and profitability outlooks. Market share and growth potential in both new equipment and service markets have been taken into account when defining future sales growth. Key factors affecting profitability are sales volume, competitiveness and cost efficiency. The better average profitability of the After Sales business means that its relative share of sales also has an impact on profitability. The utilisation rate of factories and assembly units and their cost competitiveness also have an impact on profitability. The ongoing profit improvement programme are expected to further improve the profitability in the coming years.

The discount rate used in the impairment testing is the weighted average cost of capital (WACC) determined for each segment that reflects the total cost of equity and debt, and the market risks related to the segment. Components of WACC are the risk-free interest rate, market risk premium, Alimak Group's beta, gearing and credit spread. The discount rate used in

impairment testing has been determined similarly as in 2019. The WACC used for Construction was 9.1 per cent, for Industrial 7.7 per cent, for After Sales 8.1 per cent and for Rental 9.1 per cent. Discount rates have increased from previous year mainly because of the increase in Alimak Group's beta.

As a result of the impairment tests performed no impairment loss has been recognised in 2020 or in 2019.

The net present value for each cash generating unit is depending on the assumptions made when calculating the discounted cash flows. Alimak Group has made simulations of how the net present value changes if important assumptions would change.

When comparing carried value of net operating assets to net present value for business area Industrial equipment, an increase of the discount rate of 1.8 per cent or more would affect the net present value to be lower than carrying value. Also, should future EBITDA margin decrease with 2.3 per cent or more, the net present value would be lower than carrying value. Finally, should forecasted sales growth in the forecast period decrease with 2.3 per cent or more, the net present value would be lower than carrying value.

For other cash generating units the sensitivity analysis shows that no changes of discount rate within reasonable limits would impact the net present value to be lower than carried value of net assets. For these units there is substantial headroom for changes of all important parameters that could lead to an impairment need. The sensitivity analysis shows that the value of goodwill and other assets with indefinite life is well above net present value if the discount rate is increased with 1 per cent or if long term growth rate beyond the forecast period is decreased with 1 per cent for all cash generating units. Also forecasts for sales growth and EBIT-margin is included in the sensitivity analysis and changes within reasonable limits of these parameters will not lead to an impairment need for other cash generating units.





Consolidated statements  
of comprehensive income

Consolidated statements  
of financial position

Consolidated statements  
of cash flow

Consolidated statements  
of changes in equity

Notes to the consolidated  
financial statements

Parent Company  
income statements

Parent Company  
balance sheets

Parent Company  
cash flow statements

Statements of changes in  
Parent Company equity

Notes to the Parent Company  
financial statements

Board signatures

Auditor's report

## Note 14. Property, plant and equipment

2020	Land and buildings	Plant and tools, machinery	Equipment, fixtures and fittings	Rental equipment	Total
<b>Accumulated historical cost</b>					
Opening balance, Jan 1	192.8	183.3	90.6	388.2	854.9
Acquisitions	13.4	1.5	10.4	36.2	61.5
Sales and disposals, etc.	–	–0.5	–3.0	–1.9	–5.4
Reclassifications-0.8	1.1	–24.9	19.0	–0.1	–4.9
Translation differences for the year	–7.8	3.6	–8.0	–13.6	–26.1
<b>Closing balance, Dec 31</b>	<b>199.5</b>	<b>162.7</b>	<b>109.0</b>	<b>408.8</b>	<b>880.0</b>
<b>Accumulated depreciation</b>					
Opening balance, Jan 1	–71.2	–89.4	–60.6	–264.8	–486.0
Sales and disposals, etc.	–	0.1	3.0	1.2	4.3
Depreciation according to plan for the year	–6.4	–20.5	–12.8	–23.5	–63.2
Reclassifications	–1.6	19.6	–15.8	1.0	3.3
Translation differences for the year	3.3	1.8	4.6	3.4	13.0
<b>Closing balance, Dec 31</b>	<b>–75.9</b>	<b>–88.4</b>	<b>81.6</b>	<b>–282.7</b>	<b>–528.6</b>
<b>Carrying amount at year-end</b>	<b>123.6</b>	<b>74.3</b>	<b>27.4</b>	<b>126.1</b>	<b>351.4</b>

2019	Land and buildings	Plant and tools, machinery	Equipment, fixtures and fittings	Rental equipment	Total
<b>Accumulated historical cost</b>					
Opening balance, Jan 1	187.8	183.3	79.1	352.2	802.4
Acquisitions	1.5	18.4	11.0	33.9	64.8
Sales and disposals, etc.	–	–17.0	–3.1	–3.0	–23.1
Reclassifications	–0.3	–15.2	–4.8	7.0	–13.3
Translation differences for the year	3.8	13.8	8.4	–1.9	24.1
<b>Closing balance, Dec 31</b>	<b>192.8</b>	<b>183.3</b>	<b>90.6</b>	<b>388.2</b>	<b>854.9</b>
<b>Accumulated depreciation</b>					
Opening balance, Jan 1	–65.0	–94.3	–50.7	–234.6	–444.6
Sales and disposals, etc.	–	17.0	3.1	2.6	22.8
Depreciation according to plan for the year	–5.4	–17.7	–16.5	–23.4	–63.0
Reclassifications	0.3	15.2	4.8	–7.0	13.3
Translation differences for the year	–1.1	–9.6	–1.3	–2.4	–14.4
<b>Closing balance, Dec 31</b>	<b>–71.2</b>	<b>–89.4</b>	<b>–60.6</b>	<b>–264.8</b>	<b>–486.0</b>
<b>Carrying amount at year-end</b>	<b>121.6</b>	<b>93.9</b>	<b>30.0</b>	<b>123.4</b>	<b>368.9</b>



Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

## Note 15. Right-of-use assets and Lease liabilities

2020	Premises	Vehicles	Other machinery and equipment	Total
<b>Accumulated historical cost</b>				
Opening balance, Jan 1	245.5	58.0	30.7	334.2
New contracts	28.5	13.5	2.8	44.8
Sales and disposals	-21.5	-11.2	-17.3	-50.0
Translation differences for the year	-18.5	-3.3	-1.2	-23.0
<b>Closing balance, Dec 31</b>	<b>234.0</b>	<b>57.0</b>	<b>15.0</b>	<b>306.0</b>
<b>Accumulated depreciation</b>				
Opening balance, Jan 1	-38.2	-17.7	-15.4	-71.3
Depreciation for the year	-44.4	-20.1	-9.8	-74.3
Sales and disposals	12.1	10.9	17.3	40.2
Translation differences for the year	5.4	1.4	0.4	7.4
<b>Closing balance, Dec 31</b>	<b>-65.1</b>	<b>-25.5</b>	<b>-7.5</b>	<b>-98.1</b>
<b>Carrying amount at year-end</b>	<b>168.9</b>	<b>31.5</b>	<b>7.5</b>	<b>207.9</b>

### LEASE LIABILITIES

2020	Premises	Vehicles	Other machinery and equipment	Total
Non current lease liabilities	134.4	19.4	4.3	158.1
Current lease liabilities	39.0	13.9	3.6	56.5
<b>Total carrying value lease liabilities</b>	<b>173.4</b>	<b>33.3</b>	<b>7.9</b>	<b>214.6</b>
Maturity analysis undiscounted contractual leasing payments				
1-12 months	47.6	15.3	3.4	66.3
13-36 months	86.8	18.9	3.1	108.8
37-60 months	46.2	1.1	1.6	48.9
> 60 months	20.5	0.3	0.2	21.0
<b>Total</b>	<b>201.1</b>	<b>35.6</b>	<b>8.3</b>	<b>245.0</b>

2019	Premises	Vehicles	Other machinery and equipment	Total
<b>Accumulated historical cost</b>				
Opening balance, Jan 1	281.5	36.6	26.9	345.0
New contracts	46.1	26.6	6.4	79.1
Sales and disposals	-78.6	-4.8	-2.7	-86.1
Translation differences for the year	-3.5	-0.4	0.1	-3.8
<b>Closing balance, Dec 31</b>	<b>245.5</b>	<b>58.0</b>	<b>30.7</b>	<b>334.2</b>
<b>Accumulated depreciation</b>				
Opening balance, Jan 1	-	-	-	-
Depreciation for the year	-50.8	-22.4	-17.8	-91.0
Sales and disposals	12.0	4.4	2.5	18.9
Translation differences for the year	0.6	0.3	-0.1	0.8
<b>Closing balance, Dec 31</b>	<b>-38.2</b>	<b>-17.7</b>	<b>-15.4</b>	<b>-71.3</b>
<b>Carrying amount at year-end</b>	<b>207.3</b>	<b>40.3</b>	<b>15.3</b>	<b>262.9</b>

### LEASE LIABILITIES

2019	Premises	Vehicles	Other machinery and equipment	Total
Non current lease liabilities	176.8	16.9	6.2	202.9
Current lease liabilities	40.4	15.2	8.5	64.1
<b>Total carrying value lease liabilities</b>	<b>217.2</b>	<b>32.1</b>	<b>14.7</b>	<b>267.0</b>
Maturity analysis undiscounted contractual leasing payments				
1-12 months	46.2	17.1	9.9	73.2
13-36 months	82.8	18.5	5.1	106.4
37-60 months	78.3	2.3	1.0	81.6
> 60 months	34.2	0.3	0.2	34.7
<b>Total</b>	<b>241.5</b>	<b>38.2</b>	<b>16.2</b>	<b>295.9</b>



Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

#### IMPACT ON CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	2020	2019
Depreciations of Right-of-use assets included in:		
Cost of sales	-49.6	-61.9
Selling costs	-8.8	-7.3
Administration cost	-15.3	-21.1
Development cost	-0.6	-0.7
<b>Total</b>	<b>-74.3</b>	<b>-91.0</b>
Included in Interest expenses	-8.0	-10.5

#### IMPACT ON CONSOLIDATED STATEMENTS OF CASH FLOW

	2020	2019
Included in cash flow from Operating activities		
Paid interest	-8.0	-10.5
Included in cash flow from Financing activities		
Repayment of lease liabilities	-70.6	-88.1

Alimak Group does not apply the exceptions for low value- or short term leases allowed under IFRS 16, all leases are included in the tables above. Alimak Group does not have any leases of intangible assets. Contracts with variable leasing fees are few and amounts are immaterial.

#### Note 16. Inventories

	Dec 31 2020	Dec 31 2019
Raw materials and consumables	248.3	347.5
Work in progress	74.7	58.0
Finished products and goods for resale	116.0	207.8
<b>Total</b>	<b>439.0</b>	<b>613.3</b>

The inventory value includes a provision of MSEK 67.6 (50.4) for obsolescence.

#### Note 17. Contract assets and liabilities

##### CONTRACT BALANCES WITH CUSTOMERS

2020	Contract assets	Contract liabilities
<b>Opening balance, Jan 1</b>	<b>357.9</b>	<b>99.4</b>
New advances from customers	-	109.2
Increase (+)/Decrease (-) due to revenue recognised	421.4	-125.8
Increase (+)/Decrease (-) due to transfers to receivables	-428.0	-
Revaluations	-	0.3
Translation differences	-59.8	-7.3
<b>Closing balance, Dec 31</b>	<b>291.5</b>	<b>75.8</b>

##### CONTRACT BALANCES WITH CUSTOMERS

2019	Contract assets	Contract liabilities
<b>Opening balance, Jan 1</b>	<b>244.4</b>	<b>87.8</b>
New advances from customers	-	51.7
Increase (+)/Decrease (-) due to revenue recognised	487.7	-40.6
Increase (+)/Decrease (-) due to transfers to receivables	-392.2	-
Revaluations	11.5	-1.9
Translation differences	6.5	2.4
<b>Closing balance, Dec 31</b>	<b>357.9</b>	<b>99.4</b>

The increases/decreases in the tables above related to contract assets reflect the total adjustment needed to align revenue recognition for work completed but not yet invoiced at year end. Out of the total balance of MSEK 292 (358), MSEK 287 (348) is estimated to be invoiced within one year.

#### Note 18. Financial assets and liabilities

	Dec 31 2020	Dec 31 2019
<b>Financial assets &amp; liabilities measured at amortized cost</b>	<b>Carrying value</b>	<b>Carrying value</b>
<b>Assets</b>		
Other long term receivables	72.3	11.5
Trade receivables	769.2	966.0
Other short term receivables	168.6	284.8
Cash and cash equivalents	225.6	313.6
<b>Total assets</b>	<b>1,235.7</b>	<b>1,575.9</b>

##### Liabilities

Long-term borrowings	666.8	1,034.9
Long-term lease liabilities	158.1	202.9
Short-term borrowings	48.7	84.0
Short-term lease liabilities	56.5	64.1
Trade payables	246.1	336.7
Other financial liabilities	194.0	207.7
<b>Total Liabilities</b>	<b>1,370.2</b>	<b>1,929.3</b>

	Dec 31 020	Dec 31 2019
<b>Financial assets &amp; liabilities measured at fair value</b>	<b>Level 2</b>	<b>Level 2</b>
<b>Assets</b>		
Derivatives at fair value through profit and loss	3.9	2.9
Derivatives in hedge accounting	2.3	1.6
<b>Total assets</b>	<b>6.2</b>	<b>4.5</b>
<b>Liabilities</b>		
Derivatives	5.0	5.3
<b>Total liabilities</b>	<b>5.0</b>	<b>5.3</b>



Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

Fair values are the same as carrying values for all financial assets and liabilities. The fair value of long and short term liabilities to credit institutions is calculated for disclosure purposes, by discounting future cash flows at the current interest rate for the remaining term to maturity.

The Group classifies financial assets and liabilities measured at fair value in a fair value hierarchy based on the information used in the valuation of each asset and liability. During the financial year, no financial assets or financial liabilities were reclassified among the valuation categories.

Currency derivatives are valued at fair value by discounting the difference between the contracted forward rate and the forward rate that can be

subscribed for on the balance sheet date for the remaining contract period. A risk-free interest rate based on government bonds is applied for discounting.

**Level 1** – Quoted prices for identical assets and liabilities on an active market.

**Level 2** – Quoted prices on markets that are not active, quoted prices for similar assets and liabilities, information other than quoted prices that are observable directly or indirectly primarily for the instrument's entire term and input data for valuation models obtained from observable market data.

**Level 3** – Information that is important for the asset's or liability's present value is not observable, unless the Group's own assessments are applied.

#### CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

2020	Long-term Borrowings	Long-term Lease liabilities	Short-term Borrowings	Short-term Lease liabilities	Derivatives	Total
Opening balance, Jan 1	1,034.9	202.9	84.0	64.1	5.3	1,391.2
Adjusted opening balance, Jan 1						
Cash flows	-319.8	-53.0	-30.8	-17.6	0.3	-420.9
Other changes lease liabilities	-	20.0	-	13.9	-	33.9
Changes in fair value	-	-	-	-	-0.6	-0.6
Reclassifications	-	-	-	-	-	-
Translation difference	-48.3	-11.8	-4.5	-3.9	-	-68.5
<b>Closing balance, Dec 31</b>	<b>666.8</b>	<b>158.1</b>	<b>48.7</b>	<b>56.5</b>	<b>5.0</b>	<b>935.1</b>

2019	Long-term Borrowings	Long-term Lease liabilities	Short-term Borrowings	Short-term Lease liabilities	Derivatives	Total
Opening balance, Jan 1	1,110.5	-	111.9	-	9.0	1,231.4
Adjusted opening balance, Jan 1	-	269.0	-	76.0	-	345.0
Cash flows	-87.3	-75.1	-34.3	-13.0	-7.2	-216.9
Other changes lease liabilities	-	6.0	-	0.6	-	6.6
Changes in fair value	-	-	-	-	3.5	3.5
Reclassifications	-0.2	-	5.7	-	-	5.5
Translation difference	11.9	3.0	0.7	0.5	-	16.1
<b>Closing balance, Dec 31</b>	<b>1,034.9</b>	<b>202.9</b>	<b>84.0</b>	<b>64.1</b>	<b>5.3</b>	<b>1,391.2</b>

#### Note 19. Trade receivables

	2020	2019
<b>Trade receivables, gross</b>	<b>822.7</b>	<b>1,014.6</b>
Accumulated reserve for credit losses, opening balance, 1 Jan	-48.6	-39.1
Provisions for the year	-20.7	-11.5
Reversals of provisions for the year	10.9	2.3
Exchange rate differences	4.9	-0.3
<b>Accumulated reserve for credit losses, closing balance, 31 Dec</b>	<b>-53.5</b>	<b>-48.6</b>
<b>Trade receivables, net at year-end</b>	<b>769.2</b>	<b>966.0</b>

Age analysis for overdue trade accounts receivable not considered bad debts	Dec 31 2020	Dec 31 2019
1-30 days	126.8	180.0
31-90 days	62.6	53.1
91-120 days	34.0	36.5
> 120 days	26.3	41.2
<b>Total at year-end</b>	<b>249.7</b>	<b>310.8</b>



Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

## Note 20. Prepaid expenses and accrued income

	Dec 31 2020	Dec 31 2019
Prepaid lease charges and rent	1.7	3.5
Accrued sales revenue	23.4	19.1
Prepaid insurance	10.0	9.5
Bank charges and legal costs	3.0	0.4
Transport subsidies and fees	2.6	6.4
IT services	13.8	6.4
Other	9.8	12.5
<b>Carrying amount at year-end</b>	<b>64.3</b>	<b>57.8</b>

## Note 21. Maturity analysis, receivables and liabilities

### BORROWINGS

Long term borrowings of MSEK 667 is within the frame of the senior revolving facility of MSEK 2,500. The facility has a tenor of five years with maturity in 2024.

The average fixed-interest term for long-term borrowing was 2.8 months (2.5) at year-end. The average interest rate on the Group's interest-bearing loans was 0.9 per cent (1.4) at year-end.

The Group's loan agreements with banks contain specific requirements, covenants. These covenants are represented by the following key financial ratios:

- the Group's net debt, in relation to EBITDA.
- the Group's net debt, in relation to equity.

## ASSET MANAGEMENT

Capital comprises both equity and borrowed capital. The aim of capital management in the Group is to ensure the Group's continued existence and freedom to trade, and to ensure that owners receive a return on funds invested. The division between equity and borrowed capital shall be such that a good balance between risk and return is maintained. The capital structure is adjusted when necessary to meet changes in economic requirements and other global factors. In order to maintain and adjust the capital structure, the Group can distribute funds, increase equity by issuing new shares or capital contributions or sell assets to reduce liabilities or, alternatively, increase liabilities in order to acquire assets.

### MATURITY ANALYSIS, CONTRACTUAL INCOMING/OUTGOING PAYMENTS

#### 31 Dec 2020

Financial assets	<1 month	1–12 months	1–5 years	>5 years
Other long-term receivables	–	0.1	16.0	1.1
Trade receivables	266.3	502.9	55.1	–
Derivatives	–	6.2	–	–
Other financial receivables	7.8	145.1	–	–
Accrued income	1.1	14.6	–	–
Cash equivalents	–	0.8	–	–
Cash and bank	224.8	–	–	–
<b>Total</b>	<b>500.0</b>	<b>669.7</b>	<b>71.1</b>	<b>1.1</b>

Financial liabilities	<1 month	1–12 months	1–5 years	>5 years
Borrowings and lease liabilities	–	66.3	945.3	21.0
Trade payables	102.9	140.9	–	–
Derivatives	–	3.1	1.9	–
Other financial liabilities	35.7	158.7	1.4	–
<b>Total</b>	<b>138.6</b>	<b>369.0</b>	<b>948.6</b>	<b>21.0</b>

Financial liabilities consist of undiscounted amounts, including future interest payments.

#### 31 Dec 2019

Financial assets	<1 month	1–12 months	1–5 years	>5 years
Other long-term receivables	–	–	10.4	1.1
Trade receivables	427.2	538.8	–	–
Derivatives	–	4.5	–	–
Other receivables	116.5	149.2	–	–
Accrued income	1.5	17.6	–	–
Cash equivalents	1.4	3.4	–	–
Cash and bank	297.1	11.7	–	–
<b>Total</b>	<b>843.7</b>	<b>725.2</b>	<b>10.4</b>	<b>1.1</b>

Financial liabilities	<1 month	1–12 months	1–5 years	>5 years
Borrowings	–	157.8	1,381.6	34.6
Trade payables	176.5	160.2	–	–
Derivatives	–	5.3	–	–
Other liabilities	36.1	170.6	–	–
<b>Total</b>	<b>212.6</b>	<b>493.9</b>	<b>1,381.6</b>	<b>34.6</b>

### THE CASH FLOW HEDGE RESERVE IS EXPECTED TO IMPACT BOTH INCOME STATEMENT AND CASH FLOW IN THE PERIODS STATED BELOW

	Dec 31 2020	Dec 31 2019
Within 1 year	1.9	–2.5
More than 1 year	–7.5	–1.6
<b>Total</b>	<b>–5.6</b>	<b>–4.1</b>

The effect realised from cash flow hedges is recognised in Cost of goods sold in the income statement.





Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

## Note 22. Equity and Earnings per share

Share capital	Issued Share capital (SEK)	Number of issued shares	Quotient value
Issued share capital			
December 31, 2016	866,526	43,326,289	0.02
New share issue 2017	216,631	10,831,572	0.02
Issued share capital			
December 31, 2018	1,083,157	54,157,861	0.02
Issued share capital			
December 31, 2019	1,083,157	54,157,861	0.02
Issued share capital			
December 31, 2020	1,083,157	54,157,861	0.02

## TREASURY SHARES

In September 2019 Alimak Group acquired 197,111 own shares at an average price of SEK 129 to cover commitments under the Long term incentive programme 2018 and 2019. As of December 2020 Alimak Group owns 297,111 treasury shares (As per 31 Dec 2019 297,111).

Earnings per share and dividends	2020	2019
Net income attributable to owners of the Parent Company (MSEK)	182.7	394.0
Average number of outstanding shares, basic and diluted (thousands)	54,158	54,158
Earnings per share basic and diluted (SEK)	3.37	7.28
Ordinary cash dividend (for 2020 as proposed by the board of directors)	3.00	1.75

## Note 23. Post-employment benefits

### DEFINED CONTRIBUTION PENSION PLANS

The Group's defined contribution pension plans cover employees in all companies. Some employees in some companies are however covered by defined benefit pension plans. The defined contribution pension plans primarily cover retirement pensions, sickness pensions and family pensions. The premiums are paid on an ongoing basis throughout the year by the Group Company concerned, to various insurance companies. The size of the premiums are based on salary.

Group President & CEO Tormod Gunleiksrud is covered by a direct pension plan, which is classified and reported as a defined contribution plan. The direct pension plan is guaranteed via a pledged endowment policy owned by the Company.

### DEFINED BENEFIT PENSION PLANS

The Group's defined benefit pension plans cover employees mainly in Alimak Group Sweden AB, Alimak Group UK and Alimak Group Deutschland GmbH. In addition, defined benefit pension plans are to a lesser extent operated in the Netherlands, Italy and France. According to these defined benefit plans, employees have a right to pension benefits based on their pensionable income and number of years of service. The pension plans primarily cover retirement pensions, sickness pensions and family pensions.

The pension plan in the UK is funded. The pension plan in Sweden is secured through balance sheet provisions, combined with credit insurance in the PRI Pension Guarantee and via pension insurance in Alecta. In the Swedish plan, all newly earned pension entitlements are secured through premiums to a defined contribution pension plan in Alecta. The year's pension plan costs to Alecta was MSEK 3.9 (4.2). The anticipated costs for 2021 are MSEK 4.0. The Group's share of the total premiums for ITP2 at Alecta is 0.02268 per cent (0.02064). On December 31, 2019, Alecta's surplus, expressed as the collective consolidation ratio, amounted to 148 per cent (148). The collective consolidation level consists of the market value for Alecta's assets as a percentage of the insurance obligations calculated in accordance with Alecta's actuarial calculation assumptions, which do not correspond with IAS19. Alecta's collective consolidation level is normally allowed to fluctuate between 125–175 per cent; if it falls below 125 per cent or goes above 175 per cent,

measures are to be taken to create conditions to restore the consolidation level to within the normal range. In the event of low consolidation, one measure can be to increase the agreed price for new subscriptions and to increase existing benefits. In the event of a high consolidation, one measure can be to introduce a reduction in premiums. The discount rate used should reflect riskfree interest rate for the period the company is estimated to have the risk. This is achieved by applying the interest rate for housing bonds with a duration corresponding to remaining duration of the pension obligation. The discount rate based on this method is 0.25 per cent (1.25 per cent).

A sensitivity analysis has been performed for the defined benefit plans. If the discount rate were to decrease with 0.5 per cent this would increase the value of the Swedish pension liability by MSEK 2.9, the German liability by MSEK 2.7 and the UK liability by MSEK 13.2.

Pension costs recognised in the income statement	2020	2019
<b>Defined benefit plans</b>		
Cost of pensions earned during the year	–	0.1
Interest costs, net	0.5	1.8
<b>Total for the period</b>	<b>0.5</b>	<b>1.9</b>
Cost of defined contribution pensions	55.8	59.0
<b>Total for the period</b>	<b>56.3</b>	<b>60.9</b>

Pension costs recognised in other comprehensive income	2020	2019
<b>Defined benefit pensions</b>		
Revaluation of pension liabilities	31.7	28.2
Revaluation of plan assets	–7.9	–14.0
<b>Total for the period</b>	<b>23.7</b>	<b>14.2</b>



Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

Carrying amount on the balance sheet	Dec 31 2020	Dec 31 2019
<b>United Kingdom</b>		
Present value of pension liabilities, funded plans	88.4	66.1
Fair value of plan assets	-83.7	-79.3
<b>Net asset/debt funded plans</b>	<b>4.7</b>	<b>-13.2</b>
<b>Total United Kingdom</b>	<b>4.7</b>	<b>-13.2</b>
<b>Sweden</b>		
Present value of pension liabilities, unfunded plans	42.7	43.4
<b>Total Sweden</b>	<b>42.7</b>	<b>43.4</b>
<b>Germany</b>		
Present value of pension liabilities, unfunded plans	44.1	46.1
<b>Total Germany</b>	<b>44.1</b>	<b>46.1</b>
<b>Other countries</b>		
Present value of pension liabilities, unfunded plans	5.8	5.8
<b>Total other countries</b>	<b>5.8</b>	<b>5.8</b>
<b>Carrying amount at end of the period</b>	<b>97.3</b>	<b>82.1</b>

Reconciliation of carrying amount on the balance sheet	2020	2019
<b>Opening balance, Jan 1</b>	<b>82.1</b>	<b>76.9</b>
Cost of pensions earned during the year	-	0.1
Interest costs, net	0.5	1.8
Revaluation of pension liabilities	31.7	28.2
Revaluation of plan assets	-7.9	-14.0
Pension payments directly from employer	-4.0	-3.8
Contributions from employer	-3.0	-2.8
Other	-0.3	-5.2
Exchange rate differences	-1.8	0.9
<b>Closing balance, Dec 31</b>	<b>97.3</b>	<b>82.1</b>

Reconciliation of present value of pension liabilities	2020	2019
<b>Opening balance, Jan 1</b>	<b>161.4</b>	<b>164.6</b>
Cost of pensions earned during the year	-	0.1
Interest expense	2.1	3.9
<i>Revaluation of pensions;</i>		
– demographic assumptions	4.3	-1.0
– financial assumptions	17.3	19.0
– experience-based adjustments	10.1	10.3
Pension payments	-4.0	-37.5
Other	-0.3	-5.3
Exchange rate differences	-9.9	7.3
<b>Closing balance, Dec 31</b>	<b>181.0</b>	<b>161.4</b>

Reconciliation of plan assets at fair value	2020	2019
<b>Opening balance, Jan 1</b>	<b>79.3</b>	<b>87.7</b>
Interest income	1.6	2.1
Return over and above interest income	7.9	14.0
Contributions from employer	3.0	2.8
Pension payments from plan assets	-	-33.7
Exchange rate differences	-8.1	6.4
<b>Closing balance, Dec 31</b>	<b>83.7</b>	<b>79.3</b>

Plan assets consist of investments in Deferred Allocation Funding With-Profits at Aviva, the UK's largest insurance company. The fund's assets are invested in the mix of stocks, bonds and real estate with an overall risk profile at low to medium level.

Significant actuarial assumptions applied	2020	2019
<b>Sweden:</b>		
Discount interest rate %	0.85	1.25
Future pension increases %	2.0	1.7
Life expectancy	DUS14	DUS14
<b>United Kingdom:</b>		
Discount interest rate %	1.35	2.0
Future salary increases %	2.0	2.1
Future pension increases %	2.05	1.95
Life expectancy	PxA08	PxA08
<b>Germany:</b>		
Discount interest rate %	0.35	0.68
Future pension increases %	1.6	1.7
Life expectancy	RT 2018 G	RT 2018 G

#### FORECAST OF NEXT YEAR'S CASH FLOW, DEFINED BENEFIT PENSIONS

The projected charges for the pension plans for next year amounts to MSEK 6.8 (6.5).



Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

## Note 24. Provisions

2020	Warranty undertakings	Personnel costs	Final inspection costs	Project costs	Other provisions	Total
Opening balance, Jan 1	22.3	25.1	3.8	0.8	24.3	76.3
Provision for the year	9.2	22.0	0.9	–	6.7	38.8
Amounts utilised	–7.4	–4.7	–1.8	–0.2	–6.3	–20.4
Reversal of unutilised amounts	–2.0	–1.1	–	–0.1	–	–3.2
Reclassifications	2.7	0.2	–	–0.4	–2.7	–0.2
Exchange rate differences	–0.9	–2.1	–	–	–0.9	–3.9
<b>Closing balance, Dec 31</b>	<b>23.9</b>	<b>39.4</b>	<b>2.9</b>	<b>0.1</b>	<b>21.1</b>	<b>87.4</b>
of which short term	0.5	10.0	2.9	–	–	13.4

2019	Warranty undertakings	Personnel costs	Final inspection costs	Project costs	Other provisions	Total
Opening balance, Jan 1	23.0	37.4	3.6	4.5	10.8	79.3
Provision for the year	10.7	6.8	1.7	0.0	20.6	39.8
Amounts utilised	–7.3	–14.0	–1.5	–0.5	–9.7	–33.0
Reversal of unutilised amounts	–4.5	0.0	0.0	–3.1	–1.7	–9.3
Reclassifications	–	–5.8	–	–0.2	3.9	–2.1
Exchange rate differences	0.4	0.7	–	0.1	0.4	1.6
<b>Closing balance, Dec 31</b>	<b>22.3</b>	<b>25.1</b>	<b>3.8</b>	<b>0.8</b>	<b>24.3</b>	<b>76.3</b>
of which short term	5.1	1.7	1.9	0.0	3.9	12.6

Other provisions includes contingent consideration for the acquisition of Alimak Group CSS AB, 10 MSEK (10 MSEK). This provision is expected to be utilised in 2024. Remaining long term provisions are estimated to be utilised within 3 years.



Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

### Note 25. Accrued expenses and deferred income

	Dec 31 2020	Dec 31 2019
Personnel costs	87.5	102.8
Prepaid income	13.8	4.9
Project costs, installation projects	27.0	24.1
Consulting fees	8.7	7.7
Sales commission	5.1	–
Other items	46.3	34.2
<b>Total</b>	<b>188.4</b>	<b>173.7</b>

### Note 26. Assets pledged and contingent liabilities

	Dec 31 2020	Dec 31 2019
<b>Assets pledged</b>		
Endowment insurance	21.2	17.0
Other	3.3	4.1
<b>Total assets pledged</b>	<b>24.5</b>	<b>21.1</b>
<b>Contingent liabilities</b>		
Guarantee commitments, FPG/PRI	0.6	0.6
Other contingent liabilities	361.0	477.0
<b>Total contingent liabilities</b>	<b>361.6</b>	<b>477.6</b>

The Group operates defined contribution direct pension schemes covering both the current and former President & CEO. The pension schemes are secured via a pledge of the endowment insurance owned by the Company, whose value at the financial year-end was MSEK 21.2 (17.0).

Other contingent liabilities are mainly related to indemnity bonds for commitments of Group companies to their customers.

### Note 27. Bank overdraft facilities

	Dec 31 2020	Dec 31 2019
Credit limits approved	192.6	206.9
Unutilised portion	143.9	162.2
Utilised credit	48.7	44.7

### Note 28. Acquisitions and disposals

On September 30 Alimak Group acquired the assets of Verta Corporation, an American service provider with a large share of the portfolio consisting of Manntech units. Verta Corporation provides maintenance, parts, inspections and project consultation for BMUs in USA and Canada. The revenue in 2019 amounted to MUS\$ 3.1 The purchase price is not material relative to Alimak Group's market capitalization.

During the second quarter of 2019 Alimak Group made one minor acquisition, Dataline i Borås AB, later renamed to Alimak Group CSS AB. The company has been an important supplier of control systems for construction hoists and permanent lifts for Alimak Group for more than two decades. The acquisition follows Alimak Group's strategy to invest in technologies to enable new, enhanced products and services, to increase future productivity and safety for customers.

### Note 29. Events after the balance sheet date

#### NEW CFO APPOINTED

Thomas Hendel will join Alimak Group from the role as Deputy Chief Financial Officer of Saab Group, a position he has held since 2016. He has 30 years of experience from different financial and general management roles within Saab and ABB, including as Interim Chief Financial Officer at Saab between May and September 2020.

#### NEW REPORTING STRUCTURE

Following the reorganisation that forms the base of the New Heights programme, the Group is since January 1, 2021 organised into four, customer centric divisions: Construction, Industrial, BMU and Wind. The subsequent reporting structure is also effective as of January 1, 2021 and will be reported for first time in the interim report for the first quarter 2021.



## Parent Company income statements

Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

**Parent Company income statements**

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

Amounts in MSEK	Note	2020	2019
Revenues		20.9	12.1
Administration costs	A2, A3, A4	-48.3	-33.4
<b>Operating loss</b>		<b>-27.4</b>	<b>-21.3</b>
Financial income	A5	286.4	39.9
Financial expenses	A5	-18.9	-22.4
<b>Profit after financial items</b>		<b>240.1</b>	<b>-3.8</b>
<i>Appropriations</i>			
Change in untaxed reserves		-15.9	-47.3
Group contributions received	A2	75.0	190.0
<b>Profit before tax</b>		<b>299.2</b>	<b>138.9</b>
Income tax	A6	-10.8	-29.0
<b>Net profit for the year</b>		<b>288.4</b>	<b>109.9</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>288.4</b>	<b>109.9</b>





## Parent Company balance sheets

Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

Amounts in MSEK	Note	Dec 31, 2020	Dec 31, 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
<i>Financial assets</i>			
Shares in Group companies	A7	1,898.4	1,898.4
Deferred tax assets	A6	3.1	2.4
Other long-term receivables		6.9	–
<b>Total non-current assets</b>		<b>1,908.4</b>	<b>1,900.8</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Receivables from Group companies		1,617.0	1,622.4
Other current receivables		28.1	1.6
<b>Total current assets</b>		<b>1,645.1</b>	<b>1,624.0</b>
<i>Cash and bank balances</i>			
<b>Total current assets</b>		<b>1,656.1</b>	<b>1,713.4</b>
<b>TOTAL ASSETS</b>		<b>3,564.5</b>	<b>3,614.2</b>

Amounts in MSEK	Note	Dec 31, 2020	Dec 31, 2019
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital		1.1	1.1
Revaluation reserve		200.0	200.0
		<b>201.1</b>	<b>201.1</b>
<i>Unrestricted equity</i>			
Share premium reserve		1,750.6	1,750.6
Retained earnings		792.2	776.6
Net profit for the year		288.4	109.9
		<b>2,831.2</b>	<b>2,637.1</b>
		<b>3,032.3</b>	<b>2,838.2</b>
<i>Untaxed reserves</i>			
		63.2	47.3
<b>Long-term liabilities</b>			
Long-term borrowings	A8	–	37.9
		–	<b>37.9</b>
<b>Current liabilities</b>			
Liabilities to Group companies		438.3	648.0
Tax liabilities		11.5	31.3
Other liabilities		7.5	7.7
Accrued expenses and deferred income		11.7	3.8
		<b>469.0</b>	<b>690.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,564.5</b>	<b>3,614.2</b>

For information on the Parent Company's pledged assets and contingent liabilities, see Note A9.



## Parent Company cash flow statements

Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

Amounts in MSEK	2020	2019
<b>Operating activities</b>		
Profit before tax	299.2	138.9
Adjustments for non-cash items	-59.0	-143.1
<i>Cash flow from changes in working capital</i>		
Increase(-)/decrease(+) in operating receivables	-21.4	-6.7
Increase(+)/decrease(-) in operating liabilities	7.1	-4.2
Income tax paid	-53.7	-37.3
<b>Cash flow from operating activities</b>	<b>172.2</b>	<b>-52.4</b>
<b>Investing activities</b>		
Purchase of financial assets	-	-
<b>Cash flow from investing activities</b>	<b>-</b>	<b>-</b>
<b>Financing activities</b>		
Proceeds from borrowings	90.0	385.9
Repayment of borrowings	-436.3	-70.0
Group contribution received	190.0	-
Purchase of Treasury shares	-	-25.4
Dividend paid	-94.3	-148.7
<b>Cash flow from financing activities</b>	<b>-250.6</b>	<b>141.8</b>
Net change in cash and cash equivalents	-78.4	89.4
Cash and cash equivalents at beginning of year	89.4	-
<b>Cash and cash equivalents at year-end</b>	<b>11.0</b>	<b>89.4</b>

### ADDITIONAL DISCLOSURES TO THE PARENT COMPANY CASH FLOW STATEMENT

Amounts in MSEK	2020	2019
<b>Interest received/paid</b>		
Interest received	36.3	39.4
Interest paid	-8.7	-12.6
Dividend received	250.0	-
<b>Adjustments for non-cash items</b>		
Group contributions received, not settled	-75.0	-190.0
Change in untaxed reserves	15.9	47.3
Accrued costs of capital	-	-
Adjustments for other non-cash items	0.1	-0.4
<b>Total</b>	<b>-59.0</b>	<b>-143.1</b>



## Statements of changes in Parent Company equity

Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

### 2019

Amounts in TSEK	Share capital	Revaluation reserve	Share premium reserve	Retained profit including net profit for year	Total equity
<b>Opening balance, Jan 1</b>	<b>1,083</b>	<b>200,000</b>	<b>1,750,627</b>	<b>950,703</b>	<b>2,902,413</b>
Dividend	–	–	–	–148,659	–148,659
Repurchase of Treasury shares	–	–	–	–25,439	–25,439
Net profit for the year	–	–	–	109,838	109,838
<b>Total equity, Dec 31</b>	<b>1,083</b>	<b>200,000</b>	<b>1,750,627</b>	<b>886,443</b>	<b>2,838,153</b>

### 2020

Amounts in TSEK	Share capital	Revaluation reserve	Share premium reserve	Retained profit including net profit for year	Total equity
<b>Opening balance, Jan 1</b>	<b>1,083</b>	<b>200,000</b>	<b>1,750,627</b>	<b>886,443</b>	<b>2 838,153</b>
Dividend	–	–	–	–94,256	–94,256
Repurchase of Treasury shares	–	–	–	–	–
Net profit for the year	–	–	–	288,426	288,426
<b>Total equity, Dec 31</b>	<b>1,083</b>	<b>200,000</b>	<b>1,750,627</b>	<b>1,080,613</b>	<b>3,032,323</b>



# Notes to the Parent Company financial statements

Amounts in MSEK unless otherwise indicated.

Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

## Note A1. Accounting policies

### INFORMATION ABOUT THE COMPANY

Alimak Group AB, org. reg. no. 556714-1857, operates in the legal form of a public limited company. Its registered office is in Stockholm, Sweden. The address of the Company's headquarters is Blekholmstorget 30, SE-111 64 Stockholm, Sweden.

The Parent Company applies the Swedish Financial Reporting Board's Recommendation RFR 2 Financial Reporting for Legal Entities. Alimak Group AB applies the exception from IFRS 16 allowed under RFR 2. Leases are accounted for as operational. Right-of-use assets or lease liabilities are not recognised in the balance sheet. The Parent Company otherwise applies the same principles as the consolidated Group. Any deviations receive separate comment.

### GROUP CONTRIBUTIONS AND SHAREHOLDERS' CONTRIBUTIONS

Shareholders' contributions are taken directly to the equity of the receiver and are capitalised in the shares and participations of the donor, provided that there is no need for impairment.

Group contributions are recognised in the income statement as appropriations.

### SHARES IN SUBSIDIARIES

Shares in subsidiaries are recognised in accordance with the historical cost method. Acquisition-related costs for subsidiaries are expensed in the consolidated financial statements and are included as part of the historical cost of participations in subsidiaries. The carrying amount for shares in subsidiaries is tested for impairment annually or when there is any indication of impairment.

## Note A2. Intra-Group sales and purchases

Of net sales, 100 per cent (100) relates to other Group companies. Of operating costs, 15 per cent (24) relates to purchases from other Group companies. Group contribution has been received from Alimak Group Management AB with 75 MSEK (190 MSEK)

## Note A3. Number of employees, employee benefits and remuneration to Board of Directors and senior executives

Average number of employees	2020		2019	
	Number	Of whom, women, %	Number	Of whom, women, %
Sweden	3	33	3	33

Proportion of women in Alimak Group's Board of Directors and management, %	2020	2019
	women, %	women, %
Board of Directors	33	29
Other senior executives	22	13

Salaries, benefits, other remuneration and social welfare contributions	2020		2019	
	Board and CEO	Other employees	Board and CEO	Other employees
Salaries, benefits and other remuneration	7.8	11.0	8.9	3.1
(of which, bonuses etc.)	0.5	0.4	1.8	-0.1
Social welfare contributions	4.2	5.9	5.2	1.6
(of which, pension costs)	1.7	4.1	2.0	0.6
<b>Total</b>	<b>12.0</b>	<b>16.9</b>	<b>14.1</b>	<b>4.7</b>

The year's cost for Board fees, as per resolution of the 2020 AGM was MSEK 2.5 (2.5), excluding social welfare contributions.

The CEO and former CEO are covered by a direct pension plan that is classified and recognised as a defined contribution plan. The parent company's outstanding commitment referring to this plan amounts to 14.5 (10.9). The direct pension plan is guaranteed via a pledged endowment policy owned by the Company.

For further information on remuneration to the Board members, the CEO and other members of Group Management, see Note 7 to the Consolidated financial statements.



Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

#### Note A4. Remuneration to auditors

	2020	2019
<b>Ernst &amp; Young AB</b>		
Auditing assignment	1.2	0.8
Audit work outside the scope of the audit assignment	0.5	0.1
<b>Total</b>	<b>1.7</b>	<b>0.9</b>

#### Note A5. Financial income and expense

	2020	2019
<b>Financial income</b>		
Dividend	250.0	–
Interest income from Group companies	35.1	38.7
Interest income, other	1.3	1.2
Exchange gains	–	0.0
<b>Total</b>	<b>286.4</b>	<b>39.9</b>
<b>Financial expense</b>		
Interest expense to Group companies	–0.8	–2.7
Interest expense, credit institutions	–7.9	–9.9
Exchange losses	–1.6	–
Other financial expense	–8.6	–9.8
<b>Total</b>	<b>–18.9</b>	<b>–22.4</b>

Since the beginning of 2016, the Company has been and is the principal account-holder of a Group-wide transaction account (cash pool) at a credit institution. Interest income and expenses relating to Group companies are managed via this account.

#### Note A6. Tax

Income tax expense	2020	2019
Current taxes	–11.5	–30.4
Deferred taxes	0.7	1.4
<b>Total</b>	<b>–10.8</b>	<b>–29.0</b>

Reconciliation of effective tax	2020	2019
Profit before tax	299.2	138.9
Tax expense at Swedish tax rate, 21.4 %	–64.0	–29.7
Tax effect non-taxable income	53.5	–
Tax effect non-deductible expenses	–	–
Deferred tax previous years	–0.3	0.8
Current taxes previous years	–	–0.1
<b>Income tax expense</b>	<b>–10.8</b>	<b>–29.0</b>

Deferred tax assets and liabilities	2020			2019		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Pensions and similar commitments	3.1	–	3.1	2.4	–	2.4
<b>Total</b>	<b>3.1</b>	<b>–</b>	<b>3.1</b>	<b>2.4</b>	<b>–</b>	<b>2.4</b>





Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

## Note A7. Shares in Group companies

	2020	2019
<b>Accumulated historical cost</b>		
Opening balance, 1 Jan	1,898.4	1,898.4
<b>Closing balance, 31 Dec</b>	<b>1,898.4</b>	<b>1,898.4</b>
<b>Accumulated impairment losses</b>		
Opening balance, 31 Jan	–	–
Impairment losses for the year	–	–
<b>Closing balance, 31 Dec</b>	<b>–</b>	<b>–</b>
<b>Carrying amount at year-end</b>	<b>1,898.4</b>	<b>1,898.4</b>

Subsidiary/ Org. reg. no. / Registered office	No. of shares	Holding, %	2020	2019
			Carrying amount	Carrying amount
<b>Parent Company holding</b>				
Alimak Group Management AB/556064-1739/ Stockholm, Sweden	6,378,000	100.0	1,898.4	1,898.4
<b>Subsidiary Company holdings, dormant and holding companies excluded</b>				
E W Cox Middle east LLC/521637/ Dubai, Arab Emirates			–	–
Alimak Group Australia Pty Ltd/ACN 005 538 947/ Victoria, Australia			–	–
Alimak Group Benelux N.V./0479.695.484/ Wommelgem, Belgium			–	–
Alimak Hek do Brasil Elevadores Ltda/01.452.037/0001-13/ Sao Paulo, Brasil			–	–
Avanti Brasil Sistemas Eólicos Ltd/13.821.193/0001-93/ Sao Paulo, Brasil			–	–
Alimak Group Swiss AG/CHE-317.026.357/ Nänikon, Switzerland			–	–
Alimak Hek Vertical Access Equipment (Changshu)Co/913205817855800000/ Changshu, China			–	–
Avanti Wind Systems Co. Ltd/91310000666001712P/ Shanghai, China			–	–
Avanti Wind Systems Co. Manufacturing Ltd/911201165864046420/ Tianjin, China			–	–
Cox Gomyi Shanghai Ltd/91310115717861932C/ Shanghai, China			–	–
Cox Gomyi Shenzen Ltd/91440300550321829B/ Shenzen, China			–	–
Alimak Group Deutschland GmbH/ HRB 229733 / Mammendorf, Germany			–	–
Alimak Group Denmark A/S/29215146/ Them, Denmark			–	–
Avanti Wind Systems S.L./B92721729/ La Muela (Zaragoza), Spain			–	–



Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

Subsidiary/ Org. reg. no. / Registered office	No. of shares	Holding, %	2020	2019
			Carrying amount	Carrying amount
Avanti Wind Systems Technology S.L./B99358095/ La Muela (Zaragoza) Spain			–	–
Avanti Wind Systems Instalaciones Servicios S.L./B99432767/ La Muela (Zaragoza), Spain			–	–
Cox Gomyl Operations S.A.U/ESA-79247433/ Madrid, Spain			–	–
Alimak Group France SAS/348 000 480/ Neuilly En Thelle, France			–	–
Alimak Group UK Ltd/00930125/ Rushden, Great Britain			–	–
Alimak Group HK Ltd/409200/ Hong Kong SAR, China			–	–
Manntech (HK) Ltd/923086/ Hong Kong SAR, China			–	–
Alimak Group India Pvt Ltd/U52341TG2008PTC070216/ Secunderbad, India			–	–
Avanti Wind Systems India Pvt Ltd/U45207TN2009PTC072550/ Chennai, India			–	–
Alimak Group Italy Srl/83514/ Colle di Val d'Elsa (SI), Italy			–	–
Alimak Group Korea CO. Ltd/134511-008266/ Seongnam-si, South Korea			–	–
CoxGomyl Macau Ltd/22994 SO/ Macau, SAR, China			–	–
Alimak Group Malaysia Sdn Bhd/199901025552 (500452-H)/ Bukit Kemuning, Shah Alam, Malaysia			–	–
Alimak Group Benelux BV/20094140/ Tillburg, Netherlands			–	–
Alimak Group Norway A/S/971171898/ Godvik, Norway			–	–
Alimak Group Rus Ltd/Moscow/771001001/ Moscow, Russia			–	–
Alimak Group Singapore Pte Ltd/199905041/ Singapore			–	–
Alimak Group Sweden AB/556033-7528/ Skellefteå, Sweden			–	–
Alimak Group US Inc /2018363415001/ Webster TX, USA			–	–
<b>Carrying amount at year-end</b>			<b>1,898.4</b>	<b>1,898.4</b>

Companies subject to disclosure exemptions:

The German subsidiaries Manntech Fassadenbefahrssystem GmbH, Alimak Hek GmbH and Avanti Wind Systems GmbH were fully consolidated in the Alimak Group. In 2019 Alimak Hek GmbH and Avanti Wind Systems GmbH were merged into Manntech Fassadenbefahrssysteme GmbH that was name changed to Alimak Group Deutschland GmbH, domicile in Mammendorf, Germany. This company is subject to disclosure exemptions pursuant to Sec. 264 para. 3 of the German Commercial Code ("HGB").



Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

### Note A8. Long-term borrowings

Maturity structure	31 Dec 2020			
	Carrying amount	<1 year	1 year–5 years	>5 years
Loans from financial institutions	–	–	–	–
<b>Carrying amount at year-end</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>

Maturity structure	31 Dec 2019			
	Carrying amount	<1 year	1 year–5 years	>5 years
Loans from financial institutions	37.6	–	39.4	–
<b>Carrying amount at year-end</b>	<b>37.6</b>	<b>–</b>	<b>39.4</b>	<b>–</b>

All loans were repayed during 2020. For 2019, amounts maturing in year 1-5 includes contractual interest payments.

### Note A9. Assets pledged and contingent liabilities

	2020	2019
<b>Assets pledged</b>		
For direct pension commitments	14.5	10.9
<b>Total</b>	<b>14.5</b>	<b>10.9</b>
<b>Contingent liabilities</b>		
Guarantee for subsidiaries' liabilities to credit institutions	833.8	1,236.8
Indemnity bonds for subsidiaries' guarantees	213.6	273.7
<b>Total</b>	<b>1,047.4</b>	<b>1,510.5</b>

The Group has a defined contribution direct pension plan for the CEO. The pension plan is guaranteed via a pledged endowment policy owned by the Company.

### Note A10. Equity

#### PROPOSED APPROPRIATION OF PROFIT, SEK

##### The following amounts are available for distribution by the Annual General Meeting

Retained earnings	2,542,814,164
Net profit for the year	288,426,395

##### The Board of Directors proposes that the amounts are distributed as follows

Dividend of SEK 3.00 per share be paid to shareholders <sup>1</sup>	161,582,250
To be carried forward	2,669,658,309

1. The proposed record day for dividend payment is May 10, 2021. The amount proposed as dividend corresponds to SEK 3.00 per share, based on the existing number of shares, 54,157,861 and excluding the 297,111 shares held by the Group.

### Note A11. Events after the balance sheet date

For information on events after the balance sheet date, see Note 29 to the Consolidated Financial Statements.



## Board signatures

Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

### Board signatures

Auditor's report

The undersigned declare that the consolidated accounts and the annual report have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and generally accepted accounting principles, and give a true and fair view of the financial position and earnings of the Group and the Company, and that

the Directors' Report for the Group and the Company give a fair overview of the development of the activities, financial position and financial results of the Group and the Company, and describe substantial risks and uncertainties that the Group companies face.

Stockholm, March 17, 2021

**Johan Hjertonsson**  
Chairman of the Board

**Petra Einarsson**  
Board member

**Christina Hallin**  
Board member

**Tomas Carlsson**  
Board member

**Helena Nordman-Knutson**  
Board member

**Sven Törnkvist**  
Board member

**Örjan Fredriksson**  
Board member & Employee representative

**Greger Larsson**  
Board member & Employee representative

**Ole Kristian Jødahl**  
President & CEO, Board member

Our Auditor's Report was submitted on March 17, 2021

**Ernst & Young AB**

**Henrik Jonzén**  
Authorised Public Accountant



## Auditor's report

Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

To the general meeting of the shareholders of Alimak Group AB (publ), corporate identity number 556714-1857

### REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

#### Opinions

We have audited the annual accounts and consolidated accounts of Alimak Group AB (publ) except for the corporate governance statement on pages 54–65 for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 41–106 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 2020 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 position of the group as of 31 December 2020 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 54–65. 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 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit

included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

#### 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 1–40 and 111–116. The remuneration report for financial year 2020 also constitutes other information. The Board of Directors and the Managing Director are responsible for this other information.

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

#### Valuation of Goodwill

Description	How our audit addressed this key audit matter
In the consolidated statements of financial position as per December 31, 2020 reported goodwill amounts to 2 260,4 MSEK, which equals 40% of the Company's total assets. As described in note 13 goodwill is reviewed for potential impairment whenever there is an indication that the current value may be impaired, or at least annually. Goodwill is allocated to cash generating units and if the book value of the unit exceeds the calculated recoverable amount the asset is impaired and written down to the recoverable amount. The recoverable amounts of the cash generating units are determined on the basis of value-in-use calculations. In note 13 it is described that the cash flow projections cover 10 years and is based on the Group's strategic plans approved by the top management and the Board of Directors with an assumed terminal growth rate of 2% annually for each cash generating unit. Due to the assumptions and judgments needed to calculate the value in use we have assessed the valuation of goodwill as a key audit matter in the audit.	In the course of our audit we have evaluated the Group's process for impairment testing of goodwill. We have audited how cash generated units are identified compared to set criteria and compared this with how goodwill is followed up internally. We have evaluated the Group's valuation methods and calculation models, assessed the reasonability of assumptions and sensitivity analyses over changes in assumptions with the assistances of our internal valuation specialists and made comparisons against historical results and the precision of prior projections. We have assessed the reasonability of the discount rate and the terminal growth rate for each of the cash generating units through benchmarking to market data and, where applicable, companies in the same industry. We have also audited the disclosures in the annual report relating to goodwill.



**Revenue recognition**

Description	How our audit addressed this key audit matter
In the Group's consolidated statements of comprehensive income for the period ended December 31, 2020 revenues amount to 3 740,3 MSEK. As described in note 2 revenues from goods sold are generally recognized at point in time when control of the good has been transferred to the customer. When the goods sold are highly customized and an enforceable right to payment is present, revenue is recognized over time using the proportion of cost incurred to date compared to estimated total cost. Revenue from services are recognized at point in time when the service is performed. Revenues from the leasing of the Group's self-manufactured equipment is recognized on a straight-line basis over the lease term. We have assessed that revenue recognition is a Key Audit Matter since the Group makes assessments through the interpretation of agreements and delivery terms as well as estimations of the actual costs incurred in proportion of the estimated total costs which affects the accounting period in which revenue should be recognized.	In the course of our audit we have evaluated the Group's process for revenue recognition. We have performed analytic reviews, obtained and agreed terms to agreements, and sampled revenue transactions and verified correct cut-off, in connection to the year-end close of December 31, 2020, against customer agreements and delivery terms. For highly customized goods where revenue is recognized over time we have for a sample evaluated management's estimation of the actual costs incurred in proportion of the estimated total costs and on a sample basis tested that incurred cost such as invoices and hours spent are related to the highly customized goods. We have also audited the disclosures in the annual report relating to revenues.

Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

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 intends 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 skepticism 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 inde-



Consolidated statements of comprehensive income

Consolidated statements of financial position

Consolidated statements of cash flow

Consolidated statements of changes in equity

Notes to the consolidated financial statements

Parent Company income statements

Parent Company balance sheets

Parent Company cash flow statements

Statements of changes in Parent Company equity

Notes to the Parent Company financial statements

Board signatures

Auditor's report

pendence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or related safeguards applied.

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.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### 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 Alimak Group AB (publ) for the year 2020 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 skepticism 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 corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 54–65 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's 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.

Ernst & Young AB, Box 7850, 103 99 Stockholm was appointed auditor of Alimak Group AB by the general meeting of the shareholders on 7 May 2020 and has been the company's auditor since 3 October 2013.

Stockholm March 17, 2021  
Ernst & Young AB

**Henrik Jonzén**  
Authorized Public Accountant



# Other

Key figures

The share

Information to shareholders

Definitions





## Key figures

Key figures	2020	2019	2018	2017	2016	2020	2019	2018	2017	2016	
The share											
Information to shareholders											
Definitions											
Order intake, MSEK	3,761.3	4,363.2	4,621.1	4,101.2	2,143.9	Total assets, MSEK	5,619.4	6,416.9	6,032.3	5,577.0	3,276.2
Revenue, MSEK	3,740.3	4,587.4	4,320.4	4,000.7	2,048.6	Cash and cash equivalents end of period, MSEK	225.6	313.6	355.6	341.3	230.6
EBITDA, MSEK	456.4	762.2	557.5	529.4	357.3	Equity, MSEK	3,527.9	3,684.2	3,409.7	3,099.3	2,202.1
EBITA adj., MSEK	396.2	628.9	554.5	510.7	330.7	Capital employed, MSEK	4,208.3	4,691.5	4,276.5	4,009.0	2,496.7
EBITA margin adj., %	10.6	13.7	12.8	12.8	16.1	Net debt, MSEK	680.4	1,007.3	866.7	909.7	294.6
EBITA, MSEK	318.9	608.2	490.5	464.7	307.9	Net debt excl. lease liability (IFRS 16), MSEK	465.8	740.3	866.7	909.7	294.6
EBITA margin, %	8.5	13.3	11.4	11.6	15.0	Equity ratio, %	62.8	57.4	56.5	55.6	67.2
EBIT, MSEK	277.5	565.1	439.4	416.8	306.8	Return on equity, %	5.0	11.1	10.6	11.0	9.1
EBIT margin, %	7.4	12.3	10.2	10.4	15.0	Return on capital employed goodwill excluded, %	15.1	26.4	23.4	33.5	43.3
Result for the period, MSEK	182.8	394.0	344.0	291.6	194.0	Return on capital employed, %	6.2	12.6	10.6	12.8	12.5
Total comprehensive income, MSEK	-62.5	447.3	447.0	208.4	236.5	Interest coverage ratio, times	13.83	9.31	15.63	5.0	6.36
Cash flow from operations, MSEK	505.1	502.1	239.9	335.4	224.0	Net debt/EBITDA ratio	1.50	1.33	1.55	1.72	0.81
Cash flow for the period, MSEK	-69.5	-55.5	1.2	114.8	-238.4	Net debt excl. lease liability/EBITDA ratio	1.03	0.97	1.55	1.72	0.81
Cash flow from operations/EBITDA		0.66	0.43	0.63	0.63	Number of employees	2,049	2,286	2,360	2,438	1,171
Number of shares, thousands	54,157.9	54,157.9	54,157.9	43,326.3	43,326.3						
Average number of shares, thousands	54,157.9	54,157.9	54,157.9	51,130.9	43,326.3						
Earnings per share, SEK	3.37	7.28	6.35	5.58	4.10						
Cash flow per share, SEK	-1.21	-1.02	0.02	2.12	-5.50						
Equity per share, SEK	65.14	68.03	62.96	57.23	50.83						



## The share

### Key figures

### The share

### Information to shareholders

### Definitions

Alimak Group shares were listed in June 2015 and are traded on the Mid Cap list of Nasdaq Stockholm. The Group's market capitalisation at year end was SEK 7.1 billion.

#### SHARE PRICE AND TRADING

The share's EPIC is ALIG and its ISIN code is SE0007158910. A trading lot is one share. During 2020, a total of 23,198,558 shares were traded for an amount of MSEK 2,561 on Nasdaq Stockholm. The average number of shares traded per trading day was 92,058 and the average number of trades 361.5 per trading day. The closing price at year-end 2020 was SEK 131.00, representing a market capitalisation of approximately SEK 7.1 billion. The highest share price, SEK 144.0, was recorded on January 14 and the lowest, SEK 65.7, on March 19. The volume weighted average price for the year was SEK 110.4.

#### OWNERSHIP STRUCTURE

At year-end, Alimak Group had 4,910 known shareholders. The largest shareholder was Investment AB Latour, with 29.6 per cent. The ten largest shareholders represented around 77 per cent of the total number of shares outstanding. At year-end, Swedish ownership accounted for approximately 66 per cent of the total. There are no restrictions on voting rights or authorisation to the Board.

#### SHARE CAPITAL AND VOTING RIGHTS

At year-end, Alimak Group's share capital totalled MSEK 1.1, represented by 54,157,861 shares. All shares carry the same voting entitlement and an equal share in the Group's profits and capital.

#### REPURCHASE OF SHARES

Since 2018, the Board has requested and received a mandate from the annual general meeting to repurchase and transfer Alimak Group shares. The aim has been, among other things, to secure the Group's undertakings in connection with its long-term incentive programmes.

The 2020 annual general meeting authorised the Board of Directors to acquire, during the period until the next annual general meeting, a maximum number of own shares to the extent the company's holdings of own shares in total amounts to no more than one tenth of all

shares in the company. The Board may not vote for any shares that Alimak Group has acquired, nor shall any dividend be paid to these shares. During 2020, Alimak Group repurchased no shares. At year-end, Alimak Group held 0.55 per cent of all its issued shares in treasury.

#### DIVIDEND

Alimak Group has a target of paying a dividend of approximately 50 per cent of its net profit for the current period to its shareholders. However, decisions on dividends shall take account of the Group's financial position, cash flow, acquisition opportunities, strategic considerations and future prospects.

Due to the prevailing market uncertainty caused by COVID-19, the Board of Directors ahead of the 2020 Annual General Meeting revised its proposal to a dividend for the financial year 2019 of SEK 1.75 per share which was approved by the Annual General Meeting held on May 7, 2020. The previous proposal of the Board of Directors of Alimak Group was a dividend of SEK 3.25 per share for the financial year 2019.

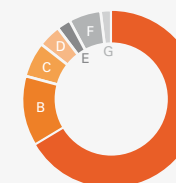
Subject to approval by the 2021 Annual General Meeting, the Board of Directors propose a dividend of SEK 2.00 (1.75) per share based on existing number of shares for the financial year 2020. In addition, the Board proposes an extra dividend of SEK 1.00.

#### Largest shareholders December 31, 2020

Shareholder	Number of shares	Capital, %	Votes, %
Investment AB Latour	16,016,809	29.6	29.6
Alantra EQMC Asset Management SGIIIC	6,630,091	12.2	12.2
Lannebo Funds	5,556,011	10.3	10.3
Peder Pråhl	2,902,543	5.4	5.4
Swedbank Robur Funds	2,764,619	5.1	5.1
First Swedish National Pension Fund	2,054,746	3.8	3.8
C WorldWide Asset Management	1,833,324	3.4	3.4
Royce & Associates LLC	1,532,500	2.8	2.8
RBC Global Asset Management	1,277,025	2.4	2.4
Länsförsäkringar Funds	1,171,931	2.2	2.2
<b>Total shareholding – 10 largest</b>			
Other shareholders	12,121,151	22.3	22.3
Shares held by Alimak Group	297,111	0.5	0.5
<b>Total number of shares</b>	<b>54,157,861</b>	<b>100.0</b>	<b>100.0</b>

#### Shareholders by country

December 31, 2020  
% of capital



A) Sweden	66.41
B) Spain	13.02
C) United States	6.29
D) Denmark	4.15
E) Canada	2.36
F) Others	6.04
G) Anonymous ownership	1.73





Key figures

The share

Information to shareholders

Definitions

Data per share

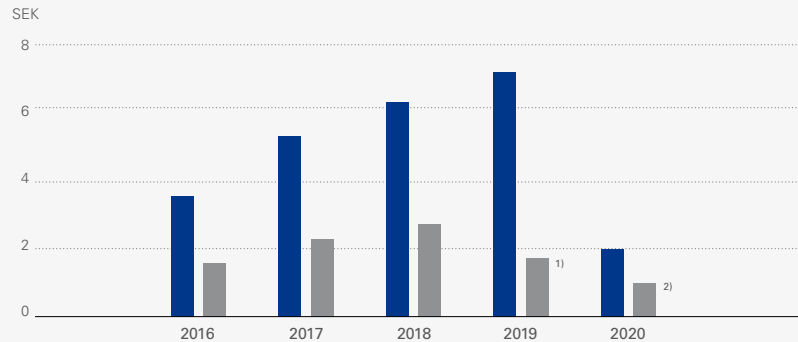
SEK/share	2020	2019	2018	2017	2016
Earnings per share <sup>2</sup>	3.37	7.28	6.35	5.38	3.58
Dividend <sup>2</sup>	3.00 <sup>1</sup>	1.75	2.75	2.30	1.60
Dividend, % of EPS <sup>2</sup>	89 <sup>3</sup>	44	43	43	45
Cash flow from operations <sup>2</sup>	9.33	9.27	4.43	6.19	4.14
Share price at year-end	131.0	140.00	110.00	128.00	129.25
Highest share price	144.0	159.20	148.00	157.00	132.50
Lowest share price	65.7	107.60	106.60	106.30	70.50
Average number of shares outstanding, millions	54.2	54.2	54.2	51.1	43.3

1. The Board of Directors propose a dividend of SEK 2.00 per share (1.75). In addition, the Board proposes an extra dividend of SEK 1.00.  
 2. Calculated based on the current number of shares outstanding, 54,157,861.  
 3. Based on the total dividend proposed, SEK 3.00.

Total shareholder return



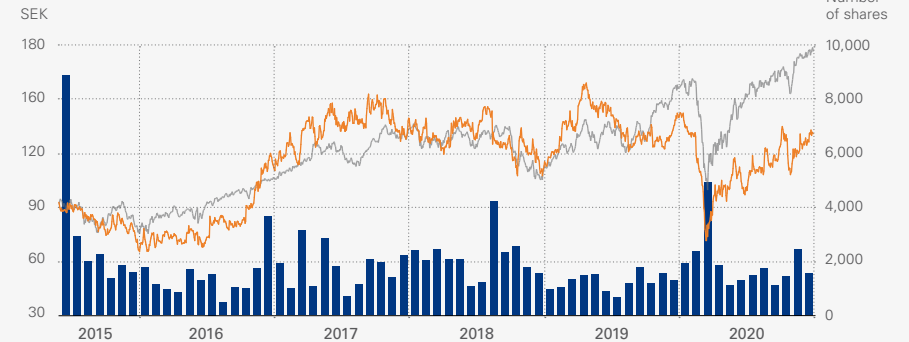
Dividend and earnings per share



■ Earnings/share (SEK)  
 ■ Dividend/share (SEK)

1) The Board initially proposed SEK 3.25 but decreased due to the market uncertainty caused by COVID-19  
 2) Proposed by the Board of Directors

The Alimak Group and share turnover since listing



— The Alimak Group (SEK)  
 — OMX Stockholm Industrial Goods & Services GI (SEK)  
 ■ Number of shares traded in thousands per month

Source: Web Financial Group



## Information to shareholders

Key figures

The share

Information to shareholders

Definitions

The annual general meeting of Alimak Group AB (publ) will be held on Thursday, May 6, 2021. Given the uncertain situation created by the pandemic, the Group will revert back at a later date with information on whether the annual general meeting will be held in person or only by postal voting.

### NOMINATION COMMITTEE

The Nomination Committee shall prepare proposals for the 2021 Annual General Meeting regarding the Chair of the Meeting, number of Directors of the Board, fees to be paid to each of the Directors of the Board, election of Directors of the Board and Board Chair, remuneration to the auditor and election of auditor and, if necessary, proposal for changes in the instruction for the Nomination Committee. The Nomination Committee for the AGM 2021 comprises the following members:

- Anders Mörck, Latour, Chair of the Nomination Committee
- Francisco De Juan, Alantra EQMC Asset Management
- Johan Lannebo, Lannebo Fonder
- Ulrik Grönvall, Swedbank Robur Fonder
- Johan Hjertnsson, Alimak Group's Chair of the Board

### DIVIDEND

May 10, 2021 is proposed as the record day. If the meeting approves this proposal, it is estimated that the dividend will be paid by Euroclear Sweden AB on May 14, 2021.

For more information, please contact [investor@alimakgroup.com](mailto:investor@alimakgroup.com)

### FINANCIAL REPORTS ARE AVAILABLE ON REQUEST FROM ALIMAK GROUP

- Digitally at the Group's website: [www.alimakgroup.com](http://www.alimakgroup.com)
- By telephone on: (Int.+46) (0)8-402 14 40
- Postal address: Alimak Group AB, Blekholmstorget 30, SE-111 64 Stockholm, Sweden



## Definitions

Key figures

The share

Information to shareholders

Definitions

In this report, alternative performance measures (APMs) are used, that is, key performance and earnings measures that are not defined in IFRS. APMs are used as guidance to both investors and management in their analysis of the Company's operations. The alternative performance measures used are described in the following.

### R12M

Numbers for the last 12 months measured backwards from the reporting period.

### Average number of shares

Weighted average number of shares outstanding during the period, plus potential additional shares.

### Earnings per share

Earnings after tax in relation to the average number of shares basic and diluted.

### EBITA

Operating profit before depreciation and amortisation of intangible assets.

### EBITA adj

Operating profit before depreciation and amortisation of intangible assets. Items affecting comparability are added back.

### EBITDA

Operating profit before depreciation and amortisation of property, plant and equipment and intangible assets.

### Equity/assets ratio

Shareholders' equity as a percentage of total assets.

### Equity per share

Shareholders' equity in relation to the number of basic shares outstanding at the end of the period.

### Net debt

Interest bearing liabilities minus cash and cash equivalents.

### Interest coverage ratio

Profit before tax plus interest expenses in relation to interest expenses.

### Non-recurring items

Nonrecurring income or cost items with a major impact on profit and of significance to an understanding of the trend of income.

### Net debt/EBITDA ratio

Interest-bearing liabilities net (excluding shareholder loans) and assets, plus cash and cash equivalents.

### Net debt/equity ratio

Net debt in relation to shareholders' equity.

### Organic growth

Growth adjusted for acquisitions/divestments and currency effects.

### Operating margin (EBIT %)

Operating profit (EBIT), as a percentage of revenue during the period.

### Operating profit (EBIT)

Profit before financial items and tax.

### Order intake

All orders where contracts have been signed and confirmed during the accounting period under review. Cancelled orders affect the reported order intake if cancellation takes place during the year the order was booked.

### Return on capital employed

Operating profit (EBIT), rolling 12-month amount, as a percentage of average capital employed. Capital employed is the sum of net debt plus shareholders' equity plus shareholder loans.

### Return on equity

Profit after tax for the period, rolling 12-month amount, as a percentage of the average shareholders' equity excluding shares without a controlling interest.

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