



ANNUAL REPORT **2021**

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Record year

2021 was a stable year in respect of sales performance and work practices, which have been adapted in response to the pandemic. The main challenges during the year were component shortages and new kinds of supply chain issues.

The year got off to a cautious start with sales rising 2 % in the first quarter. Demand picked up gradually as the year progressed with sales increasing by 26 % and 18 % in the second and third quarters respectively. However, it was also these quarters that were most affected by the pandemic last year.

Fourth quarter sales rose to a record level and Group sales passed the SEK 1 billion mark for a single quarter for the first time.

Full year sales were up 15 %. Foreign currency movements had a negative 2 percentage point impact on growth and organic growth was 17 %.

Due to supply chain disruptions, particularly during the second half of the year, customers were placing longer orders than normal and this resulted in an expanding order book. Incoming orders for the full year were up by 24 %. The quality of deliveries was largely maintained through creativity and close collaboration with suppliers and customers.

All regions achieved new records in sales and earnings. Despite the challenging situation in the supply chain, the companies have, in several cases, increased business by working closely with customers.

The operating profit (EBITA) rose 40 % to SEK 590 MILLION which is a new record high. The EBITA margin also reached a new record level of 15.6 % (12.9 %). The increase is attributable to reduced travel costs, an improved gross margin and strong growth.

The performance in 2021 means that OEM has exceeded all of its financial targets.

Acquisitions

An acquisition was made in October 2021 when the

OVERVIEW		2021	2020	%
Net sales	SEK million	3,774	3,283	15 %
EBITA	SEK million	590	422	40 %
Profit before tax	SEK million	576	401	44 %
Profit/loss for the year	SEK million	457	317	44 %
Earnings per share	SEK	6.58	4.56	44 %
Shareholders' equity per share	SEK	19.77	19.65	1 %
Average no. of employees	SEK	886	894	-1 %
Equity/assets ratio	%	67	69	
Share price at year-end	SEK	185.40	103.00	80 %
Dividend	SEK	2.75*	2.50	

*Proposed dividend 2021.

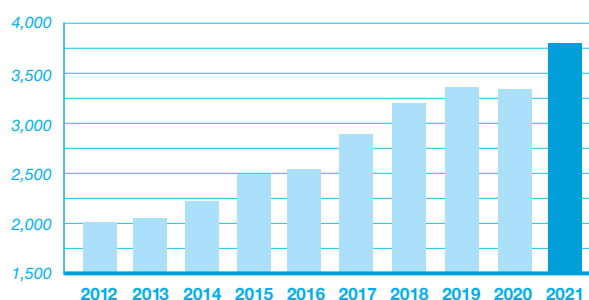
jump starter trading operations of Norwegian Export Import AS in Norway were purchased. The business has a turnover of SEK 5 million and has been integrated into Svenska Batteripoolen AB.

The acquisition of Demesne Electrical Sales Ltd in Ireland was made in January 2022. The company had a turnover of approximately SEK 205 MILLION with an operating profit of around SEK 26 MILLION in 2021. The company is a leading distributor of electrical control, energy-saving and installation products. Demesne uses several of the same suppliers as other OEM companies and runs a similar business model.

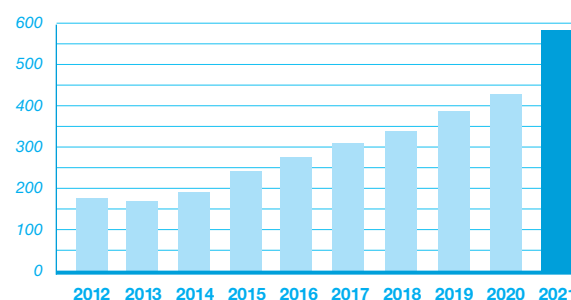
Dividend

The proposal of the Board of OEM for the 2021 financial year is a dividend of SEK 2.75 per share combined with a redemption share of SEK 3.25 per share. This is equivalent to 91 % of earnings per share after tax and a direct return of 3.2 % based on OEM's year-end share price.

NET SALES (SEK MILLION)



EBITA (SEK MILLION)



3.8

BILLION IN TURNOVER

37

ENTITIES IN 15 COUNTRIES

30,000

CUSTOMERS

400

SUPPLIERS

886

EMPLOYEES

OEM

one of Europe's leading technology trading groups

OEM is a value-adding link between customers and leading manufacturers of products and systems for industrial applications. OEM brings value to its customers by offering an extensive and diverse range of products coupled with considerable technical and applications expertise. OEM serves as the extended arm of the suppliers in each market and with its strong marketing and sales organisation aims to make them a leading player in their niche. This makes OEM the best distribution channel for its suppliers in OEM's markets.

Offering

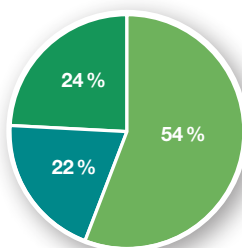
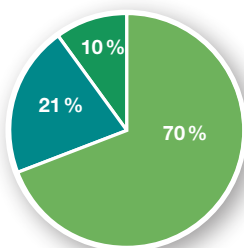
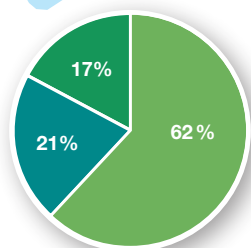
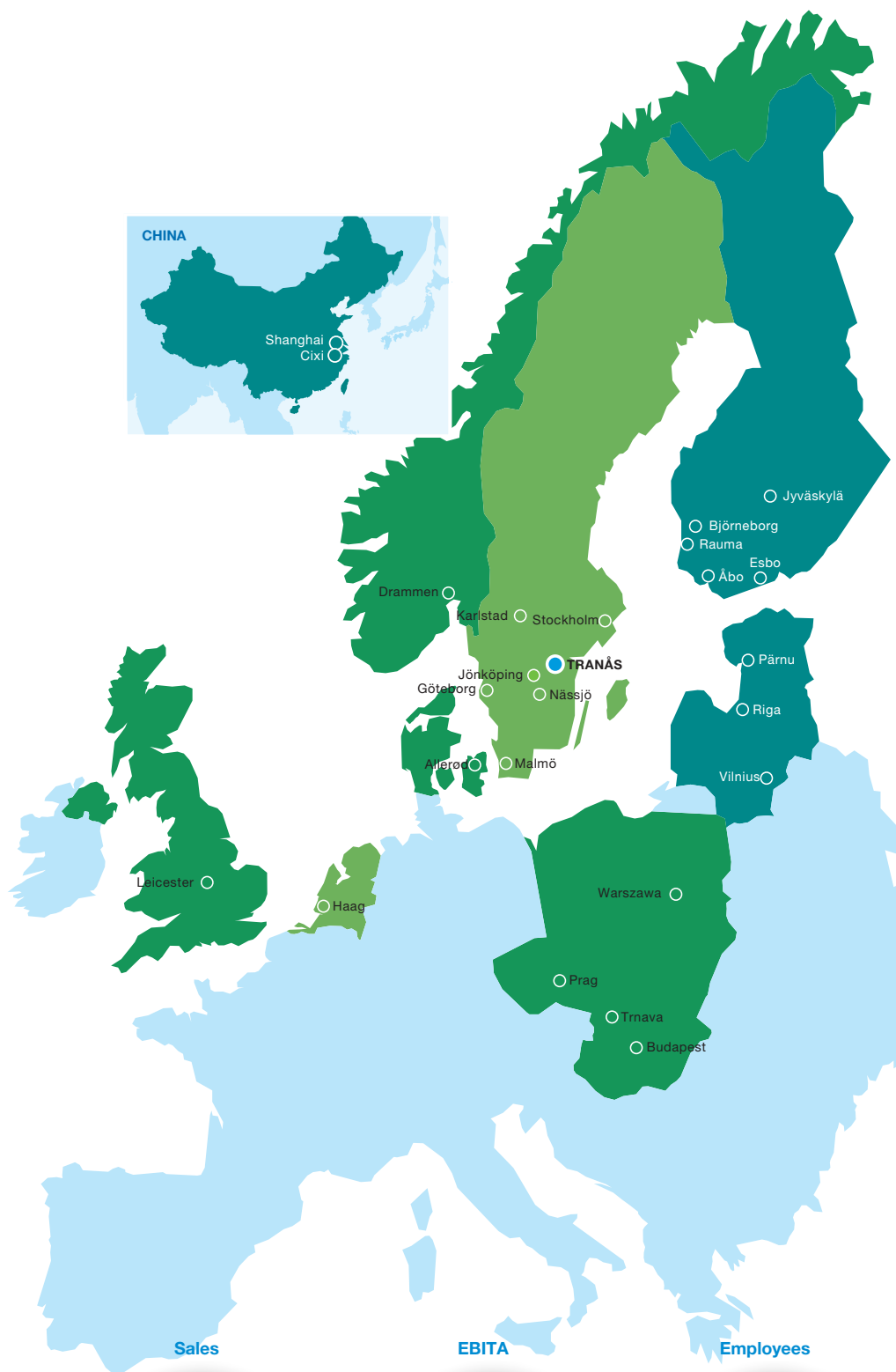
OEM has a portfolio of more than 60,000 products from over 400 suppliers who, with strong brands, are among the leading players in their respective niches. OEM's extensive product know-how, years of experience and outstanding applications expertise offer customers a strong partner all along the supply chain, from product development and design to purchasing and production.

Market

OEM has 37 operating business units in 15 countries split into three geographic regions. Its domestic market is Sweden, where OEM holds a market leading position in most of its product areas. In other regions, the company's position varies from market to market. OEM's goal is to be one of the largest players in all its chosen markets.

Customers

THE MAJORITY OF OEM's customers operate in various segments of the manufacturing industry. Many of them are so-called Original Equipment Manufacturers (OEM), which means that they manufacture various kinds of machinery and equipment using constituent components from subcontractors. Other customers include installation companies, wholesalers and retailers for the professional and consumer markets.



Regions:

Sweden

Denmark, Norway, UK and East Central Europe

Finland, the Baltic states and China

2022

- 2022**
Acquisition of Demesne Electrical.
- 2021**
Acquisition of jump starter business of Norwegian Export Import.
- 2020**
Acquisition of Zoedale.
- 2018**
Acquisition of ATB Drivtech.
- 2016**
Acquisition of Sitek-Palvelu.
- 2014**
Acquisition of Nexa and Scanding.
- 2011**
Acquisition of Svenska Batteripoolen, Svenska Helag and Flexitron. Set up in Hungary.
- 2009**
Set up in China.
- 2007**
Acquisition of Klitsø.
- 2005**
Acquisition of Telfa.
- 2000**
Jörgen Zahlin is appointed as Managing Director. Acquisition of Emström Hydraulik.
- 1998**
Set up in Poland.
- 1991**
OEM International is formed and becomes the parent company.
- 1986**
First acquisition Industri AB Reflex.
- 1982**
Set up in Norway.
- 1974**
OEM Automatic AB is set up by the Franzén and Svenberg families.
- 2017**
Acquisition of RauHeat.
- 2015**
Acquisition of Rydahls, ATC Tape Converting and Scannotec.
- 2012**
Acquisition of Akkupojat. New logistics centre in Finland.
- 2010**
New logistics centre in Sweden. Sale of Cyncrona.
- 2008**
Acquisition of Elektro Elco. Set up in Slovakia.
- 2006**
Set up in the Czech Republic.
- 2002**
Sales declined by 30%.
- 2001**
Telecom crisis.
- 1997**
OEM and Cyncrona merge. Acquisition of Internordic Bearings.
- 1989**
Set up in the UK.
- 1983**
Listed on the Stockholm Stock Exchange. Set up in Denmark.
- 1981**
Set up in Finland.

1974

Yet another year impacted by the pandemic, but with record sales and earnings



The effects of the coronavirus pandemic continued to be felt in 2021. However, unlike the tumultuous times that our industry experienced in the previous year, with uncertainties about demand and how the pandemic should be managed, 2021 saw stability in both sales performance and the organisation's new working models. We had become accustomed to working from home and holding meetings remotely with customers and suppliers. The challenges in this past year have been how to manage component shortages and deal with new kinds of supply chain issues.

Market demand was cautious in the first quarter and then gradually picked up over the months and reached a new record-high level in the fourth quarter. On the whole, it was possible to maintain the quality of deliveries through a combination of creativity and close collaboration with suppliers and customers. Sales were positively impacted by larger than normal price increases, and organic growth for the full year reached 17%. The disruptions in the supply chain that started to occur particularly during the second half of the year led to customers placing longer orders, resulting in a 24% rise in incoming orders and thus an expanding order book.

Restrictions remained in place for much of the year, which meant that business travel volume was at the same low level as the previous year. Marketing and customer activities were also limited. All in all, the combination of low costs, a higher gross margin and strong growth meant that this was yet another year of record earnings, with profit before tax up 44% to SEK 576 MILLION. The EBITAMargin also reached a new record level of 15.6% (12.9%).

Growth across the regions

All regions achieved new records in sales and earnings. The companies have successfully minimised disruptions in the supply chains and, in several cases, working in close contact with customers has resulted in more business and thus contributed to this strong performance.

Sweden, which is the largest region, increased sales by 16% and incoming orders were up 23%, driven in part by the ambition of customers to secure supplies of products. The operations reporting strongest growth were Internordic Bearings, whose sales were up by 35%, and Elektro Elco with growth of almost 30%. Others reporting a successful

”The pandemic has presented challenges to the organisation, whose ability to adapt and be creative has been evident.

year are OEM Electronics and Batteripoolen with growth close to 25 %. OEM Automatic, the Group's largest company, which is a good bellwether of the economic health of Swedish industry, reported sales growth of 11 %. The operating profit (EBITA) rose 32 % as a result of the growth and a stronger gross margin.

In the Finland, Baltic States and China region, sales increased by 14 % and incoming orders by 25 %. All operations have delivered strong performances with RauHeat and Akkupojat reporting sales growth of 25 % and 24 % respectively. Hide-a-lite and OEM Electronics achieved growth in excess of 20 % and OEM Automatic, the largest of the operations, reported an increase in sales of 12 %. The operations in the Baltic states and China have also performed strongly with growth of 24 % and 22 % respectively. The operating profit (EBITA) rose 42 % as a result of the strong sales growth and improved gross margin.

Region Denmark, Norway, the UK and East Central Europe reported a 14 % increase in sales and incoming orders rose 27 %. The strongest performance was delivered by the UK operations where total growth was 33 %. The operations in Slovakia and Poland also reported healthy growth figures of 25 % and 16 % respectively. Profitability was driven by the growth and the operating profit (EBITA) rose 43 %.

Acquisitions

A number of potential acquisition targets were identified and discussed during 2021. The jump starter trading operations of Norwegian Export Import AS in Norway were purchased in October. The business has a turnover of SEK 5 MILLION and its sales have been integrated into Svenska Batteripoolen AB.

The acquisition of Demesne Electrical Sales Ltd in Ireland was made in early January 2022. The company had a turnover of approximately SEK 205 MILLION with an operating profit of around SEK 26 MILLION in 2021. The company is a leading distributor of electrical control, energy-saving and installation products. Demesne uses several of the same suppliers as other OEM companies and runs a similar business model. The acquired business is an excellent complement to the Group and allows OEM to establish a presence in a new, interesting market.

Digitalisation is helping to streamline business

There has been continued investment in digital platforms and their use has helped drive efficiencies across the operations and enabled

us to provide customers with a good standard of service during the pandemic. The efficiency and quality of internal processes have improved. Today, business meetings are held both physically and electronically which has increased efficiency greatly. It is possible to measure the effect of digitalisation as sales per employee. In 2019, the figure was SEK 3.76 MILLION and in 2021 it was SEK 4.26 MILLION.

Dividend

OEM's philosophy is to pay dividends to the extent considered reasonable, taking into account the company's financial position, investment needs and potential acquisitions. The proposal for the 2021 financial year is a dividend of SEK 2.75 per share combined with a redemption share of SEK 3.25 per share. This is equivalent to 91 % of earnings per share after tax and a direct return of 3.2 % based on OEM's year-end share price. The proposed dividend means that, for the second consecutive year, OEM is paying an extraordinary dividend and that the ordinary dividend has been increased on average by 12 % each year over the last 13 years.

Uncertain global environment creates a challenging market situation

The pandemic has presented challenges to the organisation, whose ability to adapt and be creative has been evident. The geopolitical tensions currently playing out in Europe have created a new instability and the consequences are difficult to predict. Our role as a trading company is to maintain close contact with customers and suppliers and adapt our strategies as and when required so we can serve our customers in the best possible way, and also to seek new opportunities for conducting business and promoting the future growth of customers and suppliers. Even in these troubled times, I am confident that the creativity, loyalty and commitment found in our organisation will ensure that the Group continues to evolve and grow stronger.

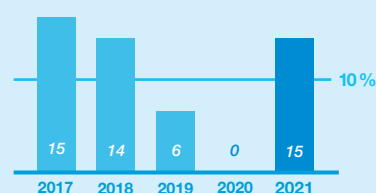
Tranås, March 2022

Jörgen Zahlin

Managing Director and CEO, OEM International AB.

Vision, business concept, goals and strategies

SALES GROWTH (%)



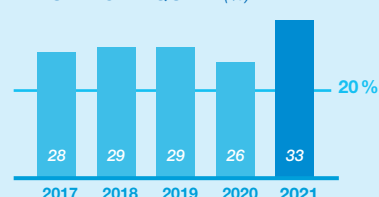
The result for 2021 was 15 % compared with the minimum target of 10 %.

EBITA MARGIN (%)



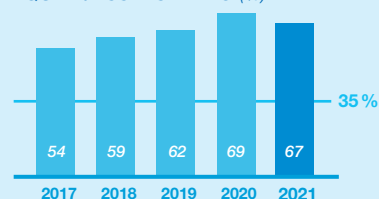
The result for 2021 was 15.6 % compared with the minimum target of 10 %.

RETURN ON EQUITY (%)



The result for 2021 was 33.4 % compared with the minimum target of 20 %.

EQUITY/ASSETS RATIO (%)



The result for 2021 was 67 % compared with the minimum target of 35 %.

VISION

OEM shall be a leading technology trading group in industrial components and systems in selected markets in Northern, Central and East Central Europe.

BUSINESS CONCEPT

OEM offers an extensive and detailed range of industrial components and systems from leading suppliers. A well-structured local market organisation and efficient logistics make OEM a better alternative to

the suppliers' own sales organisations. OEM provides a high level of expertise and service and markets the products according to the specific conditions of each market.

GOALS

OEM's overall business objective is to be one of the largest technology trading companies in the company's chosen geographic markets. Profitability will be on par with, or better than, that of the largest players in each market.

Financial targets

OEM shall deliver sustainable profitable growth coupled with a good return on shareholders' equity and with minimal financial risk. The company has four financial targets:

Sales growth

Minimum sales growth of 10 % per annum through a business cycle. In 2021, sales were up 15 % on the previous year. Currency movements had an adverse 2 percentage point impact on growth while acquisitions had no impact on growth, resulting in organic growth of 17 %. Average annual sales growth was 10 % in the last five-year period.

EBITA margin

EBITAmargin of at least 10 % per annum through a business cycle. The EBITAmargin reached 15.6 % in 2021. The average EBITAmargin has been 12.5 % for the past five years.

Return on equity

A minimum return on equity of 20 % per annum through a business cycle. Return on equity reached 33.4 % in 2021. The average return on equity has been 29.1 % for the past five years.

Equity/assets ratio

A minimum equity/assets ratio of 35 %. The equity/assets ratio was 67 % at the end of 2021. The average equity/assets ratio has been 62 % for the past five years.

STRATEGIES

OEM has defined five strategic areas that are important to its future development and success and for achieving its financial targets.

Growth

OEM will create growth organically, through acquisitions and geographic expansion. These three together will generate growth that meets the growth target.

1) Organic growth

OEM gives priority to organic growth. OEM achieves organic growth by increasing its market share and expanding the range that the company offers its customers. OEM's operations are expected to grow above the underlying market growth in those areas where the company is well established. In markets where OEM has yet to achieve a position among the five largest players, its aim is to achieve considerably higher growth.

2) Acquisitions

Business combinations are central to OEM's strategy for developing its operations. OEM acquires companies and product ranges that strengthen its market position within current product areas in existing markets, and companies that add a brand-new range or give OEM access to a new geographic market.

3) Geographic expansion

Geographic expansion into new markets will take place when it is possible for OEM to become a prominent player by representing several of the company's suppliers.

Product range

OEM shall offer a product range consisting of industrial components and systems from leading suppliers. The range is adapted to the local markets in which OEM operates. OEM's key strategy is ongoing development of its range and it implements this strategy

through partnerships with existing and new suppliers. Each local marketing organisation is also tasked with finding new products that will further enhance the competitive edge of the portfolio of offerings.

Marketing activities

OEM shall have strong marketing activities based largely on face-to-face selling combined with the website as a hub in the sales process. Personal meetings are crucial to understanding customer needs, and a practical way for OEM to offer its experience and technical expertise. Face-to-face selling is supported by digital and printed marketing communication materials.

Logistics

OEM shall develop logistics solutions that deliver excellent customer service and quality and a high level of cost-efficiency. The Group has 15 logistics units. Each unit adapts its range to current operations and works towards greater coordination of the stockholding with other warehouses. In connection with many of OEM's logistics units there are processing units that effectively provide unique adjustments for specific customers and the installation of products.

Employees and management

There should be a familial culture with a focus on entrepreneurship in all operations. OEM shall give its employees opportunities to develop within the company, taking account of business goals and strategies as well as the employees' ambitions. Recruitment and employee strategies will lead to a significant number of leadership positions being filled internally.

Personal meetings are crucial to understanding customer needs, and a practical way for OEM to offer its experience and technical expertise.



The Group expands through acquisition

Acquisitions are central to growth creation and business development. Acquired businesses add new products, extend the customer base and bring new expertise to the Group. The aim is to add sales each year of approximately SEK 200 million through acquisitions.

ACQUISITION STRATEGY

OEM primarily strives for three kinds of acquisitions. The first two described here are the most common:

- Operations with products that complement OEM's portfolio in an existing market.
- Operations that give access to a new geographic market for one of OEM's existing product areas.
- Operations of product-owning companies in one of the markets where OEM has an established position.

Identifying companies for acquisition

The managers of all of OEM's operations have a responsibility to look for and identify potential takeover targets. The Group also works with brokers, audit firms and banks, which helps ensure a flow of interesting acquisition targets. OEM strives to engage in dialogue at an early stage with the owners of potential targets. This builds trusting relationships and gives OEM an opportunity to present itself as a long-term owner that can help the acquired businesses to continue to expand and evolve. The ideal acquisition targets have a number of common features:

- Trading company or product-owning company with annual sales of SEK 30 - 250 MILLION.
- Represents manufacturers or has its own brands.
- May have processing or simpler production facilities.

- The selling entity sees it as advantageous to have an owner that is strongly committed to and interested in taking the business to the next stage of development.

Focus on the business

Central to OEM's culture is a strong commitment to the operations and business. When analysing acquisition targets, there is therefore a strong focus on the business and areas such as the organisation, company culture, portfolio of offerings and future potential. In addition, an appraisal is performed to determine the effects of the acquisition on OEM's other operations and what synergies could be achieved. OEM makes acquisitions either by purchasing companies (with or without the previous owner remaining with the company) or by purchasing a company's assets.

Moving the acquired company to the next level of development

Based on its philosophy to be an active and long-term owner, OEM creates a development plan during the acquisition process for the business it is acquiring. OEM can, for example, make existing operations work to the advantage of the acquired company by opening up new markets and customer groups. The acquired company can continue to operate as a separate company or can be integrated into one of the existing operations. The basis for these considerations is what is best for the current business and where are the greatest opportunities for growth.

ACQUISITIONS DURING THE YEAR

The jump starter trading operations of Norwegian Export Import AS in Norway were acquired in October 2021. The business has a turnover of SEK 5 MILLION and has been integrated into Svenska Batteripoolen AB.

Reason for the acquisition: OEM expands its product portfolio and can provide customers with an enhanced offering within its battery operations.

Type of acquisition: The business has been integrated into Svenska Batteripoolen AB



Demesne Electrical Sales Ltd in Ireland was acquired in January 2022. The company is Ireland's leading independent importer and distributor of electrical control, switch-gear, energy-saving and installation products.

The company was founded in 1977 and has an annual turnover of approximately EUR 20 million (SEK 205 MILLION) with an operating profit of approximately EUR 2.5 million (SEK 26 MILLION). The head office is in Dublin and it has branches in Cork in the south of Ireland and in Dungannon in Northern Ireland. The company has a strong product offering based on long-standing partnerships with most of the leading European manufacturers.

Reason for the acquisition: Its business model aligns well with OEM and the acquisition gives the OEMGroup a presence in a new and interesting market.

Type of acquisition: It operates as a separate company.



Acquisitions completed 2005-2022

2022	Demesne Electrical Sales Ltd	Ireland
2021	Jump starter trading operations of Norwegian Export Import AS	Norway
2020	Zoedale Ltd	United Kingdom
2019	The pumping division of Finisterra AS	Norway
2019	Cabavo AB	Sweden
2018	ATB Drivtech AB	Sweden
2017	RauHeat OY	Finland
2017	Candelux Sp.z o.o.	Poland
2016	Sitek-Palvelu OY	Finland
2016	RF Partner AB and Ranatec Instrument AB	Sweden
2015	AB Ernst Hj Rydahl Bromsbandfabrik	Sweden
2015	Scannotec OY	Finland
2015	ATC Tape Converting AB	Sweden
2014	Kübler Svenska AB	Sweden
2014	Scanding A/S	Denmark
2014	ASE/Conta-Clip	Poland
2014	Mytrade OY	Finland
2014	Nexa Trading AB	Sweden
2012	Datasensor Ltd	United Kingdom
2012	TemFlow Control AB	Sweden
2012	Vanlid Transmission AB	Sweden
2012	Akkupojat OY	Finland
2011	Flexitron AB	Sweden
2011	Svenska Batteripoolen AB	Sweden
2011	Scapro AB	Sweden
2011	Svenska Helag AB	Sweden
2011	Echobeach Ltd	United Kingdom
2010	All Motion Technology AB	Sweden
2009	Lasa Maskin AS	Norway
2008	Elektro Elco AB	Sweden
2008	OK Kaapelit OY	Finland
2007	Klitso Processtechnic A/S	Denmark
2007	MPX Elektra ApS	Denmark
2007	Crouzet AB	Sweden
2006	EIG spol s r.o.	Czech Republic
2005	Telfa AB	Sweden

Value-adding technology trading group

OEM is one of Europe's leading technology trading groups and its existence is based on the creation of value for customers and suppliers alike. By offering an extensive range of products and systems, along with the technical expertise of its employees, OEM creates value for its customers' products and processes. With its local presence, OEM creates value for its suppliers by reaching out to markets and customers that the suppliers would otherwise have difficulty reaching.

Value for the customers

OEM gives customers access to top-quality products from leading suppliers, help with development projects and the means to streamline logistics processes. OEM thus creates both technical and economic value for its customers. OEM's employees have considerable knowledge of the operations' product range and the areas of application for these products. This means that customers have access to experience and expertise that can support them in their choice of constituent components and in development projects.

A significant percentage of OEM's sales comes from customer tailored products built specifically for unique customer applications. Value-added services are therefore a key component of the offering. For instance, different components are pre-assembled on delivery in accordance with the customers' specifications. OEM works closely alongside its customers and it is common for OEM to become the supplier that customers turn to for the coordination of an increasingly large amount of their purchases.

Value for the suppliers

Strong sales organisations, high availability and modern marketing form the foundation of OEM's business and are strong reasons why the company has been entrusted to represent the leading manufacturers in their markets. OEM's goal is to be the manufacturers' best sales channel and make them the leading players in their niches. OEM serves as the extended arm of the manufacturers in their respective markets and takes complete responsibility for the customer relationship. OEM has close. These are long-standing, loyal relationships

and the company avoids marketing rival products. OEM builds up a wealth of expertise and know-how on the manufacturers' products and how they can be used in the customers' operations. OEM uses its expertise to bring ideas and proposals to the suppliers of how the products can be developed and adapted to meet different customer requirements.

Website as a competitive advantage

An effective and efficient website that meets customer requirements is a critical component of the marketing activities and gives a strong competitive edge. The ranges of products are presented on the companies' websites along with all the necessary information. It is also a channel for communicating know-how, inspiration and news about products. The majority of the Group's companies offer online shopping which is becoming an increasingly important complement in the selling process.

Logistics as a competitive advantage

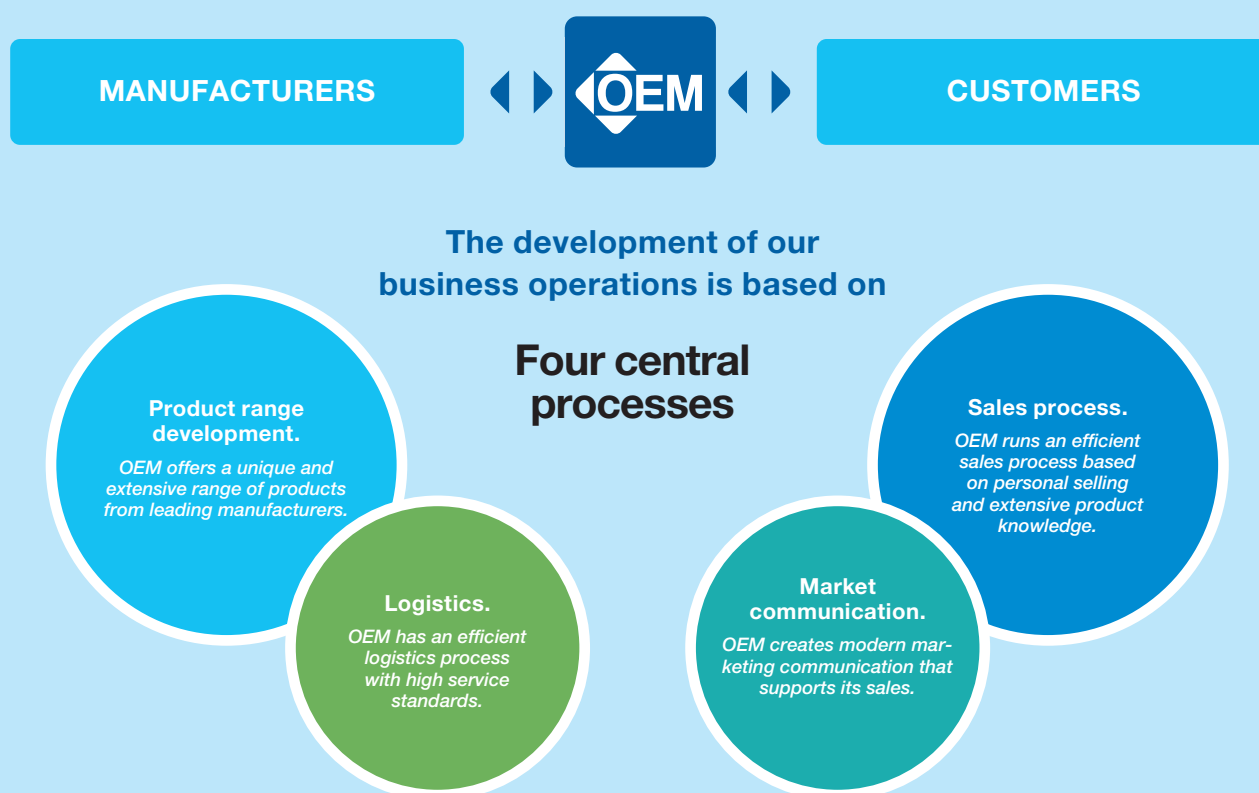
An important part of the value generated by OEM is created through OEM's logistics units. The company offers over 60,000 products from more than 400 suppliers to its 30,000 customers, which makes the logistics process complex. OEM works continuously to create a more efficient and seamless flow of goods. Coordinating the work to larger logistics centres increases efficiency and automates the flow of goods, thereby improving cost-efficiency, quality and service. OEM also customises its logistics operations to meet the requirements and needs of larger customers, for example packaging sizes and delivery frequency, which creates clear advantages for the customers.

In connection with many of OEM's logistics units there are processing units that effectively provide unique adjustments for specific customers and the installation of products.



OEM's business model

The business model is based on being a link between manufacturers and customers with the intent of creating value.



What this means for our manufacturers:

- Assistance with marketing in local markets.*
- Can have their products marketed with complementary products.*
- Reach markets and customers that are difficult to reach when acting alone.*
- Help with product customisation.*
- Logistics solutions that meet customer demands.*
- Feedback for their own product development.*

What this means for our customers:

- Access to components from more than 400 manufacturers.*
- In-depth component knowledge.*
- End-to-end solutions with complementary components.*
- Possibility to reduce the number of manufacturers.*
- Deliveries to the right place at the right time.*
- Assurance of high product quality.*

Wide product range from leading suppliers

OEM's extensive offering of products and systems combined with its in-depth product and application expertise give customers access to high-quality products and the best possible support when choosing products for each particular application. The product range comes from market-leading suppliers, primarily in Europe, the USA and Asia, and is grouped into six main product areas.

ELECTRICAL COMPONENTS



The product area comprises products supplied by OEM Automatic, OEM Automatic Klitsø, Svenska Batteripoolen and Akkupojat.

Products include:

Relays, terminal blocks, sensors, machine safety products and batteries.

Areas of application:

The products are used inside or around control cabinets. Sensors and safety components are used in machinery, automated production lines, etc. Batteries are used as starter batteries or industrial batteries for power backup, etc.

Examples of customers:

Komatsu Forrest, Epiroc, ABB and electrical wholesalers.

MACHINERY COMPONENTS & CABLES



The product area comprises products supplied by OEM Automatic and OEM Automatic Klitsø.

Products include:

Energy chains, machine cables, vehicle products, warning devices and cameras for 2D and 3D applications.

Areas of application:

Most of the products are targeted at ORIGINAL EQUIPMENT manufacturers for use in the machinery that they produce, for example fork-lift trucks and construction equipment. Parts of the range also target medical equipment and consumer-oriented applications where camera technology is required.

Examples of customers:

Toyota Material Handling Manufacturing, Epiroc, Sandvik, Cellavision and Flir.

PRESSURE & FLOW COMPONENTS



The product area comprises products supplied by OEM Automatic, Telfa, Sitek-Palvelu, OEM Automatic Klitsø and Zoedale.

Products include:

Valves, hoses, sensors and pumps.

Areas of application:

The products primarily target original equipment manufacturers for use in the machinery that they produce. They cover a wide range of applications, from heat pumps to medical equipment.

Examples of customers:

Tetra Pak, Epiroc, Delaval, Volvo and Getinge.

OEM's offering comprises standard products and systems and bespoke solutions, developed in collaboration between the customer, supplier and OEM.

Product range development

Extension and improvement of the range is an ongoing process which generally takes place in three ways.

- Development of the product range in collaboration with existing suppliers.

This is done by expanding the collaboration to more of the supplier's range and by working together on new product development.

- The range is expanded and enhanced continuously by OEM entering into partnerships with new suppliers of products that complement an existing range.
- Acquired businesses provide access to new ranges or products that complement an existing range.

Adaptation to meet the needs of each local market

OEM's offering differs across the various geographic markets. This is a natural consequence of OEM having been established in different markets for varying lengths of time and the fact that each market has its own requirements and characteristics. Each local operation has to align its offering to local market demand and according to which suppliers are available as partners

MARKET >>	Sweden	Finland	Baltic states	China	Norway	Denmark	Poland	Czech Republic	Slovakia	United Kingdom	Hungary
PRODUCT AREAS											
Electrical components	●	●	●	●	●	●	●	●	●	●	●
Machinery components & cables	●	●	●	●	●	●	●	●	●	●	●
Pressure & flow components	●	●	●	●	●	●	●	●	●	●	●
Motors, ball bearings & brakes	●	●	●	●	●	●	●	●	●	●	●
Appliance components	●	●	●	●	●	●	●	●	●	●	●
Installation components	●	●	●	●	●	●	●	●	●	●	●

MOTORS, BALL BEARINGS & BRAKES



The product area comprises products supplied by OEM Motor, Internordic, Ernst Hj Rydahl Bromsbandfabrik, OEM Automatic and OEM Automatic Klitsø.

Products include:

Drive electronics, motors, gears, ball bearings, seals, brake and friction systems.

Areas of application:

The products are targeted at original equipment manufacturers for use in the machinery and equipment that they produce and they are used for food industry equipment, medical equipment and park and garden equipment. Brake and friction products also target the automotive industry.

Examples of customers:

Tetra Pak, Cytiva, Öhlins, Husqvarna, Toyota Material Handling Manufacturing, Nobina, Geringe Disinfection.

APPLIANCE COMPONENTS



The product area comprises products supplied by OEM Electronics, Svenska Helag, ATC Tape Converting, Agolux and OEM Automatic.

Products include:

Displays, keyboards and LED lighting.

Areas of application:

The products target original equipment manufacturers, high-volume manufacturers and contract manufacturers for use in the electronic equipment and devices that they produce. The products are used in devices in a variety of areas, from conference phones to medical analysis instruments.

Examples of customers:

Husqvarna, Nibe, Franke and Axis.

INSTALLATION COMPONENTS



The product area comprises products supplied by Elektro Elco, Agolux and Nexa Trading.

Products include:

Lighting and products for wireless control in the home.

Areas of application:

Indoor and outdoor lighting for the home with LED technology. Wireless control of lights, sunshades and doors in the home.

Examples of customers:

Electrical wholesalers that target professional installers, such as Solar and Elektroskandia. Building and DIY stores such as Bauhaus and Clas Ohlson.



62

% OF GROUP NET SALES

398

OPERATING PROFIT EBITA (SEK million)

481

NUMBER OF EMPLOYEES

New sales and earnings record

Region Sweden enjoyed strong demand throughout the year and achieved 18% organic sales growth, driven partly by increased price levels. The companies have been able to serve their customers and continue developing their business well despite the impacts of the pandemic. The region delivered a record earnings performance with a 32% increase.

Offering

Sweden accounts for 62 % of consolidated turnover and is the largest region in the Group. The region is made up of 11 companies each specialising in a particular area of expertise with in-depth knowledge of their products and applications.

OEM's complete range of industrial components and systems, more than 60,000 products in all, is available in the Swedish market. The product range is sold as individual components and, increasingly, as assembled solutions tailored to customer requirements for various applications for the manufacture of equipment and appliances.

OEM's ambition is to have close working relationships with customers and it is frequently involved in their development activities. The product and application expertise of its sales staff and product specialists helps optimise the customers' product and manufacturing processes. Good supply capacity, a high level of service and flexible logistics solutions are other areas where OEM creates enhanced value for its customers.

Market

The market in 2021 was characterised by strong demand, rising prices, material shortages and supply chain problems, particularly from Asia.

It had started to rally towards the end of 2020 and continued to recover during the first quarter of 2021, after which it has stabilised at a high level.

OEM is a market leader in several segments in the Swedish market and generally holds a strong position. It is a mature market with normal underlying growth of a couple of percent per year, and where the performance of Swedish export companies plays a huge role. Its customers are primarily equipment and appliance manufacturers, along with manufacturing companies in the automotive, forestry, telecommunications, IT and medical technology industries. In certain segments, customers also include wholesale companies, builders merchants and DIY stores.

Swedish industrial companies have manufacturing facilities in both Sweden and other countries around the world. Development and design units are usually located in Sweden and, thanks to close working relationships with its customers, OEM normally follows the customer to wherever the end products are produced. Globalisation and digitalisation create greater transparency, which in turn leads to price competition particularly for standard products. OEM is committed to ensuring that its pricing is competitive through close partnerships with manufacturers and efficient and effective internal processes. Delivering optimal solutions for the customer is an important aspect of value creation. Working collaboratively with the customer often produces unique solutions with regard to components, supplies and business arrangement. This means that OEM creates long-standing customer relationships and continues to supply

OEM is committed to ensuring that its pricing is competitive through close partnerships with manufacturers and efficient and effective internal processes.



its customers even if they relocate their production abroad.

Performance in 2021

A combination of generally strong demand and price increases produced 16% sales growth. Foreign exchange movements had a negative 2% impact which meant that organic growth reached 18%. Incoming orders were 10% higher than sales, which was driven in part by the ambition of customers to secure supplies of products during a period of longer lead times and material shortages.

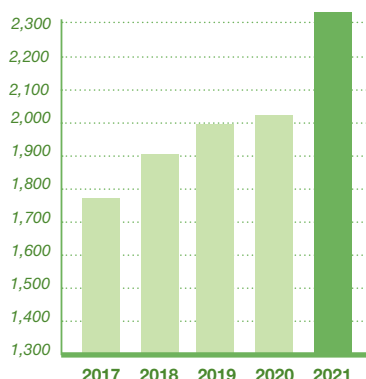
The operating profit (EBITA) rose 32% as a result of the sales growth, an improved gross margin and reduced costs, including lower travel costs. The EBITA margin increased from 15.0% to a record high 17.1%.

Internordic Bearings, which markets ball bearings and seals, delivered the strongest performance during the year. The 36% increase in sales comes from improved sales volumes to existing customers as well as from several new, interesting customers.

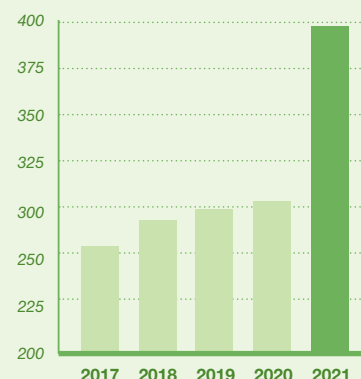
Elektro Elco, which is one of the leading suppliers of LED lighting products, posted yet another record year with growth of almost 30%.

OEM Electronics, which supplies components and equipment to manufacturers of electronics and appliances, and Batteripoolen, a supplier of starter and industrial batteries, have also had a successful year with growth close to 25%.

SALES
(SEK MILLION)



OPERATING PROFIT EBITA
(SEK MILLION)



Examples of customers:

Tetra Pak, Toyota Material Handling Manufacturing, Rexel, Elektroskandia, ABB, Epiroc and Delaval International

Competitors include:

Subsidiaries of trading companies like Addtech and Indutrade, subsidiaries of manufacturers like Schneider and Omron, and lighting companies like Fagerhult.

Operations are conducted through the following companies:

OEM Automatic AB, Elektro Elco AB, OEM Electronics AB, OEM Motor AB, Internordic Bearings AB, AB Ernst Hj Rydahl Bromsbandfabrik, Nexa Trading AB, Svenska Batteripoolen AB, Telfa AB, Agolux AB and ATC Tape Converting AB.

MARKET

PRODUCT AREAS

Electrical components	Sweden
Machinery components & cables	Sweden
Pressure & flow components	Sweden
Motors, ball bearings & brakes	Sweden
Appliance components	Sweden
Installation components	Sweden

Strong recovery after several weaker years

OEM noted weaker demand in both 2019 and 2020. 2021 got off to a slow start but demand accelerated gradually over the year and organic growth for the full year reached 17%. The operations were affected by the pandemic, particularly during the periods when strict restrictions were in place. In spite of this, the companies have served their customers in an exemplary way. Lower costs and an improved gross margin contributed to record earnings growth of 42%.

21

% OF GROUP NET SALES

118

OPERATING PROFIT EBITA (SEK million)

175

NUMBER OF EMPLOYEES

Offering

OEM's second region comprises the operations in Finland, the operations in the Baltic states of Estonia, Latvia and Lithuania, and in China. The region accounts for 21 % of OEM's total sales.

Finland is the second largest market in the OEMGroup and the first country in which OEM established operations outside of Sweden. The operations are conducted through six entities, each one possessing extensive knowledge of their products and areas of application. The customer offering comprises a comprehensive range of industrial components and systems, spread across the Group's six product areas. The offering comprises both standard products and bespoke products and systems. The product range has been developed over the years based on local demand and availability, which means the range differs slightly from that in Sweden.

OEM originally established operations in the Baltic states and China to follow Swedish and Finnish customers that outsourced their production to these markets. The product offering in these markets is largely based on what is available from the Swedish and Finnish logistics units, but most sales are generated in the areas of Electrical components, Appliance components and Flow technology.

Market

The market in 2021 was characterised by good demand, rising prices, material shortages and supply chain problems,

particularly from Asia. The recovery comes after a few years of unremarkable performance and produced good demand for most of the year.

In Finland, OEM holds a strong position in most segments. The Finnish economy has experienced a period of weak activity for some time. OEM's customers in Finland are primarily major manufacturers of equipment and appliances, and industrial manufacturing companies producing forest and construction equipment, mining machinery and lifting equipment. Other key customer segments are the plumbing, heating and electrical wholesale industry and the construction trade sector.

OEM's operations in the Baltic states and China are largely based on supplying products and systems to Swedish and Finnish customers that have chosen to outsource their production activities there. Although this type of customer continues to account for the largest sales volumes, products are sold to local customers too. Growth is affected more by the strategic decisions of these Swedish and Finnish customers than any general market trend.

Performance in 2021

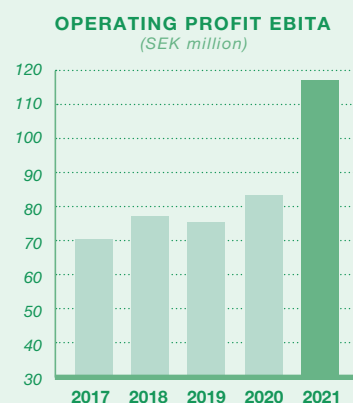
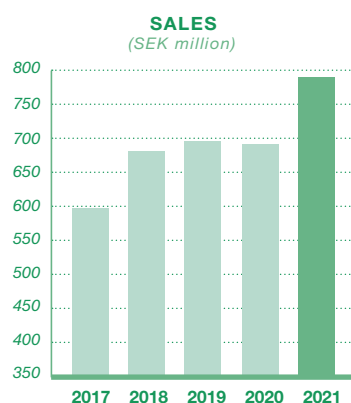
After a slow start to the year, growth gradually accelerated and the year closed with a record quarter. Full year sales were up 14 % in 2021. Currency movements had an adverse 3 percentage point impact on sales, which resulted in organic growth of 17 %. The operating profit (EBITA) rose 42 % as a result of the strong sales growth

Lower costs and an improved gross margin contributed to record earnings growth of 42%.



and improved gross margin. The EBITA-margin increased from 11.9 % to a record high 14.9 %.

All operations in the region have delivered strong performances with RauHeat (which markets HVAC & plumbing products) and Akkupojat (starter and industrial batteries) reporting sales growth of 25 % and 24 % respectively. Hide-a-lite, which sells LED lighting, and OEM Electronics, which sells components and equipment to manufacturers of electronics and appliances, reported growth in excess of 20 %. OEM Automatic, the largest of the operations, and the business that sells motors and seals, reported an increase in sales of 12 %. The operations in the Baltic states and China have also performed well with growth of 24 % and 22 % respectively. Compared with the Finnish companies, the operations in the Baltic states and China are small and their impact on total growth in the region is marginal.



MARKET >>	Finland	Baltic states	China
PRODUCT AREAS			
Electrical components	●	●	●
Machinery components & cables	●	●	●
Pressure & flow components	●	●	●
Motors, ball bearings & brakes	●	●	●
Appliance components	●	●	●
Installation components	●	●	●

Examples of customers:

Arnon, Sandvik Mining, Onninen, Harvia, Ponsse.

Competitors include:

Subsidiaries of trading companies like Addtech and Indutrade, and Lapp Automaatio and Wexon.

Operations are conducted through the following companies:

OEM Finland OY with the business areas OEM Automatic, OEM Electronics, OEM Motor and Hide-a-lite. Akkupojat Oy, RauHeat Oy, OEM Automatic OU, OEM Automatic UAB, OEM Automatic SIA, OEM Automatic (Shanghai) Co.Ltd.

Strong growth for the entire region

Recovery has been good for the region and all companies generated growth. Overall, this resulted in 14% organic growth. Profitability improved by 43%, driven by the growth and a stronger gross margin.

Suppliers have been hit by the shortages of components and, after the summer, we experienced considerable challenges to our ability to deliver. As a consequence of this and the increased prices of raw materials and transportation, price adjustments have been implemented throughout the year.

Offering

OEM's third region is the most varied, with operations in seven countries. This geographic spread results in variation in customers and offerings. The region also includes country-specific customer types that are unique to the Group. In some cases, the local product portfolio is specially tailored to these customers. The region accounts for 17% of OEM's total sales.

The offering in the region comprises standard products in combination with bespoke products and systems. The product areas offered in the entire region are Electrical components, Flow technology, and Motors, transmissions and brakes. Appliance components are available in Denmark, Poland, the Czech Republic and Slovakia. Installation components are also available in Denmark and Norway. The range is continually being enhanced with the introduction of entire product areas and expansion of existing offerings.

OEM's operations in the region are conducted through eight OEM Automatic companies. OEM Electronics is established in Poland, the Czech Republic, Slovakia and Denmark, and Hide-a-lite lighting is also marketed in Denmark and Norway.

Market

OEM's markets in the region differ both geographically and in terms of economic growth.

Food and pharmaceutical processing

industries are a key customer group in Denmark. In Norway, the customers are primarily small-scale industrial businesses and wholesalers. Customers in the UK are a mix of large and small-scale companies with smaller industrial businesses making up the largest customer group. Local distributors that supply components to local manufacturers are another key customer group.

OEM's markets in East Central Europe have enjoyed strong demand for several years. The operations have gradually developed the product portfolios, putting them in a strong position for the future. The customers are manufacturing companies operating in a wide range of industries. In Poland, the domestic mining and minerals industries are important customer segments and customers in the Czech Republic include subcontractors in the automotive industry. The sales, product portfolios and customer bases of OEM's operations in Slovakia and Hungary are still relatively small. Both of these countries have a number of key customers that manufacture vehicles and electronic products.

Performance in 2021

After a weak first quarter, demand was good and net sales for the 2021 full year rose 14%. Acquisitions made in 2020 in the UK contributed 2% and currency



17

% OF GROUP NET SALES

56

OPERATING PROFIT EBITA (SEK MILLION)

210

NUMBER OF EMPLOYEES

movements had a negative 2 % impact on turnover. Overall, this resulted in 14 % organic growth.

The growth has improved the profitability in the region and the operating profit (EBITA) rose 43 %. The EBITA margin increased from 6.8 % to 8.5 %, which is a step in the direction towards a stable level of profitability above 10 %.

The operations in the UK reported good demand. There has been a strong increase among major customers and demand has generally been good. Zoedale, which was acquired in 2020, increased its sales by 40 % and OEM Automatic by 30 %. During the second quarter of 2022, Zoedale will be merged into OEM Automatic, which will create market synergies and deliver efficiency gains.

The operations in East Central Europe have reported positive growth over several years. The companies in Slovakia and Poland have reported strongest growth with sales up by 25 % and 16 % respectively. The companies in the Czech Republic and Hungary achieved sales growth of 12 % and 7 % respectively.

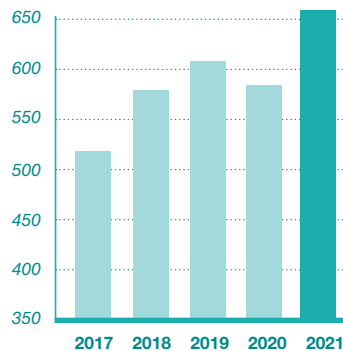
The company in Norway had stable growth and continued to develop well with a 10 % sales increase. The investment in pumps following an acquisition at the end of 2019 contributes to this growth.

The company in Denmark achieved sales growth of 5 %. The challenging situation in the supply chain during the latter part of the year adversely affected the supply capacity which led to the lower growth.

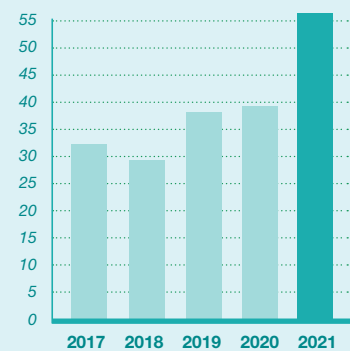


The operations in the UK reported good growth. Zoedale, acquired in 2020, increased its sales by 40% and OEM Automatic by 30%.

TURNOVER
(SEK million)



OPERATING PROFIT EBITA
(SEK MILLION)



MARKET >>	Norway	Denmark	Poland	Czech Republic	Slovakia	United Kingdom	Hungary
PRODUCT AREAS							
Electrical components	●	●	●	●	●	●	●
Machinery components & cables	●	●	●	●	●	●	●
Pressure & flow components	●	●	●	●	●	●	●
Motors, ball bearings & brakes	●	●	●	●	●	●	●
Appliance components	●	●	●	●	●	●	●
Installation components	●	●	●	●	●	●	●

Examples of customers:

RS Components, Skoda, ABB, Haldor Topsoe.

Competitors include:

IMO, Dacpol, MRC Hypteck, Omron.

Operations are conducted through the following companies

OEM Automatic Klitso A/S, OEM Automatic Ltd, Zoedale Ltd, OEM Automatic Sp z o. o., OEM Automatic AS, OEM Automatic spol. s r.o., OEM Automatic s.r.o. and OEM Automatic Kft.

Employees make the difference

It is thanks to its employees that OEM continues to be one of the leading technology trading groups in Europe year after year. Their extensive knowledge of products and applications and strong sales focus are two of OEM's major competitive advantages. Along with the dedication and commitment of its employees, this is what makes the difference in an increasingly competitive market where the products are becoming more and more similar.

The organisation's ability to benefit from the opportunities offered by digitalisation is crucial to underpinning the company's competitiveness. This applies to business processes with customers and manufacturers and to the company's internal processes. OEM's sales staff and product specialists are key people in the relationships with customers and manufacturers and, in line with OEM's business model, long-standing and trusting relationships are built through commitment and expertise.

Strong corporate culture

OEM's corporate culture is based on the watchwords – positive attitude, commitment, modesty, tenacity and openness. By

adopting a long-term approach, OEM has solidified the business into one coherent organisation that puts performance and well-being at its core.

Best service in the market

The sales professionals shall provide the customers with the best service in the market. OEM has high ambitions when it comes to the ability of the sales staff to identify and take maximum advantage of business opportunities. In order to meet these high standards, the sales staff must have extensive knowledge of the products and applications. Development of the sales team is a focus area and training programmes that run over several years

are provided. Newly-hired sales personnel attend internal and external courses aimed at promoting personal development and creating an efficient sales methodology. A solid background in sales also opens other career opportunities within OEM, such as sales manager or product manager.

Strong teams and clear targets

Employees are encouraged to contribute to the development of the company and shape their own careers by being interested, creative and goal-oriented. Experience of

Well-being and health are essential for enabling employees to perform and develop, and OEM has always made the well-being of its employees a central priority.



sales work or work within the product organisation is highly valued in career progression and the company encourages employees to move to positions in different parts of the company and different countries too. OEM has a management culture based on strong teams and clear targets. Each manager builds his or her team and sets clear goals for both the team and each individual. Considerable energy and effort is channelled into identifying and developing individuals with leadership qualities who can become future leaders, both locally and centrally. Most leaders are recruited internally.

Career progression is generally within the respective company. Complementing this are central initiatives, such as Group-wide talent-development programmes aimed at improving skills and building networks among the employees.

Attractive employer

OEM's long-term competitiveness is built on a pipeline of young talent and a workforce of employees who grow and develop long-term with the company. OEM therefore works continuously to improve its attractiveness as an employer to current and future employees. The employees' know-how and expertise are regularly updated through training in sales, technology, finance, IT and other areas, as part of their personal development. OEM encourages employees to continue developing their skills and abilities in different ways and the production of individual development plans is one of the activities. Business objectives are combined with individual goals to produce plans that facilitate the ongoing development of the skills of the employees. At annual performance appraisals, the contents of the personal development plans are discussed, completed activities are evaluated and plans for the coming year are established.

Strives to improve equality

OEM's sector is traditionally male-dominated, but the company strives for a more equal gender balance. All employees shall have equal opportunities based on their qualifications for the job, without regard to gender, religion, ethnicity, nationality, age, functional capability or sexual orientation. OEM has a stated goal to generally increase the number of female employees to

eventually increase the number of women in senior positions. In order to achieve this goal, OEM must increase the number of female applicants when recruiting, particularly within the services that work closely with customers and suppliers. In 2021, there was an increase in both the number of female employees in total and the number of women in senior positions.

Young employees add dynamism and drive

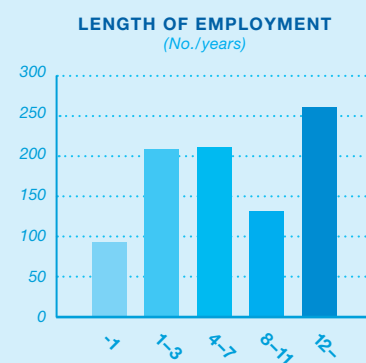
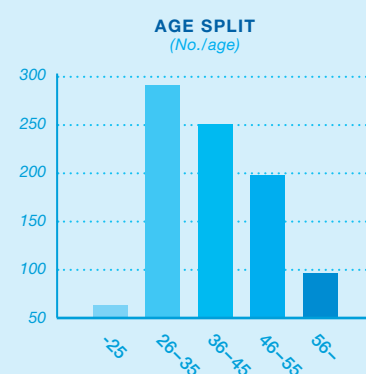
An important part of steadily building a strong, competitive organisation is to continuously hire young employees. Young engineers who are interested in technology and sales add dynamism and drive. Induction programmes and individual development plans enable new employees to quickly learn their duties and are assigned progressively more responsible work. OEM has a trainee programme for newly-graduated employees with degrees in engineering or economics and the potential to assume leadership responsibilities in the future. OEM also works collaboratively with several educational institutions, offering internship opportunities, guidance in thesis research projects and other assistance. This is a means of attracting future personnel and reaching out with information about OEM's business and operations.

Well-being and health for performance

Well-being and health are essential for enabling employees to perform and develop as individuals and in a team, and OEM has always made the well-being of its employees a central priority. Regular investments are made to create a safe, healthy and attractive workplace. The company also encourages its employees to adopt a healthy lifestyle by offering physical activity opportunities and preventive care and wellness initiatives. Activities designed to create cohesion and group dynamics are often conducted in conjunction with conferences and workplace meetings.

Employee numbers increased

Growth and new ventures resulted in an increase from 885 to 898 employees in 2021. OEM is continuously strengthening its organisation through recruitment, in particular within the sales and marketing area.



	2021	2020
Average no. of employees	886	894
Employees at year-end	898	885
Women (%)	21	20
Sick leave person/year (DAYS)	7	7
Training costs/employee (SEK 000)	2	2
Wellness costs/employee (SEK 000)	1	1

Our sustainability journey picks up speed

Sustainability is a key competitive tool for OEM and essential for continued economic growth and strong profitability. By focusing on economic stability, reduced negative impacts on the environment and high ethical standards, OEM also enhances its competitive advantage and position as an attractive employer. This is an ongoing process in which sustainability helps create a workplace where our employees are satisfied, able to develop and feel proud of representing their company.

CODE OF CONDUCT

Human rights

- 1) OEM supports and respects international human rights within the company's sphere of influence.
- 2) OEM shall not be complicit in human rights abuses.

Working rights

- 3) OEM upholds freedom of association and recognises the right to collective bargaining.
- 4) OEM has a zero-tolerance policy towards any type of forced or compulsory labour.
- 5) OEM has a zero-tolerance policy towards any type of child labour.
- 6) OEM is against all discrimination with regard to recruitment and the performance of work.

The environment

- 7) OEM supports the precautionary approach with regard to environmental hazards.
- 8) OEM undertakes initiatives to promote greater environmental awareness.
- 9) OEM encourages the development of environmentally-friendly technologies.

Anti-corruption

- 10) OEM is committed to countering corruption in all forms, including extortion and bribery.

Sustainability goals linked to Agenda 2030

For 2021, OEM introduced a sustainability development programme to clearly define its sustainability activities, set out the goals it aims to achieve, and strengthen the focus on sustainability within the Group. The first step was to conduct a stakeholder and materiality analysis to enable new sustainability targets for the Group to be put in place. The targets are linked to Agenda 2030 and some of its 17 goals.



Priority goals

OEM has prioritised 4 of the Global Goals based on the focal points and risk areas identified as having most significance to both OEM and the Group's stakeholders.



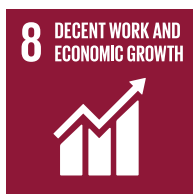
The priority goals also cover the three aspects of sustainability.

Environmental responsibility – The environmental impact from the Group's product and passenger transport, heating of premises, and products and packaging materials.

Economic and ethical responsibility – Financial stability and strength is essential for investment in sustainable business development. Ensure responsible business practices that represent human rights and oppose corruption.

Social responsibility – As a responsible employer, be able to offer employees skills development, a positive working environment, good health and safety, and oppose and prevent all forms of discrimination and harassment in the workplace.

OUR SUSTAINABILITY GOALS



OEM shall ensure sustainable economic growth and decent working conditions for employees of OEM and its suppliers.

- Minimum sales growth of 10% per annum through a business cycle.
RESULT 15%
- 100% of all employees shall have a performance appraisal during the year.
RESULT 95%
- The Employee Satisfaction Index shall be over 4.0 when the ESI survey is conducted.
RESULT 4.0
- Implement and measure the number of supplier assessments in 2021.
RESULT 140.



OEM is committed to reducing environmental impacts by lowering its carbon emissions.

- OEM shall measure, set targets and reduce emissions based on the GHG Protocol.
RESULT Scope 1: 976 tonnes of CO₂ (1,027 tonnes of CO₂)
Scope 2: 131 tonnes of CO₂ (159 tonnes of CO₂)
Scope 3: 2,155 tonnes of CO₂ (2,803 tonnes of CO₂)
- 100% renewable energy purchased through 2030.
RESULT OEM is already purchasing a significant amount of renewable energy today and makes this a priority when entering into new agreements.



OEM shall have an inclusive work environment where everyone has equal opportunities based on their qualifications for the job, without regard to gender.

- OEM shall increase the percentage of women as new hires with the aim of increasing the number of women in senior positions.
RESULT The number of female employees has risen from 20% to 21% and the number of female leaders from 15% to 18%



OEM shall apply its extensive knowledge of products and applications to help customers make sustainably-sound choices of components and solutions.

- 100% of the supplier assessments performed shall evaluate the supplier's and products' most significant environmental aspects and the quality performance of products.
RESULT The work has begun and will be further developed in 2022
- OEM shall communicate products that are good from a sustainability perspective more clearly in its marketing communications and sales processes.
RESULT This is already a natural part of the sales process and marketing communications today. The focus in 2022 will be on developing this further

Focus on sustainability at every stage

OEM's Board of Directors has, through the Group management, the ultimate responsibility for the Group's sustainability-related activities. The operational responsibility lies in a decentralised corporate culture in the companies. The companies have set their own targets and activity plans based on the overall sustainability goals of the Group. The sustainability board, with representatives from the larger companies, coordinate and ensure a high level of quality and focus on the sustainability work across the whole Group. Employees play a key role in identifying any non-conformances and are able to report suspected wrongdoing via a whistleblowing system. This is fully in line with OEM's commitment to a culture of openness and high ethical standards. This working model allows OEM to assure focus, quality and responsibility in sustainability practices at every stage. If necessary, the Parent Company further supports these activities with tools and processes.

GHG Protocol reporting

OEM reports emissions of greenhouse gases as defined by the GREENHOUSE GAS PROTOCOL (GHG Protocol), which is one of the most widely used emissions reporting standards in the world. The GHG Protocol requires emissions to be broken down into 3 categories, or scopes, where OEM focuses on reporting in accordance with scopes 1 and 2, and keeps to goods transport and business travel in scope 3.

- Scope 1** Direct greenhouse gas emissions over which the business has control.
- Scope 2** Indirect greenhouse gas emissions from electricity, district heating, district cooling and steam.
- Scope 3** Other indirect greenhouse gas emissions arising in the value chain.



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Five-year Group summary

SEK million

FROM THE STATEMENT OF INCOME	2021	2020	2019	2018	2017
Sweden	2,322	2,010	1,992	1,866	1,668
Overseas	1,452	1,273	1,306	1,246	1,071
Net sales	3,774	3,283	3,299	3,112	2,739
Operating income before depreciation and amortisation	648	483	444	376	338
Amortisation/depreciation	-69	-74	-73	-53	-56
Profit/loss from financial items	-2	-8	-4	-6	-8
Profit before tax	576	401	367	317	274
Tax	-119	-84	-78	-69	-60
PROFIT/LOSS FOR THE YEAR	457	317	289	248	214
EBITA	590	422	385	343	308

FROM THE STATEMENT OF FINANCIAL POSITION	2021	2020	2019	2018	2017
Intangible fixed assets	177	187	195	193	201
Property, plant and equipment	344	324	342	260	251
Financial assets and deferred tax assets	7	9	4	3	2
Inventories	738	579	629	569	494
Current receivables	644	517	512	501	478
Cash and cash equivalents	145	376	42	38	56
TOTAL ASSETS	2,054	1,992	1,725	1,563	1,482
Equity	1,374	1,366	1,066	926	804
Non-current liabilities	139	145	144	135	146
Current liabilities	541	481	514	502	532
TOTAL EQUITY AND LIABILITIES	2,054	1,992	1,725	1,563	1,482

In the table above, IFRS 16 Leases is applied for 2019 - 2021. IAS 17 Leases is applied for the comparative figures for 2017-2018.

Definitions can be found on page 92.

KPIs for the last five years

OEM GROUP		2021	2020	2019	2018	2017
Net sales	SEK million	3,774	3,283	3,299	3,112	2,739
of which overseas	%	38.5	38.8	40.0	40.0	39.1
Group's profit before tax	SEK million	576	401	367	317	274
Consolidated profit for the year	SEK million	457	317	289	248	214
EBITA	SEK million	590	422	385	343	308
Return on total capital	%	29.2	22.7	22.9	22.5	21.8
Return on capital employed	%	41.1	31.9	33.3	33.0	32.2
Return on equity	%	33.4	26.1	29.0	28.7	28.3
Debt/equity ratio	times	0.07	0.08	0.16	0.16	0.25
Interest coverage ratio	times	191.5	123.6	94.1	85.1	72.6
EBITA margin	%	15.6	12.9	11.7	11.0	11.2
Operating margin	%	15.3	12.4	11.3	10.4	10.3
Profit margin	%	15.2	12.2	11.1	10.2	10.0
Capital turnover rate	times/yr	1.84	1.65	1.91	1.99	1.85
Net sales/employee	SEK million	4.3	3.7	3.7	3.5	3.3
Equity/assets ratio	%	66.9	68.6	61.8	59.2	54.2
Operating cash flows	SEK million	319	469	291	217	192
Quick ratio	%	146	186	108	107	100
Average number of shares outstanding*	thousands	69,322	69,322	69,322	69,322	69,322
Earnings per share*	SEK	6.59	4.58	4.17	3.58	3.08
Average total number of shares*	thousands	69,508	69,508	69,508	69,508	69,508
Earnings per share*	SEK	6.58	4.56	4.16	3.57	3.08
Shareholders' equity per share*	SEK	19.77	19.65	15.34	13.32	11.56
Proposed dividend*	SEK	2.75	2.50	-	2.25	2.00
Quoted price as per 31 December*	SEK	185.40	103.00	83.33	63.50	59.00
P/E ratio	times	28.2	22.6	20.0	17.8	19.2
Direct return	%	1.5	2.4	-	3.5	3.4
Average no. of employees	No.	886	894	887	882	824
Salaries and remuneration	SEK million	423	396	393	377	338

In the table above, IFRS 16 Leases is applied for 2019 - 2021. IAS 17 Leases is applied for the comparative figures for 2017-2018.

Definitions can be found on page 92.

* The key performance indicators for 2017-2020 have been adjusted to reflect the 4:1 share split and automatic redemption of every fourth share in Q2 2021. Earlier periods have been adjusted by a factor of 3, since the financial implication is a 3:1 split combined with an extraordinary dividend.

The Board of Directors and the Managing Director of OEM International AB (publ.), CRN 556184-6691, with its headquarters in Tranås, Sweden, hereby present the Annual Report and the consolidated financial statements for the 2021 financial year. The Annual Report and the Consolidated Financial Statements, including the Auditor's Report, are given on pages 31-88. Figures for 2020 are given in brackets.

THE GROUP

Business operations

OEM is a leading technology trading group operating in 14 selected markets in northern Europe, East Central Europe, the UK and China. Operations are conducted in subsidiaries in the Nordic countries, the UK, Poland, the Czech Republic, Slovakia, the Netherlands, Hungary, Estonia, Latvia, Lithuania and China.

OEM is a value-adding link between its customers and leading manufacturers of products and systems for industrial applications. As one of Europe's leading technology trading groups, OEM brings value to its customers by offering an extensive range of products coupled with considerable technical product and applications expertise. With a strong marketing and sales organisation, OEM serves as the extended arm of the suppliers in each market and aims to make them a leading player in their niche. This makes OEM the best distribution channel for its suppliers in OEM's markets.

Its extensive range of industrial components comprises products in the areas of electrical components, flow technology, installation components, ball bearings and seals, motors, transmissions, brakes and appliance components. The range is constantly evolving with the addition of new products and the replacement or discontinuation of unprofitable products.

The clearly-defined product range that is marketed in each region and the added values created by the organisation form a distinct brand concept. The brand concepts are launched on new geographic markets as they grow in strength.

The Group is structured and primarily managed as three market regions,

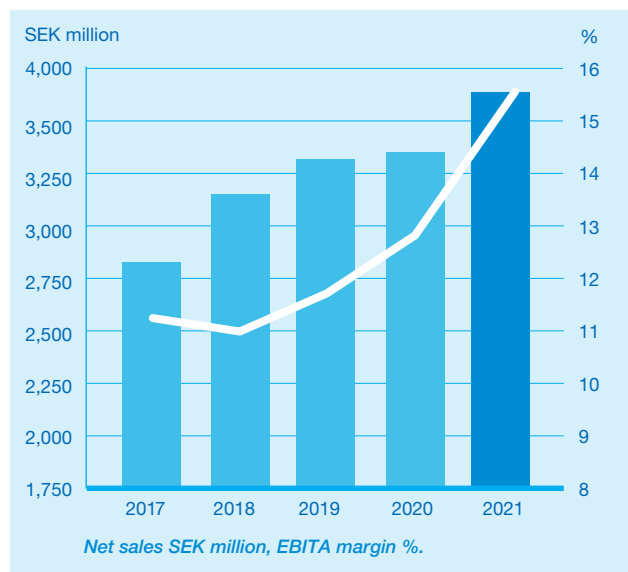
- Sweden,
- Finland, the Baltic states and China,
- Denmark, Norway, UK and East Central Europe.

The objective of this organisation is to consolidate OEM's long-term competitive edge and increase growth outside of Sweden.

OEM's Class B share is listed on NASDAQ Nordic Mid Cap in Stockholm.

Incoming orders, net sales and profit

Incoming orders during the year increased by 24 % to SEK 4,177 million (3,368). At SEK 926 million, the order book was 80 % up on the corresponding date of the previous year.



Net sales reached SEK 3,774 million (3,283), which is a 15 % rise on the previous year. Excluding the negative 2 % impact from movements in exchange rates, net sales showed a 17 % increase. Acquisitions had no impact on net sales in the full-year 2021. Sales in 2021 have reached record levels, due in part to the industry's recovery from last year's slump in production. The entities with the highest percentage sales growth for the year were the Swedish operations of Internordic Bearings, Elektro Elco and Svenska Batteripoolen, the operations of Finnish OEM Automatic, RauHeat, Akkupojat, Components and Hide-a-lite, and the operations in China, the UK, Slovakia and the Baltic states.

Operating profit before amortisation of acquisition-related intangible fixed assets (EBITA) increased 40 % during the year to SEK 590 million (422). The increase is predominantly due to the growth in sales which improved the gross margin. The operating margin before amortisation of acquisition-related intangible fixed assets (EBITA margin) was 15.6 % (12.9 %).

Profit before tax was SEK 576 million (401) and profit after tax rose 44 % to SEK 457 million (317).

The year's profit after tax corresponds to SEK 6.59 (4.58) per share outstanding.

Region Sweden

Sales are conducted under the names of OEM Automatic, OEM Electronics, OEM Motor, Internordic Bearings, Telfa, Elektro Elco, Nexa Trading, Svenska Batteripoolen, Agolux, Ernst Hj Rydahl Bromsbandfabrik and ATC Tape Converting.

Net sales rose 16 % to SEK 2,325 million (2,013). Changes in exchange rates had an adverse 2 % impact on net sales, which means that the organic growth in the region reached 18 %. The operations reporting strongest growth are Internordic Bearings, Elektro Elco and Svenska Batteripoolen, which increased sales by 36 %, 28 % and 24 % respectively in the period. OEM Automatic, the Group's largest company, saw an 11 % year-on-year increase in sales.

Incoming orders increased by 23 % to SEK 2,559 million (2,085). During 2021, incoming orders were 10 % higher than net sales.

EBITA rose 32 % to SEK 398 million (303). The increase in revenue is predominantly due to the growth in sales which improved the gross margin.

Region Finland, the Baltic states and China

Sales are conducted under the names of OEM Automatic, Akkupojat, Hide-a-lite, OEM Electronics, Motor/Bearings and Rauheat.

Net sales for the region increased in 2021 by 14 % to SEK 791 million (695). Changes in exchange rates had an adverse 3 % impact on net sales, which means that the organic growth in the region reached 17 %. The operations that reported strongest growth are RauHeat, Akkupojat and Hide-a-lite, which increased sales by 25 %, 24 % and 22 % respectively. The entity in China increased sales by 22 % and the entities in the Baltic states by 20 %. The largest entity in the region, OEM Automatic, increased sales by 13 %. The operations in the Baltic states and China are small and their impact on total growth in the region is marginal.

Incoming orders for the region increased by 25 % to SEK 874 million (698). Incoming orders were 10 % higher than net sales.

EBITA rose 42 % to SEK 118 million (83), due primarily to increased sales which improved the gross margin.

Region Denmark, Norway, the UK and East Central Europe

Sales are conducted under the names of OEM Automatic, OEM Automatic Klitsø, OEM Electronics and Zoedale.

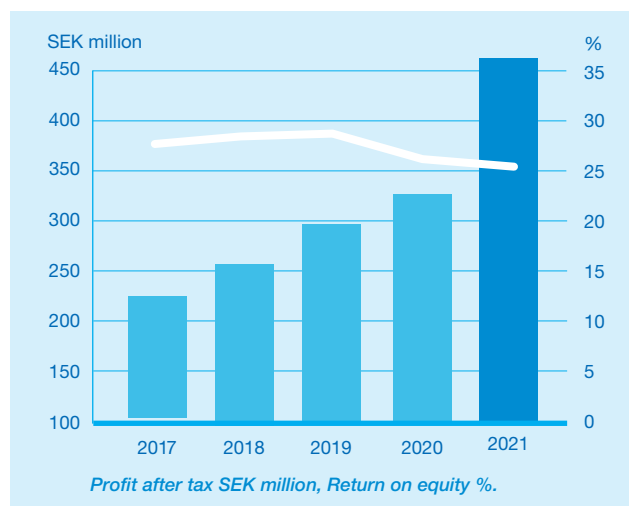
Net sales rose in the full-year 2021 by 14 % to SEK 655 million (575). Acquisitions boosted net sales by 2 % while changes in exchange rates had an adverse 2 % impact, delivering positive organic growth of 14 % in the region. The operations in the UK and Slovakia reported growth of 30 % and 25 % respectively during the year.

Incoming orders increased by 27 % to SEK 744 million (586). During 2021, incoming orders were 14 % higher than net sales.

During 2021, EBITA rose 43 % to SEK 56 million (39) and was impacted positively by the growth in sales which improved the gross margin.

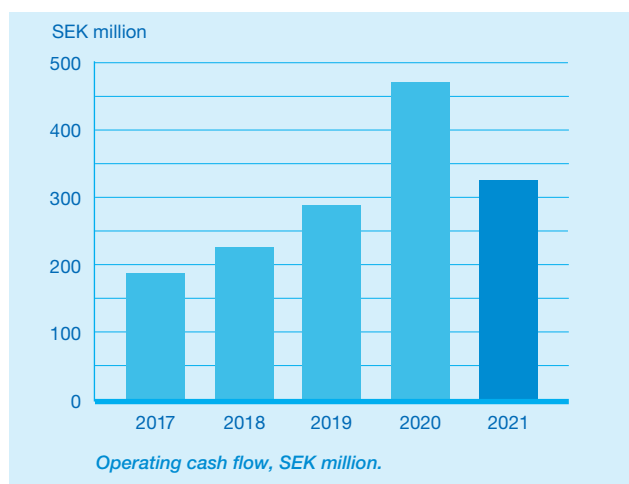
Profitability and financial position

Return on capital employed was 41.1 % (31.9 %). Return on equity was 33.4 % (26.1 %) which exceeds the Group's financial target of 20 % through a business cycle. The Group's equity/assets ratio at year-end was 66.9 % (68.6 %). Shareholders' equity per share calculated on the aggregate number of shares was SEK 19.77 (19.65). Cash and cash equivalents, comprising cash and bank balances, amounted to SEK 145 million (376). The Group's cash and cash equivalents, together with committed undrawn credit facilities, amounted to SEK 549 million (762) at year-end.



Cash flow

Operating cash flow was SEK 319 million (469). The year's cash flow was SEK -233 million (337) after net investments of SEK -54 million (-34) and amortisation, new loans and paid dividends and redemption totalling SEK -498 million (-97).



Investments

The Group's gross investment for the year, excluding acquisitions, was SEK 7.7 million (7.9) in machinery and equipment, SEK 43.2 million (0.4) in buildings and land, and SEK 0.4 million (0.3) in other intangible fixed assets comprising software.

Group changes

On 1 October 2021, OEM acquired the customer base and inventory of the division of Norwegian Export Import AS in Norway that is engaged in the trading of jump starters. The division reports revenues of approximately SEK 5 million. Sales will be conducted through Svenska Batteripoolen AB which is part of Region Sweden.

A Group-wide programme is in progress aimed at achieving a simpler, more distinct legal Group structure through mergers and voluntary liquidations.

Employees

At year end, the headcount was 898 (885), an increase of 13 employees. The average number of employees during the year was 886, compared with 894 in the previous financial year. 21 % (20 %) of the employees are women. Absence due to illness stands, on average, at 7 days per person, which is the same number of days as last year. OEM encourages a healthy lifestyle through various forms of exercise and preventive healthcare. The average cost of training per employee is SEK 2,000 (2,000). Further information is provided in Note 5.

Risks and risk management

OEM's results, financial position and strategic position are affected by a number of internal factors over which OEM has control and a number of external factors where the opportunity to influence the chain of events is limited.

The most important risk factors include the economic situation in combination with structural changes, the competitive situation and the dependence on suppliers and customers. The main financial risks are currency risk in purchase transactions and translation risk in net investment in foreign operations. A description of the financial instruments, and how OEM manages financial risks, is presented in Note 24.

Economy

OEM is affected by the general development of the economy, which is usually measured in terms of GDP growth. The Group operates in a wide range of sectors and geographic areas which lessens the impact of economic fluctuations in specific industries and geographic markets on its business.

Structural changes

OEM is affected by structural changes in the market, for example, customers want fewer suppliers, rapid developments in technology or competition from lower-cost countries.

OEM works actively to increase the value of its product offering, regardless of customer group. This has clearly contributed to the Group's performance and to the fact that it continues to be a priority supplier for many customers. By working alongside the customers, it is possible to capture trends and know when it is commercially justifiable to enter a new product area in order to keep abreast of advances in technology. OEM offers a high level of service and expert technical advice to offset the effects of competition from lower-cost countries. OEM also strives to establish close links with customers by becoming involved during planning and development stages when OEM's employees are able to help customers by providing expert input for different processes.

Dependence on suppliers and customers

Its dependence on individual suppliers is one of the key operational risks to which a single subsidiary can be exposed. In order to minimise this risk, the subsidiaries work close to their suppliers in order to create strong relationships on several levels. Furthermore, the majority of the suppliers are represented on several markets, which strengthens the relationships. The relationships are based on long-term, close collaborative partnerships. The Group has more than 400 suppliers in total. No supplier accounts for more than 3 % of total Group sales. The expiration and addition of a number of supplier agreements each year is a normal part of the business.

OEM has a broad customer structure, with approximately 30,000 customers spread across several industrial segments and geographic markets. No customer accounts for more than approximately 4 % of total Group sales, which is 1 percentage point more than the previous year.

Competitive situation

Restructuring and consolidations in the industrial trading sector are continuously changing the competitive situation. Economies of scale can lead to a price squeeze, but OEM's strategy includes reaching market-leading positions with a portfolio of products and services where the price is not the decisive factor.

The impact of COVID-19 on the OEM Group

Sales in 2021 have reached record levels, due in part to the industry's recovery from last year's slump in production. Restrictions and infection rates have meant that the Group has limited its travel and marketing activities, resulting in lower costs. Business-related travel was resumed in the latter part of the second quarter and increased gradually during the autumn. Employees at all Swedish entities returned to work at their respective offices at the beginning of October and the companies in other markets have complied with local recommendations.

The health of our employees, suppliers and customers is OEM's main concern and, even though the restrictions have been eased in many countries, we continue to carefully monitor the pandemic. The management of each company is updated on the regulations and recommendations of the respective country and adapts operations as changes occur.

No government support grants were applied for or received in 2021. Financial support received from the government in 2020 for short-term work and sick pay in Sweden and government funding for temporary staff redundancies in Denmark, Norway and the UK have been recognised as revenue in Other Operating Income in the condensed consolidated statement of income. The government has not yet confirmed the support for short-term work in Sweden for all companies, but the expectation is that the companies in the OEM Group that are still waiting for a decision are eligible for the funding.

Events after the close of the reporting period

Events arising from Covid-19 are described separately above.

On 13 January 2022, OEM acquired Demesne Electrical Sales Limited in Ireland. The company has an annual turnover of approximately SEK 205 million. The company is Ireland's leading independent importer and distributor of electrical control, switch-gear, energy-saving and installation products. The acquisition is expected to have a positive impact on OEM's profit in 2022. Additional information is given in Note 4 *Acquisitions*.

Russia's invasion of Ukraine at the end of February has led to a sharp escalation of geopolitical tensions which is having a significant effect on international trade. OEM does minimal business with Ukraine and Russia, but has OEM customers with sales in both these countries. The war also gives rise to increased uncertainty about the economic outlook. Group management and the management team of each company are monitoring developments closely and have close working relationships with customers and suppliers. Strategies and activities are being adapted in response to the developing situation.

Otherwise, there are no other significant events to report after the close of the reporting period.

Expectations of future development

The most important tasks for the Group are to focus on growth and to continue improving the profitability of existing operations. Added to this are the sales and earnings resulting from successful acquisitions.

The Group maintains its aim of increasing sales outside of Sweden.

OEM's objective is to achieve a good return on shareholders' equity with limited financial risks during stable growth.

The targets for one business cycle are:

- at least 10 % annual sales growth,
- a minimum EBITA margin of 10 %,
- at least 20 % return on equity,
- an equity/assets ratio that does not drop below 35 %.

OEM is well placed for further expansion with its strong market position, financial performance and organisation. However, amid the current global state of affairs, there is general uncertainty about economic developments. The Group has not issued a forecast for 2022.

Research and development

OEM conducts research and development activities of its own on a limited scale. Development is mainly conducted by the suppliers themselves using market demand data provided by the companies.

Environmental impact

In 2021, OEM had a Swedish subsidiary whose operations require licens-

ing or registration under the Swedish Environmental Code. The operations requiring registration represent an insignificant portion of the company's total operations. None of the Group's companies are involved in any environment-related disputes. OEM's focus on trade means that the greatest environmental impact comes from transportation, environmentally harmful substances, printed materials, packaging materials and heating. OEM takes a structured approach in all of these areas to find the best environmental solutions and support development initiatives in these areas.

The OEM Group's environmental policy dictates continuous efforts to minimise its external environmental impact in the short term and long term.

Sustainability report

In compliance with Chapter 6, Section 11 of the Swedish Annual Accounts Act (ÅRL), the company has decided to publish its sustainability report, which is required by law, separately from its Annual Report. The sustainability report is available for viewing at www.oem.se.

PARENT COMPANY

The Parent Company is to be an active owner and develop the subsidiaries. In addition to clear management-by-objectives, this means contributing expertise and resources in the fields of IT, financial control, HR administration, market communication, and quality and environmental control.

The Parent Company's net sales were SEK 83 million (57). Net sales relate entirely to services to subsidiary companies. Profit before year-end appropriations and tax amounted to SEK 106 million (55).

With regard to non-financial information, the Group's information also includes the Parent Company, where applicable. The financial position of the Parent Company is dependent on the financial position and growth of the subsidiaries. The Parent Company is therefore indirectly affected by the risks that are described in the section *Risks and Risk Management*.

Guidelines for remuneration of senior executives

The policies for remuneration of senior executives adopted at the 2021 Annual General Meeting are presented in Note 5.

The remuneration of the Chairman and Members of the Board of Directors is paid in accordance with the resolution of the Annual General Meeting. The chairperson of the Audit Committee will receive remuneration of SEK 60,000. No other special fees are paid for work on committees.

The Board proposes that the 2022 Annual General Meeting adopts the following guidelines for remuneration of senior executives within the OEM Group. The guidelines cover remuneration of the Managing Director, Group management and other managers who report directly to the Managing Director.

OEM's vision is that the company shall be a leading technology trading group in industrial components and systems in selected markets in Northern, Central and East Central Europe. To realise this vision, the company has defined five strategic areas; growth, product range, marketing activities, logistics, and employees and leaders. These are important to the company's future development and success and to the achievement of its financial targets. It is important that OEM has senior executives with a focus on business acumen, a strong commitment to the company, and a sustainable leadership that promotes the long-term interests of the company. The level of remuneration of senior executives shall enable the company to retain qualified leaders within the organisation in the long term and also ensure it is able to recruit qualified leaders both externally and internally.

Market-competitive salaries and other remuneration terms shall apply for senior executives. Share-based compensation, so-called incentive schemes are to be decided by the Annual General Meeting.

Variable remuneration may be provided, capped at the equivalent of eight monthly salaries. The variable remuneration shall be linked to the company's financial targets and based on performance during a calendar year.

Senior executives shall have premium-based pension schemes, capped at 30 % of fixed pay. The maximum period of notice given by the company shall be 24 months and shall also include the obligation to work during the period of notice. Employment agreements shall not contain provisions for severance pay.

The Board of Directors may waive these guidelines in individual instances

should there be special reasons for doing so. Any deviation from the guidelines by the Board of Directors shall be reported in the remuneration report for the next Annual General Meeting.

Shares

OEM shares

The share capital of the company consists of 69,507,927 shares, which are 14,231,088 Class A shares and 55,276,839 Class B shares. One Class A share entitles its holder to ten voting rights and one Class B share to one voting right. The face value per share is SEK 0.56.

Repurchase of own shares

With the objective to improve the Group's return on shareholder's equity and earnings per share, the Board of Directors obtains shareholder approval at the Annual General Meeting to grant OEM International AB the authority to repurchase its own shares. The authorisation of the Annual General Meeting is for the repurchase of up to 10% of the shares, which is 6,950,793 shares.

In 2011, the company repurchased 185,541 shares at an average price of SEK 17.75. No shares have been repurchased during the period 2012 - 2021. The company's total shareholding was 185,541 shares on 31 December 2021. This represents 0.3% of the total number of shares.

The 2022 Annual General Meeting will propose that shareholders resolve to renew the mandate for the repurchase of up to 10% of the number of shares.

Share split and redemption procedure

Given OEM International's strong financial position and as a step in the process of changing the company's capital structure, a 4:1 share split combined with an automatic redemption procedure was carried out in 2021. This process gave each shareholder three (3) new shares and one (1) redemption share, which was redeemed for SEK 12.50 per share. This amounts to a transfer of SEK 289 million to the shareholders. Key indicators are adjusted by a factor of 3, since the financial implication of the transaction is a 3:1 split combined with an extraordinary dividend.

Other information

The Board of Directors is appointed by the Annual General Meeting. The Articles of Association contain a preemption clause which states that if Class A shares are transferred from one shareholder to another shareholder in the company, or to someone not previously a shareholder in the company, the shares shall be offered immediately to the other holders of Class A shares for redemption through a written application to the company's Board of Directors. The Articles of Association also include a conversion provision enabling holders of Class A shares to convert all or part of their holding of Class A shares into Class B shares. If the company decides to issue new shares of Class A and B, through cash issue or set-off, owners of Class A and B shares shall have preferential rights to subscribe for new shares of the same type.

Proposed dividends

The Board of Directors is proposing a dividend payment of SEK 2.75 (2.50) per share, which represents a payout of SEK 191 million. The complete proposal for profit allocation is presented in Note 31.

Proposed share split and redemption procedure

To facilitate trading of company shares and alter the company's capital structure, OEM's Board of Directors proposes a 3:1 share split combined with an automatic redemption procedure. This procedure splits each existing share in the company into three shares, one of which is a redemption share. The redemption share will be redeemed for SEK 3.25.

CORPORATE GOVERNANCE STATEMENT

Introduction

OEM International AB (the company) applies the Swedish Code of Corporate Governance (the Code) in accordance with the NASDAQ Stockholm's rules for issuers. The Code is aimed at creating good prerequisites for an active and conscientious owner role and constitutes an element in the

self-regulation of Swedish enterprise. It is based on the "comply or explain" rule, which means that non-compliance with a term of the Code is not a breach provided there is an acceptable reason that can be explained. OEM International has noted a non-conformance with the rules of the Code concerning the Nomination Committee. The non-conformance is explained in detail under the heading Nomination Committee.

Division of responsibilities

The purpose of corporate governance is to create a clear division of roles and responsibilities between the owners, the Board of Directors and the executive management. Corporate governance in OEM is based on the Swedish Companies Act and other legislation and regulations, the rules applicable to companies listed on the stock exchange, the Articles of Association of the company, the internal governing instruments of the Board of Directors, the Swedish Code of Corporate Governance and other internal guidelines and regulations.

Shareholders

OEM International AB is a public company and was listed on the Stockholm Stock Exchange in December 1983. OEM International AB had 5,739 shareholders at the end of 2021. The ten largest shareholders controlled 66% of the share capital and 88% of the voting rights at year-end. The following shareholders had, directly or indirectly, shareholdings representing at least one-tenth of the number of voting rights for all shares in the company: Orvaus AB 27.7%, Siv Franzén 21.3% and Agne Svenberg 18.3%.

Articles of Association

The Articles of Association stipulate that OEM International AB is a public company whose business is to "engage in sales of automatic components and carry on any and all activities compatible therewith".

The share capital amounts to SEK 38,615,515 and the number of shares to 69,507,927 divided into 14,231,088 Class A shares which carry 10 voting rights, and 55,276,839 Class B shares which carry one voting right each.

The company's Board of Directors is to consist of not less than four and not more than seven members. The company shall have at least one auditor appointed by the Annual General Meeting and a deputy auditor if the elected auditor is not an auditing firm.

Notice of annual general meetings and extraordinary general meetings convened for the purpose of amending Articles of Association must be issued between six and four weeks before the meeting and resolutions must be supported by shareholders with at least two-thirds of both the voting rights and the shares represented at the meeting. Notice of an extraordinary general meeting convened for other purposes shall be issued no later than three weeks prior to the meeting. Notice of an annual general meeting shall be published in the "Post- och Inrikes Tidningar" newspaper and on the company's website. It must be announced in Svenska Dagbladet that notice has been issued.

No limitation to the number of voting rights for represented shares applies to voting at the general meeting.

There is a pre-emptive clause regarding the A Class shares and a priority clause in connection with a cash or set-off issue. The current Articles of Association were adopted at the 2021 Annual General Meeting and can be viewed on the company's website, www.oem.se (see under For Investors/Corporate Governance/Articles of Association).

Annual General Meeting

The Annual General Meeting is the highest decision-making body in OEM International AB where the shareholders exercise their voting rights. The Annual General Meeting passes resolutions concerning the adoption of the Statement of Income for the Group, the Statement of Comprehensive Income for the Group, the Statement of Financial Position for the Group and the Income Statement and Balance Sheet for the Parent Company, distribution of dividends, election of Board of Directors and, where applicable, election of auditors, remuneration of Board Members and other senior executives, remuneration of auditors and other business in accordance with the Swedish Companies Act and the Articles of Association of the Company. The Annual General Meeting is to be held in the municipality of Tranås within six months of the end of the financial year. All shareholders entered in the share register prior to the meeting who have registered their

participation are entitled to participate and vote for their total shareholding.

In order to be able to exercise their voting rights at the Annual General Meeting, shareholders who have registered their shares in the name of an authorised agent must temporarily re-register their shares in their own name in accordance with what follows from the notice to the Annual General Meeting. Shareholders can be represented by agents. Minutes of the Annual General Meeting are available for viewing on the company's website, www.oem.se (see under For Investors/Corporate Governance/Annual General Meeting).

Shareholders who represented 70.3% of the total number of shares and 89.6% of the voting rights attended the 2021 Annual General Meeting held on 22 April 2021. Petter Stillström was appointed to chair the Annual General Meeting. The annual report and the Auditor's Report were presented at the Meeting. In connection therewith, the Chairman of the Board Petter Stillström submitted information about the work of the Board. Petter Stillström, member of the Audit Committee, reported on the work of the Audit Committee and its cooperation with the auditors. The company's Managing Director and CEO, Jörgen Zahlin had presented a written summary of the company's business activities for 2020.

The 2021 Annual General Meeting decided:

- to approve a dividend of SEK 7.50 per share.
- to elect Petter Stillström, Ulf Barkman, Mattias Franzén, Richard Pantzar, Jörgen Rosengren, Per Svenberg and Åsa Söderström Winberg as members of the Board of Directors
- to elect Petter Stillström as Chairman of the Board
- to adopt the proposal of the Nomination Committee that the Nomination Committee should be made up of representatives of not less than three and no more than four of the largest shareholders and that the Chairman of the Board should act as Chairman of the Nomination Committee
 - to adopt the proposal of the Board of Directors that remuneration received by senior executives from OEM International AB is mainly comprised of fixed and variable components. The remuneration shall be market-competitive and the variable amount shall be capped at eight monthly salaries. The company's management shall have market-competitive, premium-based pension schemes, capped at 30% of fixed remuneration.
- to implement an automatic redemption procedure to split each share into four shares (a 4:1 share split), one of which will be a redemption share. Each redemption share is automatically redeemed for SEK 12.50. The automatic redemption procedure included the following decisions:
 - a) Amend the Articles of Association that relate to limits on the number of shares.
 - b) Implementation of a share split
 - c) Reduction of the share capital through redemption of shares
 - d) Increase of the share capital through a bonus issue
- to be allowed to issue up to 5,400,000 new Class B shares in connection with business combinations, in line with the proposal of the Board of Directors.
 - to adopt the proposal of the Board of Directors to repurchase a maximum of 10% of the company's shares.

The 2022 Annual General Meeting will be held on 26 April 2022 in Tranås.

Nomination Committee

At the Annual General Meeting held on 22 April 2021, it was decided that the Nomination Committee shall comprise one representative from each one of no less than three and no more than four of the company's largest shareholders and the Chairman of the Board, unless he/she is a member as a shareholder representative. If a shareholder does not exercise his/her right to appoint a member, the next largest shareholder in terms of voting rights is entitled to appoint a member in the Nomination Committee. The names of the members and the names of the shareholders they represent shall be published at least six months before the 2022 Annual General Meeting and shall be based on the known number of votes immediately before publication. The term of office of the Nomination Committee shall run until a new Nomination Committee is appointed. The Chairman of the Nomination Committee shall be the Chairman of the Board.

Should there be any significant changes in the company's ownership structure after the appointment of the Nomination Committee, the composition of the Nomination Committee shall also be changed in line with

the principles above. Shareholders who appointed a representative to be a member of the Nomination Committee shall be entitled to dismiss such a member and appoint a new one and also appoint a new representative if the member appointed by the shareholder chooses to withdraw from the Nomination Committee. Changes to the composition of the Nomination Committee shall be published as soon as such changes are made. The composition of the Nomination Committee was published on 14 October 2021. The composition of the Nomination Committee is available for viewing on OEM's website, www.oem.se, under For Investors/Corporate Governance/Nomination Committee. The Nomination Committee shall prepare proposals for the following items of business to be presented for resolution at the 2022 Annual General Meeting:

- proposal for a Chairman for the Meeting
- proposal for members of the Board of Directors
- proposal for Chairman of the Board of Directors
- proposal for remuneration of the Board of Directors
- proposal for remuneration for any committee work
- proposal for auditors
- proposal for auditors' fees
- proposal for a resolution regarding the Nomination Committee

The Nomination Committee shall discharge its duties as required by the Swedish Code of Corporate Governance and may, if necessary, take independent professional advice at the company's expense in the furtherance of its work.

The Nomination Committee for the 2022 Annual General Meeting is composed of:

- Petter Stillström (AB Traction), Chair
- Richard Pantzar (Orvaus AB)
- Mattias Franzén (Siv Franzén)
- Agne Svenberg

Ongoing dialogue is conducted within the Nomination Committee which held a minuted meeting where it acquainted itself with the assessment of the work of the Board of Directors during the past year and it discussed the composition of the Board of Directors.

The Nomination Committee's proposals to the Annual General Meeting will be presented in the notice of the Annual General Meeting and on the company's website.

The composition of the Nomination Committee above deviates from the regulations of the Code, which stipulate that the majority are members of the Board, that not more than one of the Board Members on the Committee may be dependent on large shareholders and that a Board Member should not be a Chairman of the Nomination Committee. It is deemed that it is reasonable for a company of this size to have a Nomination Committee that is represented by the largest shareholders and that these also serve as Board Members.

THE BOARD

Composition of the Board of Directors

The Articles of Association require that the Board of Directors shall comprise not less than four and not more than seven members elected by the Annual General Meeting for the period until the end of the next Annual General Meeting. Since the 2021 Annual General Meeting, the Board has consisted of the following members, all of them elected by the Annual General Meeting: Petter Stillström (Chair), Ulf Barkman, Mattias Franzén, Richard Pantzar, Jörgen Rosengren, Per Svenberg and Åsa Söderström Winberg. All Board Members are independent with regard to the company and the company's management. Board members Ulf Barkman, Jörgen Rosengren and Åsa Söderström Winberg are independent from the company and the company's management, and also from the company's major shareholders. Additional information about the members of the Board elected by the General Meeting is given in the section about the Board of Directors on page 38 in this Annual Report and on the company's website, under For Investors/Corporate Governance/Board of Directors.

The Nomination Committee takes age, gender, education, professional background and other aspects of diversity into consideration when

nominating candidates to fill Board vacancies. The composition of the Board should be appropriate for the company's business operations, stage of development and conditions in general, characterised by diversity and a breadth of skills, experience and backgrounds among its members. The above provides the Nomination Committee with a good basis on which to appraise whether the composition of the Board is satisfactory and whether the requirement for skills, breadth and experience has been met.

Chairman of the Board

It is the duty of the Chairman of the Board, Petter Stillström, who was re-elected as Chair at the 2021 Annual General Meeting, to ensure that the work of the Board is conducted efficiently and that the Board discharges its duties as required by the Swedish Companies Act, other legislation and regulations, rules applicable to companies listed on the stock exchange (including the Code) and the Board's internal governing instruments. It is the Chairman's task to ensure that the Board continuously updates and deepens its knowledge about the company and receives satisfactory data and decision-making information for its work, to establish the agenda for the meetings of the Board in consultation with the Managing Director, to verify that the decisions of the Board are implemented and ensure that the work of the Board is assessed annually. The Chairman of the Board represents the company in ownership issues.

Duties of the Board

Each year, the Board establishes written rules of procedure that regulate the Board's work and its mutual division of responsibilities, including its committees, the decision-making procedure in the Board, the Board's meeting procedure and the Chairman's duties. The Board has also issued an instruction for the Managing Director, which regulates his duties and reporting obligation to the Board of Directors. As necessary, the Board also reviews and approves policies concerning the Group, such as the treasury policy. The Board monitors the work of the Managing Director by regularly reviewing operations during the year. It is responsible for purposefully structuring the organisation, and the procedures and guidelines for the management of the company's business. It is also responsible for ensuring that there is a satisfactory system of internal control. The Board is also responsible for the development and follow-up of the company's strategies, decisions concerning acquisition and sale of operations, major investments, appointments and remuneration of the Managing Director and other senior executives as stated in the guidelines adopted by the Annual General Meeting. The Board of Directors and the Managing Director present the annual report to the Annual General Meeting.

Work of the Board

In accordance with the adopted rules of procedure, the Board of Directors holds at least six ordinary meetings per year plus an inaugural meeting after the Annual General Meeting and whenever necessitated by the situation.

During 2021, the Board had a total of 7 meetings, including the inaugural meeting.

All members of the Board attended all Board meetings and all resolutions have been passed unanimously by the Board of Directors.

The secretary of the Board is the company's CFO. Other company employees take part in the meetings of the Board in connection with the presentation of specific issues or when otherwise deemed appropriate.

The work of the Board during the year has covered a range of matters, including issues concerning the strategic development of the Group, operating activities, trends in earnings and profits, business combinations, purchase of properties, organisation, the Group's financial position and funding of the Group's capital structure.

The work of the Board is subject to an annual assessment. This is done by each Board member rating a number of relevant issues with the opportunity to provide comments. The results are compiled and presented to the Nomination Committee.

Remuneration of the Board

The remuneration of the members of the Board elected by the Annual General Meeting is decided by the Meeting in accordance with the proposal of the Nomination Committee. The 2021 Annual General Meeting

approved the proposal that fees of SEK 500,000 be paid to the Chairman of the Board and SEK 250,000 to each of the Board members elected at the Meeting, for the period until the 2022 Annual General Meeting. The total remuneration of Board members, in accordance with the approval of the Annual General Meeting, is thus SEK 2,000,000. The chairperson of the Audit Committee will receive remuneration of SEK 60,000. No additional remuneration has been paid to any Board Member.

Remuneration Committee

The Board has appointed a Remuneration Committee, which consists of the Chair, Petter Stillström, and the Board member Ulf Barkman. The Remuneration Committee prepares "the Board's proposals for policies for senior executives' remuneration" and the application of these. The proposal is discussed by the Board and is subsequently presented to the Annual General Meeting for adoption. Based on the resolution of the Annual General Meeting, the Board decides on the remuneration of the Managing Director. Based on the proposal of the Managing Director, the Remuneration Committee passes a resolution on the remuneration of other members of the Group management. The Board is informed of the decisions of the Remuneration Committee. Salaries and other terms of appointment for Group management shall be set at competitive levels. In addition to base salary, Group management may also receive variable remuneration, which is capped at 8 monthly salaries (7 monthly salaries). Senior executives in the OEM Group shall have market-competitive, premium-based pension schemes, capped at 30 % of fixed remuneration. The pension scheme level is the same as for 2020. All share-related incentive schemes are to be decided by the Annual General Meeting. At present, there are no similar incentive schemes. The maximum term of notice is 24 months and shall also include the obligation to work during the term of notice.

The Remuneration Committee met once in the year to review and approve the above policy proposals.

Guidelines for the remuneration of senior executives will be proposed for approval and adoption at the 2022 Annual General Meeting and are presented on page 33 of this report.

Audit Committee

During the year, the Board has had a special Audit Committee consisting of Chairman Ulf Barkman and Petter Stillström.

The Audit Committee shall, without it otherwise affecting the Board's responsibilities and duties, oversee the company's financial reporting and the efficiency of the company's internal control activities and risk management relating to the financial reporting, keep itself informed about the audit of the Annual Report and consolidated financial statements, examine and monitor the objectivity and independence of the auditor and specifically pre-approve any services that the auditor provides the company with other than audit-related services. The Audit Committee evaluates the audit work that has been carried out and informs the company's Nomination Committee of the results of the evaluation and assists the Nomination Committee in preparing proposals for auditors and remuneration of the auditors' work.

The Audit Committee has convened on four occasions and has met with an external auditor on three of them. The Board and the Audit Committee have held a review meeting with and received a report from the company's external auditor in connection with the Board meeting in February 2022 at which the Board approved the annual financial statements.

Managing Director and Group Executive Team

The Managing Director, Jörgen Zahlin, manages the operations in accordance with the Swedish Companies Act, other acts and regulations, the rules applicable to companies listed on the stock exchange, the Articles of Association of the Company, the internal governing instruments of the Board of Directors and the goals and strategies set by the Board. The Managing Director prepares the necessary information and basis for decisions prior to the Board meetings, in consultation with the Chairman of the Board, presents the items and justifies proposals for resolutions. The Managing Director leads the work of the Group's executive team and makes decisions in consultation with the members of the executive team. In 2021, the members were Jörgen Zahlin, Andreas Andersson, Johan Broman, Fredrik Falkenström, Jens Kjellsson, Urban Malm, Björn Pettersson, Carl Reuthammar and Marko Salovaara.

The Group management holds regular business reviews under the lead-

ership of the Managing Director. The Managing Director and members of Group management are presented on page 39 of this Annual Report and on the company's website (under About OEM/Senior Executives).

Auditors

As required by the Articles of Association, the company must have at least one auditor appointed by the Annual General Meeting and, if the auditor is not an auditing firm, it must also have a deputy auditor. The company's auditors work according to an audit plan and report their observations to company management teams, the Group's executive team, the Audit Committee and the Board of Directors both during the course of the audit and in connection with the adoption of the annual financial statements. Internal procedures and control systems are reviewed as appropriate. A final review of the annual financial statements and the Annual Report is carried out in January and February. A review is conducted in the interim report for the third quarter. An account of the remuneration of the auditors, including the fees for consulting services, is presented in Note 6. The auditors are required to continually assess their independence before deciding whether to undertake an engagement to provide consulting services.

An account of the audit is reported to the shareholders in the form of an auditor's report and other opinions, which constitute a recommendation to the shareholders on various items of business for resolution at the annual general meeting. The Auditor's Report contains proposals for adoption of the Income Statement and Balance Sheet for the Parent Company and the Statement of Comprehensive Income and the Statement of Financial Position for the Group, the appropriation of the company's profit and the discharge of the members of the Board and the Managing Director from liability.

The audit work includes such activities as an examination of compliance with the Articles of Association, the Swedish Companies Act and Annual Accounts Act, the International Financial Reporting Standards (IFRS), issues related to measurement of items recognised in the Statement of Financial Position/Balance Sheet for the Group/the Parent Company.

The company's auditors meet with the Audit Committee three times a year and once a year with the Board. The company's auditors also attend the Annual General Meeting to explain and give opinions on the audit work.

At the 2021 Annual General Meeting, Öhrlings PricewaterhouseCoopers AB was appointed as the company's auditor until the conclusion of the 2022 Annual General Meeting. Martin Odqvist was appointed as the principal auditor. Öhrlings PricewaterhouseCoopers AB performs the audit of OEM International AB and most of the subsidiaries.

Martin Odqvist's other major clients include Rol Group and AB Fagerhult.

Internal control and risk management regarding financial reporting for the financial year 2021

As required by the Swedish Annual Accounts Act, the Board of Directors must annually submit a presentation of the most important elements of the company's system for internal control and risk management with regard to its financial reporting. Pursuant to the Swedish Companies Act, the Board of Directors is responsible for internal control. This responsibility includes an annual assessment of the financial reporting submitted to the Board and placement of requirements to its contents and presentation in order to ensure the quality of the reporting. This requirement means that the financial reporting must be fit for its purpose and appropriate and apply the applicable accounting rules, acts and regulations and any other requirements placed on listed companies. The Board of Directors is responsible for ensuring that there is an adequate system for internal control, which covers all essential risks of errors in financial reporting. OEM's system for internal control comprises the control environment, risk assessment, control activities, information, communication and follow-up.

Control environment

OEM builds and organises its operations on decentralised profit and budget responsibilities. The basis for internal control in a decentralised organisation is a firmly-established process, aimed at defining goals and strategies for each organisation. Defined decision-making channels, powers and responsibilities are communicated through internal instructions and through guidelines and policies adopted by the Board of Directors.

These documents set out the division of responsibilities and duties between the Board of Directors and the Managing Director and within the operational activities. They also include a financial policy, accounting manual for economic and financial reporting and instructions for each closing of the books. A Group-wide reporting system is used for the Group's year-end procedures.

Risk assessment

OEM has established procedures for handling risks that are deemed by the Board and the company's management to be essential for the internal control regarding financial reporting. The Group's exposure to a number of different market and customer segments and the division of its operations into some 30 companies ensures a significant spread of risk. The risk assessment is carried out based on the Group's Statement of Financial Position and Statement of Comprehensive Income in order to identify the risk for significant errors. The greatest risks for the OEM Group as a whole are related to inventories and trade receivables.

Control activities

OEM has established a number of control activities based on risk assessments that have been carried out. The activities are both preventive and ascertaining and include transaction-related checks, such as rules regarding authorisations and investments, and clear payment procedures, as well as analytical checks performed by the Group's controller organisation and central financial function. There are also various control activities related to the management of the purchase, logistics and sales processes. Controllers and financial managers on all levels in the Group have a key role with regard to integrity, competence and ability to create the environment that is required to achieve transparent and fair financial reporting. An important overall control activity is the monthly performance follow-up, which is carried out via the internal reporting system and which the Board of Directors analyses and comments on as part of its internal work. This involves comparing performance against set targets and previous results and reviewing a number of key ratios. Each company in the Group has an active Board where the majority of the companies have someone from the Group's management team as chairperson. The Group management makes regular visits to the subsidiaries that are subject to financial follow-up.

Information, communication and follow-up

The internal information and external communications are regulated at an overall level.

Relevant steering documents and instructions are available on the Group's intranet.

The Board of Directors receives comments from the Managing Director concerning the state of the business and the development of the operations on a monthly basis. The Board of Directors also deals with all quarterly financial statements, as well as the annual report prior to their publication.

The financial situation is discussed at each Board meeting. The members of the Board then have an opportunity to pose questions to the company's management.

The company's auditors attend Audit Committee meetings three times a year and Board meetings once a year and present their observations. The members of the Board then have an opportunity to pose questions. Every year, the Board takes a position on significant risk areas and assesses the internal control.

Furthermore, OEM's management continuously assesses the internal control regarding financial reporting, above all, through own analysis, by asking questions and taking part in the work of the control function.

Internal audit

The company and the Group have a relatively simple legal and operating structure and working steering and internal control systems. The Board continuously follows up the different Group companies' assessments of internal control, among other things, through contacts with the company's auditors. The Board has therefore decided not to have a separate internal audit.

Board of Directors



Petter Stillström

Born in 1972.
Board Chairman since 2017 and Board member since 2010.
Master of Economics.
Not employed by OEM.
CEO and major shareholder in AB Traction.
Other appointments: Chairman of the Board in Nilörgruppen AB and Softronic AB.
Board member of BE Group AB, Hifab Group AB and AB Traction incl. group companies.
Independence: Independent of the company and the company's management, but not independent of the company's major shareholders.
Number of shares: 1,908,000 OEM Class A and 419,646 OEM Class B (via AB Traction.)



Ulf Barkman

Born in: 1957.
Board member since 1997.
MBA.
Not employed by OEM.
Independence: Independent of the company and the company's management, and also independent of the company's major shareholders.
Number of shares: 126,000 OEM Class B



Mattias Franzén

Born in 1968.
Board member since 2019.
M.Sc. Engineering.
Not employed by OEM.
Other appointments: Managing Director of TR Equipment AB and AB Tranås Rostfria.
Chairman of the Board of MAZE Holding i Tranås AB and Padel Tranås AB.
Board member of Elektro Elco AB and IB Medical AB.
Independence: Independent of the company and the company's management, but not independent of the company's major shareholders.
Number of shares: 187,998 OEM Class B (incl. related party)



Richard Pantzar

Born in 1983.
Board member since 2019.
Masters degree in Business Administration (MBA).
Not employed by OEM.
Other appointments: Board member of Orvaus AB, Centrumfastigheter i Norrtälje AB and founder and board member of Vinterfors Invest AB.
Independence: Independent of the company and the company's management, but not independent of the company's major shareholders.
Number of shares: 4,881,960 OEM Class A and 5,846,643 OEM Class B (via Orvaus AB)



Jörgen Rosengren

Born in: 1967.
Board member since 2017.
M.Sc. Engineering.
Not employed by OEM.
Other appointments: Managing Director of Gränges.
Independence: Independent of the company and the company's management, and also independent of the company's major shareholders.
Number of shares: 2,220 OEM Class B



Per Svenberg

Born in 1969.
Board member since 2021.
Masters degree in Business Administration (MBA).
Not employed by OEM.
Other appointments: Owner and board member of Personality Gym AB. Board member of ISP Innovative Sports Products AB. Owner and board member of Dozer IT & Kommunikation AB.
Independence: Independent of the company and the company's management, but not independent of the company's major shareholders.
Number of shares: 321,500 OEM Class B (incl. related party).



Åsa Söderström Winberg

Born in 1957.
Board member since 2015.
MBA.
Not employed by OEM.
Board member of Skanska AB, Vattenfall AB, Delete OY and FIBO AS. Member of IVA, The Royal Swedish Academy of Engineering Sciences.
Independence: Independent of the company and the company's management, and also independent of the company's major shareholders.
Number of shares: 5,000 OEM Class B (incl. related party)

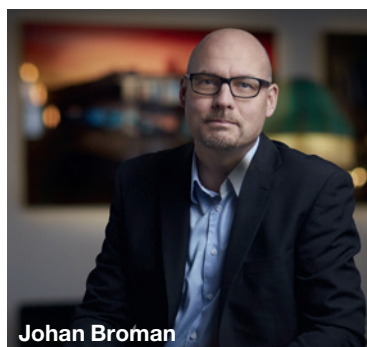
Shareholdings in OEM International AB are stated as they stand on 31 December 2021 and include any related party holdings of natural persons or legal entities.

Senior executives



Born in 1964.
Engineer.
Managing Director of OEM International AB since 1 March 2000.
Managing Director and CEO since 1 January 2002.
Group employee since 1985.
Other appointments: Chairman of the Board in BE Group AB.
Number of shares: 119,496 OEM Class B

Jörgen Zahlin



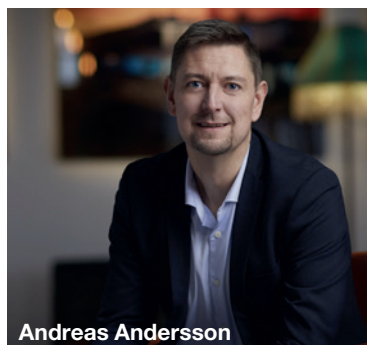
Born in 1976.
Finance Director.
Group employee since 2006.
Number of shares: 7,590 OEM Class B (incl. related party)

Johan Broman



Born in 1969.
Head of Marketing/
Business Development.
Group employee since 2017.
Number of shares: 0

Björn Pettersson



Born in 1977.
Business Director.
Group employee since 1997.
Group management member since 1 Jan 2021.
Number of shares: 3,738 OEM Class B

Andreas Andersson



Born in 1968.
Managing Director of OEM Automatic AB.
Group employee since 1990.
Number of shares: 33,600 OEM Class B (incl. related party)

Jens Kjellsson



Born in 1962.
Managing Director of OEM Electronics AB.
Group employee since 1983.
Number of shares: 7,200 OEM Class B (incl. related party)

Urban Malm



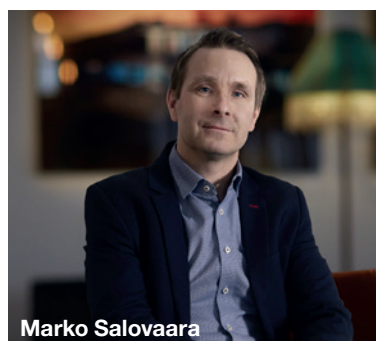
Born in 1977.
Managing Director of Elektro Elco AB.
Group employee since 2018.
Group management member since 1 Jan 2021.
Number of shares: 0

Carl Reuthammar



Born in 1969.
Managing Director of OEM Motor AB.
Group employee since 1998.
Number of shares: 0

Fredrik Falkenström



Born in 1976.
Managing Director of OEM Finland Oy.
Group employee since 2002.
Group management member since 1 Jan 2021.
Number of shares: 0

Marko Salovaara

Shareholdings in OEM International AB are stated as they stand on 31 December 2021 and include any related party holdings of natural persons or legal entities.

Consolidated Statement of Income

SEK million

	Note	2021	2020
Operating income			
Net sales	2	3,773.8	3,282.8
Other operating income	3	4.1	15.4
Operating costs			
Commodities		-2,406.1	-2,139.3
Staff costs	5	-594.1	-551.7
Other expenses	6	-130.4	-124.7
Depreciation/amortisation of property, plant and equipment and intangible fixed assets	7	-69.0	-74.0
Operating profit		578.4	408.5
Finance income and expense			
Finance income	9	0.5	0.4
Finance expense	10	-3.0	-8.0
Profit before tax		575.9	400.9
Income tax	11	-118.9	-83.6
PROFIT/LOSS FOR THE YEAR		457.0	317.3
Profit for the year attributable to:			
Parent Company shareholders		457.0	317.3
Non-controlling interests		-	-
Earnings per share, SEK * **	29	6.59	4.58
Average number of outstanding shares **		69,322,386	69,322,386

* No effects of dilution present.

** Comparative figures for 2020 have been adjusted to reflect the 4:1 share split and automatic redemption of every fourth share in Q2 2021. Comparative figures for 2020 have been adjusted by a factor of 3, since the financial implication is a 3:1 split combined with an extraordinary dividend.

Consolidated statement of comprehensive income

SEK million

	Note	2021	2020
Profit/loss for the year		457.0	317.3
Other comprehensive income			
Items that have been or can be recycled to the income statement for the year			
Exchange differences on translation of foreign operations for the year		12.2	-17.5
Items that have not been or cannot be recycled to the income statement for the year			
Revaluation of defined-benefit pension schemes		1.2	-0.4
Tax effect from revaluation of defined-benefit pension schemes		-0.3	0.1
Other comprehensive income for the year		13.2	-17.9
COMPREHENSIVE INCOME FOR THE YEAR		470.2	299.4
Comprehensive income for the year attributable to:			
Parent Company shareholders		470.2	299.4
Non-controlling interests		-	-

Consolidated statement of financial position

SEK million

ASSETS	Note	31 Dec 2021	31 Dec 2020
Fixed assets			
Intangible fixed assets			
Goodwill	12	147.1	145.8
Other intangible fixed assets	12	29.9	41.0
Property, plant and equipment			
Buildings and land	13	300.2	272.7
Fixtures, fittings, tools and equipment	13	43.6	51.5
Financial assets and deferred tax assets			
Deferred tax assets	11	6.7	8.3
Non-current receivables		0.3	0.3
Total fixed assets		527.9	519.6
Current assets			
Inventories			
Commodities	15	737.5	578.9
Current receivables			
Tax receivables		1.9	1.0
Trade receivables	24	566.4	456.2
Other receivables		55.7	44.2
Prepaid expenses and accrued income	16	19.6	15.7
Cash and cash equivalents	25	144.8	376.1
Total current assets		1,526.0	1,472.1
TOTAL ASSETS		2,053.9	1,991.7

Consolidated statement of financial position

SEK million

SHAREHOLDERS' EQUITY AND LIABILITIES	Note	31 Dec 2021	31 Dec 2020
Equity	17		
Share capital		38.6	38.6
Other contributed capital		39.4	39.4
Translation reserves		34.6	22.4
Retained earnings, including profit for the year		1,261.3	1,265.5
Total equity attributable to Parent Company shareholders		1,373.9	1,365.9
Liabilities			
Non-current liabilities			
<i>Interest-bearing liabilities</i>			
Non-current interest-bearing liabilities	18	30.4	42.5
Provisions for pensions	19	0.8	2.0
<i>Non interest-bearing liabilities</i>			
Non-current liabilities	20	-	3.7
Deferred tax liabilities	11	105.5	94.4
Other provisions		2.0	2.0
Total non-current liabilities		138.7	144.6
Current liabilities			
<i>Interest-bearing liabilities</i>			
Overdrafts	18	32.9	29.7
Other current liabilities	18	27.4	31.2
<i>Non interest-bearing liabilities</i>			
Trade payables	24	205.6	164.0
Tax liabilities	11	13.5	21.6
Other liabilities		87.7	97.2
Accrued expenses and prepaid income	22	174.1	137.6
Total current liabilities		541.2	481.3
TOTAL EQUITY AND LIABILITIES		2,053.9	1,991.7

Consolidated statement of changes in equity

SEK million

	Share capital	Other contrib- uted capital	Translation reserve	Retained earn- ings, including profit for the year	Total share- holders' equity
Opening equity 1 Jan 2020	38.6	39.4	39.9	948.6	1,066.5
Profit/loss for the year				317.3	317.3
Other comprehensive income for the year			-17.5	-0.3	-17.9
Comprehensive income for the year	-	-	-17.5	316.9	299.4
Transactions with owners:					
Dividends paid				-	-
CLOSING BALANCE 31 Dec 2020 *	38.6	39.4	22.4	1,265.5	1,365.9
Opening equity 1 Jan 2021	38.6	39.4	22.4	1,265.5	1,365.9
Profit/loss for the year				457.0	457.0
Other comprehensive income for the year			12.2	1.0	13.2
Comprehensive income for the year	-	-	12.2	458.0	470.2
Transactions with owners:					
Dividends paid				-173.3	-173.3
Redemption of shares	-9.7			-279.2	-288.8
Bonus issue	9.7			-9.7	0.0
CLOSING BALANCE 31 DEC 2021 *	38.6	39.4	34.6	1,261.3	1,373.9

* Equity attributable to Parent Company shareholders.

Consolidated statement of cash flows

SEK million

	Note	2021	2020
Operating activities			
Profit before tax		575.9	400.9
Adjustments for non-cash items	25	69.8	76.7
Taxes paid		-115.4	-74.2
Operating cash flows before movements in working capital		530.2	403.4
Change in inventories		-152.5	45.4
Change in trade receivables		-104.7	-8.8
Change in other operating receivables		-14.9	-1.6
Change in trade payables		39.5	-9.0
Change in other operating liabilities		21.8	39.2
Operating cash flows		319.3	468.8
Investing activities			
Acquisition of subsidiaries, net effect on cash and cash equivalents	25	-1.2	-25.7
Acquisition of intangible fixed assets		-2.8	-0.3
Acquisition of property, plant and equipment		-50.9	-8.8
Sales of property, plant and equipment		0.6	0.4
Investing cash flows		-54.3	-34.3
Financing activities			
Loans raised	25	0.8	2.9
Loan amortisation	25	-6.3	-1.7
Repayment of lease liabilities	25	-34.0	-35.3
Change in overdrafts	25	3.3	-63.0
Dividends paid		-173.3	-
Redemption paid		-288.8	-
Financing cash flows		-498.4	-97.1
CASH FLOW FOR THE YEAR		-233.4	337.4
Cash equivalents at beginning of year		376.1	41.9
Exchange rate difference cash equivalents		2.1	-3.2
Cash equivalents at end of year		144.8	376.1

Parent Company income statement

SEK million

	Note	2021	2020
Operating income			
Net sales	30	83.4	57.4
Other operating income	3	-	0.5
Operating costs			
Other external costs	6	-31.6	-26.9
Staff costs	5	-30.2	-26.8
Depreciation/amortisation of property, plant and equipment and intangible fixed assets	7	-3.9	-6.8
Operating profit		17.7	-2.6
Income from interests in Group companies	8	89.7	57.9
Other interest income and similar income	9	1.2	1.3
Other interest expense and similar charges	10	-2.6	-1.1
Profit/loss after financial items		106.1	55.4
Year-end appropriations			
<i>Difference between tax depreciation and depreciation according to plan:</i>			
Expenses brought forward for software	23	0.2	2.5
Fixtures, fittings, tools and equipment	23	-0.2	-0.3
Tax allocation fund, provision	23	-106.0	-75.0
Tax allocation fund, reversal	23	48.6	40.0
Group contributions received		356.9	259.5
Group contributions paid		-0.1	-2.0
Profit before tax		405.5	280.1
Tax on profit/loss for the year	11	-66.2	-48.2
PROFIT FOR THE YEAR*		339.4	231.9

*Comprehensive income for the year is equal to profit for the year.

Parent Company balance sheet

SEK million

ASSETS	Note	31 Dec 2021	31 Dec 2020
Fixed assets			
Intangible fixed assets			
Expenses brought forward for software	12	3.5	5.4
		3.5	5.4
Property, plant and equipment			
Buildings and land	13	13.0	12.1
Fixtures, fittings, tools and equipment	13	4.0	4.9
		17.0	17.0
Financial assets			
Interests in Group companies	14	408.4	374.4
Non-current receivable from Group companies		3.2	-
		411.6	374.4
Total fixed assets		432.0	396.8
Current assets			
Current receivables			
Receivables from Group companies		670.1	507.7
Other receivables		3.0	22.7
Prepaid expenses and accrued income	16	5.1	3.9
		678.1	534.2
Cash on hand and demand deposits	24	15.0	260.4
Total current assets		693.1	794.6
TOTAL ASSETS		1,125.2	1,191.4

Parent Company balance sheet

SEK million

SHAREHOLDERS' EQUITY, PROVISIONS AND LIABILITIES	Note	31 Dec 2021	31 Dec 2020
Equity			
Non-distributable equity	17		
Share capital		38.6	38.6
Reserve fund		32.3	32.3
Fund for development fees		3.4	5.4
		74.3	76.3
Distributable equity			
Profit brought forward		179.4	407.7
Profit/loss for the year		339.4	231.9
		518.7	639.6
Total shareholders' equity		593.0	715.8
Untaxed reserves			
Accelerated amortisation	23	2.7	2.7
Accruals funds	23	387.7	330.3
Total untaxed reserves		390.4	333.0
Provisions			
Deferred tax liabilities	11	1.9	1.9
Total provisions		1.9	1.9
Non-current liabilities			
<i>Non interest-bearing liabilities</i>			
Other liabilities	20	-	1.6
Total non-current liabilities		-	1.6
Current liabilities			
<i>Interest-bearing liabilities</i>			
Overdrafts	24	-	-
<i>Non interest-bearing liabilities</i>			
Trade payables		4.0	2.5
Tax liabilities		3.9	22.0
Liabilities to Group companies		109.1	98.1
Other current liabilities		8.9	4.1
Accrued expenses and prepaid income	22	14.0	12.3
Total current liabilities		139.9	139.1
TOTAL EQUITY, PROVISIONS AND LIABILITIES		1,125.2	1,191.4

Parent Company statement of changes in equity

SEK million

	Non-distributable equity			Distributable equity	Total share-holders' equity
	Share capital	Reserve fund	Fund for development costs	Profit/loss brought forward including profit/loss for the year	
Opening equity 1 Jan 2020	38.6	32.3	6.1	406.9	483.9
Provisions to development fund for the year			1.2	-1.2	-
Winding-up of development fund for the year			-2.0	2.0	-
Comprehensive income for the year *				231.9	231.9
Dividends paid				-	-
CLOSING EQUITY 31 DEC 2020	38.6	32.3	5.4	639.6	715.8
Opening equity 1 Jan 2021	38.6	32.3	5.4	639.6	715.8
Provisions to development fund for the year			-	-	-
Winding-up of development fund for the year			-2.0	2.0	-
Comprehensive income for the year *				339.4	339.4
Dividends paid				-173.3	-173.3
Redemption of shares	-9.7			-279.2	-288.8
Bonus issue	9.7			-9.7	-
CLOSING EQUITY 31 DEC 2021	38.6	32.3	3.4	518.7	593.0
Proposed dividend, SEK 2.75 per share				191.1	
Proposed redemption, SEK 3.25 per share				225.9	

* Comprehensive income for the year is equal to profit for the year.

NUMBER OF SHARES	Total	Outstanding
Opening number 1 Jan 2020	23, 169, 309	23, 107, 462
CLOSING NUMBER 31 Dec 2020	23, 169, 309	23, 107, 462
Opening number 1 Jan 2021	23,169,309	23,107,462
Share split	69,507,927	69,322,386
Share redemption	-23,169,309	-23,107,462
CLOSING NUMBER 31 DEC 2021	69,507,927	69,322,386

Parent Company cash flow statement

SEK million

	Note	2021	2020
Operating activities			
Profit/loss after financial items		106.1	55.4
Adjustments for non-cash items	25	3.9	7.5
		110.0	62.9
Taxes paid		-84.3	-52.4
Operating cash flows before movements in working capital		25.7	10.6
Cash flow from changes in working capital			
Change in other operating receivables		-49.7	2.2
Change in trade payables		1.5	-2.0
Change in other operating liabilities		19.7	-7.5
Operating cash flows		-2.9	3.2
Investing activities			
Acquisition of shares in subsidiaries	25	-42.4	-8.9
Liquidation of subsidiaries		6.5	47.3
Acquisition of intangible fixed assets		-0.1	-0.3
Acquisition of property, plant and equipment		-1.8	-0.3
Investing cash flows		-37.8	37.7
Financing activities			
Group contributions, received		259.5	285.7
Group contributions, paid		-2.0	-5.0
Change in overdrafts		-	-61.3
Dividends paid		-173.3	-
Redemption of shares		-288.8	-
Financing cash flows		-204.7	219.5
CASH FLOW FOR THE YEAR		-245.4	260.4
Cash equivalents at beginning of year		260.4	-
Cash equivalents at end of year		15.0	260.4

Note 1

Accounting policies

Compliance with standards and legislation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and statements concerning interpretation published by the International Financial Reporting Interpretations Committee (IFRIC), as approved by the European Union. Furthermore, the Group has applied the Swedish Financial Accounting Standards Council's recommendation RFR 1 (Supplementary Accounting Regulations for Groups).

The accounting policies adopted for the Parent Company are the same as those used for the Group, except in the cases specified below in the section "Accounting Policies of the Parent Company".

Requirements for preparing Parent Company and Group financial statements

The Parent Company's functional currency is the Swedish krona (SEK), which is also the official reporting currency for the Parent Company and the Group. This means that the financial statements are presented in Swedish krona. All amounts are rounded off to the nearest million with one decimal, unless otherwise stated.

Assets and liabilities are stated at historical cost, except derivative instruments and contingent considerations which are measured at fair value.

Fixed assets and non-current liabilities consist of amounts that can be expected to be recovered or paid more than twelve months after the balance sheet date. Current assets and current liabilities consist of amounts expected to be recovered or paid within twelve months from the balance sheet date.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates and assumptions are based on historical experience and other factors that are believed to be reasonable and relevant under the circumstances. Estimates and assumptions are reviewed on a regular basis and are compared to actual results. Critical estimates and assumptions are presented in Note 28.

The consolidated accounting policies outlined below have been applied consistently throughout the periods reported in the Group's financial statements, unless otherwise stipulated below

New and amended standards applied by the Group

None of the amendments to standards that are effective from 1 January 2021 have had any material impact on the Group's financial statements.

New standards and interpretations not yet applied by the Group

A number of new standards and interpretations become effective for the financial year commencing 1 January 2022 and have not been applied in the preparation of these financial statements. None of these are expected to have any material impact on the Group's financial statements.

Reporting of operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses and whose operating results are reviewed regularly by the Group's executive team. Note 2 provides a more detailed description of the grouping and presentation of operating segments.

Principles of consolidation for subsidiaries

Subsidiaries are entities in which OEM International AB has the power to exercise control, either directly or indirectly. Control exists when the Parent Company has power over the investee, either directly or indirectly,

when it is exposed, 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.

Business combinations are recognised in accordance with the acquisition method. The method means that the acquisition of a subsidiary is regarded as a transaction through which the Group indirectly acquires the subsidiary's assets and assumes its liabilities.

Goodwill in business combinations is calculated as the sum total of the consideration transferred minus the fair value of the subsidiary's identifiable assets and assumed liabilities. A negative difference is recognised directly in the profit or loss for the year. Transaction costs in connection with business combinations are expensed at the time of acquisition.

Contingent consideration in acquisitions is measured at fair value both at the acquisition date and continuously afterwards; any and all changes in value are recognised in profit or loss.

The financial statements of the subsidiaries are included in the consolidated financial statements from the effective date of acquisition until the day that control ceases.

Transactions to be eliminated on consolidation

All inter-company receivables and liabilities, income or expenses, and unrealised gains or losses arising from inter-company transactions between Group companies are eliminated in their entirety when preparing the consolidated financial statements.

Foreign currency

Transactions in foreign currencies

Transactions in foreign currencies are translated to the functional currency at the exchange rate prevailing on the date of the transaction. Functional currency is the currency that applies in the primary economic environments in which the Group companies operate. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency at the exchange rate prevailing on balance sheet date. Exchange rate differences resulting from translations are reported in the profit or loss for the year. Non-monetary assets and liabilities reported at their historical acquisition costs are translated at the exchange rate prevailing on the date of the transaction.

Financial statements of foreign operations

Assets and liabilities in foreign operations, including goodwill and other residual values in the corporate fair value adjustments, are translated from the foreign entities functional currency to the consolidated reporting currency, Swedish kronor (SEK), at the exchange rate prevailing on the balance sheet date. Income and expense in foreign entities are translated to Swedish kronor (SEK) at an average rate that represents an approximation of the rates that applied when each transaction took place. Exchange differences arising when translating currency of foreign operations are recognised in other comprehensive income and are accumulated in a separate component of shareholders' equity that is referred to as a translation reserve. When a foreign entity is divested, the accumulated translation differences attributable to the entity are realised and reclassified from the translation reserve of the shareholders' equity to the profit or loss for the year.

Income

Performance obligations and revenue recognition

The Group's revenues come from the sale of goods for resale, which is recognised when control of the goods is passed to the buyer. The revenue is recognised based on the amount specified in the contract with the customer and the sold quantity. The outcome of agreed volume discounts/

rebates and market contributions is estimated and reduces the revenue at the time of sale and is included in accrued expenses. The performance obligations of the Group are considered to be satisfied when control of the good is transferred to the customer.

When contracts allow customers to return goods, revenue is recognised only when it is highly probable that there will not be a significant reversal in the cumulative amount of revenue. Assessments of expected returns are based on past data for specific customers and goods. Expected returns are recognised as a reduction in revenue and as a refund liability, and the cost of goods associated with the returns is reduced and an asset equivalent to the right to recover the goods returned is recognised.

The characteristics of and the point in time for satisfaction of the performance obligations including significant payment terms

Control of the goods is usually transferred to the customer when the goods are sent from the Group's warehouses or when the goods have been delivered, depending on the terms of the contract. Invoices are generated at this point in time. The due date is normally 30 to 60 days from the invoice date.

Revenue recognition

Revenue is recognised when the goods have been delivered and the control of the goods has been transferred.

Government support grants

Government grants are recognised at their fair value when there is reasonable assurance that the entity will comply with the conditions related to the grants and that the grants will be received. Government grants received for short-term work, sick pay and temporary staff redundancies are recognised as Other operating income on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

Repayment AGS

The SEK 1.1 million repayment received from the AGS collective health insurance has been recognised as revenue.

Operating costs and finance income and expense

Finance leases

The minimum lease fees are allocated as interest expense and amortisation for the outstanding liability. The interest expense is spread over the term of the lease, so that each accounting period is charged with an amount corresponding to a fixed rate of interest for the liability recognised in the respective period. Variable payments are expensed on the income statement for the year in the periods in which they occur.

Finance income and expense

Finance income and expense include interest income from bank assets, receivables and interest-bearing securities, dividend income, interest expenses related to loans, exchange rate differences attributable to financial investments and financing activities and derivative instruments used in the financial operating activities.

Interest income from receivables and interest expense related to liabilities are calculated using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

Interest income and interest expense respectively include periodic amounts of transaction costs and discounts where applicable, premiums and other differences between the originally recognised value of the receivable and of the liability respectively and the amount that is settled at maturity and the estimated future receipts and payments through the term of the agreement.

Dividend income is recognised when the right to retain payment has been established.

Exchange gains/losses are recognised net.

Taxes

Income tax consists of current tax and deferred tax. Income tax is reported in the income statement for the year unless the underlying transaction is charged to other comprehensive income or directly to equity, in which case any related tax effect is charged to other comprehensive income or to equity. Current tax is the tax that is to be paid or received for the current year. This includes adjustments of current tax attributable to prior periods. Current and deferred tax are calculated with application of the tax rates and regulations in effect or in practice at the balance sheet date.

Deferred tax is calculated using the balance sheet method on the basis of temporary differences between the carrying amounts and tax values of assets and liabilities. Temporary differences are not considered in consolidated goodwill.

Measurement of deferred tax is based on how the carrying amount of assets or liabilities is expected to be recovered or settled.

Deferred tax assets, relating to deductible temporary differences and loss carry-forwards, are only recognised to the extent that it is probable that these can be utilised. The value of deferred tax assets is reduced when it is no longer deemed likely that they can be utilised.

Financial instruments

Financial instruments reported in the statement of financial position as assets consist primarily of cash and cash equivalents, loan receivables, trade receivables and derivatives. Trade payables, loan liabilities, contingent considerations and derivatives are reported as liabilities.

Recognition in and derecognition from the statement of financial position

Recognition of a financial asset or financial liability in the statement of financial position is at the point when the entity becomes a party to the contractual provisions of the instrument. A receivable is recognised when the entity has performed and there is a contractual liability for the counterparty to pay, even if an invoice has not been sent. Trade receivables are recognised in the statement of financial position upon issuance of invoice. Liabilities are included when the counterparty has performed and there is a contractual liability to pay, even if the invoice has not been received. Trade payables are recognised on receipt of invoice.

A financial asset is derecognised and removed from the statement of financial position when the contractual rights are realised, expire or when control of the contractual rights is lost. The same applies to part of a financial asset. A financial liability is removed from the statement of financial position when the obligation is discharged or otherwise extinguished. The same applies to part of a financial liability.

A financial asset and a financial liability are offset and reported in the statement of financial position as a net amount only when there is a legal right to set off the amount and an intention to adjust the items with a net amount or, at the same time, realise the asset and settle the liability.

Initial recognition

Financial instruments are recognised initially at fair value plus/less transaction costs, with the exception of instruments that are continuously recognised at fair value through profit or loss. These transaction costs are instead recognised as an expense as they occur. Trade receivables (without a significant financing component) are measured initially at their transaction price as stated in accordance with IFRS 15.

Classification and subsequent measurement of financial assets

Financial assets are classified initially either as measured at amortised cost, fair value through other comprehensive income (liability instrument investment), fair value through other comprehensive income (equity investment), or fair value through profit or loss. The Group's various holdings of financial assets have been classified as described below:

Derivative assets

The Group uses foreign exchange forward contracts in order to economically hedge certain exposures to foreign exchange risk associated with purchases in foreign currencies. Changes in the fair value of the foreign

exchange forward contracts have been recognised under commodities in the consolidated statement of income. OEM does not apply hedge accounting.

Other financial assets

All other financial assets are measured at amortised cost. This is because the objective of the business model is to hold these assets to collect their contractual cash flows, and that the cash flows from the assets are solely payments of principal and interest.

Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, deposits that are repayable on demand held with banks and similar institutions, plus short-term deposits with an original maturity of three months or less, which are exposed to only an insignificant risk for fluctuations in value.

Classification and subsequent measurement of financial liabilities

Financial liabilities are classified either as measured at amortised cost or measured at fair value through profit or loss.

Derivative liabilities

Since OEM does not apply hedge accounting, all derivative liabilities are recognised at fair value through profit or loss. Further details can be found above under "Derivative assets".

Contingent considerations

Contingent considerations assumed in a business combination are recognised at fair value through profit or loss. Changes in fair value are recognised in "Other Operating Costs" or "Other Operating Income".

Other financial liabilities

All other financial liabilities are measured at amortised cost using the effective interest rate method.

Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes the purchase price, including expenses directly attributable to their acquisition and costs incurred to prepare the assets for their intended purpose. Cost includes directly attributable expenses, such as the cost of delivery and handling, installation, title deeds, consultancy services and legal services. Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets. Accounting policies for impairment are presented below.

The reported value of tangible fixed assets is removed from the statement of financial position on the disposal or retirement of the asset, or when no future economic benefits are expected from its use or disposal/retirement. Gains or losses arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset, less direct selling costs. The gain or loss is recognised in other operating income/cost.

Right-of-use assets

The Group mainly has leases for property, machinery, equipment and vehicles.

As a lessee, the Group recognises the leases as a right-of-use asset and associated liability at the date on which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost (interest). The finance cost is to be spread over the lease term so as to produce a constant rate of interest on the remaining balance for the liability for each period.

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight line basis. The leases are normally for a fixed period with an option to renew.

Assets and liabilities arising from leases are initially measured on a present

value basis. The lease liabilities include the present value of the following lease payments:

- fixed payments
- variable lease payments that are based on an index
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option.

The lease payments are discounted using the interest rate implicit in the lease. Otherwise, if this rate cannot be determined, using the incremental borrowing rate.

The right-of-use assets are measured at cost and include:

- the initial measurement of the lease liability, and
- payments made at or before the date on which the leased asset becomes available to the lessee.

Leases of low-value underlying assets or leases with a term of 12 months or less are recognised as an expense on a straight-line basis over the lease term. Leases of low-value underlying assets generally comprise office equipment.

Extension and termination options

Some leases contain extension or early termination options. The terms are used to create maximum flexibility in the management of leases. Options to extend or terminate a lease are included in the asset and the liability as it is reasonably certain that they will be exercised.

Subsequent expenditure

Subsequent expenditure is added to the acquisition cost only if it is likely that the future economic benefits associated with the asset will flow to the enterprise and the acquisition cost can be calculated in a reliable manner. All other subsequent expenditure is reported as an expense in the period it is incurred.

A subsequent expenditure is added to the acquisition cost if the expense refers to the exchange of identified components or parts thereof. Even in those cases when a new component has been constructed, the expense is added to the acquisition cost. Any undepreciated values reported for replaced components, or parts of components, are discarded and charged to expenses when the component is replaced. Repairs are expensed as incurred.

Methods of depreciation for owned property, plant and equipment

Straight-line depreciation is applied over the estimated utilisation period of the assets. Land is not depreciated.

The Group applies component depreciation, meaning that the estimated useful life of components forms the basis for depreciation.

Estimates of useful life:

- buildings, business property see below
- land improvements 20 years
- plant and machinery 5-10 years
- fixtures, fittings, tools and equipment..... 3-10 years

Business property comprises a number of components with different useful lives. The main group is buildings and land. Land is not depreciated as its useful life is considered to be indefinite. The buildings consist of a number of components with different useful lives. The following main groups of components have been identified and form the basis for depreciation of buildings:

- Shell 100 years
- Frame extensions, interior walls, etc. 30 years
- Installations and inner surfaces; heating, electricity, plumbing, ventilation etc. 20-32 years
- External surfaces, walls, roof, etc. 20-50 years

The depreciation methods applied and the residual values of the assets and their useful lives are reviewed at the close of every year.

Intangible fixed assets

Goodwill

Goodwill is carried at cost less any accumulated impairment.

Goodwill is allocated to cash-generating units and is tested for impairment annually.

Other intangible fixed assets

Acquired supplier relationships with an indeterminable useful life are carried at cost less any accumulated impairment. Supplier relationships with an indeterminable useful life are deemed to exist in terms of certain acquisitions of agents or comparable relationships with individual suppliers who have historically exhibited a very long-term agent relationship. Circumstances are reviewed annually to determine if they still indicate that the useful life is indeterminable. Impairment tests are performed annually and when there is any indication of impairment. Other acquired supplier relationships are carried at cost less accumulated amortisation and impairment.

Other intangible assets include software, trademarks and customer relationships. These have a determinable useful life and are recognised at cost less accumulated amortisation and impairment.

Expenditures for internally generated goodwill and internally generated brand names are not capitalised as assets but are expensed in the income statement as incurred.

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is reported as an asset in the statement of financial position only when it increases the future economic benefits of the specific asset to which it relates. All other expenditure is expensed when incurred.

Methods of amortisation

Amortisation is recognised in the income statement on a straight-line basis over the estimated life of the intangible asset, provided it has a definite useful life. Goodwill has an indefinite useful life and is tested for impairment each year or whenever there is an indication that the tangible asset may be impaired. The useful life of the assets are reviewed annually at least, refer also to Note 12.

Estimates of useful life:

- IT software 5 years
- brand names/trademarks 5-10 years
- customer relationships 5 years
- supplier relationships 5 years (unless indefinite)

Capitalisation of borrowing costs

Borrowing costs that are directly attributable to the construction of qualifying assets are capitalised as part of the cost of that asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Firstly, borrowing costs arising on loans, which are specific to the qualifying asset are capitalised. Secondly, borrowing costs arising on general loans, which are not specific to any other qualifying asset are capitalised. For the Group, the capitalisation of borrowing costs is mainly relevant in the construction of storage and production facilities using its own direct labour.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of inventories is calculated by applying the first-in, first-out method (FIFO) and includes expenditure arising on acquisition of the inventory assets and transportation thereof to their current location and state. Net realisable value is based on the estimated selling price in the operating activities less further costs expected to be incurred to completion and for realising a sale.

Impairments

The section below explains the impairment test for property, plant and equipment and intangible assets, investments in subsidiaries and for finan-

cial assets. Assets for sale and disposal groups, inventories and deferred tax assets are exempt. The recognised value of the exempt assets is assessed in accordance with the respective accounting standards.

Impairment tests for property, plant and equipment and intangible fixed assets and interests in subsidiary undertakings

If there is any indication of impairment, then the asset's recoverable amount is calculated, see below). The recoverable amount is also calculated annually for goodwill and other intangible assets with indefinite useful lives. If essentially independent cash flow cannot be isolated for individual assets, then the assets are grouped at the lowest levels where essentially independent cash flows can be identified – a so-called cash-generating unit.

An impairment loss is recognised when the carrying amount of an asset or cash-generating unit, or pool of units, exceeds its recoverable amount. An impairment loss is recognised as an expense in the income statement for the year. Impairment losses attributable to a cash-generating unit, or pool of units, are mainly allocated to goodwill. They are thereafter divided proportionately among other assets in the unit (pool of units).

The recoverable amount is the highest of the fair value minus selling costs and value in use. Value in use is measured by discounting future cash flows using a discounting factor that takes into account the risk-free rate of interest and the risk associated with the specific asset.

Impairment losses on assets are reversed if there is an indication that impairment has ceased and there is a change in the assumptions that formed the basis of calculating the recoverable amount. Impairment losses on goodwill are never reversed. A reversal only occurs to the extent that the asset's carrying amount after reversal does not exceed the carrying amount that would have been recognised (less depreciation or amortisation, where applicable), had no impairment loss been recognised.

Impairment of financial assets

OEM recognises a loss allowance for expected credit losses on financial assets measured at amortised cost. The loss allowance for trade receivables is measured at an amount equal to the expected losses for the remaining time to maturity. The loss allowance for other receivables is measured at an amount equal to 12 months' expected credit losses, provided that the credit risk of the receivable has not increased significantly since initial recognition. If the credit risk of the receivable has increased significantly since initial recognition, the loss allowance is instead measured at an amount equal to the expected credit losses during the remaining time to maturity.

The loss allowance is calculated as the present value of all cash short-falls (i.e. the difference between the cash flows as stated in the contract and the Group's expected cash flows). Receivables with a short term to maturity are not discounted. Assets are reported in the balance sheet net of any impairment losses. Impairment losses are recognised in the income statement.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof.

Capital payments to shareholders

Repurchase of own shares

Purchase of such instruments is recognised as a deductible item from equity. Payment from sales of equity instruments is recognised as an increase in equity. Any transaction costs are recognised directly in equity.

Dividends paid

Dividends are recognised as a liability after the Annual General Meeting has approved the dividend.

Earnings per share

Earnings per share are calculated by dividing the Group's profit for the year attributable to the Parent Company's shareholders by the weighted average number of shares outstanding during the year.

Employee benefits

Defined-contribution pension schemes

Defined-contribution pension schemes are classified as those schemes for which the company's obligation extends only to the contributions the company has committed to pay. In such cases, the size of the employee's pension is determined by the contributions the company pays to the plan or to an insurance company and the return on capital yielded by the contributions. Consequently, it is the employee that carries the actuarial risk (that compensation is lower than expected) and the investment risk (that the invested assets will be insufficient to cover the expected compensation). The entity's obligations concerning contributions to defined-contribution schemes are recognised as an expense in profit or loss for the year at the rate they are earned through services performed by the employees for the entity for a period

Defined-benefit pension schemes

The Group's obligation regarding defined-benefit pension schemes is calculated separately for each scheme by estimating the future compensation that the employees have earned through their employment; this compensation is discounted to present value. The discount rate used is the interest rate on high-quality corporate bonds on the reporting date, extrapolated to match the terms of maturity for the Group's retirement benefit obligations. If there is no active market for such corporate bonds, the market interest rate on government bonds is used instead. The retirement benefit obligation is recognised net, less the fair value of the plan assets.

Pension rights earned are recognised in the operating profit, with the exception of impacts of revaluation and interest rate as per below. The interest expense/income net on the defined-benefit obligation/asset is recognised in the income statement under net financial items. The net interest income is based on the interest rate in effect at the time of discounting the net obligation, i.e. interest on the obligation, plan assets and interest on the effect of any asset ceiling. Other components are recognised in operating profit.

Effects of revaluation comprise actuarial gains and losses and the difference between actual return on plan assets and the interest rate included in the net interest income. The effects of revaluation are recognised in other comprehensive income.

Termination benefits

An entity shall recognise an expense for termination benefits at the earlier of either when the entity can no longer withdraw the offer of those benefits to the employees, or when the entity recognises costs for a restructuring. Where an offer of benefits is made to encourage voluntary redundancy, an entity shall recognise an expense at the earlier of either when the employee accepts the offer, or when the entity can no longer withdraw the offer of those benefits.

The calculation of the expense is based on the probability of the offer being accepted, the number of employees expected to accept the offer and the length of time for which payment is expected to be made. Benefits that are settled after twelve months are discounted to their present values.

Short-term benefits to employees

Short-term benefits to employees are calculated without discounting and recognised as costs when the related services are received. The Group recognises a provision for the expected cost of bonus payments when it has a legal or constructive obligation to make such payments as a result of services received from employees.

Government grants

Where entitlement to receive a grant is not based on future performance, government support grants are recognised as revenue as the conditions for receiving the grant are met. Government grants are measured at the fair value of the amount that has been or will be received.

Provisions

Provisions are different from other liabilities because the time of payment and the amount of the payment are uncertain. A provision is reported in the statement of financial position when the Group has a legal or informal obligation owing to a past event and it is likely that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are measured at the best estimate of the amount required to settle the obligation at the reporting date. If the effect is material, provisions are determined by discounting the expected future cash flows.

Contingent liabilities

A contingent liability is reported when there is a possible obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, or when there is an obligation that is not recognised as a liability or provision because it is not possible that an outflow of resources will be required or cannot be measured reliably.

Parent Company accounting policies

The Parent Company has prepared its Annual Report according to the Annual Accounts Act (1995:1554) and the Swedish Financial Accounting Council's recommendation RFR 2, Accounting for Legal Entities. In addition, the Swedish Financial Accounting Council's pronouncements for listed companies are applied. RR 2 means that the Parent Company in the annual accounts for the legal entity must apply all IFRS and interpretations adopted by the EU as far as this is possible within the framework of the Swedish Annual Accounts Act, the Swedish Pension Obligations Vesting Act and taking into account the relationship between accounting and taxation. The recommendation specifies exemptions and additions relative to IFRS.

Amended accounting policies

The Parent Company's accounting policies for 2021 are the same as for 2020.

Differences between the Group's and Parent Company's accounting policies

The differences between the accounting policies of the Group and those of the Parent Company are presented above and below. The accounting policies for the Parent Company as described below have been applied consistently to all periods presented in the Parent Company's financial statements.

Classification and presentation

Where the Group uses the terms statement of financial position and statement of cash flows, the Parent uses balance sheet and cash flow statement. The income statement and balance sheet for the Parent Company are prepared in accordance with the schedule of the Swedish Annual Accounts Act, whereas the statement of comprehensive income, statement of changes in equity and cash flow statement are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows. The Parent's income statement and balance sheet differ to the Group's mainly with regard to reporting of finance income and expense, non-current assets, equity, untaxed reserves and the occurrence of provisions as a separate heading in the balance sheet.

Sales of services and similar assignments

Services are sold only on an ongoing basis to subsidiaries. Revenue arising from the rendering of services is recognised in the income statement for the year in which the service is rendered.

Subsidiaries

Interests in subsidiary undertakings are recognised in the Parent Company using the cost method. This means that transaction costs are included in the carrying amount for interests in subsidiary undertakings. In the con-

solidated financial statements, transaction costs are recognised directly in profit for the year as they are incurred. Contingent consideration is measured using probabilities of payment. Any changes to the provision are added to or deducted from the cost.

Financial assets and liabilities

The Parent Company has decided not to apply IFRS 9 for financial instruments. Non-current financial assets in the Parent Company are valued at cost less any impairment losses and financial current assets are valued at the lower of cost and net realisable value. The rules for impairment according to IFRS 9 are applied for financial assets measured at amortised cost. Financial liabilities are stated at amortised cost on the same basis as in the consolidated financial statements.

Financial guarantee contracts

The Parent Company's financial guarantee contracts consist of guarantee commitments to support subsidiaries. The Parent Company recognises financial guarantee contracts as provision in the balance sheet when the company has an obligation for which payment will probably be required to settle the obligation.

Anticipated dividends

Anticipated dividends from subsidiaries are reported when the Parent Company has sole right to determine the size of the dividend and the Parent Company has decided on the size of the dividend before the Parent Company has published its financial statements.

Property, plant and equipment

- Owned assets

Property, plant and equipment in the Parent Company is stated at cost less accumulated depreciation and any impairment, on the same basis as for the Group, but with additions for any increases arising on revaluation.

- Leased assets

The Parent Company recognises all leases in accordance with the regulations for operating leases.

Borrowing costs

Borrowing costs in the Parent Company are charged to the income statement in the period in which they arise. No borrowing costs are capitalised on assets.

Taxes

The Parent Company reports untaxed reserves including deferred tax liability. In the consolidated financial statements, however, untaxed reserves are divided between deferred tax liability and shareholders' equity.

Shareholders' contributions

Shareholders' contributions are charged directly to equity for the receiver and are capitalised in shares and contributor participations, to the extent that impairment is not required.

Group contributions

The Parent Company recognises issued and received Group contributions as year-end appropriations.

Note 2

Operating segments

The Group's operations are divided into operating segments based on the business areas for which the company's chief operating decision maker, the Group's executive team, monitors the profit, returns and cash flows from the Group's various segments. The operating segments, in the form of market regions, have six managers in Sweden, four managers in Finland, the Baltic states and China, and two managers in the Denmark, Norway, UK and East Central Europe region. They are responsible for the day-to-day operations and provide Group management with regular reports on the performance of the segment and resource requirements. The Group's internal reporting system is designed to allow the Group management to monitor the performance and results of each of the market regions. The Group's segments have been identified using data from this internal reporting system, and the different areas have been assessed in order to merge segments that are similar. This means that segments have been aggregated if they share similar economic characteristics, such as long-term gross margins and have similar product areas, customer categories and methods of distribution.

In the segments' profit, assets and liabilities are included directly attributable items and items that can be distributed to the segment in a reasonable and reliable manner. Non-distributed items consist of interest and dividend income, gains from the sale of financial investments, interest expenses, losses from the sale of financial investments, tax expenses and general administration expenses. Assets and liabilities not distributed to the segments are deferred tax assets, deferred tax liabilities, interest-bearing assets and liabilities. The segment's investments in property, plant

and equipment and intangible fixed assets include all investments except for investments in expendable equipment and minor value assets. Internal prices between the Group's different segments are set using the "arm's-length principle", i.e. between parties who are independent of each other, well informed and with an interest in completing the transactions.

Basically all income comes from product sales, consisting of components mainly for industrial automation in the product areas of electrical components, flow technology, motors, transmissions and brakes, appliance components, installation components, and bearing solutions and seals. Customers include machinery and appliance manufacturing industries, wholesalers, electrical contractors, catalogue distributors, strategic end users and electronics manufacturers and strategic contract manufacturers in northern Europe.

Internal sales have elements of services, both at the Parent Company and subsidiaries. All Parent Company sales relate to services sold to the subsidiaries.

Group-wide operations include the Parent Company that owns the shares in underlying companies, and real estate companies that own commercial properties where the Group conducts its business activities. The Parent Company is to be an active owner and develop the subsidiaries. In addition to clear management-by-objectives, this means contributing expertise and resources in the fields of IT, financial control, HR administration, market communication, quality and environmental control, and warehouse management.

2021	Sweden	Finland, Baltic states and China	Denmark, Norway, UK and East Central Europe	Group-wide operations	Eliminations	Total consoli- dated
Income						
External sales	2,325.4	791.2	654.7	2.5	-	3,773.8
Internal sales	172.0	13.3	4.0	92.0	-281.3	-
Total income	2,497.4	804.6	658.7	94.5	-281.3	3,773.8
Profit/loss						
Operating profit	394.9	111.9	53.1	36.5	-18.0	578.4
Financial items				-2.5		-2.5
Tax expenses						-118.9
PROFIT/LOSS FOR THE YEAR						457.0
EBITA	398.5	117.8	55.8	36.5	-18.0	590.5
EBITA margin, %	17.1	14.9	8.5			15.6
Other disclosures						
Assets	1,080.2	334.9	257.6	668.4	-440.5	1,900.5
Liabilities	659.5	111.2	80.9	56.2	-440.5	467.4
Investments in intangible fixed assets	2.3	-	0.3	0.1		2.8
Investments in property, plant and equipment	15.0	6.1	5.4	44.3		70.8
Amortisation and impairment of intangible fixed assets	4.0	5.9	2.7	2.0		14.6
Depreciation of property, plant and equipment	24.2	7.0	15.5	8.8		55.4

Cont. Note 2

YEAR 2020	Sweden	Finland, Baltic states and China	Denmark, Norway, UK and East Central Europe	Group-wide operations	Eliminations	Total consoli- dated
Income						
External sales	2,013.0	695.0	574.8	–	–	3,282.8
Internal sales	141.7	7.9	4.4	83.9	-237.9	–
Total income	2,154.7	702.9	579.2	83.9	-237.9	3,282.8
Profit/loss						
Operating profit	298.6	76.4	36.3	14.2	-16.9	408.5
Financial items				-7.6		-7.6
Tax expenses						-83.6
PROFIT/LOSS FOR THE YEAR						317.3
EBITA	302.9	83.0	38.9	14.2	-16.9	422.0
EBITA margin, %	15.0	11.9	6.8			12.9
Other disclosures						
Assets	865.8	284.7	239.5	534.8	-318.5	1,606.3
Liabilities	517.5	80.1	76.8	46.6	-318.5	402.5
Investments in intangible fixed assets	–	–	14.8	0.3		15.1
Investments in property, plant and equipment	19.7	6.8	12.7	0.8		40.1
Amortisation and impairment of intangible fixed assets	4.8	6.6	2.5	4.8		18.7
Depreciation of property, plant and equipment	23.1	7.3	16.4	8.6		55.3

Cont. Note 2

SPECIFICATION OF EXTERNAL REVENUE PER REGION AND PRODUCT AREA

2021	Sweden	Finland, the Baltic states and China	Denmark, Norway, UK and East Central Europe	Total consolidated
Breakdown of external revenue by product area				
Automation	808.3	463.5	637.6	1,909.4
Components	355.6	86.0	17.1	458.7
Installation components	495.6	49.7	-	545.2
Other	666.0	192.1	-	858.0
TOTAL EXTERNAL REVENUE*	2,325.4	791.2	654.7	3,771.4

*No customer accounts for more than 10% of sales

Year 2020

Breakdown of external revenue by product area				
Automation	730.9	417.5	559.8	1,708.2
Components	298.4	73.1	15.0	386.5
Installation components	403.4	42.0	-	445.4
Other	580.2	162.4	-	742.7
TOTAL EXTERNAL REVENUE*	2,013.0	695.0	574.8	3,282.8

*No customer accounts for more than 10% of sales

GEOGRAPHIC AREAS	External sales *		Assets **		Investments**	
	2021	2020	2021	2020	2021	2020
Sweden	2,321.8	2,010.3	287.0	303.3	15.9	12.7
Finland	717.2	631.8	133.2	97.7	43.9	4.2
United Kingdom	200.6	153.3	39.7	42.5	1.7	6.4
Denmark	146.5	144.0	37.9	39.0	1.2	1.1
Poland	133.2	121.4	10.0	12.0	2.4	1.7
Norway	82.6	73.7	6.0	8.1	1.7	-
Czech Republic	62.2	55.7	2.7	4.2	1.9	1.0
China	38.3	31.3	0.3	0.6	0.0	0.0
Estonia	27.4	23.7	0.2	0.7	0.1	0.3
Slovakia	15.8	13.0	0.6	0.5	-	0.1
Hungary	13.9	13.6	1.3	0.5	0.9	-
Lithuania	9.1	6.3	0.3	0.3	0.2	0.2
The Netherlands	3.6	2.7	1.7	1.7	1.1	0.1
Latvia	1.8	1.9	-	-	-	-
TOTAL	3,773.8	3,282.8	520.9	510.9	70.8	27.8

* External sales are broken down by location of sales point.

** Relates to intangible fixed assets and property, plant and equipment

Note 3

Other operating income

	The Group		Parent Company	
	2021	2020	2021	2020
Remeasurement of contingent consideration	1.1	5.2	-	-
Government support grants*	2.9	10.2	-	0.5
Other information	0.2	-	-	-
TOTAL	4.1	15.4	0.0	0.5

* Government grants have been received for short-term work and sick pay in Sweden and for temporary staff redundancies in Denmark, Norway, Hungary and the UK. All grants are related to Covid-19.

See Notes 4 and 24 for additional information.

Note 4

Business combinations

2021

No acquisitions of business operations were made in 2021.

2020

On 31 January 2020, the entire shareholding of Zoedale Ltd in the United Kingdom was acquired. The company markets valves and actuators for different processes and industrial applications. Its head office is located in Bedford. It reports annual sales of approximately SEK 37 million and, at the time of acquisition, the company had 15 employees. The company became part of Region Denmark, Norway, the UK and East Central Europe on 1 February 2020. The consideration for the business acquired was SEK 20.1 million, plus a contingent consideration estimated at SEK 6.1 million, based on how the business develops in 2020 and 2021. The impact of acquisition transactions on consolidated sales in 2020 was approximately SEK 25.1 million and on profit before tax approximately SEK -2.2 million. If the acquired business had been consolidated from the start of 2020, the effect on sales and profit before tax would have been approximately SEK 27.4 million and SEK -2.7 million respectively.

EFFECTS OF ACQUISITION	2021	2020
The net assets of the acquired companies on acquisition:		
Intangible assets	-	7.3
Buildings and land	-	5.2
Other fixed assets	-	0.2
Inventories	-	5.0
Trade and other receivables	-	4.4
Cash and cash equivalents	-	3.4
Trade payables and other operating liabilities	-	-5.5
Deferred tax liability	-	-1.4
Net identifiable assets and liabilities	-	18.6
Consolidated goodwill	-	7.6
CONSIDERATION TRANSFERRED	-	26.2

Goodwill

Goodwill is attributable to the benefits of co-ordination with existing units within the Group OEM Automatic and good profitability. The value of the goodwill is not tax deductible.

Acquisition-related expenses

Acquisition-related expenses amount to SEK - million (0.4) and relate to consultancy fees for due diligence. These expenses have been recognised as other operating expenses in the Statement of Income.

Cont. Note 4

	2021	2020
Remuneration		
Service fees paid	-	20.1
Due in accordance with agreement	-	-
Estimated contingent consideration	-	6.1
TOTAL CONSIDERATION TRANSFERRED	-	26.2

Asset acquisition 2021

On 1 October 2021, OEM acquired the customer base and inventory of the division of Norwegian Export Import AS in Norway that is engaged in the trading of jump starters. The division reports revenues of approximately SEK 5 million. Sales will be conducted through Svenska Batteripoolen AB which is part of Region Sweden. The consideration for the assets acquired was SEK 2.4 million, plus contingent considerations estimated at SEK 0.8 million, based on how the business develops between October 2021 and September 2022. As a result of the acquisition, other intangible fixed assets have increased by SEK 2.4 million and inventories by SEK 0.03 million. Other intangible fixed assets relate to customer relationships that will be amortised over a five-year period.

Contingent consideration

It is stated in the acquisition agreements for acquisitions that have been made in 2021 and 2020 that a contingent consideration will be payable to the vendors based on the development of the coverage ratio or performance. Contingent consideration is capped at SEK - million (20.2) for these and is estimated at SEK - million (13.7) in the acquisition cost analysis. The contingent considerations have been calculated using weighted probability techniques.

Remeasurement of contingent consideration

The growth of acquired businesses during 2019 to 2021 has resulted in remeasurement of contingent consideration which has decreased by SEK 1.1 million. This has been recognised as Other Income and had a positive SEK 1.1 million (5.2) effect on the operating profit in 2021. As at 31 December 2021, the carrying amount for remaining liabilities relating to contingent considerations is SEK 4.1 million (7.1) and the earn-out for remaining contingent considerations is capped at SEK 11.7 million (22.3).

Further information about intangible assets is presented in Note 12.

Acquisitions after the close of the reporting period

On 13 January 2022, all of the shares in Demesne Electrical Sales Ltd were acquired. The company was acquired through the transfer of all shares in the parent company Balfe Securities Limited. Demesne Electrical Sales is Ireland's leading independent importer and distributor of electrical control, switch-gear, energy-saving and installation products. It has 52 employees and an annual turnover of approximately SEK 205 million. The company has its head office in Dublin. The analysis of acquisition that has been made is a preliminary analysis due to the short amount of time between the date of acquisition and the preparation of the annual report.

PRELIMINARY ACQUISITION ANALYSIS	2021
Net assets of the acquired company on acquisition:	Group fair value
Intangible assets	91.2
Other fixed assets	3.4
Inventories	22.8
Trade and other receivables	71.3
Cash and cash equivalents	20.2
Trade payables and other operating liabilities	-78.9
Deferred tax liability	-11.4
Net identifiable assets and liabilities	118,6
Consolidated goodwill	90.7
CASH CONSIDERATION*	209.3

*Cash consideration comprises cash payment of a fixed purchase price of SEK 125.7 million, a withheld amount on the fixed purchase price of SEK 12.2 million and a contingent consideration of SEK 71.4 million.

As a result of the acquisition, intangible fixed assets will increase by SEK 181.9 million relate to supplier relationships and to goodwill. Supplier relationships will be amortised over a 5-year period. Goodwill is attributable to synergies with current operations within the Group. The value of goodwill is not deductible for tax purposes. OEM normally uses an acquisition structure with a base consideration combined with contingent consideration. Contingent consideration is initially valued at the present value of probable earnings, which amounts to SEK 71.4 million for acquisitions after the balance sheet date. The period for contingent consideration is 3 years and the earnings may amount to a maximum of SEK 79.5 million. Acquisition-related expenses, such as legal fees for due diligence and fees for drawing up purchase agreements, amount to SEK 1.5 million.

Note 5

Employees and staff costs

AVERAGE NUMBER OF EMPLOYEES	2021	Of which men	2020	Of which men
Parent Company				
Sweden	20	80 %	19	79 %
Subsidiaries				
Sweden	466	75 %	472	77 %
Denmark	36	86 %	40	88 %
United Kingdom	66	80 %	68	78 %
Estonia	3	100 %	5	100 %
Finland	163	86 %	158	85 %
The Netherlands	2	50 %	2	50 %
China	20	75 %	19	74 %
Lithuania	2	100 %	2	100 %
Norway	22	82 %	21	90 %
Poland	49	80 %	49	80 %
Slovakia	5	60 %	5	60 %
Czech Republic	27	81 %	28	82 %
Hungary	5	100 %	6	83 %
Total in subsidiaries	866	79 %	875	80 %
GROUP TOTAL	886	79 %	894	80 %

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY EXPENSES	2021		2020	
	Salaries and remuneration	Social security expenses	Salaries and remuneration	Social security expenses
Parent Company (of which pension expenses)	20.9	8.7 (2.8)	18.7	7.6 (2.6)
Subsidiaries (of which pension expenses)	402.1	143.0 (32.1)	377.7	128.7 (30.8)
GROUP TOTAL	423.0	151.7	396.3	136.3
(of which pension expenses)		(34.9)		(33.4)

SALARIES AND OTHER REMUNERATION BROKEN DOWN BY PARENT COMPANY AND SUBSIDIARIES AND BY SENIOR EXECUTIVES AND OTHER EMPLOYEES

	2021		2020	
	Senior executives including the Board	Other employees	Senior executives including the Board	Other employees
Parent Company				
Sweden, of which senior executives 11 people (10) (of which bonus)	13.1 (3.6)	7.8	11.0 (2.7)	7.7
Subsidiaries total, of which senior executives 24 people (24) (of which bonus)	26.7 (5.5)	375.4	23.5 (1.1)	354.2
GROUP TOTAL, OF WHICH SENIOR EXECUTIVES 35 PEOPLE (34)	39.8	383.2	34.5	361.9
(of which bonus)	(9.1)		(3.8)	

Pension premiums to the amount of SEK 5.6 million (5.6) have been paid for the category senior executives.

REMUNERATION OF GROUP MANAGEMENT AND BOARD MEMBERS

	2021					2020				
	Base pay, board fee	Variable remuneration	Other benefits	Pension expense	Total	Base pay, board fee	Variable remuneration	Other benefits	Pension expense	Total
Petter Stillström Chairman of the Board	0.5	-	-	-	0.5	0.5	-	-	-	0.5
Ulf Barkman, Board member	0.3	-	-	-	0.3	0.3	-	-	-	0.3
Mattias Franzén, Board Member	0.3	-	-	-	0.3	0.2	-	-	-	0.2
Richard Pantzar, Board Member	0.3	-	-	-	0.3	0.2	-	-	-	0.2
Jörgen Rosengren Board member	0.3	-	-	-	0.3	0.2	-	-	-	0.2
Per Svenberg, Board member	0.3	-	-	-	0.3	-	-	-	-	-
Åsa Söderström Winberg, Board member	0.3	-	-	-	0.3	0.2	-	-	-	0.2
Agne Svenberg, Board Member	-	-	-	-	-	0.2	-	-	-	0.2
Jörgen Zahlin, Managing Director	4.6	2.7	-	1.1	8.4	4.6	2.3	-	1.1	8.0
	6.7	2.7	-	1.1	10.4	6.4	2.3	-	1.1	9.8
Other senior executives 8 persons (6) *	9.2	3.5	0.4	3.0	16.0	7.6	0.4	0.2	2.1	10.3
TOTAL	15.8	6.1	0.4	4.1	26.4	14.0	2.7	0.2	3.2	20.2

* Of the other senior executives, five (four) people receive remuneration from subsidiaries.
This remuneration is included at an amount of SEK 8.4 million (5.6). Pension expenses were SEK 2.2 million (1.7).

CEO/Managing Director

Pension expenses are defined contribution. There are no other pension obligations. As in previous years, variable remuneration is based on the performance levels attained. SEK 2.7 million was paid in variable remuneration in 2021. Variable remuneration payment totalled SEK 2.3 million in 2020. The maximum amount of variable remuneration was paid for 2021 and 2020. The period of notice for the Managing Director is 24 months from the company's side, with the obligation to work, and 6 months from the Managing Director's side. Retirement age for the Managing Director is 60 years. The CEO/ Managing Director's salary and remuneration is set by the Board.

Other senior executives

Pension expenses are defined contribution. There are no other pension obligations. Variable remuneration payment totalled SEK 3.0 million in 2021. Variable remuneration payment totalled SEK 0.4 million in 2020. Based on the attained profit level, variable remuneration can be paid at a maximum of 40 % of base salary. The period of notice for other members of Group management is maximum 12 months, upon termination by the company, with the obligation to work, and maximum 6 months upon

termination by the employee. If the company serves notice after the age of 55 years, the period of notice is increased by an additional six months. Retirement age for the other members of Group management is between 60 and 65 years.

Guidelines for remuneration and other terms of appointment of senior executives

Guidelines for senior executives, approved by the 2021 Annual General Meeting, state that the Managing Director, Group management and other managers who report directly to the Managing Director shall have market-competitive salaries and other remuneration terms. Share-based compensation, so-called incentive schemes, shall be presented for approval at the Annual General Meeting. In addition to a basic pay, the management can also receive variable remuneration, which can amount to a maximum of eight monthly salaries. Senior executives shall have premium-based pension schemes, capped at 30 % of fixed remuneration. The period of notice on the company's part may not exceed 24 months and involves the obligation to work during the period of notice. Employment agreements shall not contain provisions for severance pay.

GENDER DISTRIBUTION	Group (percentage of women)		Parent (percentage of women)	
	2021	2020	2021	2020
Board of Directors	6 %	8 %	14 %	14 %
Other senior executives	0 %	0 %	0 %	0 %

Note 6

Fees and reimbursement of expenses to the auditors

	The Group		Parent Company	
	2021	2020	2021	2020
PwC				
Audit assignments	2.7	2.8	0.6	0.9
Non-audit services	-	-	-	-
Tax counselling	-	0.1	-	-
Other services	-	0.1	-	0.1
	2.7	3.0	0.6	1.0
Other auditors				
Audit assignments		0.3	-	-
Tax counselling		0.8	-	-
Other assignments	-	-	-	-
	0.0	1.1	-	-
TOTAL	2.7	4.1	0.6	1.0

Of the remuneration to auditors in 2021, the following has been paid to Öhrlings PricewaterhouseCoopers AB in Sweden:

Audit services SEK 1.5 million (1.8), other statutory services SEK - million (-), tax advice SEK - million (-) and other services SEK - million (0.1).

Audit assignments refer to the auditing of the Annual Report, the consolidated financial statements, the accounting records and the administration by the Board of Directors and the Managing Director, other tasks that are the duty of the company's auditors, as well as advice and other assistance resulting from observations made during such audits or the performance of other such duties. Tax counselling refers to all consultations in the area of tax. "Other assignments" refers to advice on accounting matters and advice on processes and internal control.

Note 7

Depreciation/amortisation and impairment of property, plant and equipment and intangible fixed assets

	The Group		Parent Company	
	2021	2020	2021	2020
Customer relationships	-12.1	-13.5	-	-
Patents	0.0	0.0	-	-
Supplier relationships	-	-	-	-
Expenses brought forward for software	-2.5	-5.2	-2.0	-4.8
Buildings and land	-28.1	-28.4	-0.4	-0.5
Fixtures, fittings, tools and equipment	-26.2	-26.9	-1.5	-1.6
TOTAL	-69.0	-74.0	-3.9	-6.8

Note 8

Income from interests in Group companies

	Parent Company	
	2021	2020
Dividends received	89.7	58.6
Capital gains on liquidation	0.0	1.0
Impairment of interests in Group companies	-	-1.8
TOTAL	89.7	57.9

Note 9

Finance income/other interest income and similar income

	The Group		Parent Company	
	2021	2020	2021	2020
Interest on bank deposits	0.3	0.4	1.2	1.2
Other finance income	0.2	-	-	0.0
TOTAL	0.5	0.4	1.2	1.3

Note 10

Finance expense/interest expense and similar charges

	The Group		Parent Company	
	2021	2020	2021	2020
Interest expense on financial liabilities	-3.0	-3.3	-1.2	-1.1
Other finance expense	-	-4.7	-1.4	-
TOTAL	-3.0	-8.0	-2.6	-1.1

Note 11

Income tax

RECOGNISED IN STATEMENT OF INCOME/INCOME STATEMENT	The Group		Parent Company	
	2021	2020	2021	2020
Current tax	-106.7	-81.5	-66.2	-48.3
Deferred tax	-12.1	-2.1	0.0	0.1
TOTAL RECOGNISED TAX EXPENSE	-118.9	-83.6	-66.2	-48.2

LINK BETWEEN TAX EXPENSES FOR THE YEAR AND INCOME BEFORE TAX				
Reported profit before tax	575.9	400.9	405.5	280.1
Estimated tax on reported profit before tax as per applicable tax rate for income tax in each country	-116.0	-84.7	-83.5	-59.9
Non-taxable share dividends			18.5	12.5
Non-taxable income	2.4	1.9	-	0.2
Non-deductible items	-5.3	-1.1	-1.1	-1.1
Impact of changed tax rate	-	0.3	-	0.1
TOTAL RECOGNISED TAX EXPENSE	-118.9	-83.6	-66.2	-48.2
Deferred tax assets	6.7	8.3	-	0.0
TOTAL DEFERRED TAX ASSETS	6.7	8.3	0.0	0.0
Deferred tax liability				
Intangible fixed assets	3.0	5.3	-	-
Buildings and land	10.1	9.2	1.9	1.9
Untaxed reserves	91.7	79.3	-	-
Other information	0.8	0.7	-	-
TOTAL DEFERRED TAX LIABILITY	105.5	94.4	1.9	1.9

The Group holds SEK 0.5 million (0.3) in non-capitalised deferred tax assets equivalent to loss carryforwards which, when measured cannot be considered available for use because the surplus cannot be offset against these within a reasonable future period. The acquisition of subsidiaries affected the deferred tax liability by SEK - million (1.4).

Note 12

Intangible fixed assets

THE GROUP	2021						
	Goodwill	Trade-marks	Customer relationships	Supplier relationships	Patents	Software	Total
Accumulated cost							
At beginning of year	157.0	43.3	145.0	45.3	0.3	41.1	431.9
New acquisitions	-	-	2.4	-	-	0.4	2.8
Acquisition of subsidiaries	-	-	-	-	-	-	-
Sales and disposals	-	-	-	-	-	-	-
Exchange rate differences for the year	1.3	0.1	4.5	0.3	-	0.1	6.3
Total cost of acquisition	158.3	43.4	151.8	45.6	0.3	41.6	441.0
ACCUMULATED AMORTISATION							
At beginning of year	-	-43.3	-119.3	-36.5	-0.3	-34.3	-233.6
Amortisation	-	-	-12.1	-	0.0	-2.5	-14.6
Sales and disposals	-	-	-	-	-	-	-
Exchange rate differences for the year	-	-0.1	-3.7	-0.3	-	0.0	-4.1
Total amortisation	-	-43.4	-135.1	-36.8	-0.3	-36.8	-252.4
ACCUMULATED IMPAIRMENTS							
At beginning of year	-11.2	-	-0.3	-	-	-	-11.5
Sales and disposals	-	-	-	-	-	-	-
Impairments	-	-	-	-	-	-	-
Exchange rate differences for the year	-	-	0.0	-	-	-	0.0
Total impairments	-11.2	-	-0.3	-	-	-	-11.5
CARRYING AMOUNT AT END OF YEAR	147.1	-	16.4	8.8	0.0	4.8	177.1

Total carrying amount relating to trademarks, customer relationships, supplier relationships, patents and software at year-end was SEK 29.9 million (41.0)

2021

SEK 2.4 million, relating to customer relationships, is recognised as a result of the acquisition of the assets of the company Norwegian Export Import AS. The estimated useful life of the customer relationships is five years.

Cont. Note 12

Intangible fixed assets

THE GROUP	2020						
	Goodwill	Trade-marks	Customer relationships	Supplier relationships	Patents	Software	Total
Accumulated cost							
At beginning of year	152.2	43.6	143.8	46.0	0.3	40.8	426.6
New acquisitions	–	–	–	–	–	0.3	0.3
Acquisition of subsidiaries	7.6	–	7.3	–	–	–	14.8
Sales and disposals	–	–	-0.1	–	–	–	-0.1
Exchange rate differences for the year	-2.7	-0.3	-6.0	-0.7	–	0.0	-9.7
Total cost of acquisition	157.0	43.3	145.0	45.3	0.3	41.1	431.9
ACCUMULATED AMORTISATION							
At beginning of year	–	-43.6	-110.2	-37.2	-0.2	-29.0	-220.2
Amortisation	–	–	-13.4	–	0.0	-5.2	-18.7
Sales and disposals	–	–	0.0	–	–	–	0.0
Exchange rate differences for the year	–	0.3	4.3	0.7	–	–	5.2
Total amortisation	–	-43.3	-119.3	-36.5	-0.3	-34.3	-233.6
ACCUMULATED IMPAIRMENTS							
At beginning of year	-11.2	–	-0.1	–	–	–	-11.3
Sales and disposals	–	–	0.1	–	–	–	–
Impairments	–	–	-0.3	–	–	–	–
Exchange rate differences for the year	–	–	0.0	–	–	–	–
Total impairments	-11.2	–	-0.3	–	–	–	-11.5
CARRYING AMOUNT AT END OF YEAR	145.8	–	25.3	8.8	0.0	6.8	186.8

Total carrying amount relating to trademarks, customer relationships, supplier relationships, patents and software at year-end was SEK 41.0 million (54.1)

2020

The acquisition of the operations of Zoedale Ltd increases the value of customer relationships by SEK 7.3 million and goodwill by SEK 7.6 million. The estimated useful life of the customer relationships is five years.

Impairment testing of customer relationships

Impairment testing of customer relationships refers to part of customer relationships from the acquisition of the assets of the company Finisterra AS in 2019.

GOODWILL AND INTANGIBLE ASSETS WITH AN INDETERMINABLE USEFUL LIFE	2021	2020
Companies		
Goodwill		
OEM Automatic AB	3.3	3.3
OEM Electronics AB	5.0	5.0
Internordic Bearings AB	3.0	3.0
OEM Motor AB	12.0	12.0
Elektro Elco AB	32.5	32.5
Svenska Helag AB	3.0	3.0
Svenska Batteripoolen AB	1.8	1.8
Nexa Trading AB	12.0	12.0
AB Ernst Hj Rydahl Bromsbandfabrik	6.0	6.0
ATC Adhesive Tape Converting AB	3.0	3.0
OEM Finland OY	18.9	18.7
Akkupojat OY	2.0	2.0
Rauheat OY	12.2	12.0
OEM Automatic Klitsø AS	25.1	24.8
Zoedale Ltd	7.3	6.6
	147.1	145.8
Supplier relationships with an indeterminable useful life		
Telfa AB	8.8	8.8
TOTAL	155.9	154.6

The above amounts relate to goodwill amounting to SEK 147.1 million (145.8) and acquired supplier relationships for Telfa AB amounting to SEK 8.8 million (8.8).

These are long-standing supplier relationships with an indefinite useful life that are appraised as stable over the foreseeable future.

The values in use are based on estimated future cash flows with the starting point in existing business plans for the next year. The amounts are calculated using the value-in-use methodology. The principal assumptions for the measurement for all cash-generating units are assumptions about margins and volume growth. The business plans are based on experience from previous years, but take the companies' forecasts for anticipated future growth into consideration. Current market shares are expected to increase marginally in the forecast period. The growth in sales and earnings in the operations is expected to be in line with the business plans. Net cash flow growth is expected to come in at 2 % (2 %) for other years after the forecast period of 1 year. The gross profit margins are expected to reach the same level as at the end of 2021. The forecast cash flows have been converted to a present value using a discount rate of 10 % (10 %) before tax. The values in use of the units exceed their carrying amounts. The company's management believes no reasonably possible change in the key assumptions would cause the carrying values of the units to exceed the estimated values in use.

Impairment test for intangible assets

Impairment tests have been performed at segment level on cash-generating units containing goodwill and intangible assets with indefinite useful lives, which is considered to be the smallest cash-generating unit, based on the value in use of the units.

Cont. Note 12

PARENT COMPANY	2021	2020
Expenses brought forward for software		
Accumulated cost of acquisition		
At beginning of year	38.9	38.7
New acquisitions	0.1	0.3
Asset retirement	-	-
Total cost of acquisition	39.1	38.9
Accumulated amortisation		
At beginning of year	-33.6	-28.9
Amortisation	-2.0	-4.8
Asset retirement	-	-
Total amortisation	-35.5	-33.6
CARRYING AMOUNT AT END OF YEAR	3.5	5.4
Accumulated accelerated amortisation		
At beginning of year	-1.7	-4.1
Change for the year	0.2	2.5
TOTAL ACCUMULATED ACCELERATED AMORTISATION	-1.4	-1.7

Expenses brought forward for software are written off during its estimated useful life of five years.

Note 13

Property, plant and equipment

THE GROUP	2021	2020
Owned property, plant and equipment	296.5	263.2
Property, plant and equipment through right-of-use	47.4	61.0
TOTAL PROPERTY, PLANT AND EQUIPMENT	343.8	324.2

RECOGNISED AMOUNTS OWNED PROPERTY, PLANT AND EQUIPMENT

THE GROUP	2021		2020	
	Buildings and land	Fixtures, fittings, tools and equipment	Buildings and land	Fixtures, fittings, tools and equipment
Accumulated cost of acquisition				
At beginning of year	321.0	167.2	323.1	162.9
New acquisitions	43.2	7.7	0.4	7.9
Cost of acquisitions taken over upon acquisition	-	-	6.0	3.5
Sales and disposals	-0.5	-2.6	-	-5.5
Reclassifications	-	-	-2.8	2.8
Exchange rate differences for the year	4.5	3.1	-5.8	-4.4
Total cost of acquisition	368.2	175.4	321.0	167.2
Accumulated depreciation according to plan				
At beginning of year	-90.9	-134.1	-83.1	-127.8
Accumulated depreciation taken over upon acquisition	-	-	-1.2	-3.3
Sales and disposals	0.5	2.1	-	5.3
Depreciation for the year	-8.9	-11.6	-8.6	-12.0
Reclassifications	-	-	-	-
Exchange rate differences for the year	-1.5	-2.6	2.0	3.6
Total depreciation	-100.8	-146.2	-90.9	-134.1
CARRYING AMOUNT AT END OF YEAR	267.4*	29.2	230.1*	33.1

* The carrying amount of buildings is SEK 231.5 (210.1) for the Group and SEK 11.5 (11.8) for the Parent Company.

PARENT COMPANY	2021		2020	
	Buildings and land	Fixtures, fittings, tools and equipment	Buildings and land	Fixtures, fittings, tools and equipment
Accumulated cost of acquisition				
At beginning of year	28.6	16.9	28.6	18.9
New acquisitions	1.3	0.5	-	0.3
Sales and disposals	-0.5	-0.2	-	-2.4
	29.4	17.2	28.6	16.9
Accumulated depreciation according to plan				
At beginning of year	-16.4	-12.0	-16.0	-12.7
Sales and disposals	0.5	0.2	-	2.4
Depreciation for year acc. to plan based on cost	-0.4	-1.5	-0.5	-1.6
	-16.4	-13.2	-16.4	-12.0
CARRYING AMOUNT AT END OF YEAR	13.0	4.0	12.1	4.9
Accumulated accelerated depreciation				
At beginning of year	-	-1.1	-	-0.8
Change for the year	-	-0.2	-	-0.3
TOTAL ACCUMULATED ACCELERATED DEPRECIATION	-	-1.2	-	-1.1

Cont. Note 13

RECOGNISED AMOUNTS PROPERTY, PLANT AND EQUIPMENT THROUGH RIGHT-OF-USE

THE GROUP

Recognised amounts in the balance sheet	31 Dec 2021	31 Dec 2020
Right-of-use assets		
Real estate	30.7	42.7
Machinery and equipment	0.3	0.3
Vehicles	16.3	18.0
TOTAL RIGHT-OF-USE ASSETS	47.4	61.0
Lease liabilities		
Current	26.3	29.4
Non-current	20.5	31.5
TOTAL LIABILITIES ARISING FROM RIGHT-OF-USE ASSETS	46.8	60.9

THE GROUP

Recognised amounts in the income statement	2021	2020
Amortisation of right-of-use assets		
Real estate	-19.2	-19.8
Machinery and equipment	-0.2	-0.3
Vehicles	-14.5	-14.7
TOTAL AMORTISATION OF RIGHT-OF-USE ASSETS	-34.0	-34.8
Interest expense (included in finance expense)	-0.9	-1.2
Costs attributable to short-term leases (included in other expenses)	-	-
Costs attributable to leases with underlying assets of low value (included in other expenses)	-0.2	-0.3

The total cash flow for leases in 2021 was SEK 34.9 million (35.3)

Note 14

Interests in Group companies

PARENT COMPANY	2021	2020
Book value		
At beginning of year	374.4	424.3
Acquisitions for the year	41.1	-
Remeasurement of contingent considerations	-0.7	-1.9
Liquidations	-6.5	-46.2
Impairments	-	-1.8
CLOSING BALANCE	408.4	374.4

SPECIFICATION OF THE PARENT COMPANY'S DIRECT AND INDIRECT SHAREHOLDINGS IN SUBSIDIARIES

	Corp. id. no.	Reg. office	No. of shares	Share of capital	Par value	Book value 2021	Book value 2020
Sweden							
OEM Automatic AB, Sweden	556187-1012	Tranås	20,000	100 %	100	16.0	16.0
OEM Motor AB, Sweden	556650-6498	Tranås	1,000	100 %	100	18.4	19.1
Telfa AB, Sweden	556675-0500	Gothenburg	1,000	100 %	100	10.0	10.0
Apex Dynamics Sweden AB, Sweden	556771-7466	Tranås	1,000	100 %	100	0.1	0.1
Svenska Batteripoolen AB, Sweden	556929-8291	Tranås	5,000	100 %	100	0.5	0.5
Elektro Elco AB, Sweden	556564-2716	Jönköping	1,000	100 %	100	68.0	68.0
OEM Electronics AB, Sweden	556054-3828	Tranås	3,500	100 %	100	15.4	15.4
Internordic Bearings AB, Sweden	556493-8024	Nässjö	1,000	100 %	100	12.2	12.2
Svenska Helag AB, Sweden	556225-9639	Tranås	1,020	100 %	100	12.6	12.6
Täby Elektronikkomponenter AB (formerly Flexitron AB), Sweden	556414-6982	Täby	5,000	100 %	100	0.4	0.4
Agolux AB, Sweden	556892-3774	Tranås	5,000	100 %	100	0.5	0.5
Reflex Transmission i Malmö AB, Sverige (liquidated in 2021)	556233-6643	Malmö	3,000	100 %	100	-	6.5
Nexa Trading AB, Sweden	556327-6319	Gothenburg	2,000	100 %	100	32.4	32.4
ATC Tape Converting AB, Sweden	556242-6121	Järfälla	2,000	100 %	100	11.5	11.5
IBEC B.V., Netherlands	-	-	-	100 %		0.8	0.8
AB Ernst Hj Rydahl Bromsbandfabrik, Sweden	556535-6556	Karlstad	-	100 %		-	-
Elektronikkomponenter i Göteborg AB (formerly RF Partner AB), Sweden	556498-5298	Gothenburg	1,000	100 %	100	3.7	3.7
Skäggriskan i Stockholm AB (formerly ATB Drivtech AB), Sweden	556315-6974	Stockholm	150	100 %	1,000	1.9	1.9
Skäggriskan i Täby AB (formerly Cabavo AB), Sweden	559211-3111	Täby	500	100 %	100	0.9	0.9
Finland, the Baltic states and China							
OEM Finland OY, Finland	-	-	-	100 %	-	43.7	43.7
Akkupojat OY, Finland	-	-	-	100 %	-	6.3	6.3
Scannotec OY, Finland	-	-	-	100 %	-	2.1	2.1
Sitek-Palvelu OY, Finland	-	-	-	100 %	-	0.8	0.8
Rauheat OY, Finland	-	-	-	100 %	-	26.7	26.7
OEM Eesti Ou., Estonia	-	-	-	100 %	-	0.0	0.0
OEM Automatic SIA, Latvia	-	-	-	100 %	-	0.0	0.0
OEM Automatic UAB, Lithuania	-	-	-	100 %	-	0.0	0.0
OEM Automatic (Shanghai) Ltd, China	-	-	-	100 %	-	0.0	0.0

Cont. Note 14

SPECIFICATION OF THE PARENT COMPANY'S DIRECT AND INDIRECT SHAREHOLDINGS IN SUBSIDIARIES

	Corp. id. no.	Reg. office	No. of shares	Share of capital	Par value	Book value 2021	Book value 2020
Denmark, Norway, UK and East Central Europe							
OEM Automatic Klitsø AS, Denmark	-	-	-	100 %	-	46.5	46.5
OEM Automatic AS, Norway	-	-	-	100 %	-	3.5	3.5
OEM Automatic Ltd, UK	-	-	-	100 %	-	5.4	5.4
Zoedale Ltd, UK	-	-	-	100 %	-	-	-
OEM Automatic Sp.z.o.o., Poland	-	-	-	100 %	-	0.0	0.0
OEM Automatic spol.s.r.o., Czech Republic	-	-	-	100 %	-	15.5	15.5
OEM Automatic s.r.o., Slovakia	-	-	-	100 %	-	0.0	0.0
OEM Automatic Kft, Hungary	-	-	-	100 %	-	1.2	1.2
Other business units							
Internordic Förvaltning AB, Sweden	556302-0873	Nässjö	1,000	100 %	100	1.3	1.3
OEM Logistics AB, Sweden	556194-8521	Stockholm	2,500	100 %	100	1.5	1.5
Intermate Electronics AB, Sweden	556266-6874	Tranås	1,000	100 %	100	0.6	0.6
OEM Fastighetsbolag AB, Finland	-	-	-	100 %	-	1.4	1.4
OEM Property Ltd, UK	-	-	-	100 %	-	5.1	5.1
Brake Components AB	559000-6499	Tranås	1,000	100 %	100	0.1	0.1
Bankerydsbackens Fastighetsbolag AB	559013-6817	Tranås	1,000	100 %	100	0.1	0.1
OEM Fiskarinkatu 6 AB	-	-	-	100 %	-	41.1	-
TOTAL						408.4	374.4

Note 15

Inventories

	The Group	
	2021	2020
Work in progress	77.9	48.0
Finished goods and merchandise	694.5	565.0
Goodwill impairment	-34.9	-34.1
TOTAL	737.5	578.9

Group impairment of inventories at the close of 2021 was SEK 34.9 million (34.1), which represents approximately 5 % (6%) of the cost of the stock. To determine impairment of stock, the Group uses set obsolescence models and individual assessment of each item of inventory. Swedish companies that do not use an obsolescence schedule instead use the flat-rate 3 % option. Based on the lowest value principle, no impairment has arisen. Costs to scrap items and change in impairment reserve are included in goods for resale in the consolidated Statement of Income.

Note 16

Prepaid expenses and accrued income

	The Group		Parent Company	
	2021	2020	2021	2020
Accrued commission income, etc.	0.6	0.5	-	-
Prepaid rent expense	-	-	0.0	0.0
Prepaid insurance costs	1.9	1.7	0.3	0.2
Prepaid IT costs	4.3	2.8	3.7	2.8
Other prepaid expenses	17.1	13.6	4.8	3.6
TOTAL	19.6	15.7	5.1	3.9

Note 17

Equity

The shares consist of Class A and Class B.
The face value is SEK 0.56 (1.67)*.

		2021		2020	
		Shares	Voting rights	Shares	Voting rights
Class A shares	10 votes	14,231,088	142,310,880	4,767,096	47,670,960
Class B shares	1 vote	55,276,839	55,276,839	18,402,213	18,402,213
TOTAL NUMBER OF TREASURY SHARES*		69,507,927	197,587,719	23,169,309	66,073,173
Repurchased treasury shares		-185,541	-185,541	-61,847	-61,847
TOTAL NUMBER OF SHARES OUTSTANDING*		69,322,386	197,402,178	23,107,462	66,011,326

REPURCHASED TREASURY SHARES INCLUDED IN THE EQUITY ITEM RETAINED EARNINGS, INCLUDING PROFIT FOR THE YEAR

	Number of shares		Amounts that affected equity	
	2021	2020	2021	2020
Opening repurchased own shares	185,541	61,847	23.3	23.3
CLOSING REPURCHASED TREASURY SHARES*	185,541	61,847	23.3	23.3

* A 4:1 share split combined with an automatic redemption procedure was executed in 2021. This procedure gave each shareholder three (3) new shares and one (1) redemption share, which is automatically redeemed. This means that the number of shares in the company is three times that of the previous year.

The Group's translation reserve

The translation reserve includes all exchange differences arising on the translation of financial statements from foreign operations that have prepared their financial statements in a currency other than that used in the consolidated financial statements. The Parent Company and the Group present their financial statements in Swedish krona.

Parent company's restricted funds

Restricted funds may not be reduced through the payment of dividends.

Reserve fund

The purpose of a reserve fund has been to save a proportion of the net earnings not required to cover retained losses. The amount which before 1 January 2006 went to the share premium account has been transferred to the reserve fund.

Development fund

When internally generated intangible assets are capitalised, a corresponding amount is transferred to a development fund classed as restricted equity. The fund is wound up at the same rate as the capitalised item is amortised.

Parent company's distributable equity

The following funds and profit for the year together constitute a distributable reserve, i.e. the amount available for distribution to shareholders as a dividend.

Retained earnings

Retained earnings are the profits and income that remain from the prior year after paying dividends.

Capital management

The Board's aim is to achieve a good return on total capital with a limited financial risk during stable growth.

The target for one business cycle is:

- Minimum sales growth of 10 % per annum
- A minimum EBITA margin of 10 % per annum
- A minimum return on equity of 20 % per annum
- A minimum equity/assets ratio of 35 %

Outcome over the last three years:	2021	2020	2019
Sales growth	15 %	0 %	6 %
EBITA margin	16 %	13 %	12 %
Return on equity	33 %	26 %	29 %
Equity/assets ratio	67 %	69 %	62 %

Allocation of profits

After the balance sheet date, the Board proposed a dividend of SEK 2.75 per share (2.50**). The Board aims to propose a reasonable dividend of profits to the shareholders, by taking into account the financial position, the tax situation and any need for acquisitions or investments in the operation. Retained earnings in the Parent Company total SEK 518.7 million. The Board recommends a SEK 191.1 million dividend and that SEK 327.6 million be carried forward.

Proposed share split and redemption procedure

To facilitate trading of company shares and alter the company's capital structure, OEM's Board of Directors proposes a 3:1 share split combined with an automatic redemption procedure. This procedure splits each existing share in the company into three shares, one of which is a redemption share. This will be redeemed for SEK 3.25, which amounts to a transfer of SEK 225.9 million to the shareholders.

** The dividend for 2020 has been adjusted to reflect the 4:1 share split and an automatic redemption of every fourth share in Q2 2021. The dividend has been adjusted by a factor of 3, since the financial implication is a 3:1 split combined with an extraordinary dividend.

Note 18

Liabilities to credit institutions and lessors

	The Group	
	2021	2020
Other non-current liabilities		
Bank loan	10.0	11.0
Lease liabilities*	20.5	31.5
TOTAL	30.4	42.5
<i>Liabilities that fall due for payment later than five years after the balance sheet date amount to SEK 6.2 million (7.0).</i>		
Current liabilities		
Overdrafts**	32.9	29.7
Current bank loans	1.1	1.9
Lease liabilities*	26.3	29.4
TOTAL	60.3	60.9

LEASE LIABILITIES	2021	2020
Lease liabilities fall due for payment as shown below:		
Within one year	26.3	29.4
Between one and five years	20.5	31.5
Later than in five years	-	-
TOTAL	46.8	60.9

* Lease liabilities relate to premises, machinery, equipment and vehicles as required under IFRS 16.

** The overdraft has a covenant, which means that the Group must have an equity/assets ratio that does not drop below 35%.

As at 31 December 2021, the Group's equity/assets ratio stood at 67% (69%).

See Note 24 for additional information about bank loans and overdrafts. See Note 21 for information about pledged assets for own liabilities.

Note 19

Provisions for pensions and similar obligations

	The Group	
	2021	2020
Present value of entirely or partially funded obligations	6.5	8.0
Fair value of plan assets	-5.7	-6.0
Net of entirely or partially funded obligations	0.8	2.0
The net amount recognised in the following items in the Statement of Financial Position:		
Provisions for pensions and similar obligations	0.8	2.0
Net amount in the Statement of Financial Position (obligations + assets -)	0.8	2.0
The net amount is split over plans in the following countries:		
Norway	0.8	2.0
Net amount in the Statement of Financial Position (obligations + assets -)	0.8	2.0

	The Group	
	2021	2020
Changes in the present value of the obligation for defined-benefit schemes		
Obligation for defined-benefit schemes as at 1 January	8.0	7.9
Pensions earned during the period	0.5	0.4
Actuarial gains and losses	-2.6	0.5
Interest on obligations	0.1	0.2
Benefits paid	0.0	0.0
Exchange rate differences	0.6	-1.0
Obligations for defined-benefit schemes as at 31 December	6.5	8.0
Change in fair value of plan assets		
Fair value of plan assets as at 1 January	6.0	6.4
Contributions by employer	0.6	0.3
Benefits paid	0.0	0.0
Transferred to defined-contribution scheme	-	-0.3
Interest income recognised in the income statement for the year	0.1	0.1
Return excluding interest recognised in the income statement for the year	-1.3	0.1
Exchange rate differences	0.4	-0.6
Fair value of plan assets as at 31 December	5.7	6.0
Expense recognised in the income statement		
Expense for pensions earned during the year	0.5	0.5
Net interest income/expense	0.0	0.0
Other information	0.0	0.0
TOTAL NET EXPENSE IN THE INCOME STATEMENT	0.6	0.5
ACTUARIAL ASSUMPTIONS		
The principal assumptions used for the purpose of the actuarial valuations were as follows:		
Discount rate	1.9 %	2.3 %

In Norway, all employees are covered by defined-benefit pension schemes. SEK 0.6 million is expected to be paid in contributions for the schemes during 2022. In other countries, except for Sweden, all employees are covered by defined-contribution schemes. The company pays defined contributions to a separate legal entity and has no obligation to pay additional amounts. Costs are expensed on the consolidated income statement as the benefits are earned. Pension obligations related to the defined-benefit ITP 2 scheme for retirement and family pensions for salaried employees in Sweden are underwritten with insurance provided by Alecta. According to statement UFR 10 Reporting for Pension Scheme ITP 2, issued by the Swedish Financial Reporting Board, the ITP 2 scheme, which is underwritten by the Alecta insurance company, is a defined-benefit multi-employer scheme. For the 2021 financial year, the company did not have access to information that would enable it to report its proportionate share of the scheme's obligations, plan assets and costs. Consequently, it has not been possible to report the scheme as a defined-benefit pension scheme. The ITP 2 pension scheme, which is provided for by means of insurance with Alecta, is therefore reported as a defined-contribution pension scheme. The premium for the defined-benefit retirement and family pension is calculated individually and is based on such factors as the salary, previously earned pension and expected remaining length of service. Expected contributions in the next reporting period for ITP 2 insurance with Alecta amount to SEK 1.6 million (1.3). The Group's share of the total contributions to the pension scheme is 0.006 % (0.004 %), while its share of the total number of active members in the

scheme is 0.011 % (0.011 %). The collective consolidation level comprises the market value of Alecta's assets as a percentage of the insurance commitments calculated according to Alecta's actuarial methods and assumptions, which are not consistent with IAS 19. The collective consolidation level is normally allowed to vary between 125 and 155 percent. If Alecta's consolidation level falls below 125 percent or rises above 155 percent, measures must be taken to enable the consolidation level to return to the normal range. If the consolidation level is low, an appropriate measure might be to introduce premium reductions. At the end of 2021, Alecta's surplus, in the form of the collective consolidation level, was 172 percent (148). The premiums to Alecta are determined by assumptions regarding interest rates, life expectancy, operating costs and tax on returns, and is calculated in order that the payment of a consistent amount of premium up to the date of retirement is sufficient to ensure that the entire, targeted benefit, based on the insured's current pensionable salary, is, in fact, earned. There is no agreed framework to guide the process of managing any deficit that may arise. In the first instance, losses will be covered by Alecta's collective consolidation capital and will thus not lead to increased costs through higher contractual premiums. Nor are there guidelines on how any surpluses or deficits should be allocated in the event of dissolution of the scheme or a company's withdrawal from the scheme. Most of the employees in Sweden are covered by defined-contribution pension schemes. The total cost of the Group's defined-contribution schemes is SEK 32.1 million (31.6). The Parent Company's cost for defined-contribution schemes is SEK 2.8 million (2.6).

Note 20

Other non-current liabilities

	The Group		Parent Company	
	2021	2020	2021	2020
Other non-current, non-interest-bearing liabilities	-	3.7	-	1.6
TOTAL	-	3.7	-	1.6

Other non-current liabilities relate to the long-term element of contingent considerations.

Note 21

Pledged assets and contingent liabilities

	The Group		Parent Company	
	2021	2020	2021	2020
Pledged assets for own liabilities				
Property mortgages	17.8	18.1	7.5	7.5
Business mortgages	57.0	62.0	-	-
TOTAL	74.8	80.1	7.5	7.5
Contingent liabilities				
Security undertakings to support subsidiaries	-	-	193.1	198.6
TOTAL	-	-	193.1	198.6

See Note 18 for additional information about the company's liabilities.

Note 22

Accrued expenses and prepaid income

	The Group		Parent Company	
	2021	2020	2020	2020
Accrued salaries and holiday pay	86.6	61.1	6.6	5.5
Accrued social security costs	31.7	29.3	3.7	3.8
Accrued supplier inv./commercial debts	33.8	23.3	-	-
Other accrued expenses	22.0	23.9	3.8	3.0
TOTAL	174.1	137.6	14.0	12.3

Note 23

Untaxed reserves

	Parent Company	
	2021	2020
Accumulated accelerated amortisation		
At beginning of year	2.7	4.9
Changes in accelerated amortisation for the year	-0.1	-2.2
AT END OF YEAR	2.7	2.7
Accruals funds		
Allocated in the financial year 2015	-	48.6
Allocated in the financial year 2016	55.7	55.7
Allocated in the financial year 2017	56.0	56.0
Allocated in the financial year 2018	67.0	67.0
Allocated in the financial year 2019	28.0	28.0
Allocated in the financial year 2020	75.0	75.0
Allocated in the financial year 2021	106.0	-
TOTAL	387.7	330.3
TOTAL UNTAXED RESERVES	390.4	333.0

Deferred tax constitutes SEK 82.9 million (71.7) of untaxed reserves.

Note 24

Financial risks and risk management

The most significant financial risks for the OEM Group are currency and customer credit risks. However the currency risks have been more or less been eliminated through matching. An elimination of risks that helps the Group achieve a relatively stable coverage ratio over time. In addition to the named risks, the Group has a limited interest rate risk in the form of a cash flow risk. The OEM Group's financial activities and management of financial risks is primarily performed in the Parent Company. This is carried out in accordance with the financial policy approved by the Board of Directors. There are frameworks for how risk management is to be conducted and for how risks are to be limited.

These frameworks are characterised by a low risk level. The basis is the structured and efficient management of the financial risks that arise in the business.

OEM is of the opinion that the carrying values of financial assets and liabilities approximate their fair values. The Group's holdings of such financial assets that represent fixed assets are fairly limited. At the close of 2021, the amount of non-current receivables was SEK 0.3 million (0.3). At year-end, the Group's holding of such financial assets that represent current assets amounted to SEK 566 million (456) and accrued income to SEK 0.6 million (0.5) and other receivables to SEK 56 million (44). As shown above, more than 99 % of the Group's financial assets are measured at amortised cost under IFRS 9. The financial liabilities are measured at amortised cost, except for derivatives and contingent considerations which are measured at their fair values. The Group does not have any

liabilities with fixed interest. The risk of a shift in the interest rate causing a significant change in fair value for the Group is thus non-existent. The fair values of interest-bearing liabilities are based on estimates of future cash flows of capital and interest, discounted at market interest rate on the balance sheet date. Derivatives are classified within Level 2. The fair values of derivatives are based on the exchange rates and interest rates on the balance sheet date. At the close of 2021, the Group had derivative assets of SEK - million (3.7). Contingent considerations are classified within Level 3. The company's contingent considerations were valued at SEK 4.1 million (7.1) at the close of 2021. Refer to Note 4 for further information about contingent considerations.

The items cash and cash equivalents at SEK 145 million (376), overdrafts at SEK 33 million (30) and other interest-bearing liabilities at SEK 58 million (74) have variable interest rates and are thus exposed to cash flow risk. Overdrafts apply for one (1) year and the requirement is that the equity/assets ratio of the Group does not fall below 35 %.

The majority of the Swedish companies are part of a central accounting system with a total limit of SEK 250 million (250), which is the Parent Company's limit. The drawn amount is SEK - million (-). The subsidiaries' balance/liability in the central accounting system is reported in the Parent Company, either as a receivable from, or a liability to, the subsidiaries. The total limit in the Group is SEK 437 million (416). The drawn amount is SEK 33 million (30).

Cont. Note 24

Financial risks and risk management

FINANCIAL ASSETS AND LIABILITIES		The Group	
	Category	2021	2020
Financial Assets			
Other non-current receivables	1	0.3	0.3
Trade receivables	1	566.4	456.2
Other receivables	1	55.7	44.3
Cash and cash equivalents	1	144.8	376.1
Financial liabilities			
Non-current borrowings - non-hedge accounting	4	30.4	42.5
Other non-current liabilities - contingent considerations	3	-	3.7
Current borrowings - non-hedge accounting	4	27.4	31.2
Overdrafts	4	32.9	29.7
Trade payables	4	205.6	164.0
Other liabilities - contingent considerations	3	4.1	3.6
Other liabilities	4	83.6	93.5

OEM is of the opinion that the carrying values of financial assets and liabilities approximate their fair values.

Definition of categories:

1: Financial assets at amortised cost,

2: Financial assets that are recognised at fair value through profit or loss.

3: Financial liabilities that are recognised at fair value through profit or loss

4: Financial liabilities at amortised cost.

CONTINGENT CONSIDERATIONS	2021	2020
Opening book value	7.1	15.8
Acquisitions for the year	0.8	6.1
Recycled to the income statement	-0.8	-4.5
Consideration paid	-3.3	-9.0
Exchange rate differences	0.2	-1.3
Closing book value	4.1	7.1

LIQUIDITY RISKS

Liquidity risk relates to the risk that the Group will not be able to fulfil its obligations associated with financial liabilities. This is offset, as far as possible, by establishing a maturity profile that makes it possible to take necessary alternative actions to secure capital if necessary.

Cash and cash equivalents at the end of the year were SEK 145 million (376) and financial current assets were SEK 566 million (456). At the close of the year, the Group's financial liabilities were SEK 384 million (368). The maturity profile is presented in the table below. The table shows both capital payments and interest payments.

	2021					2020				
	Total	Within month	1-3 months	3 months -1 year	1 year and longer	Total	Within 11 months	1-3 months	3 months -1 year	1 year and longer
Overdrafts*	34.1	1.0	-	33.1	-	30.8	1.0	-	29.8	-
Other interest-bearing liabilities	11.1	0.0	0.1	1.0	10.0	12.8	0.0	0.1	1.7	10.9
Trade payables, etc.	293.2	250.1	41.9	1.2	-	264.9	219.0	36.9	5.3	3.7
Lease liabilities	47.5	2.2	4.5	20.0	20.8	61.8	2.5	5.0	22.4	32.0
	385.9	253.3	46.5	55.3	30.8	370.3	222.5	41.9	59.2	46.6

* Overdraft runs for one (1) year at a time.

Interest rate risks

The interest rate risk is low and essentially consists of the cash flow risk that arises when the items cash and cash equivalents, overdraft and other interest-bearing liabilities have variable interest rates. A one per cent change in interest on the balance sheet date would entail a change of SEK -0.5 million (-2.7) in the income statement

Currency risks

The currency risks are primarily due to purchases being made in foreign currencies. The risks are managed by the customer contract often prescribing that the price must be adjusted in relation to any currency changes. Alternatively, the sale is carried out in the same currency as the purchase. A detailed report is given in connection with the below table.

The currency flow of the Group is attributable to imports from Europe, Asia and North America.

As long as it is possible, the Group eliminates the effects of exchange rate fluctuations by using currency clauses in the customer contract and by purchasing and selling in the same currency. On the whole, purchasing is carried out in the supplier's functional currency. The table shows that 56 % (58 %) of purchases in 2021 were in EUR, 23 % (21 %) USD, 2 % (3 %) GBP, 10 % (9 %) SEK and 9 % (9 %) in other currencies. The OEM Group manages the effects of changing exchange rates by currency clauses in the sales contract and by invoicing in the same currency as the corresponding purchase. OEM sells goods to Swedish and foreign customers and either invoices in the purchasing currency or in another currency with currency clauses with regard to the purchase currency. The currency clauses adjust 80 % to 100 % of the changes in the exchange rate from the sales order to the date of invoicing, depending on whether OEM receives currency compensation for the profit margin or not. There is often a threshold value, which means that exchange rate changes below 2.25 % are not taken into account. Currency adjustments are made symmetrically for rising and falling currency rates. Currency clauses and sales in the purchasing currency make up about 73 % (71 %) of all sales contracts. Where purchasing is based on sales orders, economic hedging of currency risks is achieved in sales and purchasing. However, in many cases there is a mismatch in timing between purchase orders and sales orders. Purchase orders normally run 7-60 days prior to delivery. The supplier credit period is about 28 days. The currency adjustment clauses means that only currency changes between the time of sale and the time of invoicing affect the amount reported in Swedish Kronor. Since invoicing, in accordance with currency adjustment clauses, is carried out in SEK, there is no exchange rate difference after the date of invoicing. OEM applies the same terms and conditions for adjusting currencies and prices for its Swedish and overseas customers. The changes in values related to the currency clauses are therefore treated consistently from the points of view of risk and accounting. A ten per cent change in exchange rates for the EUR and USD would, using a simplified model, mean a change in turnover of approximately SEK 276 million.

Elektro Elco AB and Nexa Trading AB use foreign exchange forward contracts. The hedged amount is USD - million (8.5). Hedge accounting is not applied. The market value was SEK - million (3.7) as at 31 December 2021. With regard to currency risk, it can be determined that OEM also has balance exposures in the form of net investment in independent foreign operations. At present, these currency risks are not hedged.

Purchases are broken down into percentages as follows:

	2021	2020
EUR	56 %	58 %
USD	23 %	21 %
GBP	2 %	3 %
SEK	10 %	9 %
Other currencies	9 %	9 %
	100 %	100 %

Exchange rate changes significant currencies:

Currency	Weighted average 2021	Weighted average 2020	Change
EUR 1	10.08	10.42	-3 %
USD 1	8.51	8.18	4 %
GBP 1	11.69	11.73	0 %

The sensitivity of the translation exposure to changes in the exchange rate is explained below:

	Carrying amount 31 Dec 2021 SEK million	Sensitivity analysis, +/- 5 % in exchange rate. Impact on the Group's shareholders' equity
CZK	10.3	0.5
DKK	33.7	1.7
EUR	295.5	14.8
GBP	63.7	3.2
NOK	12.6	0.6
PLN	20.8	1.0
HUF	1.6	0.1
CNY	14.3	0.7
TOTAL	452.4	22.6

Exchange rates used in the preparation of the accounts to translate the income statements and net assets of foreign subsidiaries:

Currency	Weighted average 2021	Dec 2021	Weighted average 2020	Dec 2020
NOK 100	98.96	101.89	97.06	95.24
DKK 100	135.63	136.73	139.82	135.01
EUR 1	10.08	10.16	10.42	10.04
GBP 1	11.69	12.10	11.73	11.07
PLN 1	2.20	2.21	2.34	2.20
HUF 100	2.79	2.74	2.94	2.75
CZK 1	0.39	0.41	0.39	0.38

Customer and credit risks

Defined customer limits are carefully decided and strictly applied. Customer limits are assessed at company level. Customer limits and credit risk are set for all new customers via third party credit reference agencies. The credit limits for existing customer are continually updated. These are also assessed with the help of third party credit reference agencies and using internal knowledge about the customer. Short credit periods and absence of risk concentrations for individual customers, segments or geographic areas contribute to a good risk picture, which is confirmed by the fact that bad debt expenses have historically been small and the impact of Covid-19 in 2021 has not given rise to any changed risk assessment.

Recognised receivables are measured based on the low level of risk. The Group has approximately 30,000 purchasing customers in total. The largest individual customer accounted for approximately 4 % (3 %) of sales. The five largest customers accounted for 14 % (12 %) of sales and the ten largest customers accounted for 19 % (17 %) of sales. The distribution of risk is thus very good. Bad debt expenses for the year totalled SEK 0.5 million (1.4) which represents 0.01 % (0.04 %) of sales. The bad debt risk is assessed as low. The average credit period rose to approximately 43 days (43).

AGE ANALYSIS, TRADE RECEIVABLES	2021	2020
Trade receivables not matured	519.0	418.5
Trade receivables matured 0-30 days	39.4	33.1
Trade receivables matured > 30-90 days	4.9	2.6
Trade receivables matured > 90-180 days	1.4	0.6
Trade receivables matured > 180-360 days	0.6	0.2
Trade receivables matured > 360 days	1.1	1.2
TOTAL	566.4	456.2

PROVISIONS EXPECTED CREDIT LOSSES	2021	2020
Balance at beginning of year	-1.7	-2.1
Effects of business combinations	-	-
Provision for expected losses	-0.2	-0.7
Confirmed losses	0.6	1.0
CLOSING BALANCE	-1.3	-1.7

Note 25

Cash Flow Statement

Additional disclosures on the cash flow statement

	The Group		Parent Company	
	2021	2020	2021	2020
Interest received	0.3	0.4	1.2	1.2
Dividends received	-	-	89.7	58.6
Interest paid	-3.0	-3.3	-1.2	-1.1
Specification items not included in the cash flow				
Amortisation and impairment	-69.0	-74.3	3.9	6.8
Capital gain profits	0.1	0.2	0.0	-1.0
Other information	-0.9	-2.6	-	-0.1
Write-off shares	-	-	-	1.8
TOTAL	-69.8	-76.7	3.9	7.5

ACQUISITION AND SALE OF SUBSIDIARY COMPANIES AND OPERATIONS – THE GROUP

	The Group	
	Acquisitions 2021	Acquisitions 2020
Acquired assets and liabilities		
Intangible assets	-	14.9
Other fixed assets	-	5.4
Inventories	-	5.0
Trade and other receivables	-	4.4
Cash and cash equivalents	-	3.4
Total assets	-	33.1
Deferred tax liability	-	1.4
Current operating liabilities	-	5.5
Total liabilities	-	6.9
Net	-	26.2
Consideration		
Consideration for acquired units in the current year	-	-26.2
Consideration payable	-	6.1
Specified consideration for acquired units before the current year	-	-9.0
Deducted: Cash and cash equivalents in the acquired operations	-	3.4
IMPACT ON CASH AND CASH EQUIVALENTS	-	-25.7

Cont. Note 25

CHANGE IN FINANCIAL LIABILITIES	Other financial liabilities	Overdrafts	Lease liabilities
OPENING BALANCE 1 JAN 2021	16.0	29.7	60.9
Approved credit	0.8	3.3	-
Approved credit (non cash-impacting)	-	-	19.9
Repayment of credit	-6.3	-	-34.0
CLOSING BALANCE 31 DEC 2021	10.5	32.9	46.8
OPENING BALANCE 1 JAN 2020	14.8	92.7	66.4
Approved credit	2.9	-	-
Approved credit (non cash-impacting)	-	-	29.7
Repayment of credit	-1.7	-63.0	-35.3
CLOSING BALANCE 31 DEC 2020	16.0	29.7	60.9

Cash and cash equivalents

Cash and cash equivalents consist only of bank balances.

Note 26

Information about the Parent Company

OEM International AB (publ) is a Swedish-registered public limited company with its headquarters in Tranås, Sweden. The Parent Company shares are listed on NASDAQ Nordic Mid Cap in Stockholm. The Head Office address is Förrådsvägen 2, Box 1009, 573 28 Tranås, Sweden. The consolidated financial statements for 2021 incorporate the financial statements of the Parent Company and its subsidiaries, jointly referred to as the Group.

Note 27

Events after the balance sheet date

Events arising from Covid-19 are described separately in the Directors' Report on page 33.

On 13 January 2022, OEM acquired Demesne Electrical Sales Limited in Ireland. The company has an annual turnover of approximately SEK 205 million. The company is Ireland's leading independent importer and distributor of electrical control, switch-gear, energy-saving and installation products. The acquisition is expected to have a positive impact on OEM's profit in 2022. Additional information is given in Note 4 *Acquisitions*.

There has been a sharp escalation of geopolitical tensions which is having a significant effect on international trade. OEM does minimal business with Ukraine and Russia, but has OEM customers with sales in both these countries. The war also gives rise to increased uncertainty about the economic outlook. Group management and the management team of each company are monitoring developments closely and have close working relationships with customers and suppliers. Strategies and activities are being adapted in response to the developing situation.

Otherwise, there are no other significant events to report after the close of the reporting period.

Note 28

Significant estimates and judgements

The company's management and the Audit Committee have discussed the developments, choices and disclosures regarding the Group's significant accounting policies and estimates, as well as the application of these policies and estimates. The recognised values for certain assets and liabilities are based in part on assessments and estimates.

Goodwill impairment testing

Assumptions about future conditions and estimates of parameters were made when calculating the values in use of cash-generating units for the company's goodwill impairment testing. An account of these is given in Note 12. The company's management considers that no reasonably possible change in the key assumptions would cause the carrying amounts of the units to exceed the estimated values in use.

Measurement of other intangible assets

Other intangible fixed assets are mainly the values arising on acquisition, comprising SEK 8.8 million for supplier relationships and SEK 16.4 million for customer relationships. The supplier relationship, with a value of SEK 8.8 million, has an indefinite useful life. Customer relationships consist of establishments on new markets and it is deemed that these will be written down over a five-year period. A maximum of 57 months remain of the amortisation period.

Note 29

Earnings per share

	2021	2020
Profit/loss for the year	457.0	317.3
Earnings per share has been based on the following number of shares:		
Average number of outstanding shares*	69,322,386	69,322,386

	2021	2020
Earnings per share on the number of outstanding shares		
Earnings per share in SEK*	6.59	4.58

There is no dilutive effect.

Calculations of basic and diluted earnings per share are based on the year's profit attributable to the Parent Company's shareholders.

** Adjusted to reflect the 4:1 share split and automatic redemption of every fourth share in Q2 2021.*

Earlier periods have been adjusted by a factor of 3, since the financial implication is a 3:1 split combined with an extraordinary dividend.

Note 30

Related party disclosures

The OEM Group's related parties consist primarily of senior executives (Note 5), other senior executives (Note 5) and major shareholders. Other than Board fees, salaries and other remuneration, no other remuneration has been paid to related parties. The Parent Company and its subsidiaries are related parties. See Note 14. The sale of services to the Parent Company's subsidiaries accounts for 100% of its net sales. Related party transactions are priced at market-rate terms and conditions.

Note 31

Proposed allocation of profits

PARENT COMPANY

The following profits are at the disposal of the Annual General Meeting

Retained earnings	179,371,269
Profit/loss for the year	339,357,769

518,729,038

The Board of Directors proposes that

a dividend of SEK 2.75 per share be paid to the shareholders *	191,146,799
and that the following be carried forward	327,582,239

518,729,038

* The Board of Directors is also asking shareholders at the Annual General Meeting on 26 April 2022 to pass a resolution to approve an automatic redemption of shares entailing a 3:1 share split. This procedure splits each existing share in the company into three shares, one of which is a redemption share. The redemption share will be redeemed for SEK 3.25. In total, approximately SEK 226 million will thus be distributed to the shareholders in addition to the proposed cash dividend. In order to restore the share capital, the proposal also includes a bonus issue to be financed out of distributable reserves.

The Board of Director's comments on the dividend proposal may be viewed on the company's website, www.oem.se or is available upon request. The Board of Directors recommends Thursday 28 April 2022 as the record date.

The Board of Directors and the Managing Director declare that the Annual Report has been prepared in accordance with generally accepted accounting policies in Sweden and that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards as stipulated in the European Commission's and the Swedish Financial Reporting Board's Regulation (EC) No. 1606/2002 of 19 July, 2002, regarding the application of international accounting standards.

The Annual Report and the consolidated financial statements give a fair and true view of the Parent Company and the Group's financial

position and results. The Directors' Report for the Parent Company and the Group, respectively, gives a true and fair summary of the Group's and Parent Company's business operations, financial position and results and describes significant risks and uncertainties faced by the Parent Company and companies included in the Group.

As seen below, the Annual Report and the consolidated financial statements were approved for publication by the Board of Directors on 21 March 2022.

The Group's Statement of Income, Statement of Comprehensive Income and Statement of Financial Position and the Parent Company's Income Statement and Balance Sheet will be matters for approval at the Annual General Meeting on 26 April 2022.

Tranås, Sweden, 21 March 2022

Petter Stillström

Chairman of the Board

Ulf Barkman

Member of the Board

Mattias Franzén

Member of the Board

Richard Pantzar

Member of the Board

Jörgen Rosengren

Member of the Board

Per Svenberg

Member of the Board

Åsa Söderström Winberg

Member of the Board

Jörgen Zahlin

Managing Director

Our Auditors' Report was presented on 22 March 2022
Öhrlings PricewaterhouseCoopers AB

Martin Odqvist

Chartered Accountant
Principal auditor

Christoffer Sillén

Chartered Accountant

Auditors' Report

To the Annual General Meeting of OEM International AB (publ),
Corp. ID no. 556184-6691

Statement on the Annual Report and consolidated financial statements

Opinion

We have conducted an audit of the Annual Report and the consolidated financial statements of OEM International AB for the year 2021, with the exception of the Corporate Governance Statement on pages 34-37. The company's Annual Report and consolidated financial statements are presented on pages 27-85 of this document.

In our opinion, the Annual Report has been prepared as required by the Swedish Annual Accounts Act and presents fairly, in all material respects, the financial position of the Parent Company at 31 December 2021, and its financial performance and its cash flows for the year, in accordance with the Swedish Annual Accounts Act. The consolidated financial statements have been prepared as required by the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the Group at 31 December 2021, and its financial performance and cash flows for the year, in accordance with the International Financial Reporting Standards (IFRS), as approved by the European Union, and the Swedish Annual Accounts Act. Our opinion does not cover the Corporate Governance Statement on pages 34-37. The Directors' Report is consistent with the remainder of the Annual Report and the consolidated financial statements.

We therefore recommend that the General Meeting of Shareholders adopt the income statement and the balance sheet of the Parent Company and the Group's statement of comprehensive income and statement of financial position.

Our opinions in this statement on the Annual Report and the consolidated financial statements are consistent with the content of the additional report that has been presented to the Parent Company's Audit Committee in compliance with Article 11 of the EU Audit Regulation No. 537/2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibility under these standards is described in more detail in the section "Responsibilities of the auditors". We are independent of the Parent Company and the Group in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our professional responsibilities in compliance with these requirements and standards. This means that, to the best of our knowledge and belief, no prohibited non-audit services as referred to in Article 5.1 of the European Regulation on specific requirements regarding statutory audit of public interest entities (No. 537/2014) have been provided to the audited entity or, where applicable, to its Parent Company or its regulated entities within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit approach

The objective and scope of the audit

We designed our audit by determining level of materiality and assessing the risks of material misstatement in the financial statements. In particular,

we looked at areas where the Managing Director and the Board of Directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering forecasts about future events that are inherently uncertain. As in all audits, we also addressed the risk of override of internal controls by the Managing Director and the Board of Directors, including consideration of whether there was evidence of systematic non-conformances that have given rise to the risk of material misstatement due to fraud.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

OEM's operations are conducted in subsidiaries in 10 or more countries, mainly in Europe. The subsidiaries in Sweden and Finland jointly account for a significant percentage of the Group's operations. It was natural and necessary to perform an audit for these entities. The audit in Sweden was performed by the Group team and in Finland by a local PwC team.

After consultation with OEM's Board and Group management, the Group audit in other countries included an additional 12 entities, where an audit was also performed with the assistance of PwC's network, with the exception of the UK where it was performed by a local audit firm.

The Group team has reviewed the work which is performed by all entity auditors to ensure that sufficient auditing has been performed, and has also continually communicated to understand how the audit has been conducted. In addition to this, the Group team has examined the Group consolidation, the Group's Annual Report and has assessed a number of complex transactions and issues.

All in all, this means that we are satisfied that sufficient audit work has been undertaken and particularly within the PwC network.

Materiality

The scope and objective of our audit were influenced by our assessment of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Misstatements can arise from fraud or error. They 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 financial statements.

Based on professional judgement, we set certain quantitative thresholds for materiality, including for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the objectives and scope of our audit and the nature, timing and extent of our audit procedures, and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Inventory valuation

On 31 December 2021, the recognised value of inventories in the Group was SEK 737.5 million.

Inventory valuation always requires the application of a number of estimates and judgements. Because of this and the fact that the carrying amount is 35.9% of total consolidated assets, we have identified inventory valuation as a matter of particular significance in the financial statements.

In 2021, the price of several of the goods in which OEM trades increased in the economy. It is therefore important to ensure that the price increases are reflected correctly in the Group's recognised cost of inventories.

How our audit addressed the key audit matter

Our audit included the following audit procedures.

We initially examined whether the Group's principles for cost calculation are compliant with generally accepted accounting practice. We then asked the subsidiary auditors to confirm compliance with this at a local level too. We evaluated whether any local entity had made any substantial change when applying the relevant principles

We also updated our understanding of how processes and systems affect the warehousing process in each company.

With the help of data analyses, we have been able to collect and scrutinise a large volume of transactions in order to;

Key audit matter

Cont.

Estimates and judgements are also required to calculate actual obsolescence caused by both slow-selling stock and the principle of lowest value. Some change in customer demand patterns was noticeable over the year and was probably due to the disruptions to economic activity caused by the Covid-19 pandemic. OEM must thus make assumptions about future events when calculating the year's obsolescence on the value of the current inventory.

The Group's principles for measuring inventories are described in Note 1 on page 54 of the Annual Report. OEM explains what consideration has been given to obsolescence in Note 15.

How our audit addressed the key audit matter

Cont.

- examine whether the rapid price change during the year was correctly considered in the valuation of inventories
- identify products that are slow-selling and obsolete, and also measure against the obsolescence schedules applied by OEM as appropriate
- check any additional obsolescence requirements caused by the lowest value principle

Moreover, we have asked the company management about its assessment of the impacts of Covid-19 and have reviewed Board meeting minutes in order to identify forecast changes in the companies' sales that might contribute to inventory becoming obsolete. We have also taken part in physical stocktaking during the year.

We have concluded that the Group has described its principles for the valuation of inventories in a satisfactory manner in the Annual Report, including estimates and judgements, that have been conducted in order to measure the value of the inventory as at 31 December 2021.

Information other than the Annual Report and the consolidated financial statements

This document also contains other disclosures than the Annual Report and the consolidated financial statements and can be found on pages 1-27 and 89-94. This other information also comprises the remuneration report that we expect to receive after the date for this Auditor's Report. The Board of Directors and the Managing Director are responsible for the other disclosures.

Our opinion on the Annual Report and Consolidated Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Annual Report and Consolidated Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Annual Report and Consolidated Financial Statements. In this procedure, we also take into account the knowledge we have otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If, based on the work we have performed, we 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 and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Annual Report and consolidated financial statements and for ensuring that they provide a true and fair view, as required by the Swedish Annual Accounts Act and, for the consolidated financial statements, in accordance with the International Financial Reporting Standards (IFRS) as approved by the European Union, and the Swedish Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine necessary to enable preparation of an Annual Report and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Annual Report and the Consolidated Financial Statements, 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 that can impact the ability to continue as a going concern and to use the going concern basis of accounting. The Board of Directors and the Managing Director cannot use the going concern basis of accounting, however, if they intend to liquidate the company, cease trading or have no realistic alternative but to do so.

The Board's Audit Committee must oversee the company's financial reporting activities, without it affecting the responsibilities and duties of the Board.

Auditors' responsibility

Our objectives are to obtain reasonable assurance about whether the Annual Report and the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conduct-

ed 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 the Annual Report and the consolidated financial statements.

A more detailed description of our responsibilities for the audit of the Annual Report and the consolidated financial statements can be found on the website of the Swedish Inspectorate of Auditors: www.revisorsinspektionen.se/revisornsansvar. This description is part of the Auditor's Report.

Statement on other legal and statutory requirements

Opinion

In addition to our audit of the Annual Report and the consolidated financial statements, we have also audited the administration of the Board of Directors and the Managing Director of OEM International AB for the year 2021 and the proposed appropriations of the company's profit or loss.

We recommend that the General Meeting of Shareholders appropriate the profit as proposed in the Directors' Report and grant the members of the Board and the Managing Director discharge from liability for the financial year.

Basis for opinion

We have conducted our audit in compliance with generally accepted auditing standards in Sweden. Our responsibility under this practice is described in more detail in the section "Responsibilities of the auditors". We are independent of the Parent Company and the Group in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our professional responsibilities in compliance with these requirements and standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Board and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. A proposal for a dividend payout includes an assessment of whether the dividend is justifiable considering the requirements placed by the company's and the Group's type of operations, size and risks on the size of the Parent Company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board is responsible for the company's organisation and management of the company's affairs. This involves regularly assessing the company's and the Group's financial situation and ensuring that the company's organisation is structured to allow satisfactory controls of its accounts, funds management and financial affairs in general. The Managing Director is in charge of day-to-day management in accordance with guidelines and instructions from the Board of Directors and is responsible for taking necessary measures to ensure that the company's accounts are prepared in accordance with legal requirements and that funds management is controlled in a satisfactory manner.

Auditors' responsibility

Our objective concerning the audit of the management of the company's affairs, and thereby our opinion about discharge from liability, is to obtain audit evidence to ascertain, with a reasonable degree of assurance, whether any Board member 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
- in any other way has acted in non-compliance with the Swedish Companies Act, the Swedish 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 on this, is to ascertain, with a reasonable degree of assurance, whether the proposal is in accordance with the Swedish 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 Swedish Companies Act.

A more detailed description of our responsibilities for the audit of the management of the company's affairs can be found on the website of the Swedish Inspectorate of Auditors: www.revisorsinspektionen.se/revisorsansvar. This description is part of the Auditor's Report.

Auditor's review of the ESEF report

Opinion

In addition to our audit of the Annual Report and the consolidated financial statements, we have also examined that the Board of Directors and the Managing Director have prepared the Annual Report and the consolidated financial statements in a format that enables uniform electronic reporting (the ESEF report) pursuant to Chapter 16 Section 4 a of the Swedish Securities Market Act (2007:528) for OEM International AB for the 2021 financial year.

Our examination and our opinion relate only to the statutory requirement.

In our opinion, the ESEF report #[checksum] has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the ESEF report. Our responsibility according to this recommendation is described in more detail under Auditors' responsibility. We are independent from OEM International AB in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our professional responsibilities in compliance with these requirements and standards.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board and the Managing Director

The Board of Directors and the Managing Director are responsible for ensuring that the ESEF report has been prepared in accordance with Chapter 16 Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control as the Board of Directors and the Managing Director determine necessary to enable preparation of the ESEF report without material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion, with a reasonable level of assurance, on whether the ESEF report has, in all material respects, been prepared in a format that meets the requirements of Chapter 16 Section 4 a of the Swedish Securities Market Act (2007:528), based on the procedures we have performed.

RevR 18 requires us to plan and execute our audit procedures in order to achieve a reasonable level of assurance that the ESEF report has been prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but is not a guarantee that a review conducted in accordance with RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the ESEF report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and applicable legal and other regulatory requirements.

The assurance engagement involves obtaining evidence, through various procedures, that the ESEF report has been prepared in a format that enables uniform electronic reporting of the Annual Report and consolidated financial statements. The auditor decides which procedures to use, by assessing the risks of material misstatement in the report, whether due to fraud or errors. In making those risk assessments, the auditor considers the components of the internal control that are relevant to how the Board of Directors and the Managing Director prepare the information, 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 internal control. The assurance engagement also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

The assurance engagement procedures mainly involve a technical validation of the ESEF report, i.e. whether the file containing the ESEF report meets the technical specification specified in the Commission's Delegated Regulation (EU) 2019/815 and a reconciliation of the ESEF report with the audited Annual Report and consolidated financial statements.

Furthermore, the assurance engagement includes an assessment of whether the ESEF report has been marked with iXBRL which enables a fair and complete machine-readable version of the Group's income statement, balance sheet, statement of changes in equity and cash flow statement.

Auditor's review of the Corporate Governance Statement

The Board of Directors is responsible for the Corporate Governance Statement on pages 34-37 and for ensuring that it has been prepared in accordance with the Swedish Annual Accounts Act.

Our review has been carried out in accordance with FAR's auditing standard RevR 16 The Auditor's review of the Corporate Governance Statement. This means that our review of the Corporate Governance Statement has a different objective and is substantially less in scope than the objective and scope of an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this review provides sufficient basis for our opinions.

A Corporate Governance Report has been prepared. Disclosures in accordance with Chapter 6, Section 6, paragraph 2, items 2-6 of the Swedish Annual Accounts Act and Chapter 7, Section 31, paragraph 2 of the same Act are consistent with the remainder of the Annual Report and the consolidated financial statements, and are in accordance with the Swedish Annual Accounts Act.

Öhrlings PricewaterhouseCoopers AB, Torsgatan 21, 113 97 Stockholm, was appointed OEM International AB's auditor by the General Meeting of Shareholders on 22 April 2021 and has been the company's auditor since 3 June 2019.

Jönköping, 22 March 2022

Öhrlings PricewaterhouseCoopers AB

Martin Odqvist
Chartered Accountant
Principal auditor

Christoffer Sillén
Chartered Accountant

OEM International on the stock exchange

OEM's shares were quoted on the Stockholm Stock Exchange's OTC List in December 1983 and since then have shown good growth in price. An investor who purchased 100 shares in OEM for SEK 12,500 at the initial public offering would have a holding of 21,600 shares worth SEK 4,004,640 on 31 December 2021. OEM's shares were transferred to the O List in 2000 and its shares have been trading on the NASDAQ Nordic Small Cap market since 2006. The shares were transferred to the NASDAQ Nordic Mid Cap market in 2014.

4:1 share split combined with an automatic redemption procedure

Given OEM International's strong financial position and as a step in the process of changing the company's capital structure, a 4:1 share split combined with an automatic redemption procedure was carried out in 2021. This process gave each shareholder three (3) new shares and one (1) redemption share, which was redeemed for SEK 12.50 per share. This amounts to a transfer of SEK 289 million to the shareholders.

Price trends

The price of OEM International shares rose 80 % during the year from SEK 103.00* to a closing price of SEK 185.40. During the year, the Stock Exchange's index for Nasdaq Stockholm_PI rose 35 %. The highest price paid during the year was SEK 218.00 on 12 November. The lowest price paid during the year was SEK 99.33* on 12 January. OEM's market value at the close of 2021 was SEK 12,887 million.

Sales

In 2021, 8,794,945 Class B shares (7,369,689*) were sold, corresponding to a turnover rate of 13 % (11 %). The average shareholder in OEM therefore retains shares for about 6 (8) years.

OEM's Class B shares were sold on 100 % (100%) of the trading days. The average daily turnover in 2021 was 34,763 shares (29,245*). As at 31 December 2021, OEM International had 5,739 shareholders (4,120). Institutional ownership is approximately 50 % (45 %) and foreign ownership is 17 % (16 %).

Repurchase of shares

The repurchase programme for shares, which was adopted for the first time by the Annual General Meeting in 2000, is intended to improve the company's capital structure and contribute positively to return on shareholders' equity and earnings per share. After implemented reductions the previous year, there are 69,507,927 shares in the company at year-end. In 2011, the company repurchased 185,541* shares at an average price of SEK 17.75*. At year-end, the company held a total of 185,541* treasury

shares. The Board has been authorised by the Annual General Meeting to repurchase up to 10 % of the total number of shares, i.e. 6,950,793 shares. The objective is to continue the repurchases up to 10 % of the total number of shares wherever the Board considers the conditions to be attractive. The acquired shares will be retained, deregistered or used as payment in corporate acquisitions. The disadvantage that this can entail, that the number of shareholders decreases and the liquidity of the share declines, has been minimised by mainly making repurchases of large blocks of shares.

Liquidity boosting measures

OEM International has signed an agreement with ABG Sundal Collier ASA regarding liquidity guarantees for company shares. The aim is to reduce the difference between purchase and sales prices. The goal is to achieve a lower investment cost and to lower the share trading risk for present and future shareholders. Commitments fall within the scope of the NASDAQ Nordic Stock Exchange system with liquidity guarantees and started on 1 December 2004.

Dividend policy

The Board of OEM International aims to propose a reasonable dividend of profits to the shareholders, by considering the financial position and any need for acquisitions or investments in the operations.

Dividends

The Board proposes a SEK 2.75 (2.50*) per share dividend, equivalent to 15% (14%) of distributable equity in the Group.

Financial information

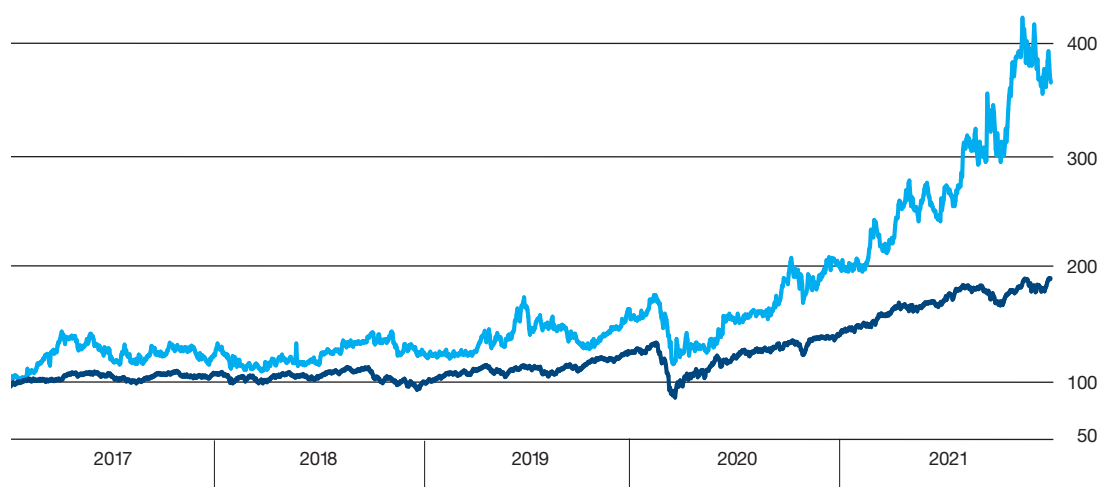
OEM aims to maintain high quality as regards information to the market and the media. The goal is for the information to facilitate an accurate valuation and liquid trading of the shares. The dates for the Annual General Meeting, interim reports and annual report for the 2022 financial year are shown on page 93 of this Annual Report.

Financial information is also published on the Group's website (www.oem.se).

The Company offers shareholders the opportunity to receive interim reports and other press releases by e-mail, at the same time as they are made public to the market. Please send an e-mail to: info@oem.se and state "Corporate Information" to receive mailings from us.

* Adjusted to reflect the 4:1 share split and automatic redemption of every fourth share in Q2 2021. Adjusted by a factor of 3, since the financial implication is a 3:1 split combined with an extraordinary dividend.

Share trends



The chart compares the growth of the OEM share against the OMX Stockholm_PI. The start point is the 100 Index.

— OEM International B — OMX Stockholm_PI

Change in share capital

Year	Transaction	Change in share capital SEK million	Total share capital, SEK million	Total number of shares	Par value per share SEK
	Opening value	0.1	0.1	500	100.00
1981	Bonus issue	0.3	0.4	4000	100.00
1983	Split	-	0.4	40000	10.00
1983	Bonus issue	0.4	0.8	80,000	10.00
1983	New issue	0.8	1.6	160,000	10.00
1983	New issue	0.4	2.0	200,000	10.00
1986	Bonus issue	4.0	6.0	600,000	10.00
1986	New issue through conversion	0.4	6.4	636,000	10.00
1994	Split	-	6.4	1,272,000	5.00
1996	Bonus issue	6.4	12.7	2,544,000	5.00
1996	Bonus issue	12.7	25.4	5,088,000	5.00
1997	New issue through subscription in kind	20.1	45.5	9,113,703	5.00
2001	Reduction	-3.9	41.6	8,332,203	5.00
2003	Reduction	-1.0	40.6	8,132,203	5.00
2004	Reduction	-2.0	38.6	7,723,103	5.00
2007	Split	-	38.6	30,892,412	1.25
2007	Redemption	-9.6	29.0	23,169,309	1.25
2007	Bonus issue	9.6	38.6	23,169,309	1.67
2014	Split	-	38.6	46,338,618	0.83
2014	Redemption	-19.3	19.3	23,169,309	0.83
2014	Bonus issue	19.3	38.6	23,169,309	1.67
2021	Split	-	38.6	92,677,236	0.42
2021	Redemption	-9.7	9.7	23,169,309	0.42
2021	Bonus issue	9.7	38.6	69,507,927	0.56

Shareholding structure

OEM's largest shareholders as at 30 Dec 2021

	Class A shares	Class B shares	Percentage share capital	Percentage votes
Orvaus AB	4,881,960	5,846,643	15.48 %	27.7 %
Siv Franzén	3,841,128	3,707,370	10.89 %	21.3 %
Agne Svenberg	3,600,000	65,700	5.29 %	18.3 %
AB Traction	1,908,000	419,646	3.36 %	9.9 %
Lannebo equity funds		5,899,317	8.51 %	3.0 %
Nordea Investment Funds		5,875,895	8.48 %	3.0 %
SEB Investment Management		4,535,023	6.54 %	2.3 %
Clients Fonder		1,864,774	2.69 %	0.9 %
Handelsbanken Fonder		1,657,917	2.39 %	0.8 %
Odin Small Cap		1,450,000	2.09 %	0.7 %
Total 10 owners	14,231,088	31,322,285	65.7 %	88.0 %
Other		23,769,013	34.3 %	12.0 %
TOTAL	14,231,088	55,091,298	100.0 %	100.0 %
Votes per share	10	1		

The company's holding of 185,541 Class B shares is not included in the above break-down.
The purpose is to provide a clear overview of the various shareholders' interests in the company.

Shareholder analysis

As at 30 Dec 2021*

SIZE CLASS	Percentage of no. of shareholders	Percentage of share capital
1-500	66.1	0.6
501-1, 000	9.5	0.6
1, 001-2, 000	7.7	1.0
2, 001-5, 000	7.6	2.1
5, 001-10, 000	4.0	2.4
10, 001-20, 000	2.1	2.5
20, 001-50, 000	1.4	3.6
50, 001-100, 000	0.5	3.3
100, 001-5, 000, 000	0.9	84.0
TOTAL	100.0	100.0

The total number of shareholders in OEM is 5,739.

* Source: Euroclear Sweden AB. Directly and fund manager registered. In the table, an ownership detail may be a combination of several items in Euroclear Sweden's statistics. This combination is intended to show an institution's or a private individual's total ownership in OEM.

Key indicators for OEM shares

The past five years

		2021	2020	2019	2018	2017
Key performance indicators						
Sales per share* **	SEK	54	47	47	45	39
Sales increase per share	%	15	0	6	14	15
Earnings per share* **	SEK	6.58	4.56	4.16	3.57	3.08
Shareholders' equity per share* **	SEK	19.77	19.65	15.34	13.32	11.56
Dividend**	SEK	2.75	2.50	-	2.25	2.00
Dividend/Income	%	42	55	-	63	65
Dividend/Shareholders' equity	%	14	13	-	17	17
Cash flow per share* **	SEK	4.59	6.75	4.18	3.12	2.75
Risk key indicators						
Rate of turnover for shares	%	13	11	5	5	5
Valuation ratios						
Quoted price as per 31 December**	SEK	185.40	103.00	83.33	63.50	59.00
Quoted price as per 31 December*	SEK million	12,887	7,159	5,792	4,414	4,101
P/S ratio	times	3.4	2.2	1.8	1.4	1.5
P/E ratio	times	28.2	22.6	20.0	17.8	19.2
Price/Shareholders' equity	%	938	524	543	477	510
EV/Sales	times	3.4	2.1	1.8	1.5	1.5
EBIT multiple	times	21.7	16.3	15.4	13.2	13.8
Direct return	%	1.5	2.4	-	3.5	3.4

* Calculated on total number of shares.

** The key performance indicators for 2017-2020 have been adjusted to reflect the 4:1 share split and automatic redemption of every fourth share in Q2 2021. Earlier periods have been adjusted by a factor of 3, since the financial implication is a 3:1 split combined with an extraordinary dividend.

Definitions

Direct return

Dividend per share divided by the quoted price at end of year.

EBIT multiple

Enterprise value divided by operating profit after depreciation/amortisation.

EBITA*

Operating profit before amortisation of acquisition-related intangible fixed assets.

EBITA margin

EBITA as a percentage of net sales.

Shareholders' equity per share

Shareholders' equity divided by the average number of shares.

EV/Sales

Enterprise values (market value + net debt) divided by net sales.

Capital turnover rate

Net sales divided by total assets.

Cash flow per share

Operating cash flows divided by the average number of shares.

Quick ratio

Current assets less inventories divided by current liabilities.

Price/Shareholders' equity

Quoted price divided by shareholders' equity per share.

Net sales per share

Net sales divided by the number of shares on the market at end of year.

Net sales per employee

Net sales divided by average number of employees.

Net sales increase per share

Increase of the net sales per share.

Net debt

Interest-bearing liabilities less cash and cash equivalents.

Rate of turnover for shares

The number of shares sold during the year divided by the number of outstanding shares at year-end.

Organic growth*

The change in total revenue in the period, adjusted for acquisitions, sales and currency movements, measured against the total revenue in the comparative period.

P/E ratio

Quoted price as per 31 December divided by earnings per share.

P/S ratio

Stock market value in relation to net sales.

Return on equity

Profit for the year divided by average shareholders' equity.

Return on capital employed

EBITA plus finance income as a percentage of average capital employed.

Return on total capital

EBITA plus finance income as a percentage of average total capital.

Interest coverage ratio

Operating profit for the year plus finance income in relation to interest expense.

Operating margin

Operating profit as a percentage of net sales.

Debt/equity ratio

Interest-bearing liabilities divided by shareholders' equity.

Equity/assets ratio

Shareholders' equity as a percentage of total capital.

Capital employed

Total assets minus non-interest-bearing liabilities and provisions.

Dividend/Shareholders' equity

Dividends in relation to the Group's shareholders' equity.

Dividend/Profit payout ratio

Dividends in relation to profit/loss for the year.

Earnings per share

The profit or loss for the year divided by the average number of shares.

Profit margin

Profit/loss before tax as a percentage of sales.

**In addition to the conventional financial performance measures established by IFRS, OEM uses the terms Organic growth and EBITA/EBITA margin, the definitions of which are given above. The reason is that OEM wants to provide clearer comparability of sales performance between periods, without the effects of currency movements or acquisitions, and be able to summarise the companies' operations with regard to profit and margins, excluding amortisation and depreciation that arose on acquisition.*

Annual General Meeting

**The Annual General Meeting will be held on
Tuesday 26 April 2022, at 4.00 pm
at Badhotellet's Conference centre, Ågatan 16, Tranås, Sweden**

Requirements for participation

Shareholders wishing to attend the Annual General Meeting must:

- be entered in the share register held by Euroclear Sweden AB by Thursday 14 April 2022 at latest; if the shares are registered in the name of an authorised agent, request the agent to register their rights to vote by 20 April 2022 at latest, and
- notify the company no later than Thursday 14 April 2022 at this address:

OEM International AB,
Box 1009, SE-573 28 TRANÅS, Sweden
Tel. +46 (0)75-242 40 05 or e-mail: ir@oem.se

When notifying OEM of their attendance, shareholders should state their name, personal identity number (company registration number), address, phone number, their shareholding and the names of any proxies. Shareholders who have registered their shares in the name of an authorised agent must temporarily register the shares in their own name with Euroclear Sweden AB by Wednesday 20 April 2022 to be entitled to attend and vote at the Annual General Meeting. If participation is by proxy with power of attorney, the original power of attorney document and any authorisation documents must be sent to the company in good time before the Annual General Meeting. A representative of a legal entity must also submit a signed copy of a registration certificate or equivalent authorisation document to show that they may represent the legal entity. Shareholders who wish to be represented by proxy may obtain a power of attorney form from the company's head office or its website www.oem.se no later than Friday 25 March 2022.

Dividends

The Board proposes that for the 2022 financial year the Annual General Meeting approves a dividend of SEK 2.75 per share and sets Thursday 28 April 2022 as the record date. If approved by the Annual General Meeting, the dividend is payable on Tuesday 3 May 2022 to shareholders on the share register on the record date.

3:1 share split combined with an automatic redemption

To facilitate trading of company shares and alter the company's capital structure, OEM's Board of Directors proposes a 3:1 share split combined with an automatic redemption procedure. One existing share in the company is thereby split into three shares, one of which is a redemption share. The

redemption share will be redeemed for SEK 3.25. The proposal means that approximately SEK 226 million will be distributed to the shareholders in addition to the proposed cash dividend.

In brief, the proposal means that

- The company implements a 3:1 share split.
- One of the shares, the redemption share, will be automatically redeemed for SEK 3.25.
- The proposed record date for the share split is 9 May 2022.
- Shareholders who wish to sell their redemption shares before the redemption will have the opportunity to do so from 11 May through 24 May 2022 when the trading of the redemption shares takes place on the Nasdaq Stockholm stock exchange.
- Payment of the redemption amount is expected to take place on 1 June 2022.

The redemption procedure is conditional on the decisions of the Annual General Meeting in April 2022 on the following items of business.

- Share split, whereby each existing share, from Class A and Class B, are split into three shares, one of which will be known as a redemption share.
- Reduction of the share capital for repayment to the shareholders through the withdrawal of 69,507,927 redemption shares, of which 14,231,088 are Class A and 55,276,839 are Class B shares.
- Increase of the share capital by SEK 12,871,838 and 33 öre through a bonus issue, whereby the company's distributable equity shall be used.

Business

A notice stating the agenda and business of the Annual General Meeting will be published in the daily press and will be available on OEM's website, (www.oem.se). The agenda can also be obtained from the company when registering to attend the Meeting.

Future reports

Interim report – January - March	26 April 2022
Interim report – January - June	13 July 2022
Interim report – January - September	20 October 2022
Financial Statement 2022	16 February 2023

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Goods transport generates a significant share of emissions, followed by business travel and heating of premises. OEM monitors the environmental impacts of freight transport operators to enable the best transport options to be selected, and reuses packaging materials as far as possible. The pandemic had a huge impact on the company's travel activities in 2021, which can be seen in the relatively low emissions from business travel. The results of the report also form a basis for further activities linked to the companies' sustainability goals.

SCOPE 1	2021	2020
Business travel by car	948 tonnes of CO ₂	1,001 tonnes of CO ₂
Energy own premises	28 tonnes of CO ₂	26 tonnes of CO ₂
TOTAL SCOPE 1	976 tonnes of CO₂	1,027 tonnes of CO₂
SCOPE 2	2021	2020
Energy own premises	131 tonnes of CO ₂	159 tonnes of CO ₂
TOTAL SCOPE 2	131 tonnes of CO₂	159 tonnes of CO₂
SCOPE 3	2021	2020
Energy leased premises	189 tonnes of CO ₂	160 tonnes of CO ₂
Goods transport	1,924 tonnes of CO ₂ *	2,606 tonnes of CO ₂
Business travel	42 tonnes of CO ₂	37 tonnes of CO ₂
TOTAL SCOPE 3	2,155 tonnes of CO₂	2,803 tonnes of CO₂

* Reporting in Scope 3 is incomplete due to difficulties obtaining data from some forwarding agents.

Sustainability through outstanding product and applications expertise

OEM strives to find good environmental solutions and supports development initiatives in these areas. Extensive knowledge of the products and applications also enables it to help customers make environmentally-sound and good-quality choices of components and solutions. In combination with supplier assessments, which provide information on the suppliers' sustainable development practices, this is both an integral part of its sustainability activities and a competitive advantage.

Warehouse management is another important part of OEM's

sustainability programme. The operations are continuously working to optimise inventory levels of different products so that the correct quantities are purchased while improving availability for the customers.

Occupational health and safety as part of the sustainability programme

Health and safety is an area that has been prioritised by OEM in 2021. One example is the investment made for the installment of more mesh decking at the Höganloft logistics centre. Mesh decking is a racking system that prevents pallets from falling when forklifts are driven. This makes the work of loading pallets at high heights easier and creates a safer environment for staff and materials. It also means that single-use pallets can be used, which improves efficiency as the material does not need to be repackaged on arrival and continued use of the existing pallet is good for the environment. All pallet areas at Höganloft now have mesh decking.

Another example of implemented activities is the continuation of the energy-saving programme that has been under way at the Group for several years. The logistics centre has now upgraded more of its lighting system with new luminaires from Hide-a-lite, its sister company, and optimised the number of light sources to provide an appropriate light level. This has reduced annual electricity consumption by 70,000 kWh.

Certified companies

In Sweden, OEM Automatic, OEM Electronics, Svenska Batteripoolen, Internordic Bearings, Telfa, Ernst Hj Rydahl Bromsbandfabrik, Svenska Helag, Agolux, ATC Tape Converting, OEM Motor and Elektro Elco have been awarded ISO 14001 environmental management system certification and ISO 9001 quality management system certification. In Poland, OEM Automatic has been awarded ISO 9001 quality management system certification.

Sustainability report

OEM's full Sustainability report is available for viewing at www.oem.se.



Höganloft logistics centre has upgraded more of its lighting system and optimised the number of light sources to provide an appropriate light level. This has reduced annual electricity consumption by 70,000 kWh.