

[segulah]

Sustainability Report

2022



We are happy and proud to present Segulah's Sustainability Report for 2022

During the year we have increased our focus on further improving Segulah's work with ESG, in our own operations, and within our portfolio companies, by raising the standard and working to become classified as an Article 8 for fund VI. 2022 has been an active year with both new platform investments and add-on investments, as well as continued work with existing portfolio companies. This means different portfolio companies with different and unique sustainability factors and challenges. We will continue the work to encourage and support the portfolio companies to develop and improve their own ESG journey, to identify specific ESG strategies based on where they can make the largest impact, and at the

same time identify and mitigate ESG risks in their respective value chains. We look forward to continuing our ESG journey, and further raising our position in the ESG area.

We believe that tackling the world's sustainability challenges is not going to be easy, no one can do it alone, but we can contribute together. And we are convinced that we together with our stakeholders, portfolio companies, and society can contribute and make a difference. We also believe that Segulah will achieve benefits by acting as a responsible and active owner while simultaneously contributing to a more sustainable world.

Segulah at a Glance

Segulah has been active in the Nordic small and mid-cap market since 1994. Working in close cooperation with skilled business leaders and industry experts, we develop companies as an active owner contributing with capital, governance structures and reporting processes, experience, and knowledge. We aim to enable companies to prosper long after our ownership. In recent years it has become clear that sustainability is a prerequisite to long-term success of making good investments and compatible with achieving high investor returns.

By integrating sustainability factors into our decision-making, we can capture opportunities created by the new industrial landscape while also mitigating risks associated with regulatory changes and shifting consumer preferences. As per today, Segulah has three active funds, eleven full-time employees and is supported by a reputable mix of Swedish and international institutions, including pension funds, institutional investors, insurance companies, and private investors.

Segulah IV	Segulah V	Segulah VI
KP Components	Multisoft	Co-native
Beerenberg	IT-Total	Selatek
	Francks Kylinindustri	
	Pelly Group	
	Hermes Medical Solutions	

Three strategic themes and focused sectors

Segulah invests in companies that we believe will be a part of the backbone of tomorrow's society, including being well-aligned with achieving sustainable development. We focus on companies with structural growth driven by three key themes:

- 1 Modernisation & Automation of Industry**
 We believe that the industrial winners will be companies that are part of the new industrial revolution, where manufacturing will become more advanced, automated and specialized.
- 2 Digital Business Efficiency**
 Digital technology enables companies to operate with more agility and efficiency, creating opportunities for businesses that enable others to excel in their digital journey.
- 3 Smart Urbanisation & Infrastructure Renewal**
 As we see it, a modern society builds on smart solutions and services that enable living and working in a sustainable and efficient way, creating demand for upgrading core infrastructure

Within these strategic themes, we invest in three industry sectors where Segulah has a successful track record and possesses knowledge, experience, and a strong network:

- B2B Services
- Light Manufacturing & Industrial Goods
- IT & Technology Services



Our mission
We invest in the backbone of modern society

Our vision
The preferred partner to investors and companies within Nordic lower mid-cap

“The present state of affairs does not come as a surprise to us, as Segulah committed to the United Nations Principles for Responsible Investment a decade ago.”



Thoughts from the Managing Partner

Marcus Planting-Bergloo

Today it is increasingly clear that economic growth needs to be achieved in a sustainable manner. The stakes are high and could include the very survival of our modern society. At Segulah, we know that you need to integrate ESG factors in your business development to achieve long-term success.

The present state of affairs does not come as a surprise to us, as Segulah committed to the United Nations Principles for Responsible Investment (UN PRI) a decade ago. Our current investment strategy, focused on strengthening the pillars of modern society, is in line with the efforts towards achieving a sustainable future.

Since inception, we have been aware that a robust ESG (Environmental, Social, and Governance) performance is integral to promoting economic growth. Our investment themes – modernization and automation of industry, digital business efficiency, and smart urbanization and infrastructure renewal – are all aligned with building a sustainable economy and society.

In 2022, we took additional steps towards sustainability by appointing our first Head of ESG and aiming to

achieve SFDR Article 8 status for the Segulah VI fund. We conducted an SFDR gap analysis on our operations to identify areas for improvement, and with this sustainability report, we strive to enhance our transparency.

Given the link between long-term business success and sustainability, ESG risk management is an essential factor for investment decisions. At Segulah, we consider companies' ESG performance, risks and seek opportunities to enhance it. As active owners, we play a pivotal role in supporting our portfolio companies with the necessary tools and expertise to collect and follow up on ESG data.

A strong focus on ESG requires considerable effort, but will long term benefit all stakeholders. Our investors can realize greater value alongside us, and entrepreneurs who partner with us can professionalize and advance their businesses in this critical and value-creating domain. Additionally, prioritizing ESG enhances Segulah's attractiveness as an employer, motivating our team and the wider network of industrial advisors and board members to work together.



Our Operations

A sustainable workplace

As a private equity firm dedicated to buying companies and building the basis for their future success before finding a new owner, Segulah's success depends on our team of investment professionals' ability to generate sustainable value for the investors in the funds. As such, it is imperative that we attract and retain the right talents, strive for diverse teams, and ensure a healthy work environment.

To attract and retain the right talent and ensure a healthy work environment, we offer health-related benefits such as wellness allowance, health insurance, and voluntary health check-ups. We also recognize the gender imbalance in our operations and its negative impact on decision-making processes and aim to prioritize diversity and inclusion in the coming years. To create a healthy work-life balance Segulah offers six months of extra parental pay to all employees.

Minimizing our environmental impact

2022 was the first year for Segulah to calculate our direct and indirect emissions. For Scope 1, we have four company-owned and leased cars, generating a total Scope 1 emissions of 1.83 tons CO₂e. In our office,

100 percent of our electricity comes from renewable sources.

The majority of the environmental impact from our own operations stems from business travel. We will strive to reduce our environmental footprint by using transportation alternatives with lower negative impact and organizing video conferences to reduce business travel when feasible.

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CO ₂ e emissions, ton CO ₂ e	2022
Scope 1	1,8
Scope 2 (market based)	4,2
Total CO ₂ e emissions	7,8

Energy	2022
Electricity consumption, kWh	55 368
Share of renewable electricity, %	100
District heating, kWh	40 113
District cooling, kWh	19 728
Total energy consumption, kWh	115 209

Social aspects	2022
Board gender diversity*, %	66,7
Average unadjusted gender pay gap**, %	67,3

* Average ratio of female to male board members

** Average gross hourly earnings, including CEO



Our Governing Structure

Governance of ESG at Segulah

Segulah aims to be an active owner with robust policies and governance structures to create long-term returns for our investors. When pursuing that mission by helping our portfolio companies to grow, and become more profitable and professional, it is our utmost belief that a thorough integration of environmental, social, and corporate governance (ESG) aspects is crucial for success. To this end, we are committed to responsible governance and management of our impacts on people and planet, as well as a strong integration of ESG-related risks and opportunities throughout the investment process. The overall responsibility for sustainability efforts and initiatives rests with Segulah's Head of ESG. During 2022, Segulah reviewed and updated the responsible investment policy that governs how we conduct our business and what business we conduct, as well as setting out the structure of it.

Since 2013, Segulah is adhering to the UN Principles for Responsible Investments (PRI) as a signatory and working to incorporate

ESG issues in our business. In 2022, we have taken our sustainability efforts and reporting to the next level, creating a baseline for the future and by publishing our first sustainability report. In 2022 Segulah committed to classifying the fund Segulah VI as an Article 8 fund according to the Sustainable Finance Disclosure Regulation (SFDR). This means that the fund from 2023 onwards will promote a combination of positive environmental and social characteristics, and good governance principles, alongside other traits. Sustainability is not the primary objective of an Article 8 product, but it remains an important aspect of the investment process.

In Segulah, all decisions are taken based on the majority vote among partners. In view of an investment decision, the investment committee is responsible for defining risk tolerance, return expectations and evaluating policies/constraints, as well as for describing how performance will be evaluated. Partners have the role to outline ESG risks and opportunities and presenting these to the investment committee.

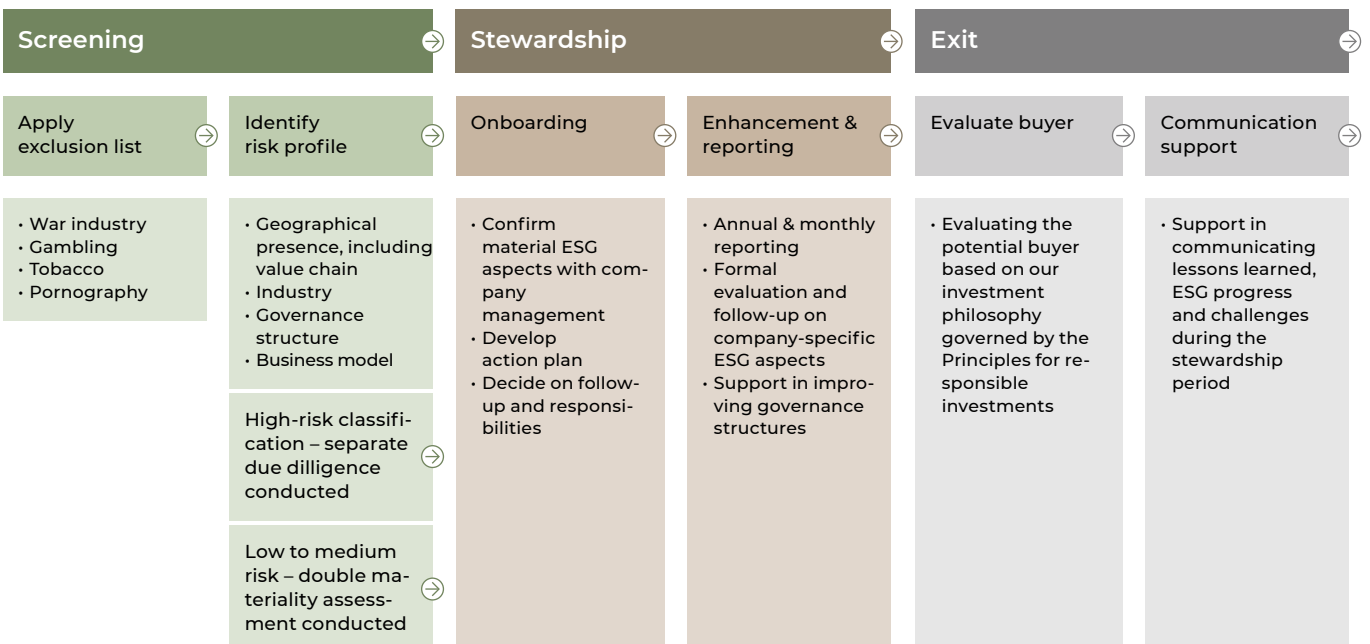
2022
Segulah committed to classifying the fund Segulah VI as an Article 8 fund



Our Responsible Investment Approach

In 2022 we reviewed and formalized our investment- and monitoring process for an increased focus on sustainability in each phase of the cycle. Our responsible investment approach is based on the notion that sustainability risks and opportunities are

best managed by being included through the investment cycle – from evaluating business opportunities during the screening, to enhancement and development during the ownership, to preparing the companies for exit.



200
new investment
opportunities
evaluated
each year

Screening

As part of our efforts to build value-creating, long-term and sustainable relationships with the funds' investors, we consider ESG factors when evaluating possible new collaborations. We want to know who we are working with and will refrain from cooperation with investors whose activities violate Segulah's fundamental idea of responsible investment and ownership, including the principles expressed by the UN PRI.

Each year, Segulah evaluates approximately 200 new investment opportunities, and we apply a risk-based approach throughout the investment process. Sustainability risks are considered an integral part of the process, from the early screening phase to the final investment decision. These risks are managed the same way as any other material risks related to the potential investment. We also apply an exclusion list, meaning that Segulah, regardless of a company's risk profile, will reject any investments in companies operating within the arms or weapons industry, gambling, tobacco, or pornography.

Our approach to assessing sustainability risks departs from high-level risk factors, such as the company's geographical presence, sector, structure, and business model. In cases where we identify a higher sustain-

ability risk profile in potential investments in relation to high-level risk factors, we will perform an extended ESG due diligence, in addition to the ordinary due diligence process. The outcome of this scrutiny will then form part of our final investment decision.

In cases where the sustainability risk profile of a potential investment is considered lower, we will perform to identify minimum requirements, sustainability impact, risks, and opportunities. Thus, both the impact on the business and the impacts of the business are assessed when it comes to sustainability risks and opportunities.

Stewardship

Once an investment decision has been reached, the onboarding process commences, and responsibility and ownership of ESG issues are assigned to the Board of Directors. Based on the risk profile of the company, relevant and material ESG focus areas are identified. From 2023 onwards, this is accompanied by an action plan and annual follow-ups for the entire duration of our stewardship phase. The main sustainability focus in our stewardship phase is to improve the governance structures in our portfolio companies, as well as provide guidance to establish solid processes to manage relevant sustainability risks and opportunities. During 2023, Segulah aims to update our internal processes in line with the results from the 2022 SFDR gap analysis. Hence, Segulah will start to continuously monitor these risks and opportunities through the separate ESG section in the monthly report that we require from portfolio companies, and partly through the annual sustainability survey.

Since 2019, Segulah has monitored our portfolio companies' ESG performance in the Position Green Platform. In our portfolio companies, the Board of Directors is responsible for continuously keeping ESG issues on the agenda and should aim at setting at least one or two sustainability targets for the company and continuously following up on results with management.

Exit

As part of the exit process, we evaluate the buyer based on Segulah's basic philosophy of responsible investments and ownership, as well as on the principle expressed by the UN PRI. We also support our portfolio companies when it comes to communicating their performance on various ESG issues in connection to our exit.





CASE

Cooling made greener and more energy efficient

The Segulah portfolio company Francks Kylindustri is a leading Swedish specialist in refrigeration and heating. With a strong local presence in Sweden and Norway, Francks is a major player in the ongoing consolidation of a fragmented industrial and commercial refrigeration market.

Francks is helping industry, logistics and commercial customers in selecting and installing the right refrigeration solutions for their respective applications. CEO Magnus Detterholm explains that the company has a clear green profile through the improvements it helps customers realise.

“We always prefer the use of natural refrigerants such as ammonia, carbon dioxide or propane, which, as opposed to the alternatives, have no negative impact on the atmosphere. Our installations also use energy-efficient heat pumps for recycling energy. Even if achieving a high energy efficiency sometimes demands greater initial investments, it translates into a lower total cost for the customer, as well as a lower environmental footprint,” he says.

Looking forward, Francks is aiming to further improve their customers’ energy efficiency through the digitalisation of their refrigeration installations. There is

great potential for energy-saving optimisation services that use an online set-up to remotely monitor and fine-tune installations on a regular basis.

As a non-producing company, Francks’ own operational negative impacts are low and mainly connected to the CO₂ emissions from company cars. Currently, Francks is working to improve the tracking of this and has also started using electrical vehicles where this is viable.

“For us it has been a great asset to have Segulah as an active owner pushing our ESG agenda forward, both in relation to our own operations and, more importantly, when it comes to what we are offering our customers,” concludes Magnus Detterholm.

Portfolio management

Segulah currently manages three active funds with a total of nine portfolio companies within our three focused sectors B2B Services, Light Manufacturing & Industrial Goods, and IT & Technology, as per 31 December 2022. Seven of our portfolio companies are based in Sweden, while one is headquartered in Denmark and one in Norway.

Segulah is in most cases the majority owner and we hold at minimum one seat on the Board of Directors in all our portfolio companies. In 2022 the total revenue of all portfolio companies was approximately SEK 6,613 billion, with an EBITDA of approximately SEK 538 million.

Results per Fund

At Segulah, we aim to be transparent regarding our operations in general and when it comes to ESG in particular. As active owners, we have a continuous dialogue on ESG issues with our portfolio compa-

nies and since 2019 we have collected sustainability data using a web tool developed by Position Green. In 2022, we conducted an SFDR gap analysis of our operations to identify opportunities for improvement. To be more transparent, we are also publishing, our first sustainability report, the data presented below includes the portfolio companies' full reported emissions and not only our ownership share. In 2023 our fund Segulah VI will be classified as an Article 8 fund and during 2022 we started to review our annual ESG survey to streamline it with the Principle Adverse Impacts classified in SFDR.

Beerenberg

Segulah IV



With several international subsidiaries, Beerenberg is headquartered in Bergen, Norway, and delivers innovative service solutions to the energy sector.

Acquisition	2013
Ownership, %	84
Turnover, MNOK	2,222
Employees	1 133

CO ₂ e emissions, ton CO ₂ e	2022
Scope 1	105,8
Scope 2 (market based)	303,5
Total CO ₂ e emissions	409,3

Energy	2022
Electricity consumption, kWh	746 513,5
Share of renewable electricity, %	0
District heating, kWh	147 491
District cooling, kWh	0
Total energy consumption, kWh	894 004,5

Social aspects	2022
Board gender diversity*, %	25
Average unadjusted gender pay gap**, %	-5,6

* Average ratio of female to male board members

** Average gross hourly earnings, including CEO

KP Components

Segulah IV



KP Components, headquartered in Spjald, Denmark, manufactures components for all types of low- and high-alloy steel and metal castings to clients in industries such as agricultur and wind power.

Acquisition	2014
Ownership, %	77
Turnover, MDKK	690,3
Employees	321

CO ₂ e emissions, ton CO ₂ e	2022
Scope 1	38
Scope 2 (market based)	4 737
Total CO ₂ e emissions	4 775

Energy	2022
Electricity consumption, kWh	8 949 575
Share of renewable electricity, %	0
District heating, kWh	0
District cooling, kWh	0
Total energy consumption, kWh	8 949 575

Social aspects	2022
Board gender diversity*, %	0
Average unadjusted gender pay gap**, %	12,6

* Average ratio of female to male board members

** Average gross hourly earnings, including CEO

Hermes Medical Solutions

Segulah V



Out of Stockholm, Hermes delivers systems and software worldwide for integrating, visualizing, processing and archiving imaging data from different imaging modalities and devices within molecular imaging and radiology.

Acquisition	2016
Ownership, %	55
Turnover, MNOK	141,9
Employees	57

CO ₂ e emissions, ton CO ₂ e	2022
Scope 1	1,1
Scope 2 (market based)	1,8
Total CO ₂ e emissions	2,9

Energy	2022
Electricity consumption, kWh	23 641
Share of renewable electricity, %	100
District heating, kWh	0
District cooling, kWh	0
Total energy consumption, kWh	23 641

Social aspects	2022
Board gender diversity*, %	0
Average unadjusted gender pay gap**, %	7,6

* Average ratio of female to male board members, expressed as a percentage of all board members

** Average gross hourly earnings, including CEO

Pelly Group

Segulah V



Pelly Group is a niche manufacturer of functional storage components primarily for the kitchen and wardrobe markets, headquartered in Jönköping.

Acquisition	2018
Ownership, %	84
Turnover, MSEK	479,8
Employees	308

CO ₂ e emissions, ton CO ₂ e	2022
Scope 1	1 004
Scope 2 (market based)	20
Total CO ₂ e emissions	1 025

Energy	2022
Electricity consumption, kWh	4 745 873
Share of renewable electricity, %	99
District heating, kWh	637 794
District cooling, kWh	0
Total energy consumption, kWh	5 383 667

Social aspects	2022
Board gender diversity*, %	0
Average unadjusted gender pay gap**, %	19,4

* Average ratio of female to male board members

** Average gross hourly earnings, including CEO

Francks Kylindustri

Segulah V



Francks Kylindustri is the leading Nordic industrial and commercial cooling specialist, headquartered in Norrköping and with 40+ offices across Sweden and Norway.

Acquisition	2019
Ownership, %	61,6
Turnover, MSEK	1,659
Employees	500

CO ₂ e emissions, ton CO ₂ e	2022
Scope 1	367
Scope 2 (market based)	361
Total CO ₂ e emissions	728

Energy	2022
Electricity consumption, kWh	2 665 075
Share of renewable electricity, %	0
District heating, kWh	144 778
District cooling, kWh	0
Total energy consumption, kWh	2 809 853

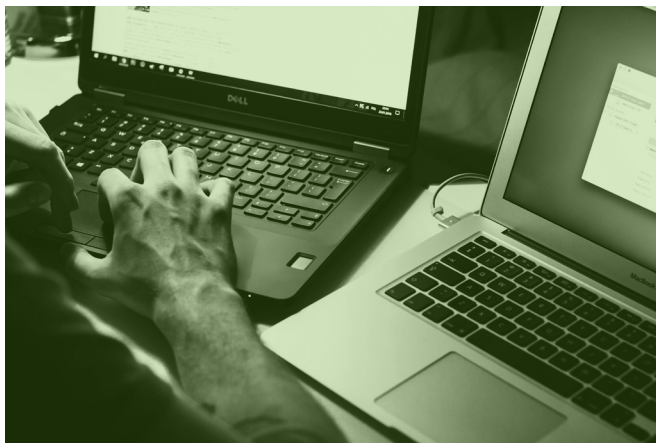
Social aspects	2022
Board gender diversity*, %	0
Average unadjusted gender pay gap**, %	5,4

* Average ratio of female to male board members

** Average gross hourly earnings, including CEO

IT-Total

Segulah V



IT-Total is a B2B provider of secure and sustainable IT infrastructure and cybersecurity services headquartered in Solna.

Acquisition	2019
Ownership, %	46,90
Turnover, MDKK	312,7
Employees	120

CO ₂ e emissions, ton CO ₂ e	2022
Scope 1	9
Scope 2 (market based)	7
Total CO ₂ e emissions	16

Energy	2022
Electricity consumption, kWh	50 568
Share of renewable electricity, %	0
District heating, kWh	0
District cooling, kWh	120,3
Total energy consumption, kWh	170,8

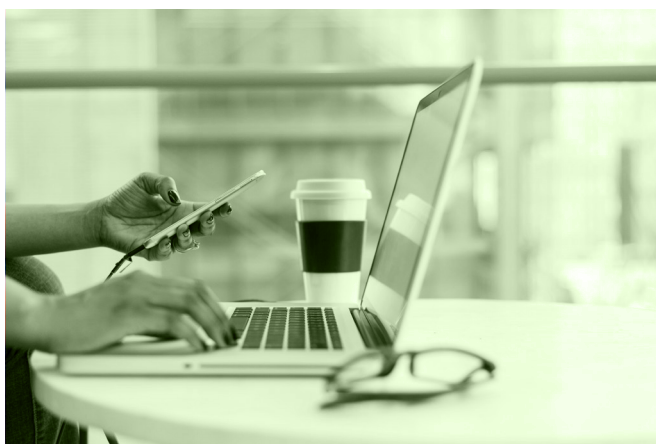
Social aspects	2022
Board gender diversity*, %	20
Average unadjusted gender pay gap**, %	23,8

* Average ratio of female to male board members

** Average gross hourly earnings, including CEO

Multisoft

Segulah V



Multisoft is a Stockholm-based provider of business process systems for its clients, leveraging its proprietary low code platform Softadmin®.

Acquisition	2021
Ownership, %	62
Turnover, MSEK	119,4
Employees	76

CO ₂ e emissions, ton CO ₂ e	2022
Scope 1	0
Scope 2 (market based)	5,3
Total CO ₂ e emissions	5,3

Energy	2022
Electricity consumption, kWh	68 374
Share of renewable electricity, %	72,3
District heating, kWh	2 711
District cooling, kWh	0
Total energy consumption, kWh	71 085

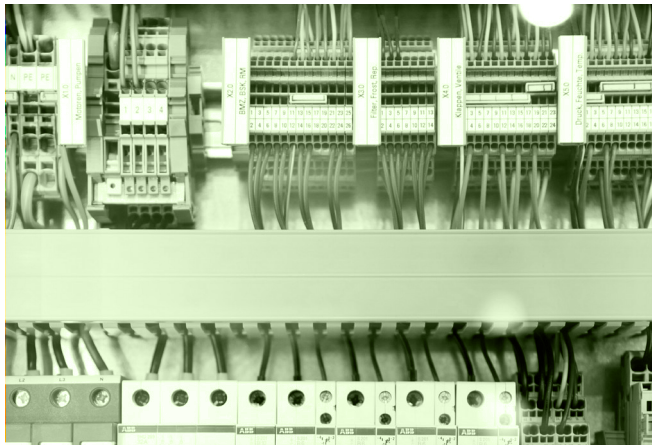
Social aspects	2022
Board gender diversity*, %	0
Average unadjusted gender pay gap**, %	-6

* Average ratio of female to male board members

** Average gross hourly earnings, including CEO

Selatek

Segulah VI



Selatek is a leading Swedish provider of security solutions, electrical installations and automation, headquartered in Oskarshamn.

Acquisition	2021
Ownership, %	37
Turnover, MSEK	860,6
Employees	450

CO ₂ e emissions, ton CO ₂ e	2022
Scope 1	853
Scope 2 (market based)	16
Total CO ₂ e emissions	868

Energy	2022
Electricity consumption, kWh	204,7
Share of renewable electricity, %	0
District heating, kWh	0
District cooling, kWh	0
Total energy consumption, kWh	204,7

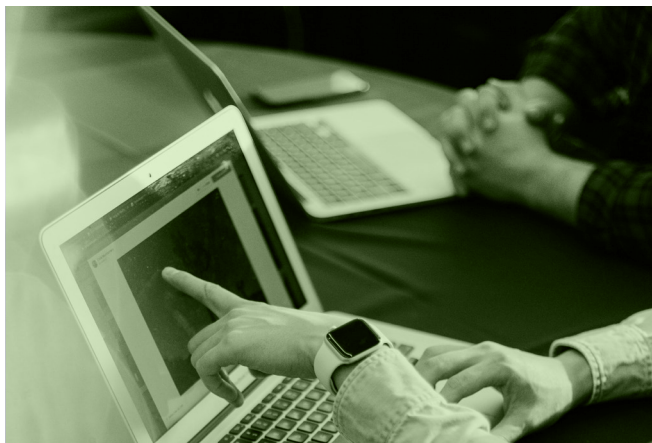
Social aspects	2022
Board gender diversity*, %	0
Average unadjusted gender pay gap**, %	8,7

* Average ratio of female to male board members

** Average gross hourly earnings, including CEO

Co-native

Segulah VI



Headquartered in Stockholm, Co-native is a Swedish cloud services group with the ambition to build a leading Nordic multi-brand portfolio of independent cloud specialists with supporting service offerings through an active buy-and-build agenda.

Acquisition	2022
Ownership, %	44
Turnover, MSEK	127,7
Employees	80

CO ₂ e emissions, ton CO ₂ e	2022
Scope 1	1,2
Scope 2 (market based)	3,0
Total CO ₂ e emissions	4,2

Energy	2022
Electricity consumption, kWh	26 000
Share of renewable electricity, %	100
District heating, kWh	39 000
District cooling, kWh	9 500
Total energy consumption, kWh	74 500

Social aspects	2022
Board gender diversity*, %	20
Average unadjusted gender pay gap**, %	10,2

* Average ratio of female to male board members

** Average gross hourly earnings, including CEO



The plan ahead

Segulah is committed to reducing risks and advancing sustainable practices across portfolio companies. As part of this commitment, Segulah will be monitoring key performance indicators (KPIs) based on SFDR, with 2022 as the baseline year for data collection.

Going forward, Segulah will work more actively with the portfolio companies to reduce their carbon footprint and mitigate adverse impacts. This will include

collaborating and having continuous dialogues to set emission reduction targets and supporting them in their transition.

Our primary goals during the ownership are to improve the governance structures and provide guidance to establish solid processes to manage relevant risks and opportunities.