ADDTECH ANNUAL REPORT 2018/2019

Year in brief

STRONG GROWTH AND FAVOURABLE DEMAND

Comments by the CEO

GROWTH FOCUSED ON ADDING VALUE

Net sales

10,148

SEK MILLION

CONTENTS

The Annual Report is prepared in Swedish and translated into English. Should differences occur between the Swedish Annual Report and the English translation, the Swedish version shall prevail.

THIS IS ADDTECH

Addtech is a Swedish, listed technology trading group that combines the flexibility and speed of a small company with the resources of a large company. We acquire, own and develop independent subsidiaries that sell various high-tech products and solutions to customers, primarily within industry and infrastructure. With in-depth expertise in a number of different niches, our subsidiaries generate added technical, financial and sustainable value for customers and suppliers alike, thus helping increase the efficiency and competitiveness of all involved. We currently own some 130 companies in 20 countries, and have a long history of sustainable, profitable growth.

OUR VISION

We are to be a leader in value-adding technology trading, perceived as the most skilled and long-term partner of our customers, suppliers and employees.

BUSINESS CONCEPT IN BRIEF

Addtech offers high-tech products and solutions for companies in the manufacturing and infrastructure sectors. Addtech contributes added technical and financial value by being a skilled and professional partner for customers and manufacturers.

WE BUILD SHAREHOLDER VALUE THROUGH:

- our 130 subsidiaries and their capacity to generate earnings growth
- corporate governance that ensures the companies achieve even better results and development
- acquisitions that bring in new employees, customers and suppliers

2018/2019

Strong growth: Net sales increased by 26 percent to SEK 10,148 million (8,022). Of this, the organic sales increase was 11 percent.

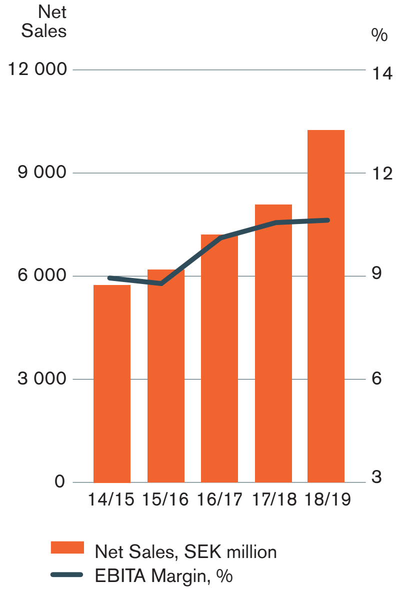
Continued high acquisition activity: Over the year, 14 companies were acquired, with five more being added after the end of the financial year. Of these companies, 15 are based in the Nordic countries, one in the UK, one in the Netherlands, one in Switzerland and one in Austria. A Swedish company was divested during the year.

Strengthened earnings growth: EBITA increased by 29 percent over the year (17). All business areas contributed to the increase.

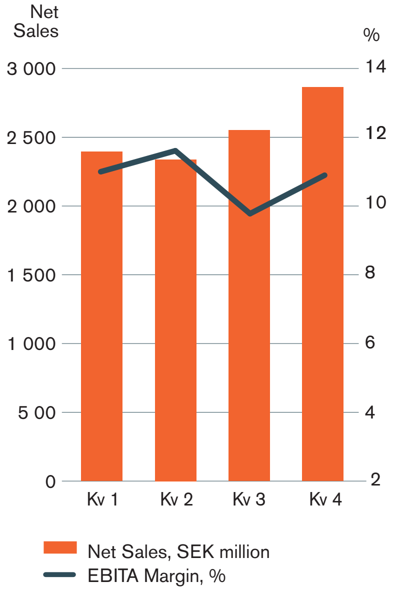
Favourable demand: Stable and high demand affected most markets, with a particularly positive trend in input components for manufacturing companies, including special vehicles, wind power and medical technology. The marine segment also developed very strongly, as did sales of infrastructure products to electricity grid customers in the Nordic region.

Decision on new organisation: In February 2019, the Group decided to establish a new business area, Automation, as of 1 April. The Automation operations previously formed part of the Components business area. Read more on page 12 and pages 14-15.

YEAR
NET SALES
AND EBITA MARGIN



QUARTER
NET SALES
AND EBITA MARGIN



29%
EARNINGS GROWTH

53%
EBITA/WORKING CAPITAL (P/WC)

10,148
NET SALES, SEK MILLION

10.7%
EBITA MARGIN

130
NUMBER OF SUBSIDIARIES

2,700
NUMBER OF EMPLOYEES

20
NUMBER OF COUNTRIES WITH OPERATIONS

ABOUT THE ANNUAL REPORT

The Annual Report describes Addtech's operations and financial results in 2018/2019 and includes a Corporate Governance Report and a Sustainability Report. The legal Annual Report comprises pages 24-31 and 35-98. Comparisons given in parentheses refer to the corresponding amounts for the preceding year. The statutory Sustainability Report, in accordance with the Annual Accounts Act (ÅRL) can be found on pages 24-31 and 38-40.

GROWTH FOCUSED ON ADDING VALUE

The past year really proved Addtech's strength. Strong growth, an improved segment mix and an increased international presence show that our long-term strategy is working.

When I was appointed CEO in August 2018, I was already convinced of Addtech's considerable growth potential. Despite concerns of a weaker economy, Brexit and fears of international trade conflicts, demand remained favourable in most units. Less than a year later, I can conclude that the Group has developed even better than I had dared to believe. We passed SEK 10 billion in net sales, increasing net sales by 26 percent and profit by 29 percent compared with the preceding year. We continued to strengthen our EBITA margin and the return on working capital (P/WC) held steady at 53 percent. That's a really great outcome which we are, naturally, very proud of.

So, what lay behind the year's strong growth? There are several factors to mention. While the economy has remained favourable, we have succeeded in our ambition to broaden Addtech on several levels. We have extended our international presence and our sales beyond the Nordic countries are now approaching SEK 3 billion. We have also achieved an even better segment mix. Today, Addtech's operations encompass multiple niche markets and geographical areas, providing a good spread of risk.

Our business model has helped us capture favourable positions in certain structural development areas early on, including automation, which we have now made into a separate business area to clarify our offering and obtain better conditions for growth. Additional areas in which we have succeeded well are infrastructure and, of course, markets related to the environment and climate, such as the strongly growing segment in emissions treatment. We are very well positioned here with several subsidiaries selling to world-leading customers in the field and offering proprietary customised solutions and products.

Fundamentally, I see the year's success as a result of Addtech's long-term strategies: market-leading positions, operating mobility and growth through acquisitions. This strategy stands firm. With continued good organisation and order, we can invest our energy where we really make a difference, constantly keeping an eye on areas in which we can further improve by means of our ongoing analyses of both operations and markets.

One thing that really stands out among the figures for the year is our organic growth at an impressive 11 percent. This serves as strong evidence that, through good entrepreneurship, we are continuing to develop how we generate value and grow in partnership with our customers. Over the year, we have observed a clear trend whereby our share of own brands and customised solutions has increased compared with trade products. Accordingly, we have now also updated the description of our business model, see page 7. Although we continue to add value in the link between suppliers and customers, the new model describes the dynamics of our operations more clearly.

With regard to acquisitions, the past year was successful, as we welcomed 14 companies to the Addtech family, with five more joining after the end of the financial year. Combined, they account for annual sales of approximately SEK 1.5 billion. All of our acquisitions, large and small alike, have a

"Our culture is largely built on the idea that if people grow, business will also grow"

clear strategic perspective. We usually talk about running small-scale operations on a large scale, bringing together entrepreneurial drive and decentralisation within a shared network for growth. When a company joins the Group, it is placed with similar or complementary companies in a joint business unit within the relevant business area. In this way, it gains colleagues who "speak the same language" and can quickly become part of the culture. This is one of the reasons why Addtech's acquisition strategy has been so successful over the years.

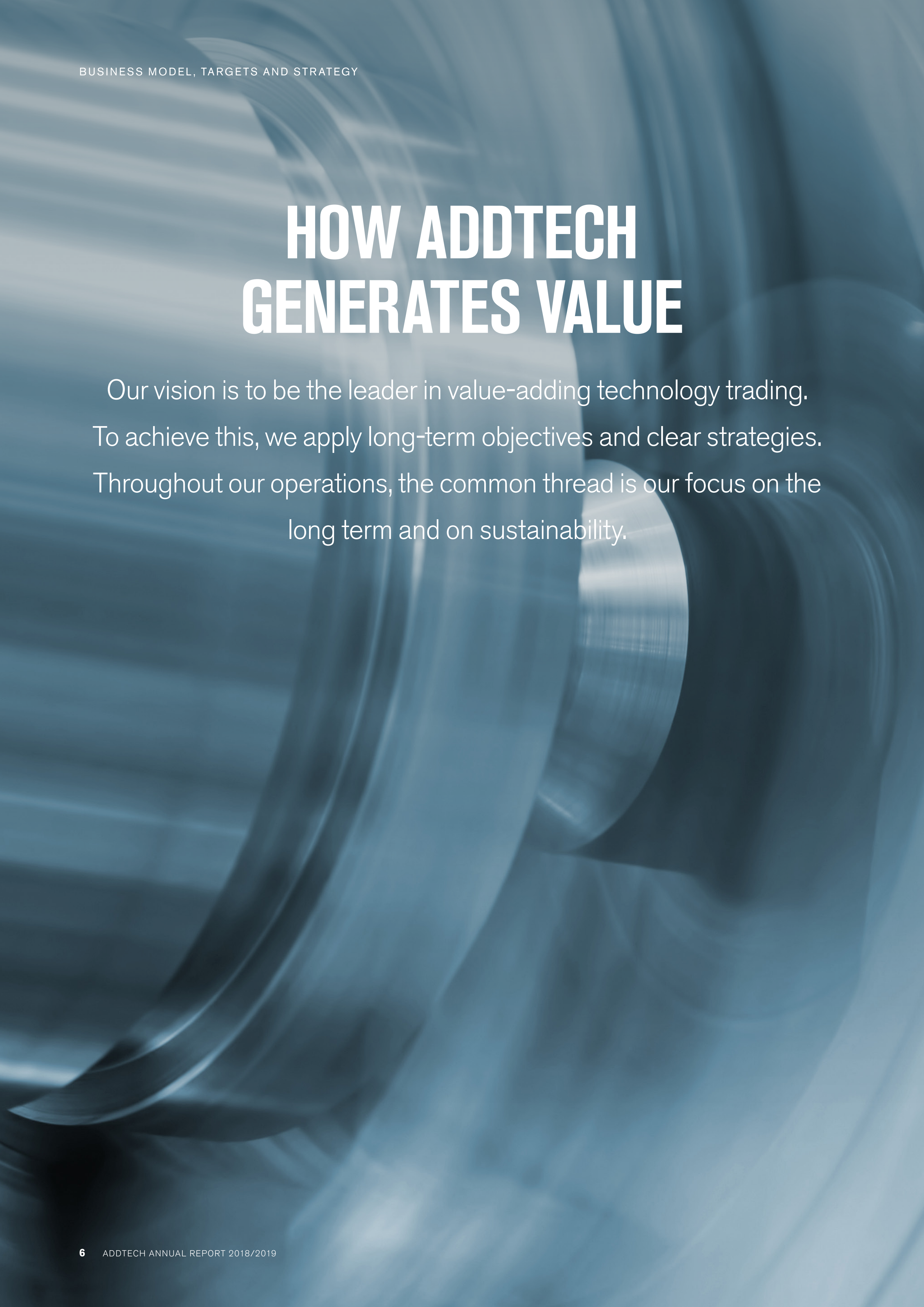
Our culture is largely built on the idea that if people grow, business will also grow. We know from experience that this is a profitable model and it is also incredibly satisfying to see people take on greater responsibility and succeed with their ambitions. When people enjoy their work and interact, our internal network also generates several positive leverage effects, including exchanges of experience and various forms of co-creation. Nonetheless, the companies are always free to act based on their own circumstances. An important tool in maintaining our culture is the Addtech Academy, where employees gain knowledge and inspiration in a number of subjects. This, in turn, opens up opportunities for employees to grow into new roles within the Group. Internal recruitment is important for our management supply, and this is particularly evident in the new Group management team that has been in place since April 2019: Our CFO and our three new business area managers all have extensive experience within Addtech.

Conducting business responsibly is essential if we are to retain our leading position in value-adding technology trading. For this reason, all of our decisions, regardless of the area, will have a focus on sustainability. Gender equality is a priority area. We have too few women in leading positions and we want to change that. We are working on this issue in various ways within Addtech, and the level of commitment is substantial. Over the year, for example, a number of female salespeople within the Group took the initiative to establish a new network, AddQ. The idea is to disseminate experiences and contacts and to inspire more women to apply for technical sales positions. This will, in turn, increase the number of women candidates for senior positions.

As I now round off my first year as CEO of Addtech, I can state that we have developed by leaps and bounds since I began as Managing Director of one of the subsidiaries nine years ago. At the same time, one thing remains the same: The level of commitment and the business-driven culture. Entrepreneurship and a small-scale approach are part of our DNA. This makes us unique, and is what will drive our future growth. For this reason, I see working constantly to preserve our culture as one of my most important duties.

Finally, I would like to thank all of Addtech's employees for an amazing year. The best in the Group's history to date! I really look forward to taking on the challenges of the future with you.

Niklas Stenberg
President and CEO
Addtech AB



HOW ADDTECH GENERATES VALUE

Our vision is to be the leader in value-adding technology trading. To achieve this, we apply long-term objectives and clear strategies. Throughout our operations, the common thread is our focus on the long term and on sustainability.

OUR BUSINESS MODEL

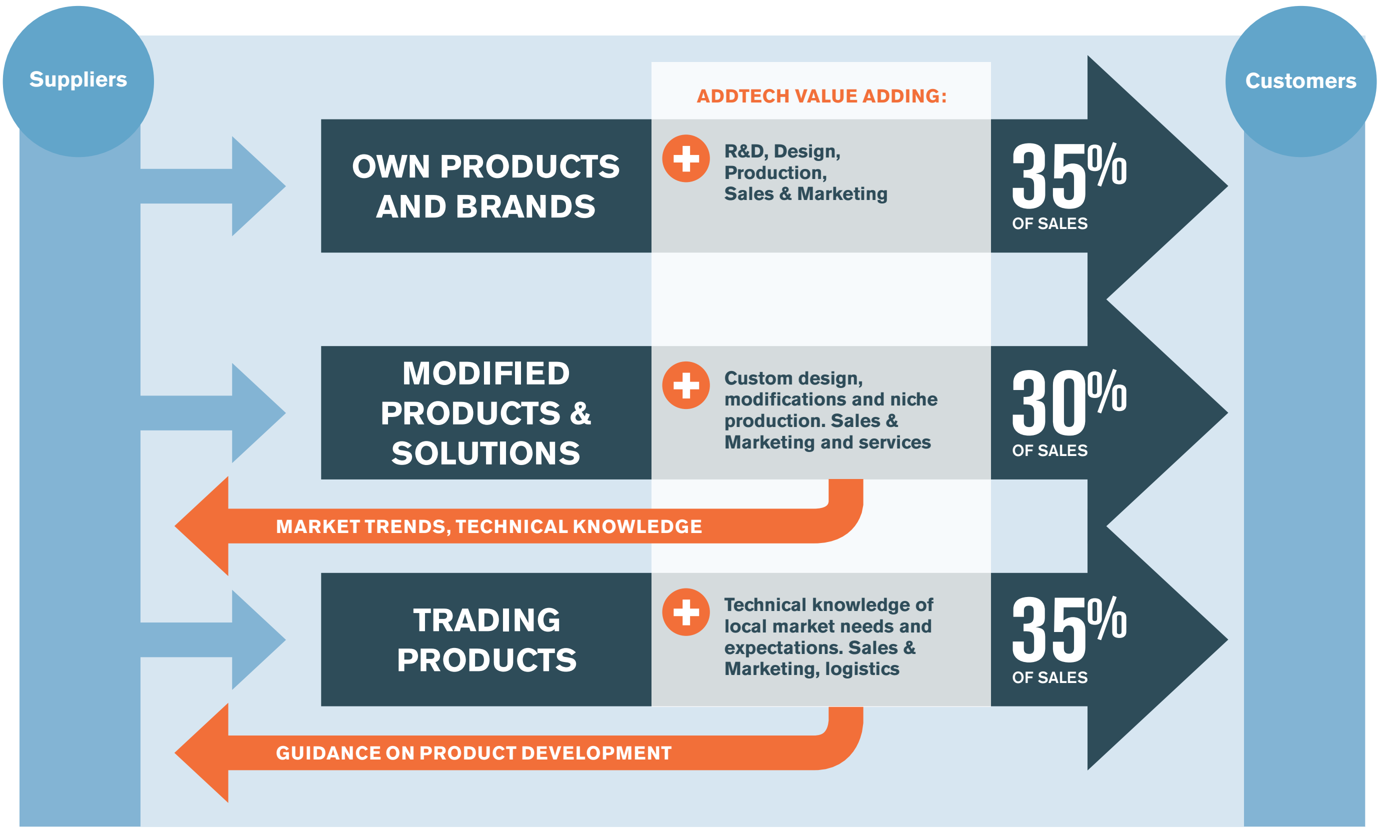
Addtech's business concept is based on a model dating back more than 100 years: value-adding technology trading. The company's roots extend back to the business that Arvid Bergman and Fritz Beving founded in the early 1900s, when Bergman & Beving began importing technical products from Germany to sell on to Swedish industry, which was expanding rapidly at that time.

While the concept has been broadened and refined over the years, its core remains intact – to generate added technical and financial value for our customers. The Addtech companies act as technology partners and specialists, helping customers find the right solutions based on their needs. We can offer customised solutions, proprietary products and brands, as well as trade products from our broad network of suppliers. In this way, we contribute and enhance value for our customers, increasing the competitiveness of the products they supply to the end-market. We also generate value for suppliers, with our knowledge of customers and industries increasing their opportunities to adapt their products and systems to the customers' needs.

We have suppliers all around the world and we make a large part of our purchases from companies outside the Nordic region, including in other parts of Europe, as well as in North America and Asia.

Throughout our operations, a common thread is an increasing focus on sustainability. This is due both to society's increasing demands in terms of economic, environmental and social responsibility, as well as to the increasing business opportunities we perceive in this area. Our sustainability focus means that we also generate value for other stakeholders, including end-customers and sub-suppliers who gain assistance in consuming and producing more sustainably, while we also generate value for society as a whole in the form of tax revenues and jobs.

ADDTECH –BUSINESS MODEL AND FOCUS – VALUE ADDING TECH PROVIDER



OUR FINANCIAL TARGETS

Each operation within Addtech is guided by shared Group targets for earnings growth and profitability. We target earnings growth of at least 15 percent annually, viewed across a business cycle. In principle, that means we must double our earnings every five years.

An important measure that we apply on a day-to-day basis is P/WC, which measures how optimised the operations are by considering profit, EBITA (P), in relation to working capital (WC). We strive for high earnings with little capital being tied up, which, combined with earnings growth, facilitates positive cash flow and long-term profitable growth.

TARGET	OUTCOME 2018/2019
>15% Annual earnings growth*	29%
>45% Annual EBITA/working capital (P/WC)*	53%

* Viewed over a business cycle

OUR THREE MAIN STRATEGIES

Market-leading niche positions: The Addtech companies are to be market leaders building positions within selected niches with a high knowledge and technology content. Retaining market leadership is important for stable growth and sustainable profitability.

Customers often seek carefully selected solutions, sub-systems or products, often in small and medium-sized volumes.

Operating mobility: The ability to act quickly is an important key to success. The companies should nurture their freedom of action, enabling them to act quickly and agilely in response to new business opportunities. The Group should also be able to act quickly in its ownership role by, for example,

STEERING TOWARDS OUR VISION

As our Group-wide guiding principle, our vision directs how we should act in various situations.

merging or splitting operations. Operating mobility also includes maintaining efficient processes for integrating new companies into the Group.

Growth through acquisitions: Acquisitions are an essential part of Addtech's growth philosophy. They make it possible to expand quickly into new market segments, to broaden the range of niche products and services and to build new positions. Our subsidiaries are also able to implement supplementary acquisitions to strengthen their market positions.

THREE KEY SUCCESS FACTORS

Addtech has identified three important long-term success factors: Competent employees; Decentralised organisation and entrepreneurial spirit; and Consistency and strong business culture. Within this framework, where are a number of additional focus areas, selected to particulary highlight prioritised topics.

Competent employees

It is our employees who make the difference. Ultimately, sales of products, solutions and sub-systems are driven by good business acumen and superior technical expertise. Ensuring that our employees enjoy their work and develop enables them, in turn, to generate new business and apply the right priorities. To develop our talented employees, ensuring that we have the right skills for the future, we work strategically with, for example, our focus area New talents with equal opportunities.

Decentralised organisation and entrepreneurial spirit

Entrepreneurial spirit and a small-scale approach are part of Addtech's DNA. We run a highly decentralised business that combines the flexibility, efficiency and entrepreneurial spirit of small businesses with the resources, network and long-term perspective of a large corporation. Each company enjoys considerable freedom in choosing customers and its paths to the market, but also bears considerable responsibility to meet ambitious expectations in terms of profit growth and profitability. Our focus areas Entrepreneurship 2.0 and Increased decentralised responsibility serve to safeguard that Addtech preserves its unique entrepreneur-driven model.

Consistent action and strong corporate culture

Cultural issues are important to Addtech. To build a sound and robust organisation, it is necessary to act strategically and consistently, to plan well, to take a long-term approach, to make well-considered decisions and to implement measures efficiently. Good business acumen and a strong focus on both profitability and sustainable business are also prerequisite for our success. We also strive to further develop our potential from the network perspective. Our Co-creation focus area is a tool for identifying new co-operation opportunities between the companies.

NETWORK FOR GROWTH

Acquiring companies with market-leading niche positions and developing them over the long term is an important part of our strategy. The acquisitions lead not only to new market positions – they also bring new expertise and strengthen the Group's entrepreneurial spirit.

ACQUISITION YEAR 2018/2019

960
ACQUIRED NET SALES, SEK MILLION

14
ACQUISITIONS

276
NEW EMPLOYEES

Addtech comprises some 130 independent companies, all of which are generally wholly owned, although with different conditions and needs. This makes active and committed ownership is an important part of the Group's everyday life. Over the years, we have acquired about 100 technology trading companies run by entrepreneurs and built up a solid process for the Group's integration and development of these companies.

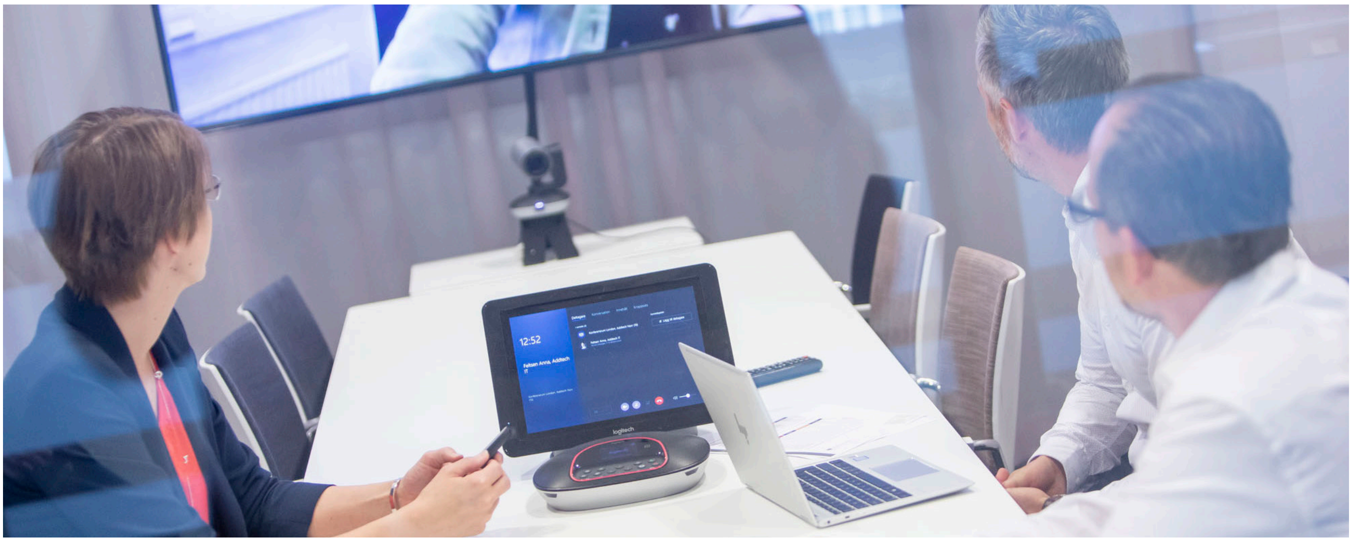
Assessing acquisition candidates is an ongoing process. Our philosophy is to take our time – for an acquisition to be successful, those involved must first get to know one another. Well-executed acquisitions build confidence and reduce the risk of misplaced expectations, meaning that, following the acquisition, all of the employees joining the Group can feel secure and committed to their new ownership environment.

We conduct acquisitions based on several fixed criteria. We assess factors including the company's capacity to contribute to the Group's short and long-term profitability, as well as its growth outlook. Although each company is afforded a high degree of independence and usually continues to operate under its existing brand, all of the subsidiaries constitute important blocks that together build the Group, each with its own unique conditions for adding value to the whole.

In relation to our size, we conduct a relatively large number of small acquisitions. This has, in turn, the advantage of limiting risk and accelerating the integration process. Many who sell to Addtech are attracted by the idea of keeping the company's indepencence, while liking the idea of being supported by an active, long-term and financially strong owner offering a broader business context – a network for growth. Frequently, they immediately perceive a natural place for themselves within the Group, in one of the business areas' niched business units.

WE ARE ALWAYS INTERESTED IN COMPANIES WITH:

- **Good profitability** and growth potential
- **A high knowledge** and technology content
- **Well-developed** relationships with suppliers
- **A focus on** niche markets
- **Focus on** relationship-based B2B-sales



ACQUISITIONS, PAST FIVE YEARS

Acquisitions, Group	2018/2019	2017/2018	2016/2017	2015/2016	2014/2015
Number of acquisitions	14	11	10	10	9
Net sales*	960	698	503	643	540
Number of employees	276	171	129	161	140

* On a full-year basis at the time of acquisition.

WHY SELL TO ADDTECH

- **Retain** relationships
- **Realise** values
- **Generational shift**
- **Secure** the workplace
- **Add** expertise and networks

BACKGROUND TO OUR ACQUISITIONS

Subsidiaries may conduct minor supplementary acquisitions to strengthen their existing operations within their niches.
Business units can expand and build market and/or product positions within select market segments.
Business areas can add new, supplementary market segments in areas where we perceive conditions allowing is to gain leadership of the market.

BOTH SMALL-SCALE AND LARGE

We are convinced that the best business decisions are made close to the customer and the market. For this reason, our 130 subsidiaries, with their 2,700 employees, are run in a highly decentralised and entrepreneur-oriented model, in accordance with the principle of freedom under responsibility.

FLEXIBLE AND EFFICIENT ORGANISATION

Since 1 April 2019, Addtech has been organised into five business areas: Automation, Components, Energy, Industrial Process and Power Solutions. These, in turn, consist of a number of business units, corresponding to various market segments. It is within the business units that the important work of identifying and addressing new business and development opportunities takes place. This is also where the conditions are generated to exchange knowledge between the subsidiaries and collaborate as a network. In practice, this is where Addtech embodies the concept of combining the flexibility, personality and efficiency of small businesses with the resources, network and long-term perspective of a large corporation.

DEVELOPMENT SUPPORT

Addtech does not manage any of the operations at a detailed level, but acts instead as an active owner. Through board meetings, economic follow-ups, knowledge sharing and a number of tools within for example digitalisation, treasury, sustainability, innovation, education, IT and recruitment, Addtech provides subsidiaries the optimum conditions for profitability and growth. In turn, the subsidiaries focus entirely on developing their business with suppliers and customers, supported by their boards.

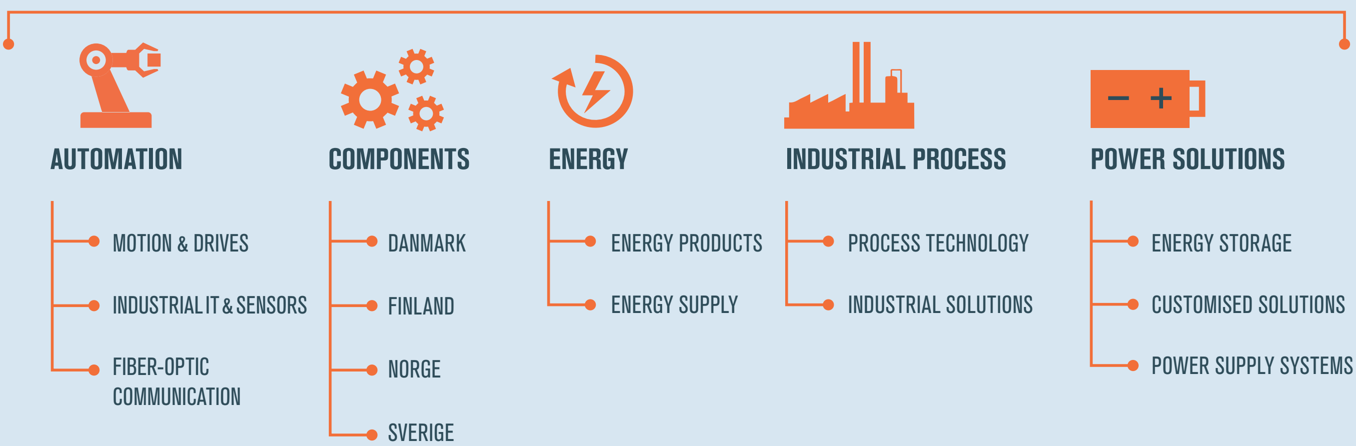
An increasingly important development platform is the Addtech Academy, our own business school. Addtech Academy regularly offers employees of the companies training in, for example, sales and negotiation techniques, while also providing a natural forum that strengthens the corporate culture simply by ensuring that people from different parts of the Group meet.

COMMON DENOMINATOR

The subsidiaries largely shape their own business concepts within Addtech's frameworks. The common denominators are always the following:

- The companies market and sell technical products in select niches.
- The companies always act as a technology partner and specialist, helping customers identify the right solutions for their unique needs, regardless of whether the operations involve own products and brands, customised solutions or trade products.
- With their technical expertise, long-term customer relationships and in-depth understanding of the customers' operations and applications, the subsidiaries are able to build partnerships with world-leading companies.

ADDTECH



EXTERNAL FACTORS AFFECTING US

An increasingly technology-driven environment generates opportunities for future business, but also imposes considerable demands on our capacity to keep pace with rapid development. Accordingly, we conduct ongoing business intelligence reviews at both the macro level, as well as in individual market niches.

MEGATRENDS WITH OPPORTUNITIES

Increasing globalisation, a growing middle class and climate change – these are some of the major megatrends that are changing the conditions for both individuals and companies in different ways. For Addtech, it is primarily a matter of seeing the possibilities. Globalisation is changing trade patterns in ways that could benefit our customers. A growing middle class opens opportunities for customers working with both consumer goods and infrastructure investments, while climate change increases society's demand for long-term sustainable energy solutions. With our in-depth expertise in sustainable technology development, we have good prospects of identifying new business opportunities in helping customers meet external challenges and, for example, reducing negative effects on the climate and the environment. At the same time, our niche expertise means we have leading-edge knowledge in how this affects individual markets.

CHANGED MARKET CONDITIONS

In the long-term, our market conditions are dependent on the development of industry and the services sector. In Northern Europe, relatively high costs have caused a shift towards increasingly specialised and automated industry and services. This has also contributed to the value chain being split up, trade increasing and industry growing increasingly dependent on external partners like Addtech.

The situation is becoming increasingly complex for suppliers too. Customers demand partners who will help them identify suitable technological solutions. Our range of market-leading products, expertise in technologies and markets, as well as our flexibility with regard to customisation make us an attractive partner. The increased external focus on sustainability also affects our market, with increased demand for services contributing to sustainable development.

ONGOING ASSESSMENTS

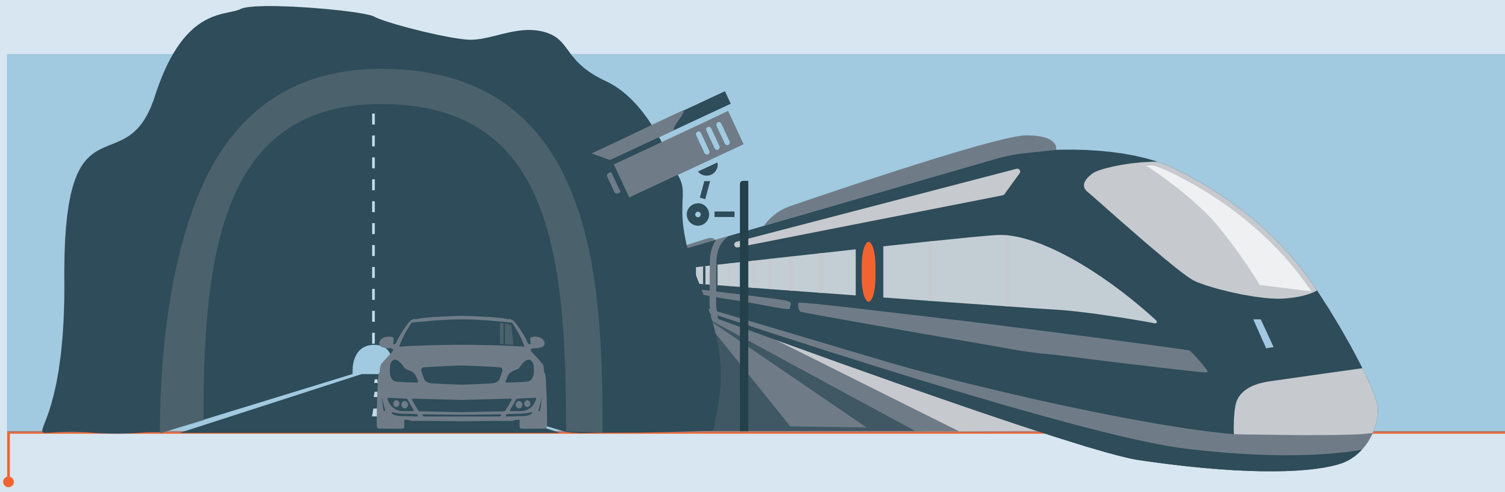
In a shorter-term perspective, Addtech's growth and profitability are closely linked to economic trends in industry and the economic situation in our markets. The fact that we also focus on infrastructure, as well as our large number of subsidiaries and their dispersion within narrow market niches, spreads our risks, increasing our stability and reducing our sensitivity to economic cycles. At the same time, we are also dependent on the situation of our customers' in terms of competition and the opportunities for success in their markets. We therefore conduct continuous evaluations of each market in which we operate, to ensure that the conditions prevail for achieving the Group's financial targets.

NORTHERN EUROPE AS OUR MAIN MARKET

Historically, Addtech's base has been within Nordic industry, but is growing increasingly international, with the proportion of markets outside the Nordic countries steadily rising. In addition to proprietary operations in 20 countries, exports are made to a further 20 countries. The subsidiaries seek out and represent market-leading manufacturers from all over the world. Many of Addtech's products are found in the end-products of customers who export globally, and it is common for Addtech to continue delivering its products and solutions even when customers move their production abroad.

AUTOMATION

Automation sells intelligent solutions, subsystems and components, primarily for industrial automation and infrastructure, including solutions for robotics, control systems, sensors, industrial networks and communication networks.



OPERATIONS

Automation focuses on helping customers in industry and infrastructure to build new automated processes with customised technical solutions and services. The operations are characterised by extensive technical expertise, a high level of service and strong market positions in select niche segments.

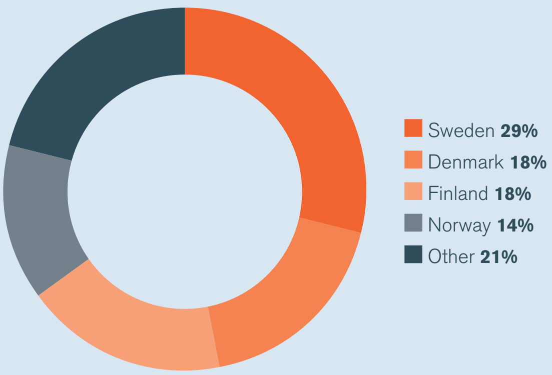
The business area holds a strong business position in the Nordic region and other parts of Europe. Demand follows the manufacturing industry's development towards automation and intelligent factories, as well as the expansion of infrastructure for communication networks, cyber security and investments in "intelligent cities". Automation offers proprietary products in several areas. Long-term relationships with leading international suppliers are also of the utmost importance.

DEVELOPMENT IN 2018/2019

Good organic growth in sales combined with several completed acquisitions resulted in

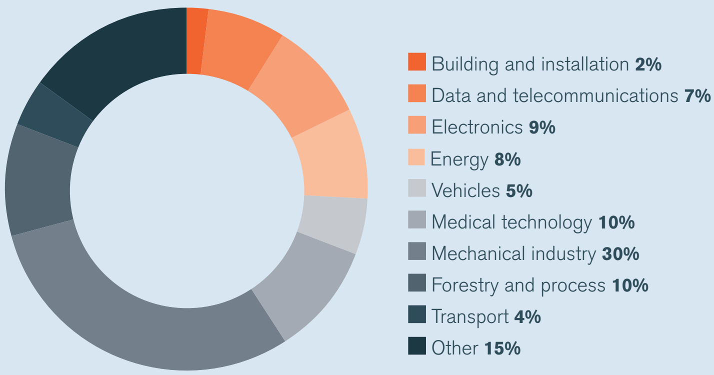
DISTRIBUTION BY MARKET

SALES BY GEOGRAPHIC MARKET



DISTRIBUTION BY CUSTOMER SEGMENT

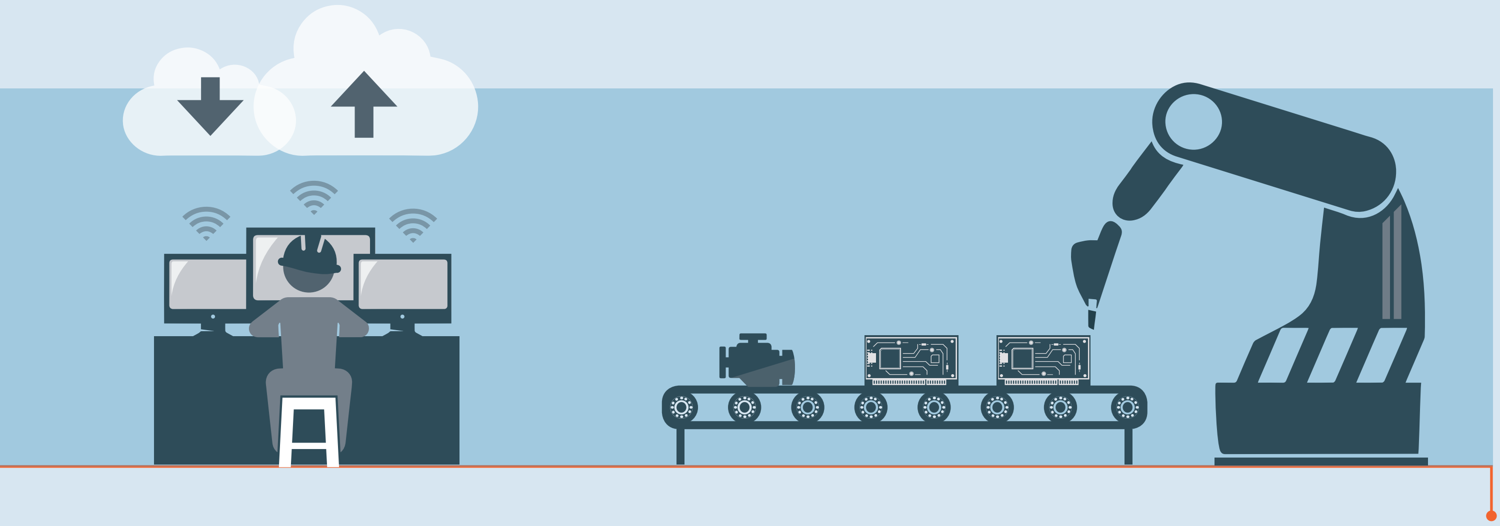
SALES PER CUSTOMER SEGMENT



1,946
NET SALES, SEK MILLION

194
EBITA, SEK MILLION

10.0
EBITA MARGIN, %



strong profit growth and continued favourable development of the operating margin. In Sweden, Denmark and Finland, demand for input components from Nordic manufacturing companies remained very high. Demand was good in most major customer segments, including machinery production, electronics, special vehicles and energy.

OUTLOOK
Many industrial companies are in the middle of their process of transitioning to Industry 4.0, in which more efficient production and flows will increasingly be linked to intelligent IT and sensor solutions. Major trends, such as the Internet of Things and 5G, will continue to drive demand in the future. Automation's unique offering encompasses the entire chain from moving mechanical solutions to intelligent systems and communication networks.

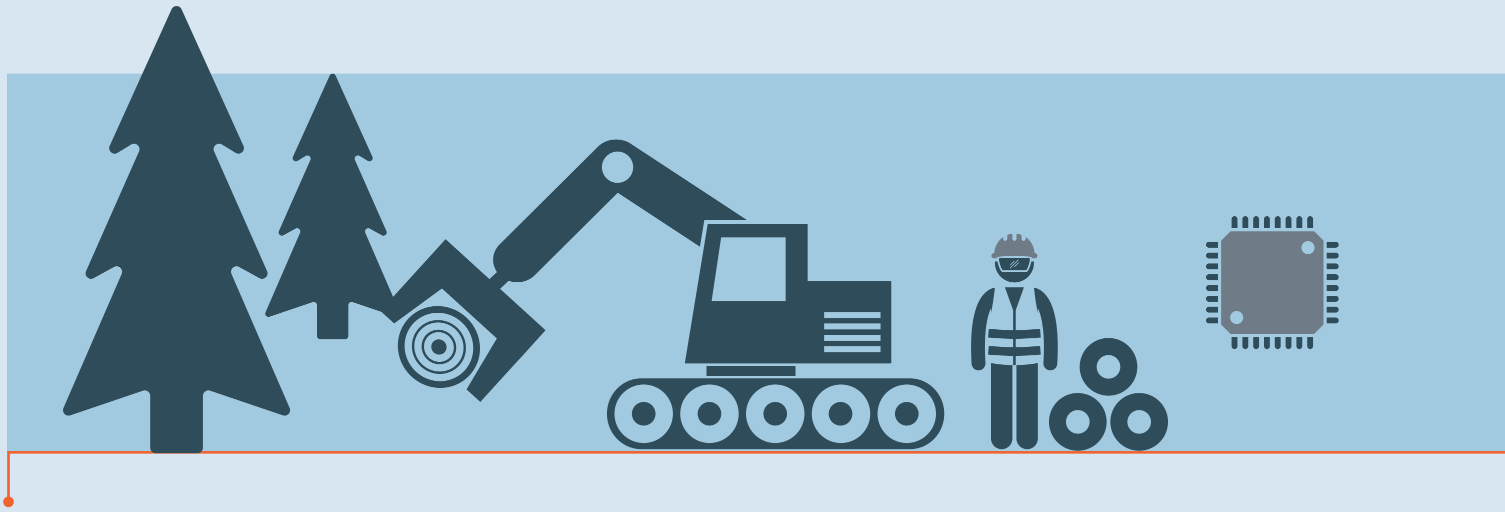
AUTOMATION
KEY FINANCIAL INDICATORS

Key financial indicators**	2018/2019	2017/2018
Net sales, SEK million	1,946	1,467
EBITA, SEK million	194	142
EBITA margin, %	10.0	9.7
Return on working capital, %	52	52
Average number of employees	376	296
Acquired annual sales*	325	186

*On a full-year basis at the time of acquisition.
** According to new organisation from April 1, 2019.

COMPONENTS

Components sells components and solutions within the areas of mechanics, electromechanics, hydraulics and electronics. Customers mainly operate in the segments of machinery production, special vehicles, energy and electronics in the Nordic manufacturing industry.



OPERATIONS

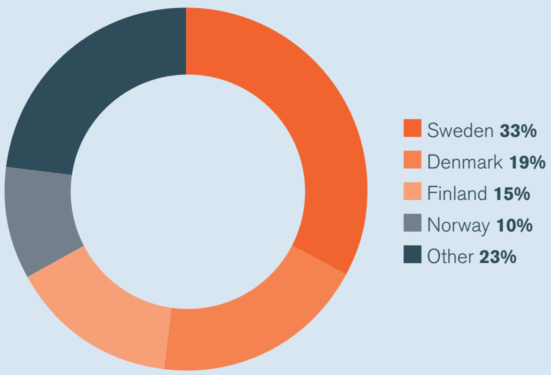
Based largely on the suppliers' range of components, the Components business area focuses on technology trading in close collaboration with customers. The companies in the business area endeavour continuously to increase the value added by their offerings, and to identify customised solutions. The business area holds a strong market position in the Nordic region, where local roots and superior technical expertise provide competitive advantages in each niche market. Major customer segments are OEM applications in the engineering sector, special vehicles, energy and the electronics industry.

DEVELOPMENT 2018/2019

In general, the business area developed well thanks to good organic sales growth combined with several acquisitions. Customer demand increased over the year, resulting in good growth in most customer segments. Sales increased in Sweden, Norway and Finland, while Denmark remained stable.

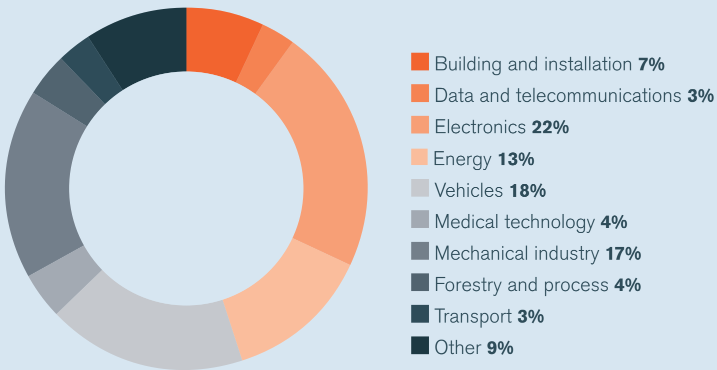
DISTRIBUTION BY MARKET

SALES BY GEOGRAPHIC MARKET



DISTRIBUTION BY CUSTOMER SEGMENT

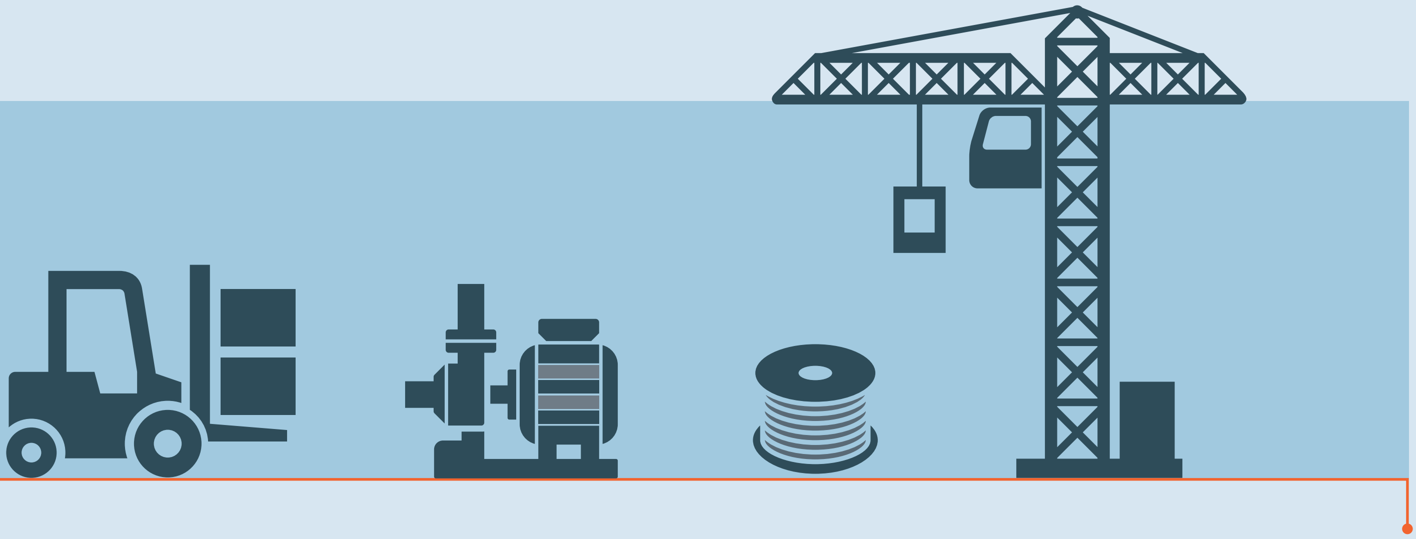
SALES PER CUSTOMER SEGMENT



1,960
NET SALES, SEK MILLION

220
EBITA, SEK MILLION

11.2
EBITA MARGIN, %



OUTLOOK

The development of the business area is strongly connected to the Nordic manufacturing industry, and the subsidiaries are well positioned within the larger customer segments. One major growth driver for the business area is the larger trend towards more environmentally friendly alternatives, such as electrification of ferries and renewable energy sources. The continuously increasing demand for customised solutions and components brings additional growth potential. Moreover, there is a growth potential in developing further co-operation among the subsidiaries within the different tech areas. Long-term relations with leading, international suppliers is crucial, and is constantly prioritized and developed.

COMPONENTS

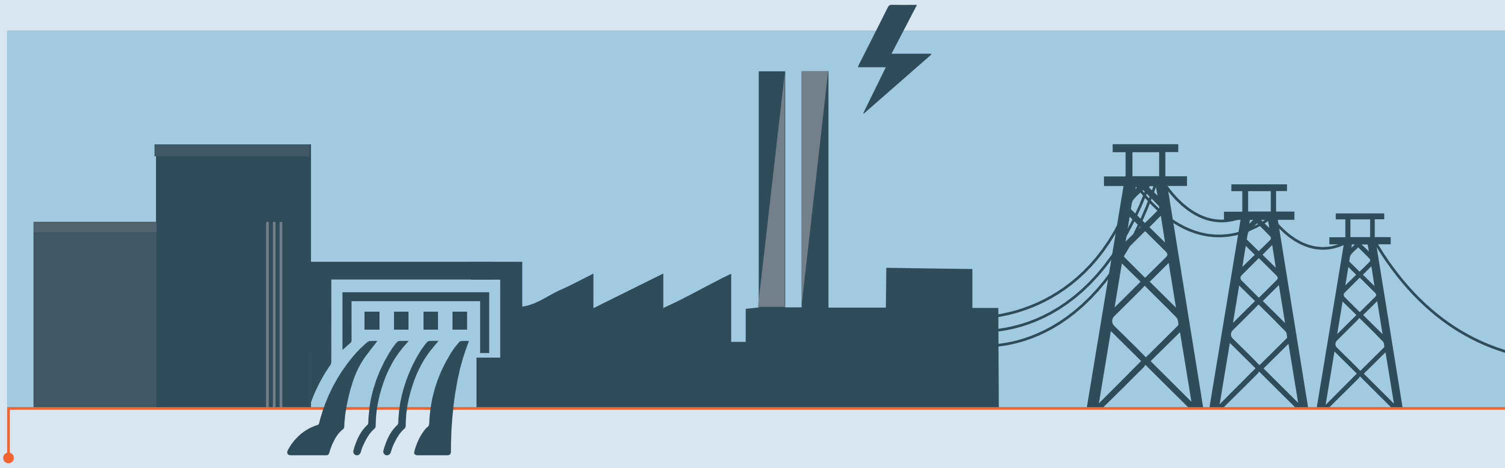
KEY FINANCIAL INDICATORS

Key financial indicators**	2018/2019	2017/2018
Net sales, SEK million	1,960	1,535
EBITA, SEK million	220	142
EBITA margin, %	11.2	9.3
Return on working capital, %	57	49
Average number of employees	369	323
Acquired annual sales*	85	312

*On a full-year basis at the time of acquisition.
** According to new organisation from April 1, 2019.

ENERGY

Energy sells products for the transmission and distribution of electricity, as well as products in the areas of electrical safety, electrical installation and connection technology. Customers operate mainly in the energy and electrical installation market.



OPERATIONS

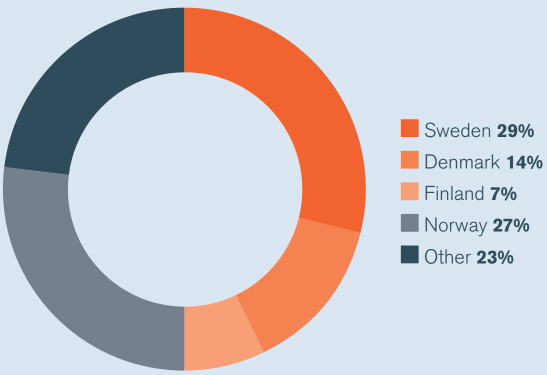
Energy focuses on the markets for electricity distribution and electrical installation, as well as on products and solutions in the areas of electrical safety, energy efficiency and connection technology. In addition to trading, a number of companies also manufacture proprietary niche products under their own brands. The companies adapt standard components in close cooperation with customers and suppliers, primarily in the area of electric power transmission. Some of the companies also offer aftermarket services, including training, service and support, which generate both long-term customer relationships and ongoing revenue.

DEVELOPMENT 2018/2019

During the year, the business area developed well, maintaining strong and competitive market positions. Although competition was strong, sales increased thanks to continued underlying demand. The business situation for niche products for electricity distribution, the manufacturing industry and products for

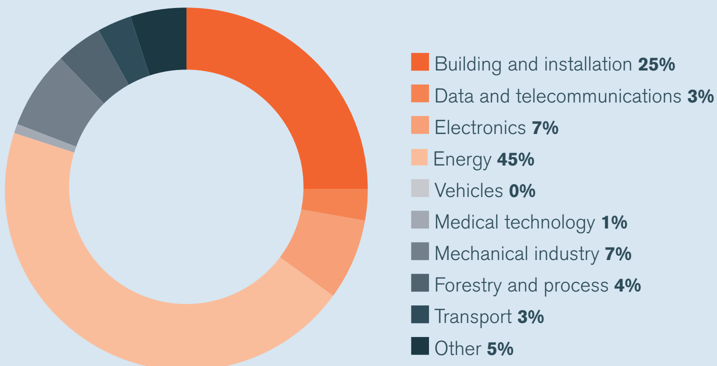
DISTRIBUTION BY MARKET

SALES BY GEOGRAPHIC MARKET



DISTRIBUTION BY CUSTOMER SEGMENT

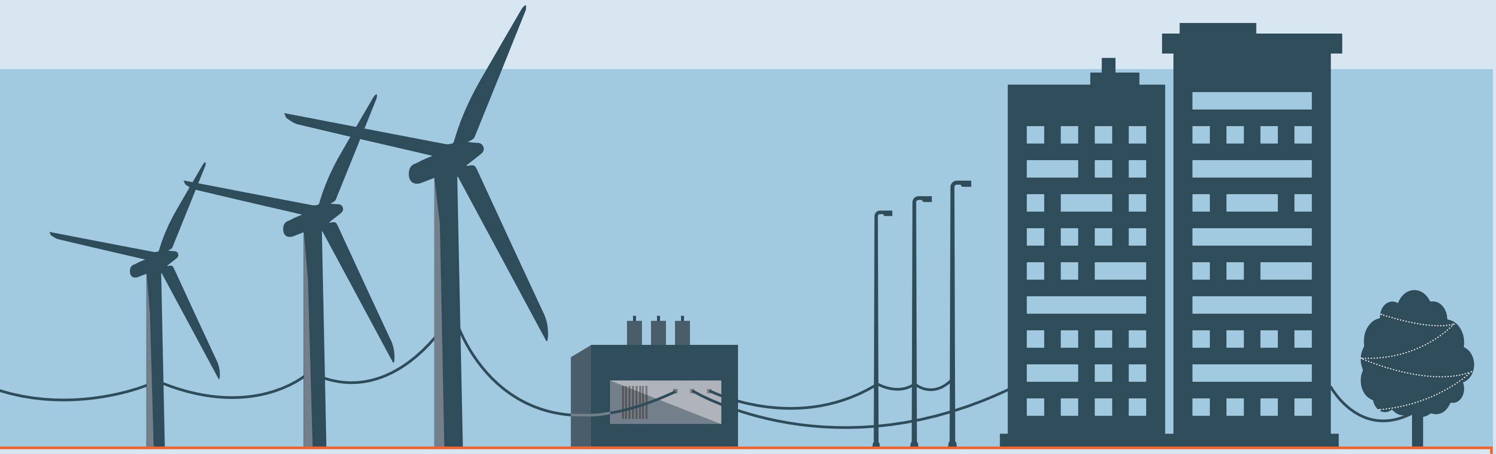
SALES PER CUSTOMER SEGMENT



2,357
NET SALES, SEK MILLION

244
EBITA, SEK MILLION

10.4
EBITA MARGIN, %



construction and installation remained stable at a high level.

OUTLOOK

Energy's companies hold leading market positions in their individual niches and demand is relatively stable in the energy and electrical installation markets. At the same time, the market finds itself in an interesting phase of development with a need for international investment in infrastructure for power grids, for example. These grid upgrades are being driven by reinvestment, the integration of the electricity markets and renewable energy sources being connected, primarily wind power. Infrastructure development is also expected to drive demand in the transport sector, particularly rail. In the construction and installation sectors, including public construction and professional lighting, the market outlook remains positive.

ENERGY

KEY FINANCIAL INDICATORS

Key financial indicators	2018/2019	2017/2018
Net sales, SEK million	2,357	1,846
EBITA, SEK million	244	215
EBITA margin, %	10.4	11.7
Return on working capital, %	50	59
Average number of employees	655	583
Acquired annual sales*	233	40

*On a full-year basis at the time of acquisition.

INDUSTRIAL PROCESS

Industrial Process sells solutions, subsystems and components that contribute to optimising industrial process flows. Customers operate mainly in the northern European manufacturing and processing industries.

OPERATIONS

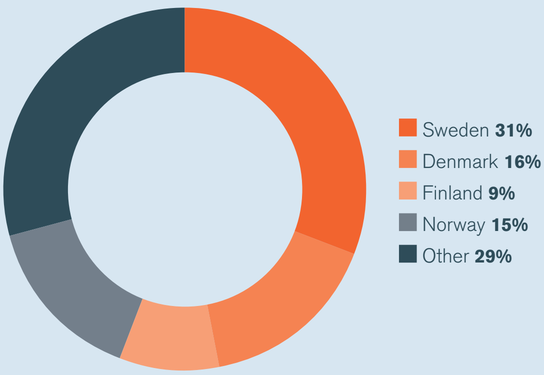
Industrial Process focuses on developing business benefits, offering customers product solutions and services that help streamline their industrial process flows. Value is added through more competitive products, positive environmental effects, time gains and other opportunities for customers to achieve improvements in quality and increase their profitability. Based on their technical expertise, the subsidiaries hold leading positions in several narrow niches and generate competitive advantages for themselves by working closely with customers and offering superior technical expertise.

DEVELOPMENT 2018/2019

The operations were characterised by favourable organic growth over the year. The marine segment continued to grow strongly. Demand also increased in several customer segments in the Nordic process industry, including the forest industry. Sales to the

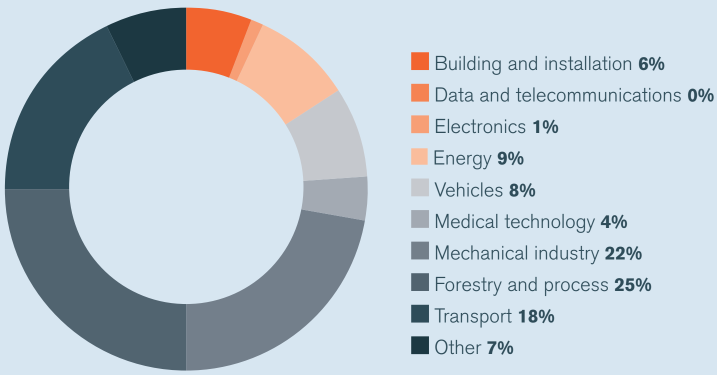
DISTRIBUTION BY MARKET

SALES BY GEOGRAPHIC MARKET



DISTRIBUTION BY CUSTOMER SEGMENT

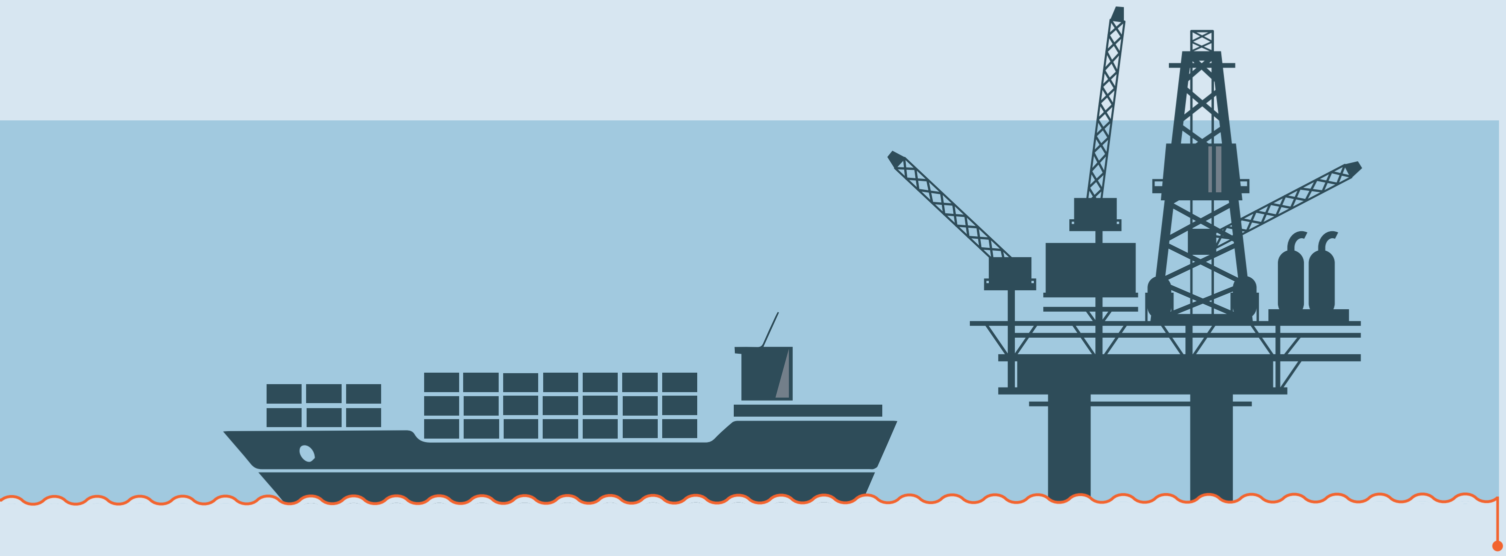
SALES PER CUSTOMER SEGMENT



2,305
NET SALES, SEK MILLION

219
EBITA, SEK MILLION

9.5
EBITA MARGIN, %



manufacturing industry remained stable, and operations outside the Nordic region also developed very positively.

OUTLOOK

A high pace of development and innovation in industrial process flows and increased demands for reduced environmental effects continue to increase the rate of investment. This presents opportunities for continued growth in line with the market. At the same time, certain niches, associated with surveying, for example, have considerable opportunities to grow faster than the market. The marine segment, for example, is expected to continue growing over the next few years due to stricter new emission requirements. The paper, energy, chemical and pharmaceutical industries, among others, also have an increasing need of equipment for controlling and analysing different processes.

INDUSTRIAL PROCESS

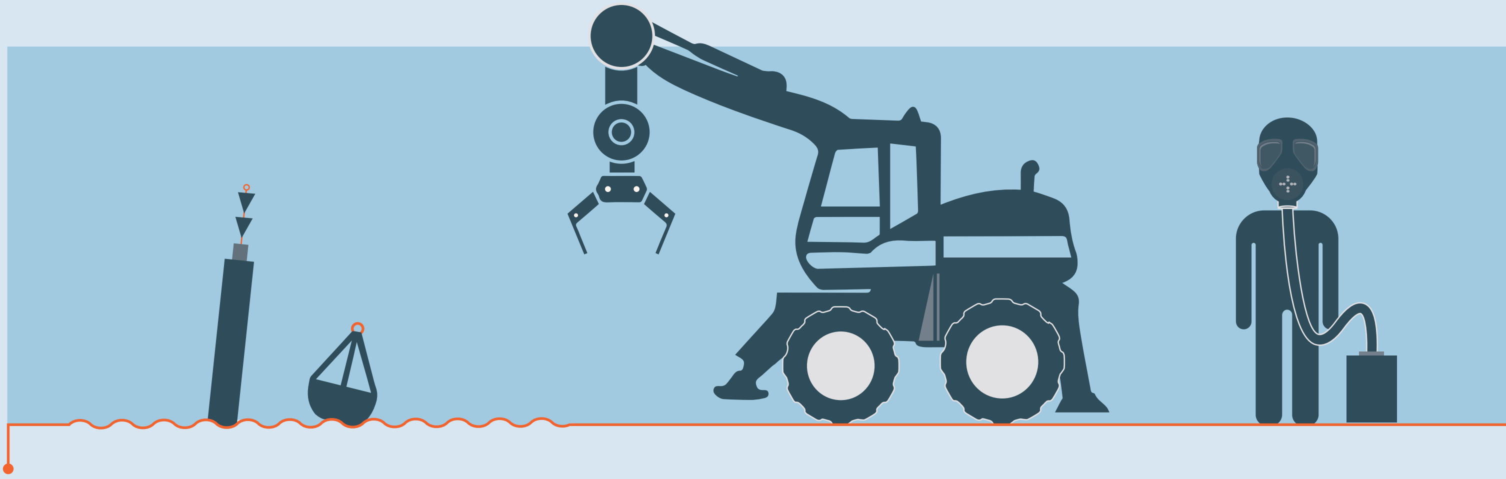
KEY FINANCIAL INDICATORS

Key financial indicators	2018/2019	2017/2018
Net sales, SEK million	2,305	1,677
EBITA, SEK million	219	142
EBITA margin, %	9.5	8.5
Return on working capital, %	51	40
Average number of employees	730	642
Acquired annual sales*	267	-

*On a full-year basis at the time of acquisition.

POWER SOLUTIONS

Power Solutions develops and sells components and solutions for power supply and for steering and controlling movements or energy flows. Customers operate mainly within special vehicles, the energy sector and the electronics industry.



OPERATIONS

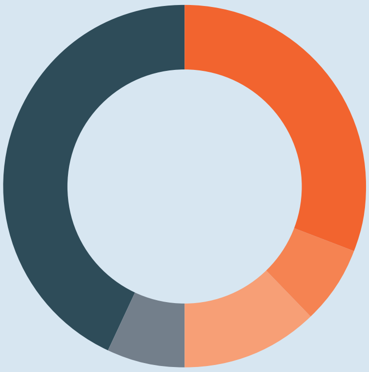
Companies within the business area are often involved in the customer's design phase, and can therefore participate in determining and optimising the customer's end-product. Accordingly, most customers are OEMs, although some are end-users. The business area has developed many strong proprietary brands, has considerable development expertise and proprietary niche production. The companies have considerable leading-edge expertise and hold leading market positions in their niches. The business area includes leading players in customised batteries, control and ergonomics products developed in-house, and power supply solutions. Demand is particularly dependent on development in the market for special vehicles, the energy sector and the electronics industry.

DEVELOPMENT 2018/2019

Overall, demand was stable during the year. The largest segment, special vehicles, experienced high demand with increasing sales

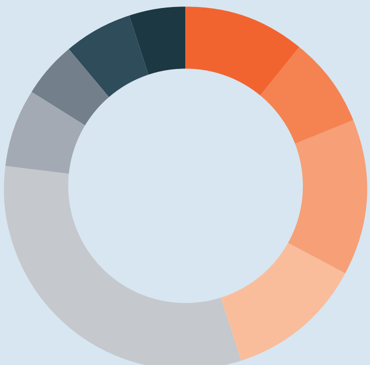
DISTRIBUTION BY MARKET

SALES BY GEOGRAPHIC MARKET



DISTRIBUTION BY CUSTOMER SEGMENT

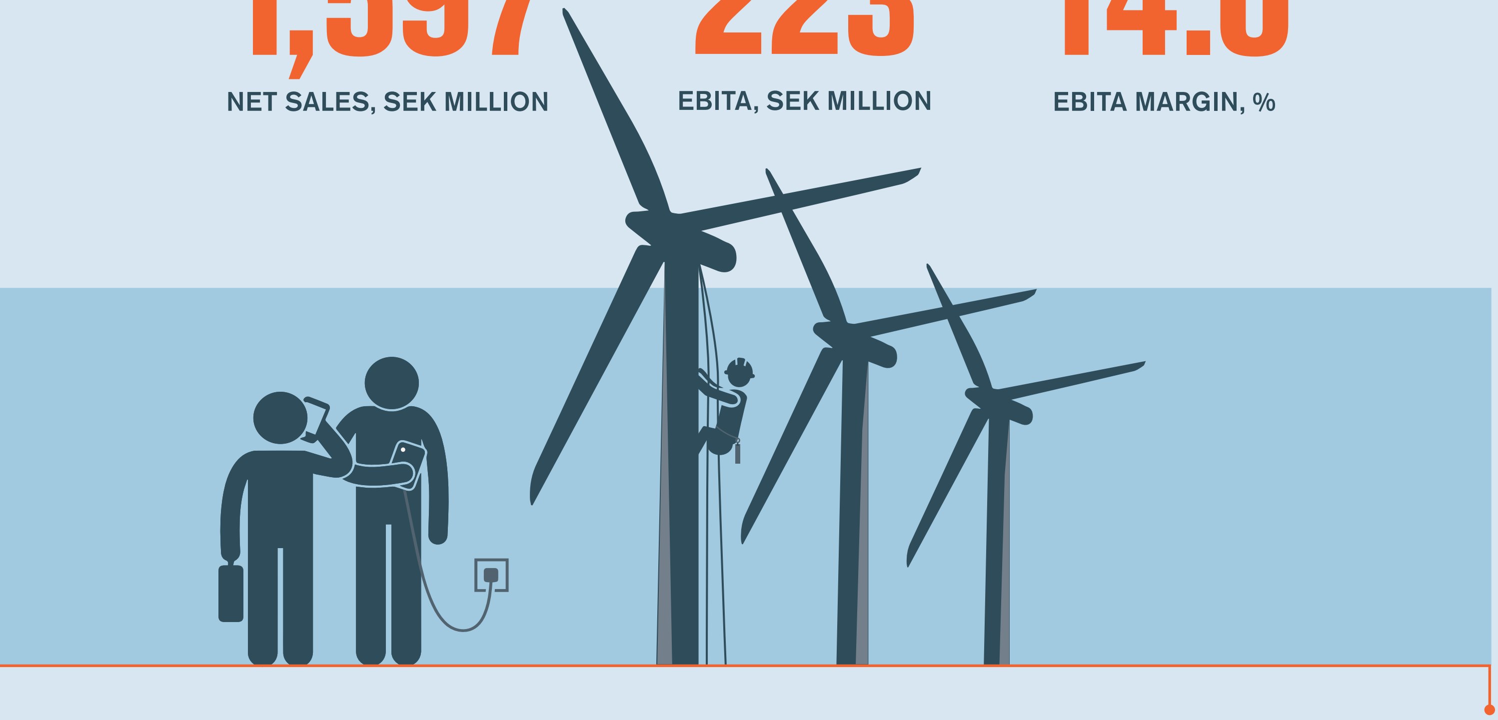
SALES PER CUSTOMER SEGMENT



1,597 NET SALES, SEK MILLION

223 EBITA, SEK MILLION

14.0 EBITA MARGIN, %



of control and ergonomic products. The companies' efforts to further position themselves in new battery technologies had a positive effect. The business situation developed well for power supply solutions in customer segments such as telecom and wind power.

OUTLOOK

Rapid technical development, combined with new regulatory requirements and, not least, the growing electrification trend in society, continues to drive demand for technically knowledgeable players able to contribute during the product design stage. There is also an increasing need for modern special vehicles, such as forklifts, mining machines and forest machines, and many of these utilise Power Solutions' system solutions and products.

POWER SOLUTIONS

KEY FINANCIAL INDICATORS

Key financial indicators	2018/2019	2017/2018
Net sales, SEK million	1,597	1,510
EBITA, SEK million	223	198
EBITA margin, %	14.0	13.1
Return on working capital, %	63	64
Average number of employees	415	397
Acquired annual sales*	50	160

*On a full-year basis at the time of acquisition.

WE ENGAGE IN SUSTAINABLE DEVELOPMENT

The long-term and holistic perspectives are at the core of Addtech's business model. By acting responsibly through decisions, both large and small, we generate better business while contributing to a more sustainable world.

A good environment and fair conditions for individuals and companies alike are essential in a functioning society. As a leading player in value-adding technology trading, we at Addtech have a unique opportunity to contribute to sustainable development. Working in partnership with our customers, we can together advance new and improved technical solutions that, in turn, result in reduced emissions, more energy-efficient transport, safer workplaces and more jobs, for example, or other things that benefit society as a whole. This improves our opportunities for long-term, profitable growth, while enabling the world to become a little more sustainable. Thorough sustainability work also contributes to our good reputation, which is one of our foremost competitive strengths. For a detailed picture of our business model and how we generate value, see page 7.

POLICIES AND GUIDELINES

Our values and ambitions are reflected in our Code of Conduct, which is fundamental to everything we do. This sets out how we do business and how we behave and act in everyday life, thus providing a framework for our sustainability work. The Code builds on our own core values, as well as the UN Global Compact, the ILO's core conventions and the OECD's guidelines for multinational companies. It has been adopted by the Board of Directors and encompasses all companies and employees. The Code of Conduct can be read in its entirety at www.addtech.se. Our Code of Conduct for suppliers is also provided there, explaining what we expect from our business partners.

Sustainability work 2018/2019

CATEGORY	PRIORITY ISSUES
Adding financial value	Long-term profitable growth
Adding environmental value	Continuously reducing our direct and indirect environmental impact
Adding social value	Providing a healthy workplace where employees enjoy their work and develop Safeguarding a high level of quality and ethics among suppliers

ABOUT THE SUSTAINABILITY REPORT

Since 2017/2018, Addtech's Sustainability Report has been partly integrated into the Annual Report The Sustainability Report serves to transparently detail the Group's objectives, strategies and governance, as well as responsibilities, risks and opportunities, from the perspective of sustainability. The report is to provide customers, employees and shareholders an understanding and knowledge of our sustainability work. Certain information, regarding measurement methods for example, reported in previous years and remaining unchanged, is available in earlier Sustainability Reports. Pages 24-31 and 38-40 constitute Addtech's statutory Sustainability Report. The report has been produced in accordance with the guidelines for the GRI (Global Reporting Initiative) Standards at application level Core. The Annual Report represents our Communication on Progress. The GRI index is available at **www.addtech.se**

THREE FOCUS AREAS

Addtech's sustainability work is based on three focus areas: Adding financial value, adding environmental value and adding value for society. These are, in turn, broken down into additional areas. The three focus areas are to be taken into account in all strategic decisions within the organisation,

DECENTRALISED STRATEGY

Sustainability forms a natural part of all strategic decisions within the organisation. Operational sustainability work is conducted in line with our decentralised culture, with the subsidiaries bearing considerable responsibility but also enjoying substantial freedom. We are convinced that the best decisions are made as close to the market as possible. This is reflected in our core values of Freedom, Responsibility, Simplicity, Efficiency and Change. As a group, Addtech primarily exerts its influence as an active owner through the subsidiaries' boards. Ultimately, the Group's Board of Directors, is responsible, through Group Management, for Addtech's overall, long-term sustainability targets. These targets are supplemented by targets and action plans developed by each business area for its companies.

ANNUAL ASSESSMENTS

Addtech assesses its own operations annually, from the level of the individual subsidiary up to the Group level. The subsidiaries report on their own sustainability work annually and, supported by the Group, implement measures if there are any shortcomings. A large number of suppliers are evaluated on a yearly basis. Reviews are conducted, and measures implemented, at the company, business area and Group levels.

ACTIVITIES DURING PAST YEAR	SELECT KEY FINANCIAL INDICATORS		PRIORITIES FOR THE FUTURE
• 14 acquisitions, plus five completed after the end of the financial year • New business area: Automation • Continuous streamlining process	**29%** (17) earnings growth	**25%** (14) increase in dividend per share* *Dividend proposed to Annual General Meeting	• Continued acquisitions • Continuous efficiency enhancements • Continued focus on sustainable business opportunities
• Continued roll-out of the Code of Conduct for suppliers • Continued work on supplier evaluations • Improved measurement of emissions from travel through Group-wide booking function • Continued work on switching to renewable energy sources	**59%** (54) share of electricity from renewable sources	**-14%** (-0.3) energy consumption in relation to net sales	• Continued focus on reducing emissions from the Group's own operations • Continuous development of supplier evaluations
• Employee survey completed • Continued work to familiarise all employees and suppliers with our Code of Conduct • Continued work on supplier evaluations	**98%** (96) permanent employees	**3%** (2) absence due to illness	• Increasing the proportion of employees who respond to the regular employee surveys • Increasing the number of employee development interviews completed annually • Focus on increased gender equality

STAKEHOLDER DIALOGUE

We identify our key stakeholder groups on an ongoing basis, mapping their demands and expectations of us. This provides us with key points of departure in developing both our business and our sustainability and helps us plan our decisions adequately in advance. We maintain ongoing contacts with our stakeholders through various channels. During the 2018/2019 financial year, measures were undertaken including an employee survey and ongoing supplier assessments. During the 2019/2020 financial year, we are planning a new, combined stakeholder dialogue, with a subsequent revision of the materiality analysis.

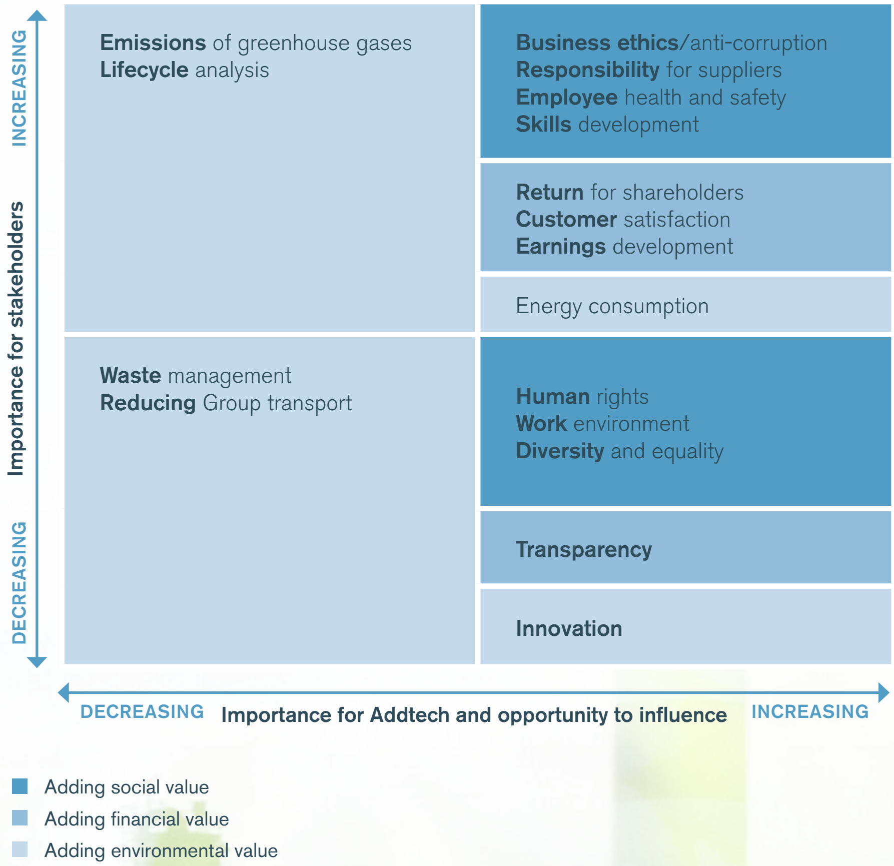
PRIORITY STAKEHOLDERS

GROUP:	Core issues of sustainability:	Dialogue primarily through:
Employees	Health and safety, skills development, responsible suppliers	Regular employee surveys, annual performance and development interviews, training courses, intranet
Customers	Customer satisfaction, innovation, business ethics, environmental and climate impact	Subsidiaries' own channels and meetings. Addtech website
Shareholder	Earnings development, business ethics, return to shareholders, customer satisfaction	Interim reports, analyst and investor meetings, Annual Report, Addtech's website and Annual General Meeting
Suppliers	Business ethics, customer satisfaction	Subsidiaries' own channels and meetings. Group supplier assessments
Social partners	Business ethics, consideration for environmental impact	Local contacts between subsidiaries and stakeholders in local communities. Dialogue with relevant authorities regarding, for example, the work environment, environmental responsibility and product liability. Certification bodies for ISO, etc.

MATERIAL ISSUES AND RISKS

In our sustainability work, we allocate resources on the basis of a materiality analysis. The analysis weighs up stakeholders' views regarding sustainability with the risks and opportunities specific to Addtech. We have identified the following areas as the most material and as our highest priorities: Generating and delivering profitable growth, reducing our negative environmental impact, maintaining a high level of business ethics and providing a healthy workplace. Based on the materiality analysis, Group Management has, in consultation with the Board of Directors, established shared working methods and targets. During the 2019/2020 financial year, we are preparing an update of the materiality analysis.

MATERIALITY ANALYSIS



ADDING FINANCIAL VALUE

SUSTAINABLE AND PROFITABLE

Growth and sustainability go hand-in-hand. A stable and sound economy helps us promote issues of sustainability, both internally and externally.In turn, this helps us grow sustainably.

For Addtech, it goes without saying that profitable growth is closely associated with sustainable development. Global and local demands for reduced emissions and increased sustainability have made sustainable products and solutions a competitive advantage in our industry. We endeavour to be a better choice than our competitors, actively meeting market demand for long-term solutions. Through structured sustainability work, our companies can increase their competitiveness, increasing the Group's profitability. At the same time, we are able to enhance efficiency and identify additional opportunities for both savings and improvements. Not only does structured sustainability make the operations stronger, it also makes them more sustainable, highlighting potential savings and improvements, for example, as well as risks.

Growth provides the foundation for long-term profitability and is measured as earnings growth. The profitability of each subsidiary company should be at least 45 percent, measured as the relation between operating profit (P) and working capital (WC). The P/WC model places a premium on high operating profit and a low degree of capital tied up, which, combined with an annual growth target of 15 percent, measured over a business cycle, provides the opportunity for self-financed profitable growth over the long term.

ADDING FINANCIAL VALUE

LONG-TERM TARGETS	OUTCOME 2018/2019	COMMENT
Earnings growth: >15% over a business cycle	Earnings growth 29% (17)	*See also the CEO comments on page 4, and pages 8-9
P/WC: >45% return on working capital in all units	P/WC 53% (53)	*See also pages 8-9
Dividend policy: >30% of average profit after tax over a business cycle	Payout ratio 51% (52)	*See also pages 32-34

Financial value generated and distributed

SEK million	Stakeholder	2018/2019	2017/2018
Income	Customers	10,148	8,022
Financial value generated		**10,148**	**8,022**
Manufacturing costs	Suppliers	7,398	5,825
Salaries and remuneration*	Personnel	1,840	1,496
Disbursements to providers of capital	Creditors	50	40
Disbursements to providers of capital	Shareholders	269	235
Disbursements to sovereigns	Public sector	230	169
Financial value distributed		**9,787**	**7,765**
Remaining in the company		**361**	**257**

* Total salaries and remuneration include salaries and pensions for employees, including amounts disbursed to the public sector (employer's contributions, social security contributions, etc.) on the employees' behalf.

ADDING ENVIRONMENTAL VALUE

ENVIRONMENTAL WORK WITH BUSINESS FOCUS

We are working continuously both to minimise our impact on the environment and to help customers develop more sustainable solutions.In this way, we are participating in building a better future.

Our environmental work is conducted within the framework of our business concept and is to be integrated well into all of our decisions. By developing more sustainable products and solutions, enabling our customers to reduce their impact on the climate and the environment, we generate value both for our customers and for society as a whole.

The environmental work is governed by our environmental policy, which forms part of our Code of Conduct. Environmental measures are to be implemented as far as technically possible, reasonable in terms of business administration and environmentally justified.

Our own operations consist largely of product trading. The actual production often takes place at a supplier company. Our own use of raw materials, chemicals and fossil fuels is therefore limited. Our own negative environmental impact derives largely from emissions of carbon dioxide, particularly in connection with fuel consumption during transport, energy consumption in warehousing and fuel consumption in connection with our own travel. We place total carbon dioxide emissions in relation to sales to provide a fair picture – referred to as an intensity measure of greenhouse gases.

We generally strive to minimise waste, prevent emissions, take environmental performance into account in connection with transport, for example, and, on the whole, to

ADDING ENVIRONMENTAL VALUE

TARGETS	OUTCOME 2018/2019	COMMENT
Reduce the direct and indirect environmental impacts of our operations, products and processes by: • Continuing our work to provide products and solutions that help drive sustainable development and reduce environmental impact • Continue the process of setting targets with regard to energy and climate	**Total climate impact:** 2.2 tonnes CO_2/SEK million (2.2)	Calculated as tonnes of CO_2, emissions increased marginally over the year, partly because growth resulted in increased travel. We will be focusing further on how to reduce the climate impact of our travel and transports.
	Energy consumption: Percentage of renewable sources 59% (54) **Energy consumption in relation to net sales, compared with the preceding year:** -14% (-0.3)	The share of electricity derived from renewable sources continues to increase within the Group. A positive observation was that energy consumption in relation to net sales decreased significantly compared with the preceding year.

conduct open and committed environmental work. As a minimum requirement, we always comply with local laws and regulations.

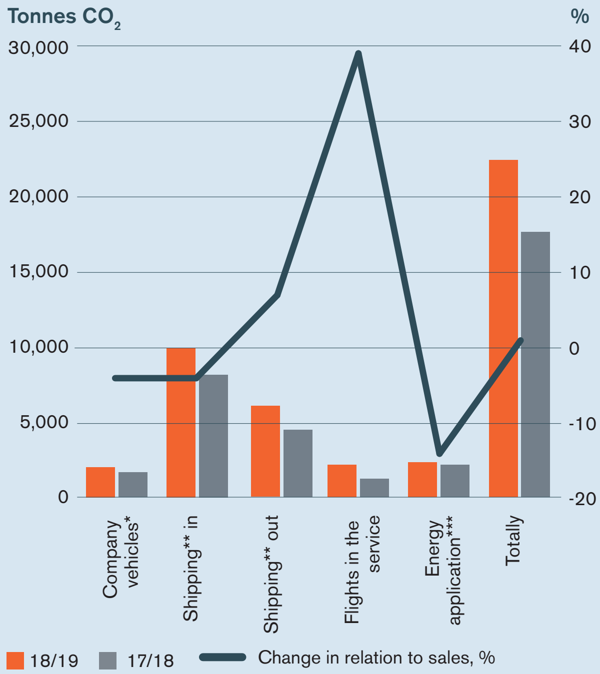
Assuming responsibility that extends beyond our own operations is also important to us. In our Code of Conduct, we therefore require that our suppliers defend the environment in their production. We regularly review their efforts to promote sustainable development. These assessments provide us with an overview of how our suppliers work with environmental issues and allow us to perceive opportunities to implement shared improvements where feasible. Our suppliers are to operate in line with our environmental policy, be familiar and compliant with the prevailing requirements under national legislation, regulations and industry standards. Safe handling of hazardous substances and waste is a minimum requirement.

We had no cases of fines or sanctions due to environmental violations during the year.

More than half of the electricity used within the Group comes from renewable sources. This is an ambitious process that has been in progress for several years and that will also continue in the future.

CLIMATE IMPACT

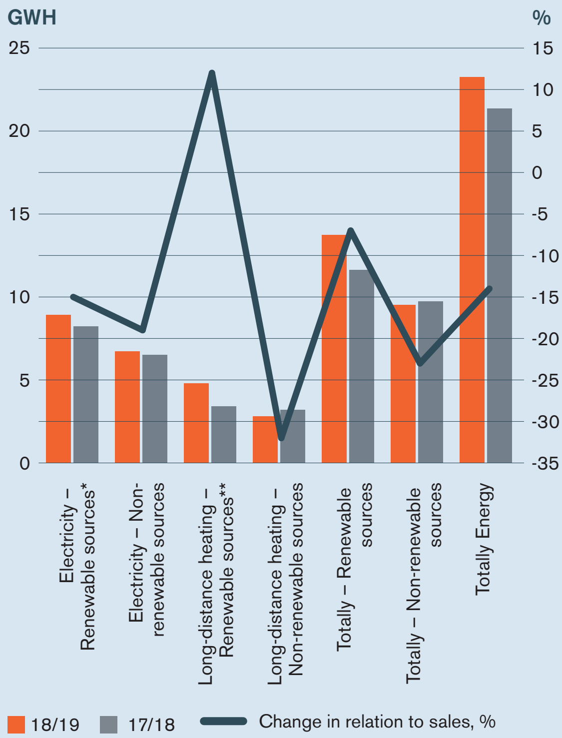
CO_2 EMISSIONS



* Based on reported kilometres driven and average CO2/km emissions from the Group's vehicle fleet
** Based on reports from transport suppliers, as well as Addtech's own calculations using ecotransit.org.
*** Based on Nordic electricity production, with 1 kWh being expected to generate 0.1 kg CO2.

ENERGY CONSUMPTION

RENEWABLE AND NON-RENEWABLE SOURCES



* Solar energy, wind power and hydroelectric power
** Biofuel, surplus heat, waste (70% renewable)

ADDING SOCIAL VALUE

OUR ROLE IN SOCIETY

More jobs, increasing tax revenues and innovations. These are some of the contributions that Addtech can make to society.

Addtech generates value at many levels in society: We contribute to general prosperity through job opportunities, tax revenues, innovative power in industry and more developed local competitiveness. Our companies often have strong local roots and, by facilitating viable, long-term entrepreneurship, we are able to strengthen local business and industry. We always endeavour to recruit locally and to offer employment for young people.

EMPLOYEES

At Addtech, it is common for employees to stay with the company for a long time – on average almost ten years. We are proud of that. We want to maintain long-term relationships with our employees and offer secure forms of employment, a favourable work environment and individual development opportunities. When our employees enjoy their work, grow and reach their full potential, Addtech gains continuity in its operations, more initiatives that develop our business and internal management supply.

Continuous skills development is important and we offer tailored training through our own business school, the Addtech Academy. This is available to all employees and is an important platform for disseminating our corporate culture. The Addtech Academy is also a key forum, strengthening the Group's internal network.

We conduct regular employee surveys to identify our strengths and weaknesses as an employer. These surveys also allow us to ascertain needs shared by subsidiaries and to identify successful ideas that could benefit more companies. Our target is for each employee to attend a personal performance and development interview once a year.

HEALTH AND SAFETY

Health and safety is a priority area. While the operations within the subsidiaries' facilities entail risks for work-related illnesses and accidents, the sales operations also entail a risk of accidents when travelling or visiting customers' factories and facilities, for example. It is our target that no employees should suffer physical or mental ill health due to their work situation. For this reason, we apply a zero vision regarding work-related accidents, illness and incidents and our ambition is to continuously promote health and well-being among our employees.

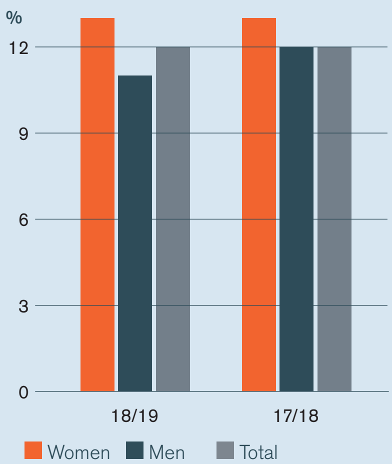
SUSTAINABILITY IN THE SUPPLY CHAIN

We work with a large number of global suppliers' products and solutions. Most purchases are made from suppliers outside the Nordic region, in Europe, the US and Asia. This entails sustainability risks. At the same time, our supplier relationships are often long-term and characterised by close cooperation. This affords us favourable opportunities for a dialogue regarding risks and development. During 2016/2017, we developed a specific Code of Conduct for suppliers, which was subsequently rolled out. By 2020, our target is to have assessed the following based on the Code of Conduct:

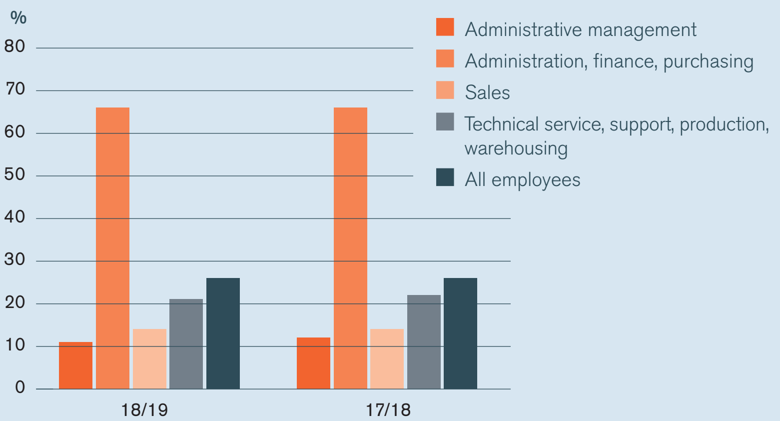
- As a minimum, the 20 largest suppliers per business area
- At least 50 percent of the purchasing volume or, alternatively, the five largest suppliers per subsidiary
- New suppliers with a potential purchase volume of more than SEK 1 million

Each subsidiary is responsible for taking risks regarding its products and locations into account.

PERSONNEL TURNOVER



PERCENTAGE OF WOMEN PER FUNCTION

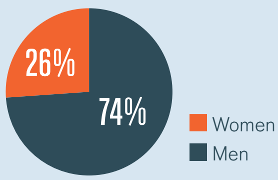


PEOPLE IN FOCUS

All employees are to be afforded equal opportunities for development, regardless of gender, age, ethnic origin, religion, political views, sexual orientation, disability or other distinguishing characteristics. We defend human rights, and require that all of our companies and suppliers, as a minimum, comply with the minimum requirements under national legislation with regard to labour law. We apply zero tolerance regarding forced labour and work actively to prevent regulatory violations within our operations or value chain. All operations bearing our name adhere to the UN Convention on the Rights of the Child, ILO Convention (No. 138) concerning the Minimum Age for Admission to Employment and ILO Convention (No. 182) concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour. We embody superior business ethics, apply zero tolerance regarding corruption and work actively to counteract bribery and unfair practices that restrict competition.

Read more in our Codes of Conduct at www.addtech.se

ADDING SOCIAL VALUE

TARGETS	OUTCOME 2018/2019	COMMENT
• Have the industry's most satisfied employees	**Type of employment** Percentage of permanent employees: **98%** (96) Percentage of full-time employees: **94%** (93) Personnel turnover **12%** (12)	Temporary employees are primarily engaged to substitute for regular employees who are ill or absent for other reasons. The trend was positive in terms of the percentage of permanent employees. We endeavour to keep personnel turnover at a low level.
• No employees should suffer physical or mental ill health due to their work	**Absence due to illness** **3%** (2)	Although absence due to illness increased marginally over the year, it remained well below the average for Swedish companies. The ambition is to continuously reduce absence due to illness. No fatalities occurred during the year.
• Be a workplace that promotes diversity and equality	**Gender distribution** Percentage of women/men in the group 	Our long-term goal is to increase the percentage of women to reflect, as a minimum, the general gender distribution in the technology sector and the percentage among graduates from relevant engineering programmes. We will continue to focus on the issue and encourage employees' own initiatives. During the year, for example, a group of women salespeople took the initiative to start a Group-wide network to increase the proportion of women in leading roles.
• All employees are to attend personal performance and development interviews	**Employee development interviews** Percentage of documented performance and development interviews: **63%** (62)	For 2019/2020, our target is to increase the proportion of employees having attended personal performance and development interviews. With respect to the employee survey, the response rate increased somewhat. In the future, we will prioritise efforts to increase the response rate.
• All employees, operations and suppliers must adhere to our Code of Conduct • To annually increase the percentage of suppliers having undergone our supplier assessment	**Supplier assessments** Continued work to roll out the Code of Conduct and perform assessments of the business areas' largest suppliers.	During the year, there were no cases of corruption, child labour or violations of labour law.

Addtech shares

Share price trend and trading

Addtech Addtech's Class B shares are listed on Nasdaq Stockholm. Since the listing in September 2001, the average price increase, up to and including 31 March 2019, has been 16 percent annually. Over the corresponding period, the exchange's OMX Stockholm index changed by an average 6 percent.

Over the financial year, the price of the Addtech share rose by 15 percent. Over the corresponding period, the exchange's OMX Stockholm index rose by 5 percent. The highest price paid during the year was SEK 219.50, which was noted on 11 June 2018. The lowest price paid was SEK 154.00, which was noted on 27 December 2018. The closing price at the end of the financial year was SEK 193.00, corresponding to a market capitalisation of SEK 12.5 billion (10.9).

During the period from 1 April 2018 to 31 March 2019, 13.4 million shares (12.6) were traded for a total value of slightly more than SEK 2.5 billion (2.1). In relation to the average number of Class B shares outstanding, this corresponds to a turnover rate of 21 percent (20). Broken down per trading day, an average 53,661 Addtech shares (50,305) were traded for an average value of approximately SEK 10 million (9).

Share capital

At the end of the period, share capital amounted to SEK 51.1 million divided into the following number of shares with a quota value of SEK 0.75 per share.

Share class	Number of shares	Number of votes	Percentage of capital	Percentage of votes
Class A shares, 10 votes per share	3,229,500	32,295,000	4.7	33.2
Class B shares, 1 vote per share	64,968,996	64,968,996	95.3	66.8
Total number of shares before repurchases	**68,198,496**	**97,263,996**	**100**	**100**
Of which, repurchased Class B shares	1,141,387		1.7	1.2
Total number of shares after repurchases	**67,057,109**			

Chapter 6, Section 2a of the Swedish Annual Accounts Act requires listed companies to disclose specific circumstances that may affect the prospects for acquiring the Company via a public share offer. In the event of the Company being de-listed from Nasdaq OMX Stockholm or a party other than the present principal shareholder attaining an ownership holding exceeding 50 percent of the capital or votes, the granted credit line in terms of contractual credit facilities of SEK 400 million and overdraft facilities of SEK 1,300 million can be terminated.

Repurchases of treasury shares and incentive programmes

The Annual General Meeting in August 2018 authorised the Board of Directors to repurchase a maximum of 10 percent of all shares in the Company during the period extending until the Annual General Meeting in 2019. During the financial year Addtech repurchased 200,000 of its own Class B shares. At the end of the year, 1,141,387 (1,206,145) of the Company's own Class B shares were held, with an average purchase price of SEK 108.05 (92.12). These shares correspond to 1.7 percent (1.8) of the number of shares issued and 1.2 percent (1.2) of the votes. Addtech has four outstanding call option programmes for a total of 1,144,893 shares. Call options issued on repurchased shares entail a dilution effect of about 0.2 percent over the past 12-month period. Addtech's holdings of treasury shares are expected to match the needs of the outstanding call option programmes.

Outstanding programme	Number of options	Corresponding number of shares	Percentage of total shares	Initial redemption price	Recalculated redemption price	Redemption period
2018/2022	300,000	300,000	0.4%	232.90	-	6 Sep 2021 – 3 Jun 2022
2017/2021	300,000	300,000	0.4%	178.50	-	14 Sep 2020 – 4 Jun 2021
2016/2020	300,000	300,000	0.4%	159.00	-	16 Sep 2019 – 5 Jun 2020
2015/2019	199,100	244,893	0.4%	154.50	125.10	17 Sep 2018 – 3 Jun 2019
Total	**1,099,100**	**1,144,893**				

Ownership structure

On 31 March, 2019, the total number of shareholders was 5,191 (5,327), of whom 3,983 (4,045) held 1,000 shares or less each. The 15 largest shareholders accounted for 57.6 (56.2) percent of the total number of shares and 68.7 (67.2) percent of the total number of votes. Anders Börjesson (with companies and family members) is the largest shareholder in terms of votes, with a shareholding corresponding to 15.8 percent, followed by Tom Hedelius, with a shareholding corresponding to 15.2 percent. The proportion of foreign owners corresponded to 39 percent (35) of total capital.

Additional information

Addtech's website www.addtech.com is updated continuously with information about shareholder changes and share price performance. The site also presents information about which analysts monitor Addtech.

KEY FINANCIAL INDICATORS

	2018/2019	2017/2018	2016/2017
Earnings per share before dilution, SEK	9.85	7.70	6.60
Equity per share, SEK	36.80	31.10	25.45
Price/earnings ratio	20	22	23
Share dividend, SEK	5.00[1)]	4.00	3.50
Payout ratio, %	51	52	55
Dividend yield, %	2.6	2.4	2.4
Last price paid, SEK	193.00	168.00	148.50
Price/equity, multiple	5.2	5.4	5.8
Market capitalisation, SEK million	12,539	10,915	9,647
Average number of shares outstanding	67,046,711	66,949,710	66,823,990
Number of shares outstanding at end of year	67,057,109[2)]	66,992,351	66,823,775
Number of shareholders at end of year	5,191	5,327	4,791

[1)] Dividend proposed by the Board of Directors.
[2)] The difference between the total number of shares and shares outstanding equals the shares repurchased by Addtech: 1,141,387 Class B shares at 31 March 2019.

ADDTECH'S LARGEST SHAREHOLDERS, 31 MARCH 2019

Shareholders	Number of Class A shares	Number of Class B shares	Percentage of capital	Percentage of votes
Anders Börjesson (with companies and family)	1,527,162	121,500	2.4	15.8
Tom Hedelius	1,473,990	16,200	2.2	15.2
Swedbank Robur Fonder		6,001,813	8.8	6.2
SEB Investment Management		5,485,163	8.1	5.6
Lannebo Fonder		4,343,201	6.4	4.5
State Street Bank And Trust Client		3,906,719	5.7	4.0
Brown Brothers Harriman & Co		2,582,698	3.8	2.6
Livförsäkringsbolaget Skandia		2,278,967	3.4	2.3
State Street Bank And Trust Com. Boston		1,933,798	2.8	2.0
Handelsbanken Fonder		1,852,731	2.7	1.9
Sandrew AB		1,800,000	2.6	1.9
Säve family	60,000	1,180,000	1.8	1.8
JPM Chase NA		1,705,259	2.5	1.8
Odin Fonder Norden		1,530,000	2.2	1.6
Odin Fonder Sverige		1,500,633	2.2	1.5
Total, 15 largest shareholders[3)]	**3,061,152**	**36,238,682**	**57.6**	**68.7**

[3)] The proportion of capital and votes includes treasury shares held by Addtech AB.

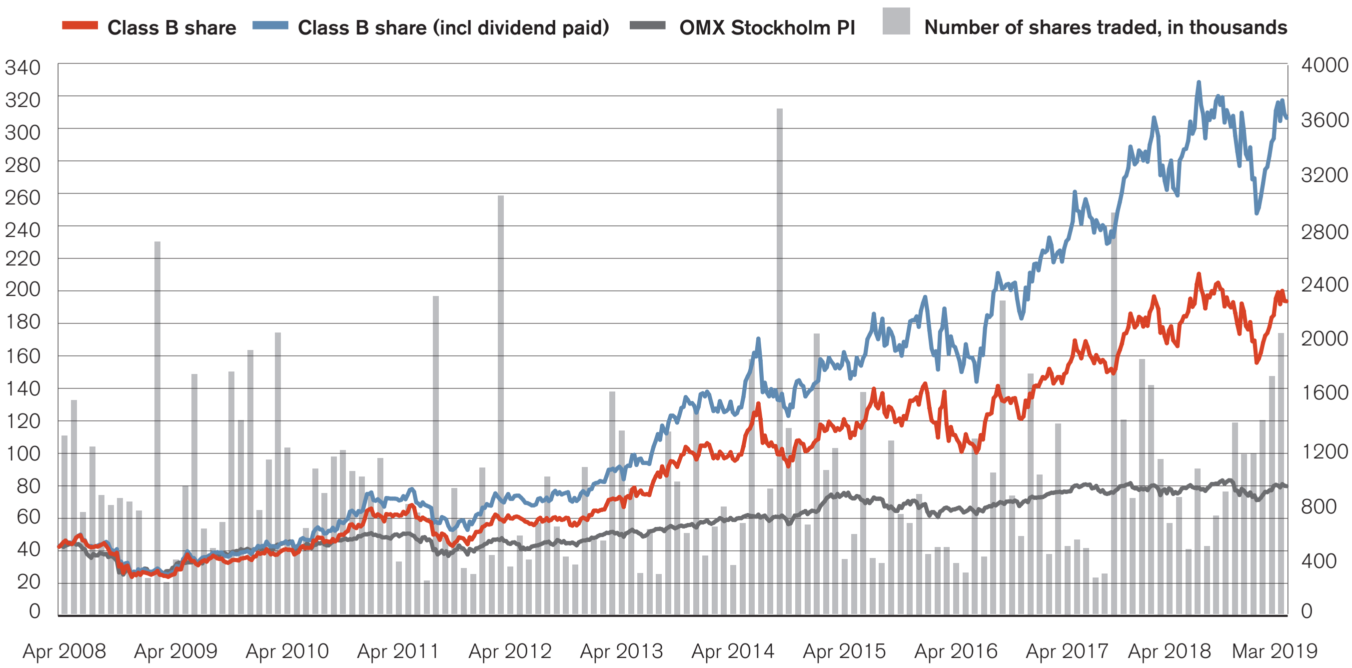
SIZE CLASSES

Number of shares	% of share capital	Number of shareholders	% of number of shareholders
1 – 500	0	3,349	65
501 – 1,000	1	634	12
1,001 – 5,000	2	778	15
5,001 – 10,000	2	167	3
10,001 – 15,000	1	53	1
15,001 – 20,000	1	29	1
20,001 -	93	181	3
Total	**100**	**5,191**	**100**

HOLDINGS BY CATEGORY

	2018/2019		2017/2018	
	Number of shareholders	Percentage of capital	Number of shareholders	Percentage of capital
Swedish shareholders	4,897	61	4,993	65
Foreign shareholders	294	39	334	35
Total	**5,191**	**100**	**5,327**	**100**
Legal entities	506	80	552	77
Natural persons	4,685	20	4,775	23
Total	**5,191**	**100**	**5,327**	**100**

SHARE PERFORMANCE CHART



Administration Report

1 April 2018 – 31 March 2019

The Board of Directors and the CEO of Addtech AB, company ID number 556302-9726, hereby submit the annual and consolidated accounts for the 2018/2019 financial year. Comparisons in parentheses refer to the corresponding period of the previous year, unless stated otherwise.

Pages 24-31 and 35-98 constitute Addtech's annual and consolidated accounts. Pages 24-31 and 38-40 constitute Addtech's Sustainability Report and pages 43-50 constitute Addtech's Corporate Governance Report.

Operations

Addtech is a Swedish listed technology trading group that provides technological and economic value added in the link between manufacturers and customers. Addtech operates in selected niches in the market for advanced technology products and solutions. Its customers primarily operate in the manufacturing industry and infrastructure. Addtech has around 130 independent subsidiaries in 20 countries, operating under their own brands, and about 2,700 employees. The Group's sales amount to more than SEK 10 billion, with half consisting of sales of standard products and half consisting of sales of customised products and solutions. Addtech generates optimal conditions for the profitability and growth of its subsidiaries. The Addtech share has been listed on Nasdaq Stockholm since 2001.

Market trend

A favourable business climate prevailed during the year in all primary market segments. Demand was good in the electronics, forestry and process industry, energy, mechanical industry, special vehicles and construction and installation segments. Demand from the marine segment in transportation was particularly strong, mainly regarding products and solutions for emissions monitoring and purification. All business areas contributed to the Group's organic growth, gaining good ground in their ambitions to capture strategic positions in important areas of structural development. The Nordic region remained the largest geographic market but declined in relation to the total as sales outside the Nordic region increased steadily, in line with ambitions and due to increased exports combined with acquisitions and new operations being established by the Group.

The year in brief

For Addtech's part, financial year 2018/2019 was pervaded by intensive activity resulting in strong earnings and highly positive growth. Sales exceeded SEK 10 billion, representing growth of 26 percent, 11 percent of which was organic. Profit growth, measured in EBITA, increased by 29 percent thanks to good leverage on our organic growth, combined with acquisitions. The acquisition rate was high with 14 completed acquisitions, together contributing annual sales of approximately SEK 960 million. Return on working capital (P/WC) was stable at 53 percent. In connection with the Annual General Meeting on 30 August 2018, Niklas Stenberg took over as the new Managing Director and CEO of Addtech.

Quarterly development

FIRST QUARTER

The first quarter of the year was strong, with an organic sales increase of 9 percent. Combined with several acquisitions being completed, this resulted in total profit growth of 22 percent. Net sales increased by 21 percent and the operating margin continued to improve. Sales of production components to manufacturing companies maintained their positive trend, particularly in customer segments including special vehicles, machinery manufacturing, electronics and ships. There was also good demand from customers in medical technology and wind power while it was weak in telecom. The oil and gas customer segment in Norway showed some improvement, albeit from a low level. There was also positive development in demand for aftermarket products for the manufacturing industry and the forestry and process industry. Sales of infrastructure products to electricity grid customers in the Nordic region increased overall and demand for electricity-related products from construction and installation customers developed well. During the quarter, four acquisitions were implemented.

SECOND QUARTER

The strong business climate persisted in most of Addtech's markets during the second quarter of the year. The organic sales increase of 5 percent in the quarter and several acquisitions being completed generated favourable profit growth. The Group's operating margin continued to increase and remained above 10 percent in all business areas. Overall demand held steady and sales increased in all of the Nordic countries. The business climate was also positive in Addtech's operations outside the Nordic region. Sales of input components increased to manufacturing companies, including manufacturers of machinery, electronics and special vehicles, as well as the marine segment. The latter two segments in particular, contributed significantly. Demand was also good in wind power plants and medical technology. The oil and gas customer segment continued to develop positively, while demand from customers in the telecom segment was weak. Demand for aftermarket products for the manufacturing industry and the forestry and process industry developed positively. We had good sales of electricity-related products to construction and installation customers, and the demand for infrastructure products from Nordic electricity grid customers was stable. During the quarter, eight acquisitions were completed.

THIRD QUARTER

The third quarter was characterised by continued high activity in the market. The Group achieved an organic sales increase of 9 percent, and EBITA increased by 29 percent over the quarter. All business areas contributed to the increase. Demand remained favourable in most markets. Norway accounted for the highest rate of increase, and the business situation in Finland improved from an already high level. Demand in Denmark and Sweden was also positive overall, as was the business situation outside the Nordic region. Sales of production components increased to companies manufacturing special vehicles, machinery, electronics, wind power and medical technology, for example. Demand was stable in the telecom segment, while it increased slightly in oil and gas. In the marine segment, development remained very positive. Demand for aftermarket products for the forest and process industry developed well, as did sales to the manufacturing industry. Sales of infrastructure products to electricity grid customers in the Nordic region increased, while demand for niche products in electricity distribution and electricity-related products from construction and installation customers remained stable.

FOURTH QUARTER

The fourth quarter was exceptionally strong. In total, sales increased by 35 percent, of which 22 percent organically. Once again, all business areas delivered an EBITA margin of more than 10 percent. Regarding the geographic trend within the Nordic countries, sales in Denmark and Sweden increased steadily. Norway and Finland had an even slightly higher growth rate. In terms of customer segments, demand remained strong for production components and solutions for special vehicles, machinery manufacturers, electronics and wind power. Demand for aftermarket products for the forestry and process industries increased, as did sales to the manufacturing industry. The trend was particularly strong for products for emissions monitoring and purification. Sales of electricity-related products to construction and installation customers remained stable at a high level, and demand for infrastructure products increased. During the quarter, two acquisitions were implemented, with four more companies being acquired after the end of the financial year.

Acquisitions

Addtech is constantly on the lookout for companies to acquire and is engaged in discussions with a number of possible companies. During the financial year Addtech completed 14 acquisitions where it took control of the acquired operations during the year. In the preceding year, 11 companies were acquired. The year's acquisitions were carried out in all business areas and are diverse in terms of both markets and products.

Since becoming a listed company in 2001, Addtech has acquired some 90 companies. The following companies were acquired during the year:

Synthecs B.V.**

On 3 April 2018, Synthecs B.V (including subsidiaries) was acquired in the Netherlands and joined the Components business area. The company supplies automation components and solutions in the areas of sensors, machine vision, industrial PC, control systems, etc. to the industrial market in the Benelux countries. The Synthecs Group has approximately 50 employees and generates annual sales of SEK 145 million.

Xi Instrument AB

On 3 April 2018, Xi Instrument AB was acquired in Sweden and joined the Energy business area. Xi Instrument operates in imports of electronic equipment mainly for locating underground supply systems. Xi Instrument has 2 employees and generates annual sales of SEK 13 million.

KRV AS

On 9 April 2018, KRV AS was acquired in Norway and joined the Industrial Process business area. KRV is a leading supplier and installer of sprinkler systems in Norway. The company has 27 employees and generates annual sales of approximately SEK 55 million.

Scanwill Fluid Power ApS and Willtech ApS

On 9 April 2018, Scanwill Fluid Power ApS and Willtech ApS were acquired in Denmark and joined the Components business area. Scanwill designs and manufactures hydraulic pressure amplifiers and Willtech produces expander plugs for permanent sealing of boreholes in metal. The companies are being merged under the name Scanwill. Combined, these companies have four employees and generate annual sales of SEK 15 million.

** As of 1 April 2019, the company has been part of the Automation business area

Duelco A/S

On 19 June 2018, Duelco A/S was acquired in Denmark and joined the Energy business area. Duelco is a well-established supplier of power distribution products to customers in installation, industry, electricity supply, wind power and rail. The company has 30 employees and generates annual sales of approximately SEK 150 million.

Prisma Teknik AB and Prisma Light AB

On 28 June 2018, Prisma Teknik AB and Prisma Light AB were acquired Sweden and joined the Energy business area. Prisma Teknik is a leading supplier of advanced pedestrian signals, elbow switches for demanding environments and instruments for measuring crankshaft deflection. Prisma Light AB develops and manufactures LED lighting for outdoor environments. Combined, the companies have a total of 27 employees and generates annual sales of approximately SEK 70 million.

Fibersystem AB**

On 29 June 2018, Fibersystem AB was acquired Sweden and joined the Components business area. Fibersystem is a high-tech and innovative cyber security company that develops fibre-optic solutions and solutions for cyber security. The products are used in a number of different industries around the world, such as infrastructure, healthcare and the manufacturing industry. The company has 12 employees and generates annual sales of approximately SEK 140 million.

TLS Energimätning AB

On 2 July 2018, TLS Energimätning AB was acquired in Sweden and joined the Industrial Process business area. The company supplies measuring equipment for heating, cooling and water to district heating and water treatment plants in the Swedish, Norwegian and Danish markets. The company has 9 employees and generates annual sales of approximately SEK 50 million.

Diamont Point International (Europe) Ltd

On 3 July 2018, Diamond Point International (Europe) Ltd was acquired in the UK and joined the Components business area. Diamond Point develops, manufactures and sells innovative embedded computer systems for demanding OEM applications. The operations focus primarily on the defence sector and rail industry in the UK. The company has 9 employees and generates annual sales of approximately SEK 40 million.

Power Technic ApS

On 3 July 2018, Power Technic ApS, was acquired in Denmark and joined the Power Solutions business area. Power Technic is a well-established operator in power supply products, primarily to customers in the Danish market. The company has 6 employees and generates annual sales of approximately SEK 50 million.

Nordautomation Oy

On 11 September 2018, Nordautomation Oy, was acquired in Finland and joined the Industrial Process business area. Nordautomation is the Nordic market leader in the design, manufacture and supply of timber handling equipment. The company has 85 employees and generates annual sales of approximately SEK 155 million.

Wood Recycling Sweden AB

On 4 October 2018, Wood Recycling Sweden AB was acquired Sweden and joined the Industrial Process business area. The company has 2 employees and generates annual sales of approximately SEK 7 million.

Nylund Industrial Electronics (assets acquisition)
On 2 January 2019, the assets of Nylund Industrial Electronics were acquired in Finland and became part of an existing company in the Components business area. The operations have three employees and generates annual sales of approximately SEK 35 million.

Birepo A/S
On 29 January 2019, Birepo A/S was acquired in Denmark and joined the Components business area. Birepo develops and supplies customised lock and security solutions under its own brand. The operations focus primarily on industry, infrastructure, energy and transport. The company has 10 employees and generates annual sales of approximately SEK 35 million.

The combined initial purchase consideration for the year's acquisitions amounted to SEK 660 million, including liquid funds in the acquired businesses of SEK 96 million.

If all acquisitions during the financial year had been carried out on 1 April 2018, they would have affected consolidated net sales by SEK 870 million, operating profit by SEK 60 million and profit for the period after tax by SEK 45 million. During the financial year, completed acquisitions increased the number of employees by 276.

Divestments

Solar Supply Sweden AB
On 20 August 2018, Solar Supply Sweden AB, which had been part of Power Solutions, was sold to E.ON Energilösningar AB. Solar Supply had 5 employees and generated annual sales of approximately SEK 80 million.

Financial development

NET SALES AND PROFIT

Over the year, the net sales of the Addtech Group increased by 26 percent to SEK 10,148 million (8,022). Organic growth amounted to 11 percent and acquired growth amounted to 12 percent, with divestments having a negative effect of 1 percent. Exchange rate changes had a positive effect of 4 percent on net sales, corresponding to SEK 289 million.
Over the financial year, operating profit increased by 30 percent to SEK 910 million (701) and the operating margin amounted to 9.0 percent (8.7). Net financial items were negative in the amount of SEK 45 million (36) and profit after financial items increased by 30 percent to SEK 865 million (665). Profit after tax for the financial year rose by 28 percent to SEK 672 million (526) and the effective tax rate was 22 percent (21). Earnings per share before dilution for the financial year amounted to SEK 9.85 (7.70).

PROFITABILITY, FINANCIAL POSITION AND CASH FLOW

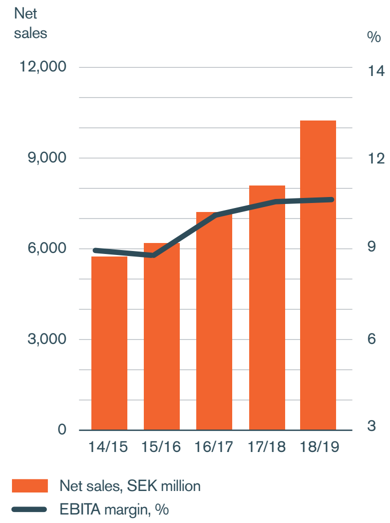
The return on equity at the end of the financial year was 29 percent (28), and return on capital employed was 21 percent (22). The return on working capital, P/WC (EBITA in relation to working capital), amounted to 53 percent (53).

At the end of the financial year the equity/assets ratio was 36 percent (39). Equity per share, excluding non-controlling interests, amounted to SEK 36.80 (31.10). Consolidated net debt at the end of the year amounted to SEK 1,700 million (1,176), excluding pension liabilities of SEK 260 million (229).

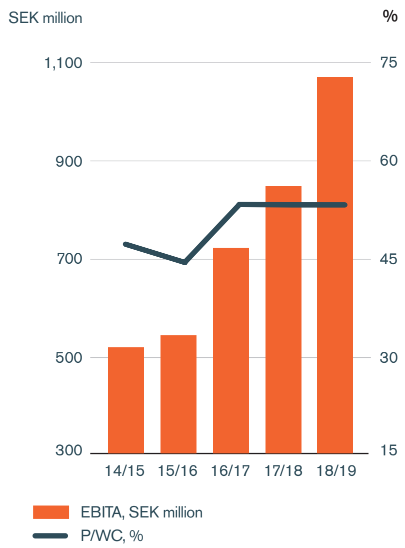
The net debt/equity ratio, calculated on the basis of net debt excluding provisions for pensions, amounted to 0.7 (0.6).

Cash and cash equivalents, consisting of cash and bank balances together with approved but non-utilised credit facilities, amounted to a combined SEK 566 million (573) at 31 March 2019. Before the end of the financial year, additional credits totalling SEK 600 million were granted.

YEAR
NET SALES AND EBITA MARGIN



YEAR
EBITA AND RETURN ON WORKING CAPITAL, P/WC



These became available on 1 April 2019, at which time SEK 100 million was also repaid. Accordingly, in addition to the credits recognised, an additional SEK 500 million was available to Addtech as of 1 April 2019.

Cash flow from operating activities amounted to SEK 524 million (539) during the financial year. The change in working capital consisted mainly of higher accounts receivable. Company acquisitions and disposals, including settlement of contingent purchase considerations for acquisitions implemented in previous years, amounted to SEK 645 million (477). Investments in non-current assets totalled SEK 94 million (54) and disposals of non-current assets amounted to SEK 12 million (7). Dividends from associated companies amounted to SEK 2 million (4). Repurchases of treasury shares amounted to SEK 38 million (31) and repurchases of call options amounted to SEK 11 million (5). Exercised and issued call options totalled SEK 33 million (36). Dividends paid to shareholders of the Parent Company totalled SEK 269 million (235), corresponding to SEK 4.00 (3.50) per share.

Business areas

The division into business areas reflects Addtech's internal organisation and reporting system. Addtech reports its business areas as operating segments. In 2018/2019, Addtech was organised into the following four business areas: Components, Energy, Industrial Process and Power Solutions. After 1 April 2019, another business area, Automation, was established. For further information on the Group's operating segments, see Note 5.

COMPONENTS

Net sales in Components during the financial year increased by 30 percent to SEK 3,904 million (3,001) and EBITA increased by 45 percent to SEK 414 million (284).

ENERGY

Net sales in Energy during the financial year increased by 28 percent to SEK 2,357 million (1,846) and EBITA increased by 13 percent to SEK 244 million (215).

INDUSTRIAL PROCESS

Net sales in Industrial Process during the financial year increased by 37 percent to SEK 2,305 million (1,677) and EBITA increased by 54 percent to SEK 219 million (142).

POWER SOLUTIONS

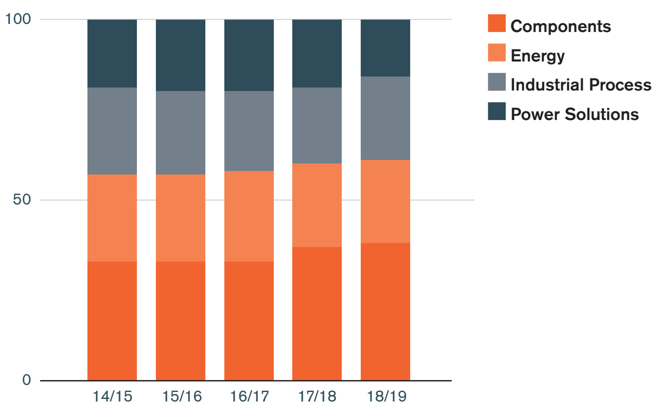
Net sales in Power Solutions during the financial year increased by 6 percent to SEK 1,597 million (1,510) and EBITA increased by 13 percent to SEK 223 million (198).

Risks and uncertainties

Business operations are always associated with risk. Addtech's profit and financial position, as well as its strategic position, are affected by various internal factors within Addtech's control and a number of external factors where opportunities to affect the course of events are limited. Effective risk assessment unites Addtech's business opportunities and performance with the demands of shareholders and other stakeholders for stable long-term value growth and control. When assessing the future development of Addtech it is therefore important to consider not only the opportunities for positive development, but also the various risks in the operations. Naturally, not all risk factors can be described in this section, for which reason an overall assessment must also include other information in the annual report, as well as a general assessment of external circumstances. Addtech works with risk management on both a strategic and operational level. Risk management involves identifying and measuring risks and preventing them from occurring, as well as continually making improvements to mitigate future risks. The Addtech Group has guidelines and policies to identify deviations that could develop into risks. The level of risk in the operations is followed up systematically at Board meetings and in monthly reports, in which deviations or risks are identified and remedied. Addtech's most significant risks are the state of the economy combined with structural changes and the competition situation. Addtech is also affected by financial risks, such as transaction exposure, translation exposure, financing and interest rate risk, as well as credit and counterparty risk. See Note 3 for a more detailed description of how Addtech manages financial risks.

YEAR

SHARE OF NET SALES, %
Sales by business area



RISK/DESCRIPTION	ADDTECH'S RISK MANAGEMENT
Economy and market	
Demand for Addtech's products and services is greatly influenced by macroeconomic factors beyond Addtech's control, such as growth and investment appetite in the manufacturing industry, the state of the economy in general and conditions in the global capital market. A weakening of these factors in the markets in which Addtech operates could have adverse effects on its financial position and earnings.	With a large number of subsidiaries focusing on different niche markets and add-on sales of technical service, support and consumables, Addtech may be less sensitive to economic fluctuations in individual industries, sectors and geographical regions. Addtech also strives continuously to develop businesses that are less dependent on a specific market and to align expenses with specific conditions.
Structural changes	
Globalisation, digitalisation and rapid technological development drive structural change among customers. Developments may increase demand for Addtech's advanced services but can also result in Addtech's customers disappearing through mergers, closures and relocations, to low-cost countries for example.	Addtech's clear and unique added value services with their high technology content, specialisation in advanced technical advisory services, outstanding service and strong presence in niche markets offset price competition, Addtech's competitiveness also enables the Company to deliver beyond its immediate geographical region. Combined with the fact that no customer accounts for more than 2 percent of consolidated sales, the Group's exposure to a large number of sectors constitutes a certain degree of protection against adverse impacts on earnings.
Competition	
Most of Addtech's subsidiaries operate in sectors that are vulnerable to competition. In addition, consolidation may occur among suppliers in the sector, and larger merged suppliers may have a broader offering, which could result in pressure on prices. Future competitive opportunities for the subsidiaries will depend on their ability to be at the leading edge of technology and to respond quickly to new market needs. Increased competition or a decline in the ability of a subsidiary to meet new market needs could have a negative impact on Addtech's financial position and earnings.	Addtech strives to offer products and services for which price is not the sole deciding factor. By working closely with both suppliers and customers, we are continuously developing our know-how and competitiveness. We add value in the form of wide-ranging technological knowledge, reliability of delivery, service and availability, limiting the risk of customers decreasing their demand. To reduce the risk of competition from suppliers, Addtech focuses continuously on ensuring that collaboration with the Group is the most profitable sales strategy.
Environment	
Changed environmental legislation could affect product sales, goods transports and the way in which our customers use the products. An inability to meet customers' increased environmental requirements can affect sales. There is also a risk that the corporate ID number of a Group subsidiary could entail a historical liability for the company under the Swedish Environmental Code.	Addtech's subsidiaries are primarily engaged in commerce and operations with limited direct environmental impact. The Group conducts limited production. The Group monitors operations and environmental risks through its sustainability reporting and all companies comply with the Group's Code of Conduct. In conjunction with acquisitions, Addtech conducts an analysis of the potential target's corporate ID number to counter the risk of being held liable for historical environmental issues.
Ability to recruit and retain staff	
Addtech's continued success depends on being able to retain experienced employees with specific skills and to recruit skilled new people. There are a number of key individuals, both among senior executives and among the Group's employees in general. There is a risk exists that one or several senior executives or other key individuals could leave the Group at short notice, for reasons of stress, working environment or development opportunities, for example. In the event that Addtech fails to recruit suitable replacements, or to find skilled new key individuals in the future, this could have a negative impact on Addtech's financial position and earnings.	Addtech prioritises building favourable conditions for employees to develop within the Group and to enjoy their work. The Group's acquisition strategy includes ensuring that key individuals in the companies are highly motivated to continue running their companies independently within the Group. The Addtech Business School is aimed at both new employees and senior executives and serves to increase internal knowledge transfer, promote personal development among employees and develop the corporate culture. The Group's regular employee surveys serve to ascertain how employees view their employers and their work situation, and what might be improved and developed.

RISK/DESCRIPTION	ADDTECH'S RISK MANAGEMENT
Acquisitions and goodwill	
Historically, Addtech has, for the most part, grown through acquisitions. Strategic acquisitions will continue to represent an important part of our growth. However, there is a risk that Addtech will not be able to identify suitable objects for acquisition due, for example, to competition with other buyers. Expenses attributable to acquisitions may also be higher than expected, and positive impacts on earnings may take longer to realise than expected. The risk of goodwill impairment arises when a business unit under-performs in relation to the assumptions that applied at the time of valuation, and any impairment may adversely affect the Group's financial position and earnings. Further risks associated with acquisitions include integration risks and exposure to unknown commitments.	Addtech has many years of solid experience in acquiring and pricing companies. All potential acquisition targets and their operations are examined carefully before implementing the acquisition. There are well-established procedures and structures for pricing and implementing the acquisition, as well as for integrating the acquired companies. In the agreements, an effort is made to obtain the necessary guarantees limiting the risk of unknown liabilities. The large number of companies acquired entails a significant distribution of risk.
Financial risks	
The Group is exposed to various financial risks. Currency risk is the risk of exchange rates having an adverse impact on Addtech's financial position and earnings. Transaction exposure is the risk that arises because the Group has incoming and outgoing payments based on payment flows in foreign currencies. Translation exposure arises because the Group, through its subsidiaries, has net investments in foreign currencies. The Group is also exposed to financial risk, that is, the risk that financing of the Group's capital requirements is made more difficult or expensive. Interest rate risk is the risk that unfavourable changes in interest rates have an adverse impact on Addtech's financial position and earnings.	Addtech strives for structured and efficient management of the financial risks that arise in its operations, in accordance with the financial policy adopted by the Board of Directors. The financial policy expresses the ambition of identifying, minimising and controlling financial risks, and establishes responsibility for managing how such risks are to be delegated within the organisation. The aim is to minimise the impact of financial risks on earnings. See Note 3 for a more detailed description of how Addtech manages financial risks.
Suppliers and customers	
To deliver products, Addtech is dependent on the ability of external suppliers to fulfil agreements in terms of volume, quality, delivery date, etc. Deliveries that are erroneous or delayed, or that do not occur, may have an adverse impact on Addtech's financial position and earnings. Addtech's reputation is also dependent on its suppliers' ability to maintain a high level of business ethics, in terms of, for example, human rights, working conditions and the environment. Agreements with customers vary, for example in terms of contract length, warranties and limitations of liability. In some supplier relationships there are no written supplier agreements, which could result in legal uncertainty regarding the content of the agreement.	Addtech's numerous and favourable relationships with carefully selected suppliers reduce the risk of Addtech not being able to deliver as promised. To ensure that the Group's high standards in terms of business ethics are maintained, all suppliers are also required to observe Addtech's Code of Conduct for Suppliers. Most of the companies also perform specific supplier reviews. In a longer-term perspective, Addtech is not dependent on any individual supplier or customer. Addtech's largest customer accounts for about 3.5 percent of consolidated net sales.
Organisation	
Addtech's decentralised organisation is based on subsidiaries bearing extensive local responsibility for their operations. This imposes high standards on financial reporting and monitoring, with shortcomings in this regard potentially leading to inadequate control of the operations.	Addtech controls its subsidiaries through active board participation, Group-wide policies, financial targets and instructions regarding financial reporting. By being an active owner and monitoring the development of the subsidiaries, risks can quickly be identified and addressed in accordance with the Group's internal guidelines.
Seasonal effects	
There is a risk that Addtech's operations, earnings and cash flow could be affected by strong seasonal effects driven by customer demand.	No significant seasonal effects are associated with Addtech's sales of high-tech products and solutions to companies in the manufacturing and infrastructure sectors. However, the number of production days, customer demand and the willingness to invest may vary from one quarter to another.
Business ethics and human rights	
Addtech's continued success is strongly dependent on our good reputation and business ethics. Human rights violations in the Group's own operations or those of its suppliers would have a negative impact on the Group's reputation among employees, customers and other stakeholders and influence demand for the Group's products.	Internally, the Group works with business ethics through initiatives including the Business School and compliance with anti-corruption and human rights regulations is reviewed annually. Addtech's many favourable relationships with carefully selected suppliers reduce the risk of human rights violations occurring among our suppliers. To ensure that the Group's high standards in terms of business ethics are maintained, all suppliers are also required to observe Addtech's Code of Conduct for Suppliers and specific supplier audits are conducted.

Employees and development

EMPLOYEES

At the end of the financial year, the Group had 2,759 employees, compared with 2,358 at the beginning of the financial year. During the financial year, implemented acquisitions increased the number of employees by 271. Over the past 12-month period, there were an average 2,590 employees.

SEK million	2018/2019	2017/2018	2016/2017
Average number of employees	2,590	2,283	2,133
Proportion of men	74%	74%	75%
Proportion of women	26%	26%	25%
Age distribution up to 29	11%	10%	10%
30-49 years	48%	50%	53%
50 and older	41%	40%	37%
Average age	45 years	46 years	45 years
Personnel turnover	12%	12%	13%
Average length of employment	About 9 years	About 10 years	About 10 years

RESEARCH AND DEVELOPMENT

The Addtech Group conducts limited research and development. The Group's business model includes continuous dialogue with and feedback to the Group's suppliers, who conduct most of the research and development relevant to the Group's product range.

Principles for remuneration to senior executives

The Board of Directors has resolved to propose that the Annual General Meeting in August 2019 approve the same guidelines as in the preceding year:

The guidelines are to relate to remuneration of the CEO and other members of Addtech Group Management ("Group Management").

Addtech seeks to offer an overall remuneration package that is both reasonable and competitive, and thus able to attract and retain skilled employees. The overall remuneration, which varies in relation to the performance of the individual and the Group, may include the various components stated below.

Fixed salary forms the base of the overall remuneration package. This salary shall be competitive and reflect the responsibilities of the position. Fixed salaries are reviewed annually. Variable salary can be based on factors including the Group's earnings growth, profitability and cash flow. On an annual basis, the variable component may amount to at most 40 percent of the fixed salary. Retirement pension, health insurance and medical benefits are to be structured in accordance with applicable rules and market norms. Where possible, pensions are to be based on defined-contribution plans.

Other benefits may be provided to individual or all members of Group Management and are structured to reflect market norms. These benefits may not account for a material portion of an individual's total remuneration package.

The Board of Directors will evaluate annually whether or not a long-term incentive scheme should be proposed to the Annual General Meeting and, if it should, whether the proposed long-term incentive scheme should include the transfer of Company shares or not. Members of Group Management must observe a notice period of six months on resigning and are entitled to a notice period of at most 12 months on termination of employment by the Company. On termination of employment by the Company, in addition to salary and other employment benefits during the notice period, members of Group Management are entitled to severance pay corresponding to at most 12 months' salary. No severance pay is payable on resigning.

The Board of Directors is entitled to waive the above guidelines for remuneration in individual cases and if there are particular reasons for doing so. In the event of any such deviation, information about this and the reasons for the deviation shall be reported at the next Annual General Meeting.

The Remuneration Committee appointed by the Board of Directors prepares and submits proposals for the remuneration of the CEO to the Board, which decides on the matter. Based on a proposal by the CEO, the Remuneration Committee determines the remuneration for the other members of Group Management. The Board of Directors is informed of the Remuneration Committee's decision.

See also Note 6 Employees and personnel expenses.

Dividend

Addtech's dividend policy is to propose a dividend that exceeds 30 percent of average Group profit after tax over a business cycle. In proposing a dividend, the Group's equity, long-term financing and investment needs, growth plans and other factors are taken into account that the Company's Board of Directors consider important. The Board of Directors has resolved to propose dividend of SEK 5.00 (4.00) per share to the Annual General Meeting in August 2019. The dividend corresponds to a total of SEK 336 million (269), corresponding to a payout ratio of 51 (52) percent.

Parent Company

The operations of the Parent Company, Addtech AB, include Group Management and the Group's reporting and financial management staff units.

The Parent Company's net sales for the financial year amounted to SEK 62 million (58) and its loss after financial items was SEK 16 million (11). Net investments in non-current assets were SEK 0 million (0). The Parent Company's net financial liabilities were SEK 175 million (69) at the end of the year.

Future prospects and events after the reporting period

FUTURE PROSPECTS

Addtech operates in an international technology trading market in which demand is largely influenced by macroeconomic factors. Group companies operate in different but carefully selected niches, resulting in a smoothing effect between sectors, geographical markets and customer segments. Our independent companies work continuously to adapt to changes based on their markets and competitive situation.

Historically, Addtech's continuous pursuit of profit growth, profitability (P/WC) and development have provided favourable average value growth. Our cash flow and financial position form a stable foundation for continued long-term profitable growth based on the same business concept.

EVENTS FOLLOWING THE CLOSE OF THE FINANCIAL YEAR

A reorganisation was implemented effective 1 April 2019, with a fifth business area, Automation, being formed by dividing the Components business area.

On 1 April, Omni Ray AG was acquired in Switzerland and joined the Automation business area. Omni Ray is a technology trading and services company, with a strong position in the Swiss market for automation solutions in industry, infrastructure, transport and medical technology. The company has 65 employees generates annual sales of SEK 330 million.

On 1 April, Thurne Teknik AB was acquired in Sweden and joined the Industrial Process business area. Thurne Teknik is a leading supplier of components, equipment and advanced process systems primarily to the chemical and pharmaceutical industry in the Nordic region and the Baltic states. Thurne Teknik has 19 employees and generates annual sales of approximately SEK 100 million.

On 1 April, AB N.O. Rönne was acquired in Sweden and joined the Industrial Process business area. N.O. Rönne's principal operations consist of manufacturing special customised gaskets and seals through punching and cutting. The company has four employees and generates annual sales of SEK 8 million.

On 6 May, Best Seating Systems Walter Tausch GmbH was acquired in Austria and joined the Power Solutions business area. The company is a niche player that supplies ergonomic driver's seats and peripheral components for machines, buses and trains in Central Europe. The company has five employees and generates annual sales of SEK 23 million.

On 12 June, Thiim A/S was acquired in Denmark and joined the Automation business area. The company develops and supplies components and solutions in industrial automation, customised electronics and electromechanics. The operations mainly target the OEM industry, automation and infrastructure. The company has 15 employees and generates annual sales of approximately SEK 70 million.

Proposed allocation of earnings 2018/2019

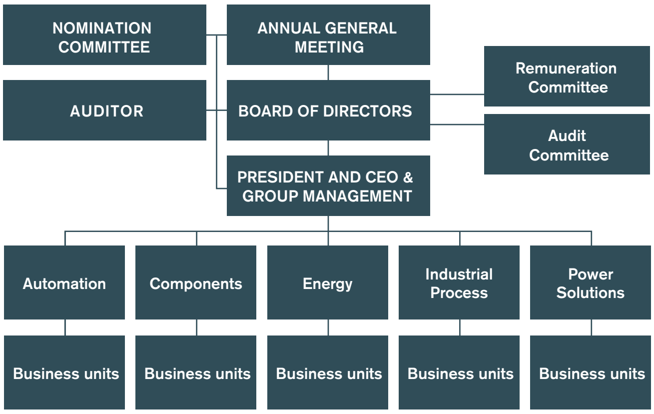
The following amounts are at the disposal of the Annual General Meeting of Addtech AB:	2018/2019
Retained earnings	SEKm 387
Profit for the year	SEKm 203
	SEKm 590
The Board of Directors and the CEO propose that the funds available be allocated as follows:	
That a dividend of SEK 5.00 per share be paid o shareholders*	SEKm 336
To be carried forward	SEKm 254
	SEKm 590

* Calculated based on the number of shares outstanding at 31 May 2019. The total dividend payout may change if the number of repurchased treasury shares changes prior to the proposed dividend record date of 2 September 2019.

Corporate governance

PRINCIPLES OF CORPORATE GOVERNANCE

The Addtech Group views sound corporate governance as an important basis on which to build a trustful relationship with shareholders and other key parties. The Swedish Code of Corporate Governance, applied by the Group, seeks to achieve a favourable balance between shareholders, the Board of Directors and senior management. In Addtech's operations, rational corporate governance, imposing strict standards on openness, reliability and ethical values, has always been a guiding principle.



COMPLIANCE WITH THE SWEDISH CODE OF CORPORATE GOVERNANCE

Addtech's shares are admitted to trading on the Nasdaq Stockholm exchange and, accordingly, Addtech complies with the Nasdaq Stockholm Rule Book for Issuers. As a listed company, Addtech also applies the Swedish Code of Corporate Governance (the Code), which can be accessed via www.bolagsstyrning.se. Deviations from the Code and the motivations for these are accounted for in this text on an ongoing basis. The Company deviates on two points, one of which is found in the section on the Nomination Committee, and one in the section on the Quarterly review by the auditors.

This Corporate Governance Report has been reviewed by the Company's auditors. The URL of the company's website is www.addtech.se.

COMPLIANCE WITH APPLICABLE EXCHANGE RULES

No violations of applicable exchange rules occurred in 2018/2019 and Addtech's operations were conducted in accordance with generally accepted stock market practices.

SHARES AND SHAREHOLDERS

Addtech AB's share register is maintained by Euroclear Sweden AB. According to this share register, Addtech had 5,191 shareholders as of 31 March 2019, with a total 68,198,496 shares divided into 3,229,500 Class A shares, conveying ten votes apiece, and 64,968,996 Class B shares, conveying one vote apiece. There were 97,263,996 votes in total. More information regarding Addtech's share and shareholders can be found in the Addtech share section of this Annual Report.

KEY EVENTS IN 2018/2019

The resolutions of Addtech's Annual General Meeting were announced on 30 August 2018, which included a dividend of SEK 4.00 per share, amounting to a dividend payout ratio of 52 percent and corresponding to SEK 268 million in total.

As previously announced, Niklas Stenberg succeeded Johan Sjö as President and CEO in connection with the Meeting.

On 27 February 2019, it was announced that Addtech was establishing a fifth business area, Automation, and that Patrik Klerck had been appointed Business Area Manager from 1 April. At the same time, it was announced that Martin Fassl would become Business Area Manager for Components.

On 28 March 2019, it was announced that Per Lundblad had been appointed Business Area Manager for Power Solutions and that Claus Nielsen had been appointed Business Area Manager for Industrial Process. All Business Area Managers are members of Group Management. Anders Claeson, formerly Acting Business Area Manager for Industrial Process, left Group Management but remains as Deputy CEO.

During the financial year, a total of 14 acquisitions were conducted, adding annual sales of approximately SEK 960 million.

ARTICLES OF ASSOCIATION

The Articles of Association state that the name of the Company is Addtech Aktiebolag and that its financial year extends from 1 April to 31 March. The Articles of Association include no specific provisions regarding the appointment and dismissal of Board members or amendments to the Articles of Association. The Articles of Association contain no limitations regarding the number of votes that may be cast by each shareholder at a General Meeting. The full Articles of Association, adopted in their current form by the Extraordinary General Meeting of 19 November 2013, can be accessed under Investors/Corporate Governance/Articles of Association at the Company's website.

ANNUAL GENERAL MEETING

Shareholders exercise their influence over the Company at the Annual General Meeting, or, where applicable, at an Extraordinary General Meeting, such meetings being Addtech's highest decision-making body. The Annual General Meeting shall be held in Stockholm within six months of the end of the financial year. At the Annual General Meeting, resolutions are made regarding matters including the election of the Board of Directors and the Chairman of the Board, the election of auditors, the approval of the income statement and balance sheet, the appropriation of the Company's earnings and the discharge from liability of Board members and the CEO, the Nomination Committee and its work, as well as guidelines for the remuneration of senior executives. Addtech's website presents information regarding the Company's previous Annual General Meetings. Information is also presented there regarding shareholders' entitlement to have matters addressed by the Annual General Meeting and the deadline by which Addtech must have received shareholders' requests for these matters to be addressed. No specific arrangements regarding the function of the General Meeting are applied within Addtech due to provisions in the Articles of Association or, as far as the Company is aware, to shareholder agreements.

At General Meetings, resolutions are normally passed by a simple majority vote and, in elections, the recipient of the largest number of votes is considered elected. For certain decisions however, such as amendments to the Articles of Association, a qualified majority is required.

2018 ANNUAL GENERAL MEETING

Addtech's Annual General Meeting was held on Thursday, 30 August 2018 in Stockholm. The meeting was attended by 142 shareholders, in person or by proxy. They represented 64.17 percent of the total number of votes and 51.88 percent of the capital. Anders Börjesson, Chairman of the Board, was elected Chairman of the Meeting.

All Board members and all members of Group Management attended the Meeting. Authorised public accountant Joakim Thilstedt, Principal Auditor for Addtech, and authorised public accountant Jonas Eriksson also attended the Meeting.

The Annual General Meeting resolved the following:

- That a dividend of SEK 4.00 per share be paid.
- To re-elect Board members Anders Börjesson, Eva Elmstedt, Kenth Eriksson, Malin Nordesjö, Ulf Mattsson, Johan Sjö and Henrik Hedelius. To elect Anders Börjesson as Chairman of the Board.
- To re-elect registered auditing firm KPMG AB for a period of one year.
- The Annual General Meeting approved guidelines for the remuneration of senior executives in accordance with the Board of Directors' proposal.
- The Annual General Meeting resolved, in accordance with the Board of Directors' proposal, to issue call options on repurchased shares and to transfer repurchased shares to executives.
- Prior to the next Annual General Meeting, the Board of Directors is authorised to acquire a quantity of Class B shares, such that the Company's holding of own its shares does not, at any given time, exceed 10 percent of the total number of shares in the Company.

The remaining resolutions of the Annual General Meeting are included in the complete minutes of the Meeting, which are available at www.addtech.se together with other details of the Annual General Meeting.

2019 ANNUAL GENERAL MEETING

Addtech's 2019 Annual General Meeting will be held on Thursday, 29 August at IVA in Stockholm. For further information regarding the 2019 Annual General Meeting, see the section "Welcome to the Annual General Meeting" in this Annual Report, as well as Addtech's website, www.addtech.se.

DUTIES OF THE NOMINATION COMMITTEE

The Nomination Committee is tasked by the shareholders with assessing the composition and work of the Board of Directors for the Annual General Meeting, with proposing Board members and a Chairman of the Board to the Annual General Meeting, and, when applicable, with proposing the election of a registered auditing firm and auditing fees, as well as principles for how members of the Nomination Committee are appointed.

The members of the Nomination Committee receive no remuneration from the Company for their work on the Nomination Committee.

In preparation for the 2019 Annual General Meeting, the Nomination Committee held four minuted meetings, at which all members were present. The Nomination Committee's complete proposal to the Annual General Meeting is presented in the notice convening the Meeting and on the Company's website.

COMPOSITION OF THE NOMINATION COMMITTEE

The Annual General Meeting has resolved that the following principles shall apply until further notice. Accordingly, the Annual General Meeting does not adopt such principles and determine the duties of the Nomination Committee annually unless the actual principles or duties are to be amended. The Nomination Committee comprises representatives of the five largest shareholders in terms of votes at the end of the calendar year (grouped by owner as per 31 December) and the Chairman of the Board, who is also tasked with convening the first meeting of the Nomination Committee. From among its number, the Nomination Committee appoints a chairman. The composition of the Nomination Committee shall be announced publicly at the latest six months prior to the Annual General Meeting.

In accordance with this, the following individuals were appointed as members of the Nomination Committee on 31 December 2018: Anders Börjesson, Chairman of the Board, Tom Hedelius, Åsa Nisell (appointed by Swedbank Robur), Mats Gustafsson (appointed by Lannebo Fonder) and Johan Strandberg (appointed by SEB fonder). The composition of the Nomination Committee was presented in connection with publication of the third quarter report on of 7 February 2019.

One of the members of the Nomination Committee is a Board member and therefore also dependent on the Company's major shareholders. The composition of the Nomination Committee agrees with the principles set out by the Annual General Meeting. The chairman of the Nomination Committee is Anders Börjesson, who is also Chairman of the Board, representing a deviation from rule 2.4 of the Code, stating that the chairman of the Nomination Committee shall not be a Board member in the Company. The Nomination Committee has deemed it appropriate that the chairman of the Nomination Committee be the member representing the largest group of shareholders, who is also highly familiar with both the Company and other shareholders.

Members of the Nomination Committee

The Nomination Committee in preparation for the 2019 Annual General Meeting (was appointed by the largest shareholders in terms of votes as of 31 December 2018).

Name	Representing	Share of votes, % 31 Dec 2018
Anders Börjesson (chairman)	Holders of Class A shares for Tisenhult Invest	15.8
Tom Hedelius	Holders of Class A shares	15.2
Åsa Nisell	Swedbank Robur Fonder	6.3
Johan Strandberg	SEB Investment Management Fonder	5.3
Mats Gustafsson	Lannebo Fonder	4.9
TOTAL		**47.4**

DUTIES OF THE BOARD OF DIRECTORS

The principal duty of the Board of Directors is to manage the Group's operations on behalf of the shareholders in a manner best meeting the shareholders' interest in a favourable return on capital over the long term. The Board of Directors bears the ultimate responsibility for Addtech's organisation and the administration of Addtech's operations. It is responsible for the Group's long-term development and strategy, for continuously monitoring and assessing the Group's operations and for other duties pursuant to the Swedish Companies Act.

Composition of the Board of Directors

In accordance with the Articles of Association, the Board of Directors shall consist of at least three and at most nine members. Members serve from the close of the Annual General Meeting at which they are elected until the close of the ensuing Annual General Meeting. There is no limit to the number of periods for which a member can sit on the Board of Directors consecutively. The 2018 Annual General Meeting re-elected Board members Anders Börjesson, Eva Elmstedt, Kenth Eriksson, Ulf Mattsson, Malin Nordesjö, Johan Sjö and Henrik Hedelius. Anders Börjesson was elected as Chairman of the Board. A presentation of the Board members is provided in the Board of Directors section in this Annual Report and on the Company's website.

In preparing its proposal regarding the Board of Directors, the Nomination Committee has applied Section 4.1 of the Code as its diversity policy. Taking the Company's operations, phase of development and general circumstances into account, this respects the need for the Board of Directors to be appropriately composed and characterised by versatility and breadth in terms of its skills, experience and background. An even gender distribution is to be sought.

Independence of the Board of Directors

Several different types of independence requirements apply to the Board of Directors and its committees. Addtech applies independence requirements stemming from applicable Swedish legislation, the Swedish Code of Corporate Governance and the rules of the Nasdaq Stockholm exchange. Ahead of the Annual General Meeting, the Nomination Committee assesses the independence of the Board of Directors. With the exception of Johan Sjö who will be employed by the company until 31 August 2019, all Board members are independent in relation to the Company. Of the members who are independent in relation to the Company, Eva Elmstedt, Kenth Eriksson and Ulf Mattsson are also independent in relation to the Company's major shareholders. Accordingly, it is deemed that the Board of Directors meets the requirement that at least two of the Board members who are independent of the Company shall also be independent of major shareholders.

Rules of procedure

Each year, the Board of Directors adopts written rules of procedure for the work of the Board in accordance with the Swedish Companies Act. The rules of procedure determine the distribution of work between the Board members, including the Board's committees, the number of regular Board meetings, matters to be dealt with at regular Board meetings and the duties of the Chairman of the Board. The Board of Directors has also issued written instructions stating how financial reports are to be presented to the Board of Directors and how efforts are to be distributed between the Board of Directors and the CEO.

Duties of the Chairman of the Board

The Chairman of the Board is responsible for ensuring that Board work is well organised, conducted efficiently and that the Board of Directors meets its obligations. The Chairman of the Board monitors operations in dialogue with the CEO. The Chairman of the Board is also responsible for ensuring that other Board members are provided the introduction, information and documentation necessary for maintaining a high level of quality in discussions and decisions, and checks that decisions made by the Board of Directors are executed. The Chairman of the Board represents Addtech regarding issues of ownership.

Work of the Board of Directors in 2018/2019

In accordance with the Board of Directors' rules of procedure, the Board of Directors is to meet in connection with the presentation of interim reports, at an annual strategy meeting and at its annual statutory meeting, and on other occasions if necessary.

The Board of Directors held 11 meetings over the financial year, of which four were held before the 2018 Annual General Meeting seven following the Annual General Meeting. The following table shows the Board members' attendance:

Board member	Elected	Born	Board	Remuneration Committee	Audit Committee	Independent in relation to the Company	Independent in relation to major shareholders	Total remuneration, SEK
Anders Börjesson (Chairman)	2001	1948	11 (11)	1 (1)	4 (4)	Yes	No	700,000
Eva Elmstedt	2005	1960	11 (11)	1 (1)	4 (4)	Yes	Yes	375,000
Kenth Eriksson	2016	1961	10(11)		4 (4)	Yes	Yes	325,000
Henrik Hedelius	2017	1966	11 (11)		4 (4)	Yes	No	325,000
Ulf Mattsson	2012	1964	11 (11)		4 (4)	Yes	Yes	325,000
Malin Nordesjö	2015	1976	11 (11)		4 (4)	Yes	No	325,000
Johan Sjö*	2008	1967	11 (11)		3 (3)	No	Yes	-

* CEO of the Company during the period 1 April – 30 August 2018, see also Note 6 in the Company's Administration Report.

All meetings followed an approved agenda that was provided to members prior to Board meetings, together with documentation for each agenda item. Regular Board meetings usually take half a day to allow time for presentations and discussions. The CEO, or someone appointed by him, presents all matters concerning the operations of the Company and the Group.

Other Company officials participate in Board meetings to present specific matters or if otherwise deemed appropriate. The Company's CFO acts as the Board of Directors' secretary and as the secretary of the Nomination Committee. The Board of Directors addressed the following at its meetings:

- Approval of significant policies, including the Board of Directors' rules of procedure, attestation policy, financial policy, Code of Conduct, insider policy, communication policy and dividend policy.
- Strategic focus and key targets.
- Key issues involving optimisation of capital structure, financing, dividends, repurchasing of the Company's own shares, investments, acquisitions and disposals of operations.
- Follow-up and control of operations, financial development, disclosure of information and organisational matters.
- Review and report by the Company's external auditors.
- Review with the auditors without the presence of Group Management for assessment of the CEO and Group management.
- Assessment of the work of the Board of Directors. Each year, the Chairman of the Board initiates and directs this assessment.
- Approval of interim reports, the Year-end Report and the Annual Report.

Assessment of the work of the Board of Directors

The Board of Directors conducts an assessment of its work on an annual basis. Each year, the Chairman of the Board initiates and directs the assessment of the work of the Board of Directors. The assessment serves to further develop working methods, dynamics, efficiency and working climate, as well as the principal focus of the work of the Board of Directors. This assessment also focuses on access to, and the need for, specific areas of expertise among Board members. The assessment includes interviews, joint discussions and the Chairman holding separate discussions with individual Board members. The assessments are discussed at a Board meeting and also serve as a basis for the Nomination Committee's work to propose Board members.

Remuneration Committee

The Remuneration Committee appointed by the Board of Directors consists of Anders Börjesson, Chairman of the Board and Board member Eva Elmstedt, with CEO Niklas Stenberg attending to present information. The Remuneration Committee prepares the "Board's proposal for principles regarding remuneration of senior executives". The proposal is considered by the Board of Directors before being submitted for resolution by the Annual General Meeting. Based on the resolution of the Annual General Meeting, the Board of Directors determines the remuneration for the CEO. The CEO does not present information regarding his own remuneration and does not participate in the Board's decision. Based on a proposal by the CEO, the Remuneration Committee determines the remuneration for the other members of Group Management. The Board of Directors is informed of the Remuneration Committee's decision. The Remuneration Committee is then tasked with monitoring and assessing the application of the guidelines for the remuneration of senior executives adopted by the Annual General Meeting. The Remuneration Committee shall also monitor and assess programmes of variable remuneration for Company management ongoing and completed during the year. During the financial year, the Remuneration Committee met on one occasion.

Audit Committee

The duties of the Audit Committee are performed by the Board of Directors as a whole and are conducted as an integral part of the work of the Board at its regular meetings. The Chairman of the Board and Board member Malin Nordesjö are knowledgeable in the areas of accountancy and auditing. The Audit Committee is tasked with monitoring the Company's financial reporting, monitoring the effectiveness of the Company's internal control and risk management regarding the financial reporting, keeping informed regarding the audit of the annual and consolidated accounts, assessing and monitoring the impartiality and independence of the auditor and, in doing so, paying particular attention to whether the auditor provides the Company with services other than auditing services, and helping draw up proposals for the Annual General Meeting when electing an auditor.

In connection with the adoption of the 2018/2019 annual accounts, the Board of Directors was briefed by the Company's external auditors and presented with their report. At this meeting, the Board of Directors was also briefed by the auditors without the presence of the CEO or other members of Company management.

AUDITOR

In accordance with the Articles of Association, a registered auditing firm must be elected as auditor. The 2018 Annual General Meeting elected KPMG AB as the Company's auditor until the close of the 2019 Annual General Meeting. Authorised Public Accountant Joakim Thilstedt is the Principal Auditor, and is assisted by Jonas Eriksson.

The Company's auditor follows an audit plan into which viewpoints collected from the Board of Directors have been integrated and reports his observations to the company and business area management teams, to Group Management and the Board of Directors of Addtech AB. This occurs both during the audit and when approving the annual accounts. KPMG audits Addtech AB and nearly all of its subsidiaries. The Company's auditor also takes part in the Annual General Meeting, describing and commenting on his audit work.

The independence of the external auditor is regulated in a specific directive adopted by the Board of Directors. This states the areas where the services of the external auditor, which are not part of the regular auditing, may be enlisted. The Company's auditors continually assesses their independence in relation to the Company and each year submit a written affirmation to the Board stating that the auditing firm is independent of Addtech. In the past year, the auditors performed advisory assignments, mainly concerning accounting, taxation matters and listing rules.

Quarterly review by auditors

During the 2018/2019 financial year, Addtech's six-month or nine-month report was not reviewed by Addtech's external auditors, representing a deviation from rule 7.6 of the Code. Having consulted the Company's external auditors on the matter, the Board of Directors does not believe that any benefit and additional expense for the Company for increased quarterly review by the auditors can be justified.

Elected auditor KPMG AB

JOAKIM THILSTEDT

Principal Auditor

Authorised Public Accountant, Stockholm. Born 1967. Joakim Thilstedt has been the Principal Auditor for the Addtech Group since 2016/2017 and is also the Principal Auditor for ÅF, Modern Times Group MTG, Ahlsell and L E Lundbergföretagen.

JONAS ERIKSSON

Assistant Auditor

Authorised Public Accountant, Stockholm. Born 1974. Jonas Eriksson has been the Assistant Auditor in the audit of the Addtech Group since 2013/2014 and also works with the auditing of AddLife AB, Knowit AB, Swedol AB and Synsam AB. Jonas is also the Principal Auditor for Nordiska Kompaniet (NK) and several medium-sized companies, including Carglass Sweden AB and the Silva Group.

CHIEF EXECUTIVE OFFICER AND GROUP MANAGEMENT

CEO Niklas Stenberg directs the operations in accordance with the Swedish Companies Act and the frameworks established by the Board of Directors. In consultation with the Chairman of the Board, the CEO prepares the data and information needed by the Board of Directors to reach decisions at Board meetings, as well as giving presentations and motivating proposed decisions. The CEO directs the work of Group Management and makes decisions in consultation with other members of Group Management. At the end of 2018/2019, Group Management included Niklas Stenberg (CEO and Business Area Manager Power Solutions), Malin Enarson (CFO), Patrik Klerck (Business Area Manager Components), Hans Andersén (Business Area Manager Energy) and Anders Claeson (Deputy CEO and Acting Business Area Manager Industrial Process). Group management regularly reviews operations at meetings headed by the CEO. Following the close of the financial year, a new Group Management team has been formed, for further details, see Key events in 2018/2019.

The Chief Executive Officer is presented in greater detail in the Board of Directors and Management section of this Annual Report and on the Company's website.

REMUNERATION OF SENIOR EXECUTIVES

The principles for the remuneration of senior executives at Addtech are adopted by the Annual General Meeting. Senior executives comprise the CEO and other members of Group Management. The 2018 Annual General Meeting approved the Nomination Committee's proposal regarding guidelines for the remuneration for senior executives. These guidelines are essentially consistent with the principles previously applied.

Addtech seeks to offer an overall remuneration package that is both reasonable and competitive, while enabling the Company to attract and retain skilled employees. The overall remuneration, which varies in relation to the performance of the individual and the Group, may include the various components stated below. Fixed salary forms the base of the overall remuneration package. This salary shall be competitive and reflect the responsibilities of the position. Fixed salaries are reviewed annually. Variable compensation is based primarily on the Group's growth in earnings, profitability and cash flow. On an annual basis, the variable component may amount to at most 40 percent of the fixed salary. Each year, the Board of Directors evaluates whether or not a long-term incentive scheme should be proposed to the Annual General Meeting and, if it should, whether the proposed long-term incentive scheme should include the transfer of Company shares or not. Retirement pension, health insurance and other benefits are to be structured in accordance with applicable rules and market norms. Where possible, pensions are to be based on defined-contribution plans.

For further details regarding remuneration for senior executives, please see Note 6 of this Annual Report. During the financial year, the principles for the remuneration of senior executives approved by the Annual General Meeting have been adhered to and the principles proposed to the 2019 Annual General Meeting remain unchanged.

Long-term incentive schemes

At the end of the financial year, Addtech had four call option programmes outstanding, involving a total 1,144,893 Class B shares. The purpose of long-term incentive schemes is to enable Group executives, through an investment of their own, to participate in and work for a favourable trend in the value of the Company's shares.

The schemes are also expected to generate improved conditions for recruiting and retaining skilled personnel for the Addtech Group, to provide competitive compensation and to unite the interests of the shareholders with those of the executives. The schemes are intended to contribute to executives increasing their shareholding in Addtech over the long term. The executives encompassed by the schemes are those who, in an otherwise heavily decentralised organisation, are able to impact profit positively by means of partnerships between Group subsidiaries. The share-related incentive schemes approved by the Annual General Meeting do not entail a net charge against Company equity.

Remuneration to the Board of Directors and auditors

Each year, the Annual General Meeting of Addtech AB adopts guidelines regarding the remuneration of the Board of Directors and the auditors.

In accordance with the resolution of the 2018 Annual General Meeting, Board fees are to total SEK 2,375,000 and are to be distributed as follows: SEK 650,000 to the Chairman of the Board, SEK 325,000 to each of the other Board members appointed by the Annual General Meeting who are not employees of the Company and SEK 50,000 to each member of the Remuneration Committee. For further details of Board fees, see Note 6 in this Annual Report.

In accordance with the resolution of the Annual General Meeting, auditor's fees are to be paid in accordance with an approved invoice. For further details of auditor's fees and of fees for non-auditing services, see Note 7 of this Annual Report.

OPERATING ORGANISATION AND MANAGEMENT

During the 2018/2019 financial year, Addtech was organised into the following four business areas: Components, Energy, Industrial Process and Power Solutions. Since the end of the financial year, the Automation business area has been added. The division into business areas reflects Addtech's internal organisation and reporting system.

Overall, the Addtech Group comprises some 130 independent companies in 20 countries. Although decisions regarding the companies' operations are taken close to the market, from a governance perspective it is important to integrate the acquired company regarding certain areas of significance for the Group, including financial reporting, administrative procedures and common core values.

Each operating company has a board of directors, in which that company's Managing Director is a member, as well as executives from the business area or business unit. Within each business area, companies are grouped in business units based on product or market concepts. The Managing Director of each company reports to a Business Unit Manager, who in turn reports to the Business Area Manager. Each Business Area Manager reports to the CEO of Addtech AB. The business areas and business units hold internal board meetings chaired by the CEO and attended by the CFO of Addtech AB, along with the relevant Business Area Manager and controller. Other officials participate in the business area's Board meetings to present specific matters or if otherwise deemed appropriate.

Sitting, from the left: Johan Sjö, Ulf Mattsson, Malin Nordesjö, Anders Börjesson, Eva Elmstedt, Henrik Hedelius, Kenth Eriksson.

Board of Directors

Disclosures of shareholdings and call options pertain to 31 May 2019.

ANDERS BÖRJESSON

Chairman of the Board

M.Sc. Econ. Born 1948. Chairman of the Board since 2001. Other board assignments: Chairman of the Board of Tisenhult-gruppen and Lagercrantz Group. Board member at Bergman & Beving and at a number of companies within Tisenhult-gruppen. Professional experience: President and CEO of Bergman & Beving. Shareholding: 1,527,162 Class A shares and 121,500 Class B (including through companies and family members).

EVA ELMSTEDT

Board member

Bachelor of Economics and Computer Science Born 1960. Board member since 2005. Other board assignments: Chairman of the Board of Proact IT Group. Board member at Arjo, Gunnebo, Semcon and Smart Eye. Professional experience: Senior positions at, for example, Nokia Networks, Ericsson and mobile operator 3. Shareholding: 29,289 Class B shares (including related parties).

KENTH ERIKSSON

Board member

M. Eng. and MBA Born 1961. Board member since 2016. Other board assignments: Chairman of the Board of Concentric. Board member at Technology Nexus. Professional experience: CEO of Tradimus and senior positions within Electrolux. Partner at Athanase Industrial Partner. Shareholding: 22,502 Class B shares (including related parties).

HENRIK HEDELIUS

Board member

M.Sc. Econ. Born 1966. Board member since 2017. Senior Advisor at United Bankers LTD. Other board assignments: Board member at Bergman & Beving and Two H AB. Professional experience: Board member at Bergman & Beving, Mannerheim Invest, Vinovo, Team Sportia, Gigasense and Mind Industrial Group. Senior positions at Jarl Securities, Storebrand Kapitalförvaltning, Swedbank and ABN Amro. Shareholding: 9,900 Class B shares.

ULF MATTSSON

Board member

M.Sc. Econ. Born 1964. Board member since 2012. Senior Advisor for EQT and PJT Partners. Other board assignments: Chairman of the Board at Eltel, VaccinDirect and Lideta. Board member at Oras Invest Oy and Priveq V. Professional experience: Senior positions at Tarkett, CEO of Domco, Mölnlycke Health Care, Capio and Gambro. Acting CEO of Karo Pharma until 1 July 2019 Shareholding: 8,000 Class B shares.

MALIN NORDESJÖ

Board member

M.Sc. Econ. Born 1976. Board member since 2015. Other board assignments: Chairman of the Board at Boomerang Sweden, Expando Electronics and Futura-skolan. Board member at Bergman & Beving and Tisenhult-gruppen. Professional experience: Senior positions at Tisenhult-gruppen and Tritech Technology. Shareholding: 19,502 Class B shares.

JOHAN SJÖ

Board member

M.Sc. Econ. Born 1967. Board member since 2008. Other board assignments: Chairman of the Board at Bergman & Beving, AddLife and OptiGroup. Board member at Bufab, Camfil and M2 Asset Management. Professional experience: CEO of Addtech AB and senior positions within Bergman & Beving and previously within Alfred Berg/ABN Amro. Shareholding: 10,080 Class A shares, 92,804 Class B shares. Call options equivalent to 87,750 shares.

From the left: Claus Nielsen, Per Lundblad , Martin Fassl, Malin Enarson, Niklas Stenberg, Patrik Klerck, Hans Andersén

Group Management

Disclosures of shareholdings and call options pertain to 31 May 2019.

NIKLAS STENBERG

Bachelor of Laws

Born 1974. President and CEO. Employed by the Group since 2010. Professional experience: senior positions within Bergman & Beving and previously as a lawyer. Shareholding: 33,034 Class B shares. Call options equivalent to 65,500 shares (including related parties).

HANS ANDERSÉN

Electric Power Engineer

Born 1961. Business Area Manager, Energy Employed by the Group since 2006. Professional experience: CEO and owner of AB Gevea and Business Unit Manager, Energy Supply. Shareholding: 74,504 Class B shares. Call options equivalent to 78,000 shares (including related parties).

PATRIK KLERCK

M.Sc. Mechanical eng.

Born 1969. Business Area Manager, Automation Employed by the Group since 1995. Professional experience: Various management positions at Addtech and Bergman & Beving. Shareholding: 4,848 Class B shares. Call options equivalent to 49,500 shares (including related parties).

CLAUS NIELSEN

Export Technician

Business Area Manager, Industrial Process. Born 1969. Employed by the Group since 1994. Professional experience: Various management positions at Addtech and Bergman & Beving. Shareholding: 6,781 Class B shares. Call options equivalent to 19,500 shares (including related parties).

MALIN ENARSON

M.Sc. Econ.

Born 1973. Employed by the Group since 2004. Professional experience: Business Controller Addtech Power Solutions, several accountancy roles at Addtech, auditor at Mazars (SET) Revisionsbyrå. Shareholding: 4,482 Class B shares. Call options equivalent to 19,500 shares (including related parties).

MARTIN FASSL

M.Sc. Econ

Business Area Manager, Components. Born 1960. Employed by the Group since 1994. Professional experience: Various management positions at Addtech and Bergman & Beving. Shareholding: 45,745 Class B shares. Call options equivalent to 37,000 shares (including related parties).

PER LUNDBLAD

Mechanical Engineer and Market Economist DIHM

Business Area Manager, Power Solutions Born 1967. Employed by the Group since 2008. Professional experience: CEO and partner at Emcomp International AB Business Unit Manager, Power Supply System. Shareholding: 3,930 Class B shares. Call options equivalent to 19,500 shares (including related parties).

Systems for internal control and risk management in financial reporting

INTERNAL CONTROL

The Board of Directors bears the overall responsibility for ensuring that the Group has an effective system of management and internal control. This responsibility includes evaluating the financial reports that the Board of Directors receives on an annual basis and setting requirements regarding content and format of these reports to assure their quality. This requirement means that the financial reporting must fulfil its purpose while complying with applicable accounting regulations and the other requirements imposed on listed companies. Each year, the CFO reports on the Group's internal control work to the Board of Directors.

CONTROL ENVIRONMENT

Addtech builds and organises its operations around decentralised responsibility for profitability and earnings. In decentralised operations, internal control is based on deeply rooted process that served to define targets and strategies for each area of operations. Internal directives and Board-approved policies convey well-defined decision-making channels, authorities and responsibilities. The Group's foremost documents for financial control are the financial policy, the reporting manual and the instructions issued ahead of each annual/quarterly closing. A Group-wide reporting system, with related analysis tools, is used in the Group's process for closing the annual/quarterly accounts. At a more comprehensive level, all operations in the Addtech Group must comply with the Group's Code of Conduct.

RISK ASSESSMENT

With regard to the risks that the Board of Directors and Group Management consider significant, Addtech applies well-established procedures of internal control and risk management in its financial reporting. Risk assessments start with the Group's income statement and balance sheet to identify the risk of material error. In the Addtech Group as a whole, the greatest risks in the financial reporting are associated with intangible non-current assets related to business acquisitions. The exposure is determined by the degree of dependence on internal control or assessments that could affect the financial reporting. The Group applies annual procedures for impairment testing to identify any indications that impairment should be recognised.

CONTROL ACTIVITIES

Control activities include transaction-related controls such as authorisation and investment rules and clear payment procedures, but also analytical controls performed by the Group's controllers function and the central finance and accounting function. Controllers and finance managers at all levels within the Group play a key role in building environment needed for transparent and accurate financial reporting. The role imposes considerable demands on integrity, expertise and individuals' capabilities.

Regular finance conferences are held to discuss current issues and ensure the effective sharing of knowledge and experience within the finance and accounting functions. The monthly review of results that is performed via the internal reporting system and that is analysed and commented on internally by the Board of Directors is a key, overarching control activity. The review includes an evaluation of results in comparison with set targets and previous performance, as well as a follow-up of key indicators.

Each year, all Group companies perform a self-assessment regarding matters of internal control. The companies comment on how important issues were handled, such as business terms and conditions in customer contracts, customer credit assessments, checking and evaluating inventory, payment procedures, documentation and analysis of closing accounts, and compliance with internal policies and procedures. For critical issues and processes, an accepted minimum level has been set and all companies are expected to meet this level. The responses of each company are validated and commented on by that company's external auditor in connection with the regular audit. The responses are then compiled and analysed, after which they are presented to business area management and Group management. The results of self-assessment process are taken into consideration in planning self-assessment and external auditing for future years.

In addition to the self-assessment process, a more in-depth analysis of internal control is performed in about 25 operating companies each year. This process is referred to as an internal audit and is performed at the companies by business area controllers and employees from the Parent Company's central finance and accounting function. Central processes at the companies, and control points for these, are analysed, tested and recorded. The external auditors study the records kept in connection with the auditing of the companies. The process provides a solid basis on which to chart and assess internal control within the Group. An external party also reviews and assesses the Group's internal control processes on a regular basis.

INFORMATION AND COMMUNICATIONS

Governing guidelines, policies and instructions are accessible from the Group's intranet. These documents are updated on an ongoing basis as needs arise. Amendments are communicated separately by e-mail and at meetings for those concerned.

Accessibility of internal information on the intranet is determined by means of authorisations. Group employees are organised into different groups whose access to information differs. All financial guidelines, policies and instructions can be accessed by the Managing Directors, Chief Accountants, Business Unit Managers, Business Area Managers and Business Area Controllers of each of the companies, as well as by the central financial and accounting staff. Financial data at the Group level is also controlled centrally by means of authorisations.

REVIEW

The outcome of the internal control work is analysed and reported annually. An assessment is made regarding what improvement measures should be undertaken in the various companies. The boards of the various Group companies are informed of the outcome of the internal control work within each company and of what improvement measures should be implemented. Together with the boards of the companies, the Business Area Controllers then review these efforts on an ongoing basis over the ensuing years.

The Board of Directors of the Addtech Group receives monthly comments from the CEO regarding the business situation and how the operations are developing. The Board of Directors discusses all quarterly financial accounts and Annual Reports prior to these being published. The Board of Directors is given an annual status report regarding the internal control work and its outcome. The Board of Directors is also informed of the assessment made by the external auditors of the Group's internal control processes.

INTERNAL AUDIT

Given the risk assessment described above and how the control activities are designed, including self-assessment and in-depth analysis of the internal control, the Board of Directors has chosen not to maintain a specific internal audit function.

FINANCIAL STATEMENTS 2018/2019

Consolidated income statement

SEK million	Note	2018/2019	2017/2018
Net sales	4, 5	10,148	8,022
Cost of sales		-7,025	-5,522
GROSS PROFIT		**3,123**	**2,500**
Selling expenses		-1,677	-1,364
Administrative expenses		-565	-455
Other operating income	9	47	59
Other operating expenses	9	-21	-42
Profit from participations in associated companies		3	3
OPERATING PROFIT	3-10, 16	**910**	**701**
Financial income	11	5	4
Financial expenses	11	-50	-40
NET FINANCIAL ITEMS		**-45**	**-36**
PROFIT BEFORE TAX		**865**	**665**
Tax	13	-193	-139
PROFIT FOR THE YEAR		**672**	**526**
Attributable to:			
Parent Company shareholders		660	514
Non-controlling interests		12	12
Earnings per share before dilution (SEK)	30	9.85	7.70
Earnings per share after dilution (SEK)	30	9.80	7.65
Average number of shares after repurchases (thousands)		67,047	66,950
Number of shares at end of period after repurchases (thousands)		67,057	66,992

Consolidated statement of comprehensive income

SEK million	2018/2019	2017/2018
Profit for the year	672	526
Items that may later be reversed in the income statement		
Changes for the year in fair value of cash flow hedges	0	0
Translation differences for the year on translation of foreign operations	37	115
Tax attributable to items that may later be reversed in the income statement	0	0
Items that may not be reversed in the income statement		
Revaluations of defined benefit pension plans	-31	-9
Tax attributable to items that may not be reversed in the income statement	7	2
OTHER COMPREHENSIVE INCOME	**13**	**108**
COMPREHENSIVE INCOME FOR THE YEAR	**685**	**634**
Attributable to:		
Parent Company shareholders	672	619
Non-controlling interests	13	15

Consolidated balance sheet

SEK million	Note	31 Mar 2019	31 Mar 2018
ASSETS			
NON-CURRENT ASSETS			
Intangible non-current assets	14	2,953	2,463
Property, plant and equipment	15	270	207
Deferred tax assets	13	20	15
Other financial assets		25	17
TOTAL NON-CURRENT ASSETS		**3,268**	**2,702**
CURRENT ASSETS			
Inventories	18	1,417	1,118
Tax assets		1	1
Accounts receivable	3	1,887	1,360
Prepaid expenses and accrued income	19	96	93
Other receivables		81	53
Cash and cash equivalents		295	192
TOTAL CURRENT ASSETS		**3,777**	**2,817**
TOTAL ASSETS		**7,045**	**5,519**
EQUITY AND LIABILITIES			
EQUITY	20		
Share capital		51	51
Other contributed capital		344	344
Reserves		123	87
Retained earnings, including profit for the year		1,952	1,603
Equity attributable to Parent Company shareholders		**2,470**	**2,085**
Non-controlling interests		50	46
TOTAL EQUITY		**2,520**	**2,131**
LIABILITIES			
Non-current liabilities			
Non-current interest-bearing liabilities	24	719	411
Provisions for pensions	22	260	229
Deferred tax liabilities	13	353	322
Non-current non-interest-bearing liabilities		12	11
Total non-current liabilities		**1,344**	**973**
Current liabilities			
Current interest-bearing liabilities	25	1,277	958
Accounts payable		955	694
Tax liabilities		87	61
Other liabilities		357	304
Accrued expenses and prepaid income	26	458	367
Provisions	23	47	31
Total current liabilities		**3,181**	**2,415**
TOTAL LIABILITIES		**4,525**	**3,388**
TOTAL EQUITY AND LIABILITIES		**7,045**	**5,519**

For disclosures regarding contingent liabilities and pledged assets, see Note 27

Consolidated statement of changes in equity

SEK million	2018/2019 Share capital	Other contri-buted capital	Reserves	Retained earnings, in-cluding profit for the year	Total, Parent Company shareholders	Non-control-ling interests	Total equity
EQUITY, OPENING BALANCE, 1 APR 2018	**51**	**344**	**87**	**1,603**	**2,085**	**46**	**2,131**
Profit for the year	–	–	–	660	660	12	672
Cash flow hedges	–	–	0	–	0	–	0
Translation differences	–	–	36	–	36	1	37
Revaluations of defined benefit pension plans	–	–	–	-31	-31	–	-31
Tax attributable to other comprehensive income	–	–	–	7	7	–	7
Other comprehensive income	**–**	**–**	**36**	**-24**	**12**	**1**	**13**
Comprehensive income for the year	**–**	**–**	**36**	**636**	**672**	**13**	**685**
Call options issued	–	–	–	4	4	–	4
Call options redeemed	–	–	–	29	29	–	29
Options repurchased	–	–	–	-11	-11	–	-11
Repurchases of treasury shares	–	–	–	-38	-38	–	-38
Dividend	–	–	–	-269	-269	-9	-278
Change in non-controlling interests	–	–	–	-2	-2	–	-2
EQUITY, CLOSING BALANCE, 31 MAR 2019	**51**	**344**	**123**	**1,952**	**2,470**	**50**	**2,520**

SEK million	2017/2018 Share capital	Other contri-buted capital	Reserves	Retained earnings, in-cluding profit for the year	Total, Parent Company sharehol-ders	Non-control-ling interests	Total equity
EQUITY, OPENING BALANCE, 1 APR 2017	**51**	**344**	**-25**	**1,331**	**1,701**	**40**	**1,741**
Profit for the year	–	–	–	514	514	12	526
Cash flow hedges	–	–	0	–	0	–	0
Translation differences	–	–	112	–	112	3	115
Revaluations of defined benefit pension plans	–	–	–	-9	-9	–	-9
Tax attributable to other comprehensive income	–	–	–	2	2	–	2
Other comprehensive income	**–**	**–**	**112**	**-7**	**105**	**3**	**108**
Comprehensive income for the year	**–**	**–**	**112**	**507**	**619**	**15**	**634**
Call options issued	–	–	–	3	3	–	3
Call options redeemed	–	–	–	33	33	–	33
Options repurchased	–	–	–	-5	-5	–	-5
Repurchases of treasury shares	–	–	–	-31	-31	–	-31
Dividend	–	–	–	-235	-235	-9	-244
EQUITY, CLOSING BALANCE, 31 MAR 2018	**51**	**344**	**87**	**1,603**	**2,085**	**46**	**2,131**

SEK	2018/2019	2017/2018
Dividend per share	5.00 [1]	4.00

[1] As proposed by the Board of Directors

Consolidated cash flow statement

SEK million	Note	2018/2019	2017/2018
OPERATING ACTIVITIES			
Profit after financial items		865	665
Adjustment for items not included in cash flow	28	229	159
Income tax paid		-230	-169
Cash flow from operating activities before changes in working capital		**864**	**655**
Cash flow from changes in working capital			
Change in inventories		-237	-106
Change in operating receivables		-378	-37
Change in operating liabilities		275	27
CASH FLOW FROM OPERATING ACTIVITIES		**524**	**539**
INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment		-70	-46
Disposals of property, plant and equipment		5	3
Acquisitions of intangible non-current assets		-23	-5
Acquisitions of operations, net liquidity effect	28	-662	-510
Disposals of operations, net liquidity effect	28	17	33
Change in financial assets		8	5
CASH FLOW FROM INVESTING ACTIVITIES		**-725**	**-520**
FINANCING ACTIVITIES			
Repurchases of treasury shares		-38	-31
Call options redeemed, issued and repurchased		22	31
Borrowings	28	915	241
Loan repayments	28	-326	-7
Other financing		-1	-2
Dividends paid to Parent Company shareholders		-269	-235
Dividends paid to non-controlling interests		-9	-9
CASH FLOW FROM FINANCING ACTIVITIES		**294**	**-12**
CASH FLOW FOR THE YEAR		**93**	**7**
Cash and cash equivalents at beginning of the year		192	178
Exchange rate difference in cash and cash equivalents		10	7
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**295**	**192**

Parent Company income statement

SEK million	Note	2018/2019	2017/2018
Net sales		62	58
Administrative expenses		-84	-71
OPERATING PROFIT	6–8, 16	**-22**	**-13**
Profit from financial non-current assets	11	22	17
Interest income and similar items	11	3	1
Interest expenses and similar items	11	-19	-16
PROFIT AFTER FINANCIAL ITEMS		**-16**	**-11**
Appropriations	12	278	244
PROFIT BEFORE TAX		**262**	**233**
Tax	13	-59	-52
PROFIT FOR THE YEAR		**203**	**181**

Parent Company statement of comprehensive income

SEK million	2018/2019	2017/2018
Profit for the year	203	181
OTHER COMPREHENSIVE INCOME	**-**	**-**
COMPREHENSIVE INCOME FOR THE YEAR	**203**	**181**

Parent Company balance sheet

SEK million	Note	2018/2019	2017/2018
ASSETS			
NON-CURRENT ASSETS			
Intangible non-current assets	14	–	–
Property, plant and equipment	15	1	2
Financial non-current assets			
Participations in Group companies	17	1,004	1,004
Receivables from Group companies	17	1,984	1,692
Total financial non-current assets		**2,988**	**2,696**
TOTAL NON-CURRENT ASSETS		**2,989**	**2,698**
CURRENT ASSETS			
Receivables from Group companies		808	449
Other receivables		2	3
Prepaid expenses and accrued income	19	11	9
Total current receivables		**821**	**461**
Cash and bank balances		0	–
TOTAL CURRENT ASSETS		**821**	**461**
TOTAL ASSETS		**3,810**	**3,159**
EQUITY AND LIABILITIES	20		
EQUITY			
Restricted equity			
Share capital		51	51
Statutory reserve		18	18
Unrestricted equity			
Retained earnings		387	491
Profit for the year		203	181
TOTAL EQUITY		**659**	**741**
UNTAXED RESERVES	21	**447**	**431**
PROVISIONS			
Provisions for pensions and similar obligations	22	15	15
LIABILITIES			
Liabilities to Group companies	24	264	291
Liabilities to credit institutions	24	600	300
Total non-current liabilities		**864**	**591**
Liabilities to credit institutions	25	1,130	821
Accounts payable		5	3
Liabilities to Group companies		665	524
Tax liabilities		0	8
Other liabilities		2	5
Accrued expenses and prepaid income	26	23	20
Total current liabilities		**1,825**	**1,381**
TOTAL EQUITY AND LIABILITIES		**3,810**	**3,159**

Parent Company statement of changes in equity

SEK million	2018/2019 Restricted equity Share capital	Statutory reserve	Unrestricted equity Retained earnings, including profit for the	Total equity
EQUITY, OPENING BALANCE, 1 APR 2018	**51**	**18**	**672**	**741**
Profit for the year	–	–	203	203
Comprehensive income for the year	**–**	**–**	**203**	**203**
Dividend	–	–	-269	-269
Call options issued	–	–	4	4
Call options redeemed	–	–	29	29
Repurchases of call options	–	–	-11	-11
Repurchases of treasury shares	–	–	-38	-38
EQUITY, CLOSING BALANCE, 31 MAR 2019	**51**	**18**	**590**	**659**

SEK million	2017/2018 Restricted equity Share capital	Statutory reserve	Unrestricted equity Retained earnings, including profit for the year	Total equity
EQUITY, OPENING BALANCE, 1 APR 2017	**51**	**18**	**726**	**795**
Profit for the year	–	–	181	181
Comprehensive income for the year	**–**	**–**	**181**	**181**
Dividend	–	–	-235	-235
Call options issued	–	–	3	3
Call options redeemed	–	–	33	33
Repurchases of call options	–	–	-5	-5
Repurchases of treasury shares	–	–	-31	-31
EQUITY, CLOSING BALANCE, 31 MAR 2018	**51**	**18**	**672**	**741**

For comments on equity, see Note 20.

Parent Company cash flow statement

SEK million	Note	2018/2019	2017/2018
OPERATING ACTIVITIES			
Profit after financial items		-16	-11
Adjustment for items not included in cash flow	28	0	4
Income tax paid		-65	-61
Cash flow from operating activities before changes in working capital		**-81**	**-68**
Cash flow from changes in working capital			
Change in operating receivables		-3	0
Change in operating liabilities		5	6
CASH FLOW FROM OPERATING ACTIVITIES		**-79**	**-62**
INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment and intangible non-current assets		0	0
CASH FLOW FROM INVESTING ACTIVITIES		**0**	**0**
FINANCING ACTIVITIES			
Repurchases of treasury shares		-38	-31
Call options redeemed and issued		22	31
Borrowings	28	909	300
Loan repayments	28	-300	-40
Change in receivables from Group companies		-615	-318
Change in liabilities to Group companies		114	37
Dividends paid		-269	-235
Group contributions		258	318
Other financing activities		-2	-
CASH FLOW FROM FINANCING ACTIVITIES		**79**	**62**
CASH FLOW FOR THE YEAR		0	0
Cash and cash equivalents at beginning of the year		0	0
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**0**	**0**

Notes

NOTE 1

Accounting and valuation principles

GENERAL ACCOUNTING PRINCIPLES

The consolidated annual accounts have been prepared in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and with interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as approved by the European Union (EU). Recommendation RFR 1 Supplementary Accounting Rules for Groups, issued by the Swedish Financial Reporting Board, has also been applied.

The annual accounts of the Parent Company have been prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and recommendation RFR 2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board. The accounting principles applied by the Parent Company and the Group are consistent with one another, except in the accounting of pensions, untaxed reserves and appropriations. See also "Parent Company accounting principles".

On 20 June 2019, the Board of Directors approved the annual accounts of the Parent Company and the consolidated accounts for publication. The Parent Company's income statement and balance sheet and the consolidated income statement and balance sheet will be submitted for approval by the Annual General Meeting on 29 August 2019.

PRESENTATION OF THE ANNUAL REPORT

The financial accounts are presented in millions of Swedish kronor (SEK million) unless otherwise stated. The functional currency of the Parent Company is the Swedish krona (SEK), and this is also the currency of presentation for the Parent Company and the Group.

Assets and liabilities are recognised at their historical cost, except for certain financial assets and liabilities that are measured at fair value. Assets held for sale are recognised at the previous carrying amount or fair value, less selling expenses, whichever is lower.

Preparing financial accounts in accordance with IFRS requires management to make judgements, estimates and assumptions affecting the application of the accounting principles and the carrying amounts for assets, liabilities, income and expenses. These estimates and assumptions are based on historical experience and several other factors deemed reasonable under the circumstances at the time. Estimates and assumptions are reviewed regularly.

The annual accounts have been prepared in accordance with IAS 1 Presentation of Financial Statements, with the effect that separate income statements and balance sheets, as well as statements of other comprehensive income, financial position, changes in equity and cash flow, are prepared, with notes being provided detailing the accounting principles and disclosures applied.

Receivables and liabilities, as well as income and expenses, are offset only where required or expressly permitted in accordance with IFRS.

New standards and interpretations applied as of financial year 2018/2019

IFRS 9 Financial Instruments

IIFRS 9 Financial instruments, which replaces the former standard IAS 39, states principles for the accounting of financial instruments and has been applied by Addtech since 1 April 2018. The introduction of IFRS 9 has not had any effect on the carrying amounts. The new criteria for classifying financial assets have not resulted in any changed basis of valuation for the assets held by Addtech. Since Addtech does not apply hedge accounting, related new principles in IFRS 9 have not had any effect. Due to the low level of historical credit losses and the high creditworthiness of existing customers, the new impairment model, based on expected loan losses, is not deemed to have any significant effects compared with previous provisions for customer losses. In essence, other parts of IFRS 9 entail no changes compared with previous principles.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers entails new revenue accounting requirements. The Group began applying the standard as of 1 April 2018 with a forward-looking retroactive transition in accordance with IFRS 15, which also entails comparative note information not being provided. An analysis of the effects of IFRS 15 for the Group was performed in 2017/2018. The analysis concluded that IFRS 15 had no effect on the accrual of the Group's revenues. However, IFRS 15 does entail expanded disclosures in the financial accounts.

New or amended IFRS, issued but not yet in force

IFRS 16 Leases

As of 1 January 2019, IFRS 16 Leases has replaced standard IAS 17 Leases and related interpretations IFRIC 4, SIC 15 and SIC 27. IFRS 16 requires most leases to be reported in the balance sheet. Addtech has mapped and assessed the Group's leases and analysed the effects of the transition to IFRS 16 occurring during the 2019/2020 financial year, commencing 1 April 2019. Addtech will apply the simplified transition method, entailing comparative data for previous periods not being presented. The lease liability consists of the discounted remaining leasing fees as of 1 April 2019. For all contracts, the right-of-use asset corresponds to an amount equivalent to the lease liability adjusted for prepaid or accrued lease payments recognised in the balance sheet on the initial date of application. Accordingly, the transition to IFRS 16 entails no effect on equity. Addtech's leases consist currently of leased premises, vehicles and other leases (of, for example, production equipment, office equipment and other assets not considered individually significant). On transition to IFRS 16, these will be reported in the balance sheet, entailing an increase in the Group's total assets through the addition of right-of-use assets and lease liabilities. The lease fees previously reported as operating expenses will be replaced by depreciation expenses on the rights-of-use which are reported in operating profit and interest on the lease liability, which is reported as a financial expense. The lease fee is divided between amortisation on the lease liability and interest payments. Addtech has chosen to apply the relief rule regarding leases of less than 12 months and for contracts where the underlying asset has a low value. Agreements terminating within 12 months of the transition but with an original maturity of more than 12 months will not be included in the calculation of lease liabilities and right-of-use assets. Accordingly, these will not be included in the amounts reported in the balance sheet, although they will still be reported as operating expenses in the income statement.

In assessing contract duration where there are opportunities for extension or termination, both business strategy and contract-specific conditions are considered in determining whether the Group is reasonably secure in applying them.

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On the transition to IFRS 16, all remaining lease fees were calculated applying the margin loan rate. The transition effect on the balance sheet as of 1 April 2019 entails right-of-use assets of SEK 550 million arising on the asset side. On the liability side, lease liabilities totalling SEK 550 million arise, of which non-current liabilities amount to SEK 408 million and current liabilities to SEK 142 million.

CONSOLIDATED ACCOUNTS

The consolidated accounts include the annual accounts of the Parent Company and those companies that are under the controlling influence of the Parent Company. A controlling influence exists if the Parent Company has influence over the object of investment, is exposed or entitled to variable yield from its commitment and is able to exert its influence over the investment to affect the yield. In assessing whether a controlling influence exists, potential shares with an entitlement to vote are taken into account, as well as whether de facto control exists. Shareholdings in Group companies are eliminated in accordance with the acquisition method, which means, in brief, that identifiable assets, liabilities and contingent liabilities in the acquired company are measured and recognised in the consolidated financial accounts as if they had been acquired by means of direct acquisition and not indirectly by acquiring shares in the company. The valuation is based on fair value. If the value of the net assets is less than the acquisition price, consolidated goodwill arises. If the opposite occurs, the difference is recognised directly in the income statement. Goodwill is determined in local currency and recognised at cost, less any impairment losses. Consolidated equity includes the Parent Company's equity and the portion of the subsidiaries' equity earned after the time of acquisition. Companies acquired or disposed of are consolidated or de-consolidated from the date of acquisition or disposal.

Contingent purchase considerations are measured at fair value on the transaction date and are subsequently remeasured on each reporting occasion. Effects of this remeasurement are recognised as income or expenses in consolidated profit for the year. Transaction expenses in conjunction with acquisitions are expensed. It is possible for a holding that is not a controlling interest to be measured at fair value on acquisition, entailing goodwill being included in non-controlling interests. Alternatively, non-controlling interests constitute part of net assets. The choice is determined individually for each acquisition.

Intra-Group receivables and liabilities, as well as transactions between companies within the Group and related unrealised gains, are eliminated in their entirety. Unrealised losses are eliminated in the same way as unrealised gains, unless there is a need to recognise impairment.

EXCHANGE RATE EFFECTS

Translation of the financial reports of foreign Group companies

Assets and liabilities in foreign operations, including goodwill and other surpluses and deficits on consolidation, are converted to Swedish kronor applying the exchange rate valid on the balance sheet date. Income and expenses in foreign operations are translated to Swedish kronor applying the average rate, which is an approximation of the rates prevailing at the time of each transaction. Translation differences arising on the translation of foreign operations are reported through other comprehensive income, under the translation reserve in equity.

Transactions in foreign currencies

A transaction denominated in a foreign currency is converted to the functional currency at the exchange rate on the transaction date. Monetary assets and liabilities in foreign currency are converted to the functional currency applying the exchange rate prevailing on the balance sheet date. Non-monetary assets and liabilities recognised at historical cost are converted applying the exchange rate on the transaction date. Exchange differences arising on conversion are reported in the income statement. Exchange differences on operating receivables and operating liabilities are included in operating profit, while exchange differences on financial receivables and liabilities are reported among financial items.

FINANCIAL ASSETS AND LIABILITIES, RECOGNITION AND DE-RECOGNITION

Financial instruments recognised in the balance sheet primarily include, on the assets side, cash and cash equivalents, accounts receivables and derivatives. Liabilities include accounts payable, loans payable, contingent purchase considerations and derivatives. A financial asset or financial liability is recognised in the balance sheet when the Company becomes a party to the terms and conditions of the instrument. Accounts receivable are recognised in the balance sheet when an invoice has been sent. A liability is recognised when the counterparty has completed its undertaking and a contractual obligation to pay prevails, even if no invoice has yet been received. A financial asset (or part thereof) is removed from the balance sheet when the entitlements of the contract are realised or expire, or if the Company loses control over them. A financial liability (or part thereof) is removed from the balance sheet when the obligation in the contract is fulfilled or otherwise ceases to exist. A financial asset and a financial liability are only offset and recognised at the net amount in the balance sheet when the Company is legally entitled to offset these amounts and the Company intends to settle the items with a net amount or simultaneously realise the asset and settle the liability.

FINANCIAL ASSETS AND LIABILITIES, MEASUREMENT AND CLASSIFICATION

Except those in the category of financial assets measured at fair value through profit, or loss, all financial assets/liabilities (including derivatives) are initially recognised at fair value plus/minus transaction costs. On initial recognition, a financial instrument is classified based on the type of instrument, Addtech's business model for the instrument and the types of cash flows to which the instrument gives rise. The classification determines how the financial instrument is measured after initial recognition, as described below.

Financial instruments measured at fair value are classified in a hierarchy based on the origin of the data used in the measurement. Level 1 comprises financial instruments with quoted prices in an active market. Level 2 comprises financial instruments measured on the basis of observable market data but not quoted prices in an active market. Level 3 comprises those measured using data, such as cash flow analyses, not based on observable market data.

Described below are principles applied as of 1 April 2018. Financial assets and liabilities reported for the current year at fair value through profit or loss were reported under the equivalent category in the preceding year. The items included for the current year in the category of financial assets measured at amortized cost were, in the comparison year, included in the category of loan receivables and accounts receivable, which were also reported at amortised cost. In the preceding year, the impairment principle was based on identifying objective loss events rather than on expected credit losses, which is the principle applied for the current year, although this has not entailed any material impact for the Group. No material change in value has been identified in the minor holdings of unlisted shares in housing companies that were previously reported at cost and that are, as of the current year, reported as equity instruments at fair value through other comprehensive income. Financial liabilities labelled "Other liabilities" in the comparison year were reported at amortised cost and remained so in the current year.

Financial assets and liabilities measured at fair value through profit or loss

Because hedge accounting is not applies, this category comprises the Group's derivatives and contingent additional purchase considerations in connection with acquisitions of subsidiaries. These items are reported at fair value in the balance sheet, with changes in value recognised in profit or loss.

Financial assets measured at amortised cost

Holdings in financial assets constituting a liability for the counterparty, and where payments consist exclusively of payments of principal and interest, are reported at amortised cost. The Group's items in this category consist essentially of accounts receivable, cash and cash equivalents and other operating receivables. Due to the short maturities of these assets and the insignificant effect of discounting, these items are measured at their nominal amount. Accounts receivable and other operating receivables are recognised after deducting expected credit losses, which are assessed foremost on an individual basis and secondarily on the basis of the extent to which payments are overdue. Impairments of accounts receivable are recognised in operating expenses.

Equity instruments recognised at fair value through other comprehensive income

A minor holding of unlisted shares in housing companies is recognised at fair value through other comprehensive income.

Financial liabilities measured at amortised cost

This category essentially consists of loans and accounts payable. The liabilities are measured at amortised cost. Accounts payable are measured without being discounted to their nominal amounts.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of cash funds and immediately available holdings in banks and equivalent institutions, as well as short-term liquid investments that mature within three months of the time of acquisition and that are exposed to only a negligible risk of fluctuation in value.

DERIVATIVES AND HEDGING

Derivative instruments include currency clauses, currency forward agreements and currency swaps used to offset risks of exchange rate fluctuations. An embedded derivative, such as a currency clause, is disclosed separately unless closely related to its host contract. Hedge accounting is not applied. Derivatives are initially recognised at fair value, with the result that transaction costs are charged to profit or loss for the period. Following initial recognition, the derivative instrument is measured at fair value via the income statement.

Increases and decreases in the value of such derivatives are recognised as income and expenses respectively in operating profit or loss or in net financial items, based on the intended use of the derivative and whether its use is related to an operating item or a financial item.

ASSETS AND LIABILITIES, CLASSIFICATION

Current assets consist of assets expected to be realised within one year or the Company's normal business cycle. Other assets are non-current assets. A liability is classified as non-current if, at the end of the reporting period, the Company has an unconditional right to defer settlement for at least 12 months after the reporting period and if it is not an operating debt expected to be settled within the Company's normal business cycle. Other liabilities are classified as current.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognised at cost, less accumulated depreciation and any impairment. The cost comprises the purchase price, including customs and excise duties, as well as costs directly attributable to the asset to bring it to the location in such condition that it can be used as intended by the acquisition. Discounts etc. are deducted from the purchase price. Examples of directly attributable costs included in the cost are shipping and handling, installation, title registration and consulting services.

In the case of so-called qualifying assets, borrowing expenses are also capitalised in the cost. Qualifying assets do not normally occur within the Group. Additional expenses for a property, plant and equipment item are added to the cost only if they increase the future economic benefits. All other expenses, such as those for repair and maintenance, are expensed on an ongoing basis. Decisive for the assessment of when an additional expense should be added to the cost is whether the expense pertains to the replacement of identified components, or parts thereof, in which case such expenses are capitalised. In cases where new components are created, the expense is also added to the cost. Any undepreciated carrying amounts for replaced components, or parts of components, are retired and expensed in conjunction with the replacement.

Depreciation is applied on a straight-line basis over the estimated useful life, taking any residual value at the end of that period into account.

Property, plant and equipment comprising parts with different useful lives are treated as separate components.

The carrying amount for a property, plant and equipment item is removed from the balance sheet on the scrapping or disposal of the asset, or when no future economic benefits are expected from its use. Gains or losses realised upon the disposal or scrapping of an asset consist of the difference between the selling price and the carrying amount of the asset, less direct selling expenses. Gains or losses are recognised as other operating income or other operating expenses.

Property, plant and equipment	Useful life
Buildings	15–100 years
Leasehold improvements	3–5 years
Equipment	3–5 years
Land improvements	20 years
Machinery	3-10 years

LEASES

A distinction is made between finance leases and operating leases. A finance lease is characterised by the lessee assuming, in all essential respects, the economic benefits and risks associated with ownership of the asset. If that is not the case, the lease is regarded as an operating lease.

For the most part, the Group uses operating leases, entailing lease payments being charged as an operating expense on a straight-line basis across the term of the lease.

INTANGIBLE NON-CURRENT ASSETS

An intangible asset is an identifiable non-monetary asset, without physical substance, that is used for marketing, producing or supplying goods or services, or for leasing and administration. To be recognised as an asset, it must be probable that the future economic benefits attributable to the asset will benefit the Company and that the cost can be calculated reliably. Additional expenses for an intangible asset are added to the cost only if they increases the future economic benefits beyond the original assessment and if the expense can be calculated reliably. All other expenses are expensed as they are incurred.

Goodwill represents the difference between the cost of a business combination and the fair value of identifiable assets acquired, liabilities assumed and contingent liabilities.

Goodwill and intangible non-current assets with indefinable useful lives

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(trademarks) are measured at cost, less any accumulated impairment. Goodwill and trademarks are allocated among cash-generating units or groups of cash-generating units and are not amortised but tested annually for impairment.

Aside from goodwill and trademarks, intangible assets are recognised at their original cost, less accumulated amortisation and impairment.

In the case of so-called qualifying assets, borrowing expenses are also capitalised in the cost. Qualifying assets do not normally occur within the Group. Amortisation is charged on a straight-line basis and is based on the useful lives of the assets, which are reviewed on an annual basis. An asset's useful life is based on historical experience of use of similar assets, areas of application and other specific features of the asset.

Amortisation is included in cost of sales, selling expenses or administrative expenses, depending on where in the business the assets are used.

Development expenses, where the results of research or other knowledge are applied to achieve new or improved products or processes, are recognised as an asset in the balance sheet if the product is technically and commercially viable and the Company has sufficient resources to complete development and then use or sell the intangible asset. Other development expenses are expensed as they are incurred.

Expenses for internally generated goodwill and trademarks are recognised as expenses in profit or loss as they are incurred.

Intangible non-current assets	Useful life
Capitalised development projects	3–5 years
Customer relationships	5–10 years
Supplier relationships	5–10 years
Software for IT operations	3–5 years
Technology	5–10 years
Trademarks	indeterminable

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND PARTICIPATIONS IN SUBSIDIARIES AND ASSOCIATED COMPANIES

The carrying amounts of Group assets are tested as soon as there is an indication that the asset in question has decreased in value. If there is such an indication, the need for impairment is determined after calculating the recoverable amount of the asset, which is the asset's value in use or its fair value, whichever is higher. Impairment is recognised if the recoverable amount is less than the carrying amount. The value in use is calculated as the present value of future payments that the Company is expected to receive by using the asset. The estimated residual value at the end of the useful life is included in the value in use. If the recoverable amount of an individual asset cannot be determined, the recoverable amount is set at the recoverable amount for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest group of assets that give rises to continuous payment inflows that are independent of other assets or groups of assets. Goodwill on consolidation is attributed to the business areas (which coincide with the Group's operating segments) with which the goodwill is associated. Impairment is reversed when the grounds for the impairment entirely or partially cease to apply. However, this does not apply to goodwill or intangible non-current assets with indeterminable useful lives.

In addition to the above, for goodwill, other intangible assets with an indeterminable useful life and intangible assets not yet ready for use, the recoverable amount is calculated annually.

INVENTORIES

Inventories, that is, raw materials and finished goods for resale, are carried at the lower of cost and net realisable value, hence taking into account the risk of obsolescence. The cost is calculated using the first in, first out (FIFO) principle or weighted average prices.

In the case of finished and semi-finished goods manufactured in-house, the cost consists of direct manufacturing costs and a reasonable portion of indirect manufacturing costs. Measurement takes normal capacity utilisation into account.

CAPITAL

No express measure related to equity is applied internally. Externally, Addtech's objective is to maintain a robust equity/assets ratio.

Equity

Addtech's dividend policy for 2018/2019 involves a pay-out ratio exceeding 30 percent of consolidated average profit after tax over a business cycle.

Repurchasing of treasury shares occurs, and the Board normally proposes obtaining a mandate to repurchase treasury shares that entails acquiring an amount of shares such that Addtech's own holding at no time exceeds 10 percent of all shares in the Company. Repurchasing serves to provide the Board with increased scope for action in its work with the Company's capital structure, to enable the use of repurchased shares as payment in acquisitions, and to secure the Company's commitments in existing incentive programmes.

The entire purchase consideration for share repurchase is charged against retained earnings. Proceeds from disposals of equity instruments are recognised as an increase in retained earnings, as are any transaction expenses.

EMPLOYEE BENEFITS

Employee benefits following cessation of employment, pension commitments

Addtech has defined-contribution and defined-benefit pension plans in Sweden, Norway and the UK. The plans cover a large number of employees. The defined-benefit pension plans are based mainly on the individual's final salary. Group subsidiaries in other countries have mainly defined-contribution pension plans.

In defined-contribution plans, the Company pays stipulated fees to a separate legal entity and has no obligation to pay additional fees. Expenses are charged to the Group's profit or loss at the rate at which the benefits are earned. In defined-benefit pension plans, benefits are paid to current and former employees based on their salary upon retirement and the number of years for which they were employed by the Company. The Group bears the risk for payment of promised benefits.

The Group's net obligation regarding defined-benefit plans is calculated individually for each plan by estimating future benefits that employees have earned through employment in current and previous periods. These benefits are discounted to a present value. Any unreported costs related to employment in previous periods and the fair value of any plan assets are deducted.

Defined-benefit pension plans are both funded and unfunded. When a plan is funded, assets have been set aside, these are referred to as plan assets. These plan assets can only be used for payments of benefits in accordance with the pension agreements. The net value of the estimated present value of the obligations and the fair value of plan assets is recognised in the balance sheet, either as a provision or as a non-current financial receivable. When a surplus in a plan cannot be fully utilised, only the portion of the surplus that the Company can recover through reduced future fees or repayments is recognised. A surplus in one plan is only offset by a deficit in another plan if the Company is entitled to utilise a surplus in one plan to settle a deficit in another plan, or if the obligations are intended to be settled on a net basis.

The pension expense and pension obligation for defined-benefit pension plans are calculated using the Projected Unit Credit Method. This method distributes expenses for pensions at the rate at which employees perform services for the Company that increase their rights to future benefits. The aim is to expense expected future pension disbursements in a manner entailing an even cost over the employee's period of employment. This calculation takes into account anticipated future salary increases and anticipated inflation. The Company's commitment is calculated annually by independent actuaries. The discount rate used is equivalent to the interest rate on high-quality corporate bonds or mortgage bonds with a maturity equivalent to the average maturity of the obligation and currency. For Swedish pension liabilities, the interest rate for Swedish housing bonds is used as a basis and for Norwegian pension liabilities, the interest rate for Norwegian corporate bonds is used.

Revaluations may arise when establishing the present value and fair value of the plan assets for the obligation. These may arise either because the actual outcome differs from previously made assumptions (known as experience-based adjustments), or because assumptions were changed. Such revaluations are recognised in the balance sheet and in profit or loss under other comprehensive income. The net present value of the defined-benefit obligation is established by means of discounting estimated future cash flows. The discount rate used is equivalent to the interest rate on high-quality corporate bonds or government bonds with a maturity equivalent to the average maturity of the obligation and currency.

A portion of the Group's defined-benefit pension commitments has been financed through premiums to Alecta. Because, the requisite information cannot be obtained from Alecta, these pension commitments are reported as a defined-contribution pension plan.

The special employer's contribution constitutes part of the actuarial assumptions and is therefore recognised as part of the net obligation/asset. For reasons of simplicity, the part of the special employer's contribution that is calculated based on the Swedish Act on Safeguarding Pension Obligations in legal entities is recognised as an accrued expense rather than as part of the net obligation/asset.

Policyholder tax is recognised on an ongoing basis for the period to which the tax relates and is therefore not included in the calculation of liabilities. In the case of funded plans, the tax is on the return on plan assets and is recognised in other comprehensive income. For unfunded or partially unfunded plans, the tax is levied on profit for the year.

When the expenses for a pension are determined differently in a legal entity than in the Group, a provision or claim for taxes on pension expenses is recognised, such as a special employer's contribution for Swedish companies based on this difference. The present value of the provision or claim is not calculated.

Benefits upon termination of employment

A cost for benefits in conjunction with termination of employment is recognised only if there is a formal, detailed plan to terminate employment prior to the normal date.

Short-term benefits

Short-term benefits to employees are calculated without discounting and are recognised as an expense when the related services are performed.

A provision for the expected costs of bonus disbursements is recognised when the Group has a valid legal or informal obligation to make such disbursements as a result of services received from employees and where the obligation can be calculated reliably.

Share-based incentive programmes

The Group's share-based incentive programmes make it possible for Group management to purchase shares in the Company. The employees have paid a market premium for call options on Class B shares.

The programme includes a subsidy so that the employee receives the same sum as the option premium paid in the form of cash payment, i.e. salary. This subsidy shall be paid two years after the decision to implement the issue, providing that the option holder remains employed by the Group and owns call options at that time. The subsidy, and related social security expenses, is distributed as a personnel expense over the vesting period. Addtech is not obliged to repurchase the options when an employee resigns from employment. Holders may redeem options irrespective of continued employment within the Group. See also Note 6.

PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognised in the balance sheet when the Company has a formal or informal commitment as a result of an event that has occurred, it is probable that an outflow of resources will be required to settle the commitment and the amount can be estimated reliably. If the effect is material, the provision is based on a present value calculation.

Provisions are made for future expenses resulting from warranty commitments. The calculation is based on expenditure during the financial year for similar commitments or the estimated costs for each undertaking. Provisions for restructuring costs are recognised when a detailed restructuring plan has been adopted and the restructuring has either begun or been announced.

Contingent liabilities are recognised when a possible commitment exists stemming from past events and the existence of the commitment is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not entirely within the Company's control. Other commitments are also recognised as contingent liabilities if they result from past events but are not recognised as a liability or provision because it is unlikely that an outflow of resources will be required to settle the commitment or because the size of the commitment cannot be determined with sufficient accuracy.

REVENUE RECOGNITION

The Group recognises revenue when the Group fulfils a performance commitment, which is when a promised good or service is delivered to the customer and the customer assumes control of the goods or services. Control of a performance commitment can be transferred over time or at a particular point in time. The revenue consists of the amount that the Company expects to receive in payment for goods or services transferred. For the Group to be able to recognise revenue from agreements with customers, each customer agreement is analysed in accordance with the five-step model included in the standard:

Step 1: Identify an agreement between at least two parties that entails an entitlement and a commitment.

Step 2: Identify the various commitments. An agreement includes undertakings to transfer goods or services to the customer (performance commitments). All commitments that are distinguishable in nature are to be reported separately.

Step 3: Determine the transaction price. The transaction price is the amount of compensation the Company is expected to receive in exchange for the promised goods or services. The transaction price must be adjusted for variable components, including any discounts.

Step 4: Distribute the transaction price between the various performance commitments. Usually, the Company is able to allocate the transaction price of each individual item or service based on a stand-alone sales price.

Step 5: Fulfilment of the performance commitments and recognition of revenue, either over time or at a particular point in time, depending on

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the nature of the performance commitment. The amount recognised as revenue is the amount that the Company has previously allocated to the performance commitment concerned.

The Group's revenue consists of sales of high-tech products and solutions to customers, primarily in manufacturing industries and infrastructure. The Group's sales consist mainly of sales of goods, including of service assignments to some extent.

Sales of goods

Sales of goods occur in all of the Group's segments. Sales consist mainly of standard products, but also, to some extent, of proprietary manufactured products. Framework agreements with customers usually occur where an agreement with a customer is considered to arise only once the customer has placed an order based on the terms of the framework agreement, since it is only at this time that enforceable rights and obligations arise for the Group and the customer. The period between an order being placed and goods being delivered is normally brief. Each separate product in the order is considered to constitute a separate performance commitment.

In the relevant agreement with the customer, the transaction price usually consists only of fixed amounts. To the extent that the transaction price includes variable amounts, the Group estimates the amount to which it will be entitled and includes this in the transaction price, taking limitations of uncertain amounts into account. Revenue is reported on a single occasion because the conditions for transfer of control over time are not met. The Group considers control to have transferred on completion of delivery in accordance with applicable delivery terms, which coincides with the time at which the risks and benefits transfer to the customer.

Service assignments

Service assignments occur primarily in the Energy and Industrial Processes segments. These assignments essentially comprise project agreements in which the Group delivers and, to a certain extent, installs products for specific customer projects. Such assignments are considered to constitute a combined performance commitment, since no individual product is distinct within the framework of the agreements. The transaction price normally consists only of fixed amounts. Because control of the performance commitments is considered to be transferred to the customer over time, revenue is also recognised over time. The Group applies a production method for measuring progress towards completion of a performance commitment.

FINANCIAL INCOME AND EXPENSES

Interest income on receivables and interest expenses on liabilities are computed using the effective interest method. The effective interest rate is the rate that makes the present value of all future incoming and outgoing payments during the term equal to the carrying amount of the receivable or liability. Interest income includes accrued rebates, premiums and other differences between the original value of the receivable and the amount received on maturity.

INCOME TAXES

Tax expenses/income are recognised in the income statement, except when the underlying transaction is recognised in other comprehensive income or directly in equity, in which case the associated tax effect is recognised in other comprehensive income or in equity. Current tax refers to tax that is to be paid or refunded for the current year. This also includes adjustments of current tax attributable to prior periods.

Deferred tax is calculated using the liability method based on temporary differences between carrying amounts and tax bases of assets and liabilities. The amounts are calculated depending on how the temporary differences are expected to be settled and by applying the tax rates and tax rules enacted or announced as per the balance sheet date. Temporary differences are not taken into account in Group goodwill, nor in differences attributable to participations in subsidiaries or associated companies owned by Group companies outside Sweden that are not expected to be taxed in the foreseeable future. In the consolidated financial statements, untaxed reserves are allocated to deferred tax liability and equity. Deferred tax assets related to deductible temporary differences and tax loss carry-forwards are only recognised to the extent it is likely they will reduce tax payments in the future.

SEGMENT REPORTING

Assets and liabilities as well as income and expenses are attributed to the operating segment in which they are used, earned and consumed, respectively. The operating segment's earnings are monitored by the highest executive decision-maker, i.e. the CEO of Addtech.

The division into operating segments is based on the business area organisation, by which the Group's operations are managed and monitored. These are Components, Energy, Industrial Process and Power Solutions. Operations that do not belong to these areas of operation are included under the heading Parent Company and Group items.

EARNINGS PER SHARE

Addtech discloses earnings per share (EPS) in direct connection with the income statement. Calculation of EPS is based on consolidated profit or loss for the year attributable to Parent Company shareholders and on the weighted average number of shares outstanding during the year. To calculate diluted EPS, the average number of shares is adjusted to take into account the effect of potentially dilutive ordinary shares that, during the periods reported, result from options awarded to employees.

CASH FLOW STATEMENT

In preparing the cash flow statement, the indirect method was applied as per IAS 7 Statement of Cash Flows. In addition to flows of cash and bank funds, current investments maturing within three months of the acquisition date that can be converted into bank deposits at a previously known amount are classified as cash and cash equivalents.

EVENTS AFTER THE BALANCE SHEET DATE

Events that occurred after the balance sheet date but whose circumstances were identifiable at the end of the reporting period are included in the reporting. If significant events occurred after the balance sheet date but did not affect the recognised earnings of operations or financial position, the event is disclosed under a separate heading in the Administration Report and in note 33.

RELATED PARTY DISCLOSURES

Where appropriate, information will be provided about transactions and agreements with related companies and natural persons. In the consolidated accounts, intra-Group transactions fall outside this reporting requirement.

ALTERNATIVE KEY FINANCIAL INDICATORS

The Company presents certain financial measures in the Annual Report that are not defined in accordance with IFRS. The Company believes that these measures provide valuable supplementary information to investors and the Company's management as they enable the evaluation of trends and the Company's performance. Since not all companies calculate financial measures in the same way, these are not always comparable with measures used by other companies. These financial measures should therefore not be seen as compensation for measures that are defined in accordance with IFRS. For definitions and reconciliation tables of the key financial indicators used by Addtech, see page 104.

GOVERNMENT GRANTS

Government grants refers to support from the government in the form of transfers of resources to a company in exchange for that company fulfilling (in the past or future) certain conditions regarding its operations.

The Group is active in areas where government grants are insignificant in scope.

PERSONNEL INFORMATION

The Swedish Annual Accounts Act requires more information than IFRS, including information about the gender distribution of the Board of Directors and Group management. Data on gender distribution refer to the situation as per the balance sheet date. "Board members" are members of the boards of directors of the Parent Company and Group companies who have been elected by General Meeting. "Senior executives" are members of Group Management and the Managing Directors and Deputy Managing Directors of Group companies.

PARENT COMPANY ACCOUNTING PRINCIPLES

The Parent Company applies the same accounting policies as the Group, except where the Swedish Annual Accounts Act and the Swedish Act on Safeguarding Pension Obligations prescribe different procedures, or if the connection to taxation necessitates different accounting.

The Parent Company prepared its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and recommendation RFR 2 Accounting for Legal Entities, of the Swedish Financial Reporting Board. RFR 2 prescribes that, in the annual accounts of its legal entity, the Parent Company shall apply all EU-approved IFRS and standard interpretations to the greatest extent possible within the scope of the Annual Accounts Act and taking the relationship between accounting and taxation into account. The recommendation specifies which exceptions from, and additions to, IFRS must be made.

Interests in Group companies are recognised in the Parent Company using the cost method, entailing transaction costs being included in the carrying amount for holdings in subsidiaries. Any changes in liabilities for contingent purchase considerations are added to or reduce the cost. The Group expenses transaction expenses, while entering changes in liabilities for contingent purchase considerations as income or expenses. Instead of IAS 19, the Swedish Act on Safeguarding Pension Obligations is applied in the Parent Company when calculating defined-benefit pension plans. The most significant differences compared with IAS 19 are the method for determining the discount rate, that the defined benefit obligation is calculated based on current salaries without assuming future salary increases and that all actuarial gains and losses are recognised in profit or loss as they occur.

The Parent Company recognises untaxed reserves including deferred tax liabilities, rather than dividing them into deferred tax liabilities and equity as is done for the Group.

Group contributions are recognised in the Parent Company in accordance with the alternative rule. A Group contribution received from a subsidiary by a Parent Company, or a Group contribution paid from a Parent Company to a subsidiary is recognised in the Parent Company as an appropriation. Shareholder contributions are recognised directly in the equity of the recipient and are capitalised in the contributor's shares and participations, to the extent that no impairment needs to be recognised.

NOTE 2

CRITICAL ESTIMATES AND ASSUMPTIONS

The carrying amounts of certain assets and liabilities are based in part on estimates and assumptions. This applies particularly to impairment testing of goodwill (Note 14) and to defined-benefit pension obligations (Note 22). Assumptions and estimates are continually evaluated and are based on historical experience and expectations regarding future events deemed reasonable under prevailing circumstances. Tests are performed each year to determine if goodwill is impaired. The recoverable amount for cash-generating units has been determined by calculating values in use. For these calculations, certain estimates must be made.

A large part of the Group's pension commitments for salaried employees are defined-benefit commitments covered by collective policies with Alecta. Since it is not currently possible to obtain data from Alecta on the Group's share of commitments and plan assets, the pension plan signed with Alecta must be recognised as a defined-contribution plan. The consolidation ratio reported by Alecta does not indicate any deficit, although it is not possible to obtain detailed information from Alecta about the size of the pension commitment.

The present value of pension commitments recognised as defined-benefit commitments depends on multiple factors determined on an actuarial basis applying a number of assumptions. In establishing these assumptions, Addtech consults with actuaries The assumptions used to determine the present value of the commitment include the discount rate and salary increases. Each change in these assumptions will affect the carrying amount of pension commitments. See also Note 22.

NOTE 3

Financial risks and risk management

RISK MANAGEMENT POLICY AND OBJECTIVES

Addtech strives for structured and efficient management of the financial risks that arise in operations, which is manifest in the financial policy adopted by the Board of Directors. The financial operations are not conducted as a separate line of the business; they are merely intended to constitute support for the business and reduce risks in the financial operations. The policy stipulates goals and risks in the financial operations, and how they are to be managed. The financial policy expresses the goal of minimising and controlling financial risks. The policy defines and identifies the financial risks that arise at Addtech and how responsibility for managing these risks is distributed in the organisation. The financial risks defined in the financial policy are transaction exposure, translation exposure, refinancing risk, interest rate risk, margin risk, liquidity risk and issuer/borrower risk. Operational risks, that is, financial risks related to operating activities, are managed by each subsidiary's management according to principles in the financial policy and subordinate process descriptions approved by the Group's Board of Directors and management. Risks such as translation exposure, refinancing risk and interest rate risk are managed by the Parent Company, Addtech AB. Financial derivatives with external counterparties may only be entered by Addtech AB. The subsidiaries hedge their risk via Addtech AB which, in turn, obtains hedges on the external market.

NOTE 3 CONT.

CURRENCY RISK

The Addtech Group conducts extensive trade abroad and a material currency exposure therefore arises in the Group, which must be managed in such a way as to minimise the impact on earnings resulting from exchange rate fluctuations.

The Group applies decentralised responsibility for currency risk management. This involves risk identification and risk hedging occurring at subsidiary level. It is important to capitalise on the size of the Group and natural conditions to match flows, and the subsidiaries must therefore hedge their risk via the Parent Company which, in turn, obtains hedges on the external market.

For Addtech, currency risk arises 1) as a result of future payment flows in foreign currency, known as transaction exposure, and 2) because parts of the Group's equity comprise net assets in foreign subsidiaries, known as translation exposure. Monetary financial assets and liabilities in currencies other than each Group company's functional currency occur to a limited extent.

TRANSACTION EXPOSURE

Transaction exposure comprises all future contracted and forecast ingoing and outgoing payments in foreign currency. The Group's currency flows usually pertain to flows in foreign currency from purchases, sales and dividends. Transaction exposure also comprises financial transactions and balances. During the year, the Group's payment flows in foreign currencies were distributed as follows:

	Currency flows, gross 2018/2019		Currency flows, net	
	Inflows	Outflows	2018/2019	2017/2018
EUR	2,343	2,538	-195	-400
USD	914	1,101	-187	-88
NOK	85	58	27	21
JPY	70	111	-41	-26
DKK	62	144	-82	-69
GBP	30	84	-54	-58
CHF	27	87	-60	-54

The effects of exchange rate fluctuations are reduced by buying and selling in the same currency, through currency clauses in customer contracts and, to a certain degree, by forward purchases or sales of foreign currency. In the industry, currency clauses are a common method for handling uncertainty associated with future cash flows. A currency clause means that compensation is paid for any changes in the exchange rate exceeding a certain predefined level during the contract period. If these thresholds are not reached, for example when the exchange rate changes by less than 2 percentage points, no compensation is paid. The currency clauses adjust the exchange rate change between the time the order is placed and the invoice date. Currency clauses are symmetrically designed, meaning that compensation is charged or credited when the exchange rate rises or falls beyond the predefined thresholds.

Of consolidated net sales, currency clauses cover about 12 percent (14) and sales in the purchasing currency make up about 39 percent (36). In certain transactions, there is a direct link between the customer's order and the associated purchase order, which is a good basis for effective currency risk management. However, in many cases the dates of the orders do not coincide, which may reduce the effectiveness of these measures. The subsidiaries have reduced their currency exposure by using forward foreign exchange contracts. At the end of the financial year, there were outstanding forward foreign exchange contracts in a gross amount of SEK 166 million (165), of which EUR equalled SEK 117 million (97), JPY SEK 15 million (14), USD SEK 24 million (39), PLN SEK 4 million (7), DKK SEK 4 million (8) and GBP SEK 1 million (0). Of the total contracts, SEK 113 million (119) matures within six months, SEK 51 million (45) within 12 months and SEK 2 million (1) within 18 months. Hedge accounting does not apply to forward foreign exchange contracts and they are classified as a financial asset measured at fair value held for trading. Hedge accounting applies to embedded derivatives consisting of currency clauses, and they are classified as derivatives used in hedge accounting. The cash flow effect from embedded derivatives normally occurs within six months.

The Group has a net exposure in several currencies. If each separate currency pair changes by 5 percent, the aggregate effect on profit would total about SEK 46 million (38), all else being equal. Inflows and outflows in the same currency mean that the Group's exposure is relatively limited. Currency flows in the Parent Company are mainly in Swedish kronor (SEK). To the extent that internal and external loans and investments in the Parent Company are in foreign currency, 100 percent of the capital amount is hedged.

Translation exposure

The translation exposure of the Addtech Group is currently not hedged. The Group's net assets are divided among foreign currencies as follows:

	31 Mar 2019		31 Mar 2018	
Net investments	SEK million	Sensitivity analysis[1]	SEK million	Sensitivity analysis[2]
NOK	827	41.4	748	37.4
EUR	792	39.6	614	30.7
DKK	1,000	50.0	687	34.4
PLZ	-22	-1.1	6	0.3
TTD	25	1.3	22	1.1
GBP	392	19.6	337	16.8
HKD	52	2.6	35	1.7
USD	15	0.8	10	0.5
CNY	75	3.8	72	3.6

[1] Impact of +/−5% in exchange rate on consolidated equity
[2] Circumstances in the previous year

When translating the income statement of units with a functional currency other than SEK, a translation effect arises when exchange rates vary. With the present distribution of Group companies' different functional currencies, a change of 1 percentage point in the exchange rates would have an effect of SEK +/- 64 million (48) on net sales and SEK +/- 5 million (3) on operating profit.

The exchange rates applied in the financial accounts are shown in the following table:

	Average rate		Closing day rate	
Exchange rate	2018/2019	2017/2018	31 Mar 2019	31 Mar 2018
CHF 1	9.04	8.59	9.30	8.73
CNY 100	133.51	125.85	137.91	132.76
DKK 100	139.04	131.05	139.29	137.99
EUR 1	10.37	9.75	10.40	10.28
GBP 1	11.76	11.05	12.11	11.75
HKD 1	1.14	1.07	1.18	1.06
JPY 1000	80.80	75.20	83.60	78.40
NOK 100	107.77	102.77	107.65	106.28
PLZ 1	2.42	2.31	2.42	2.44
TRY 1	1.73	2.27	1.64	2.10
TTD 1	1.33	1.22	1.37	1.23
TWD 1	0.30	0.28	0.30	0.29
USD 1	8.96	8.34	9.26	8.35

FINANCING AND LIQUIDITY

The overall objective of Addtech's financing and debt management is to secure financing for the operations in both the long and short term, and to minimise borrowing costs. The capital requirement is to be secured through an active and professional borrowing procedure comprising overdraft and other credit facilities. Raising of external financing is centralised at Addtech AB. Adequate payment capacity is to be achieved through contractual credit facilities. Surplus liquidity is primarily used to pay down outstanding credits. The Parent Company is responsible for the Group's long-term financing as well as its supply of liquidity. The Parent Company provides an internal bank which lends to and borrows from the subsidiaries. The Group's and Parent Company's non-current and current interest-bearing liabilities are shown in Notes 24 and 25.

To manage surpluses and deficits in different currencies, Addtech uses currency swaps from time to time. This allows the Group to reduce its financing costs and the Company's liquid funds to be used in an efficient manner.

Refinancing risk

The refinancing risk is the risk of Addtech not having access to sufficient financing on each occasion. The refinancing risk increases if Addtech's credit rating deteriorates or if Addtech becomes too dependent on one source of financing. If all or a large part of the debt portfolio matures on a single or a few occasions, this could involve the turnover or refinancing of a large proportion of the loan volume having to occur on disadvantageous interest and borrowing terms.

In order to limit the refinancing risk, the procurement of long-term credit facilities is commenced no later than nine months before the credit facility matures. On 31 March 2019, the Group's credit facilities amounted to SEK 2,001 million (1,501), represented by bank overdraft facilities of SEK 1,301 million (1,101) and other agreed credit facilities of SEK 700 million (400). During the year, overdraft facilities increased by SEK 200 million while other agreed credit facilities increased by SEK 300 million (0). At 31 March 2019, the Group had utilised SEK 1,031 million (821) of the bank overdraft facilities and SEK 700 million (300) of the other credit facilities. Unutilised bank overdraft facilities and credit facilities amounted to SEK 270 million (379). The Group's credit facilities are contingent upon loan covenants, the conditions of which are fulfilled with a wide margin. For covenants, Addtech uses two ratios: EBITDA/net financial items and equity/assets. Before the end of the financial year, additional credits totalling SEK 600 million were granted.These became available on 1 April 2019, at which time SEK 100 million was also repaid. Accordingly, in addition to the credits reported, Addtech had an additional SEK 500 million in credit available from 1 April 2019.

INTEREST RATE RISK

The interest rate risk is regulated by ensuring that the average fixed interest term of the debt portfolio varies between 0-3 years. The debt portfolio consists of bank overdraft facilities and outstanding external loans. The interest rate at 31 March 2019 was variable, that is, 0-3 months. Addtech's main exposure to interest rate risk is in its debt portfolio. Aside from the pension liability, interest-bearing external debt totals SEK 1,996 million (1,369).

With the current net financial debt, the impact on the Group's net financial items would be SEK +/- 15 million if interest rates were to fluctuate by 1 percentage point.

ISSUER/BORROWER RISK AND CREDIT RISK

Issuer/borrower risk and credit risk are defined as the risk of Addtech's counterparties failing to fulfil their contractual obligations. Addtech is exposed to credit risk in its financial transactions, that is, in investing its surplus liquidity and executing forward foreign exchange transactions, and in its commercial operations in connection with accounts receivable and advance payments to suppliers. Maximum credit risk exposure from financial assets is consistent with the carrying amount of those assets.

Addtech's financial function at the Parent Company is responsible for assessing and managing issuer/borrower risk. The financial policy prescribes that surplus liquidity only be invested with counterparties that have a very high credit rating. As in prior years, in 2018/2019 no surplus funds were invested with any counterparties other than Swedish banks, aside from the Group's normal bank contacts.

To utilise its subsidiaries' detailed knowledge of Addtech's customers and suppliers, Addtech has each company assess the credit risk in its commercial transactions. New customers are assessed before credit is granted, and credit limits set are strictly enforced. Short credit periods are the goal, and avoiding excessive concentration of business with individual customers and with specific sectors helps minimise risks. No individual customer accounts for more than 3 percent (4) of total credit exposure during a one-year period. The equivalent figure for the ten largest customers is about 12 percent (13). Exposure per customer segment and geographic market is presented in Note 5.

Bad debt losses totalled SEK 7 million (6) during the year, equal to 0 percent (0) of net sales.

Accounts receivable, SEK million	31 Mar 2019	31 Mar 2018
Carrying amount	1,887	1,360
Impairment	9	10
COST	**1,896**	**1,370**

Change in impaired accounts receivable	2018/2019	2017/2018
Amount at beginning of year	-10	-9
Corporate acquisitions	-1	0
Year's impairment losses/reversals	1	-1
Settled impairment	1	1
Translation effect	0	-1
TOTAL	**-9**	**-10**

Time analysis of accounts receivable that are overdue but not impaired	31 Mar 2019	31 Mar 2018
<=30 days	233	145
31–60 days	26	29
>60 days	22	27
TOTAL	**281**	**201**

NOTE 4

Revenue from contracts with customers

Disaggregation of revenue from contracts with customers

Geographical locations of subsidiaries	2018/2019					
SEK million	Components	Energy	Industrial Process	Power Solutions	Group items	Addtech Group
Sweden	1,513	772	720	1,052	-5	4,052
Denmark	1,020	491	522	75	-8	2,100
Finland	730	169	325	103	-	1,327
Norway	428	639	373	101	-1	1,540
Europe	206	286	259	181	-	932
Other countries	7	-	106	85	-1	197
Total revenue from contracts with customers	**3,904**	**2,357**	**2,305**	**1,597**	**-15**	**10,148**

Geographical locations of customers	2018/2019					
SEK million	Components	Energy	Industrial Process	Power Solutions	Group items	Addtech Group
Sweden	1,200	686	710	494	-5	3,085
Denmark	723	320	373	114	-2	1,528
Finland	652	172	204	195	-2	1,221
Norway	477	640	359	110	-2	1,584
Other countries	852	539	659	684	-4	2,730
Total revenue from contracts with customers	**3,904**	**2,357**	**2,305**	**1,597**	**-15**	**10,148**

Customer segments	2018/2019					
SEK million	Components	Energy	Industrial Process	Power Solutions	Group items	Addtech Group
Vehicles	469	0	185	511	53	1,218
Mechanical industry	937	165	507	79	-64	1,624
Data and telecommunications	195	71	0	128	12	406
Medical technology	273	23	92	112	8	508
Electronics	586	165	23	223	17	1,014
Energy	430	1,061	208	192	-64	1,827
Forestry and process	273	94	576	0	-30	913
Building and installation	156	589	138	176	57	1,116
Transport	117	71	415	96	11	710
Other	468	118	161	80	-15	812
Total revenue from contracts with customers	**3,904**	**2,357**	**2,305**	**1,597**	**-15**	**10,148**

Performance commitments

The Group's sales, of both goods sales and services, are invoiced, normally with payment terms of 30-90 days.The Group's performance commitments are included in agreements with an original expected term of no more than one year. For further information on the Group's performance commitments, see Note 1 on the consolidated accounts, Accounting and valuation principles.

NOTE 5

Segment reporting

The division into business areas reflects Addtech's internal organisation and reporting system. Addtech reports its business areas as operating segments. Until 31 March 2019, Addtech was organised into four business areas: Components, Energy, Industrial Process and Power Solutions. From the beginning of the new financial year, the Group has implemented a reorganisation, establishing a fifth business area. The new business area, Automation, has been created by splitting the Components business area.

This organisational change is intended increase the potential for growth and efficiency among the companies, by allowing them to more readily benefit from one another's networks and experience. The split into Components and Automation, allows Addtech to benefit more efficiently from continued industrial development and to create further opportunities for value-generating acquisitions, strengthening Addtech's market positions in selected market segments. The reorganisation also opens up career paths for additional key individuals within Addtech.

Automation

Automation markets and sells intelligent solutions, subsystems and components to, for example, industrial automation and infrastructure, including solutions for robotics, control systems, sensors, industrial networks and communication networks.

Components

Components markets and sells components and sub-systems within mechanics, electromechanics, hydraulics and electronics. Customers mainly operate within the Nordic manufacturing industry.

Energy

Energy markets and sells products for the transmission and distribution of electricity, as well as products in the areas of electrical safety, electrical installation and connection technology. Its customers mainly operate in the energy and electrical installation market via specifiers and electricity wholesalers.

Industrial process

Industrial Process markets and sells solutions, sub-systems and components, often under proprietary brands, helping optimise industrial processes and flows. Customers operate mainly in the northern European manufacturing and processing industries.

Power solutions

Power Solutions develops, markets and sells components and systems solutions that safeguard power supply, as well as steering and controlling movements or energy flows. Customers operate mainly within special vehicles, energy, electronics and telecom. The business area has strong proprietary brands and niche production.

According to new organisation as of 1 April 2019

Net sales SEK million	2018/2019	2017/2018
Automation	1,946	1,467
Components	1,960	1,535
Energy	2,357	1,846
Industrial Process	2,305	1,677
Power Solutions	1,597	1,510
Group items	-17	-13
Addtech Group	**10,148**	**8,022**

Operating profit SEK million	2018/2019	2017/2018
Automation	146	111
Components	191	121
Energy	196	174
Industrial Process	198	127
Power Solutions	194	170
Group items	-15	-2
Operating profit	**910**	**701**
Financial income and expenses	-45	-36
Profit after financial items	**865**	**665**

Organisation until 31 March 2019

Data by operating segment	2018/2019			2017/2018		
Net sales	External	Internal	Total	External	Internal	Total
Components	3,899	5	3,904	2,997	4	3,001
Energy	2,356	1	2,357	1,845	1	1,846
Industrial Process	2,298	7	2,305	1,671	6	1,677
Power Solutions	1,595	2	1,597	1,509	1	1,510
Parent Company and Group items	-	-15	-15	–	-12	-12
TOTAL	**10,148**	**0**	**10,148**	**8,022**	**0**	**8,022**

NOTE 5 CONT.

Operating profit, assets and liabilities	2018/2019 Operating profit	2018/2019 Assets[1]	2018/2019 Liabilities[1]	2017/2018 Operating profit	2017/2018 Assets[1]	2017/2018 Liabilities[1]
Components	337	2,536	613	232	2,008	461
Energy	196	1,550	405	174	1,213	296
Industrial Process	198	1,372	504	127	914	309
Power Solutions	194	1,083	245	170	1,007	215
Parent Company and Group items	-15	504	2,758	-2	377	2,107
Operating profit, assets and liabilities	**910**	**7,045**	**4,525**	**701**	**5,519**	**3,388**
Financial income and expenses	-45			-36		
Profit after financial items	**865**			**665**		

[1] Excluding transactions on Group accounts and financial transactions with Group companies.

Investments in non-current assets	2018/2019 Intangible assets[1]	2018/2019 Property, plant and equipment[1]	2018/2019 Total	2017/2018 Intangible assets[1]	2017/2018 Property, plant and equipment[1]	2017/2018 Total
Components	1	20	21	3	14	17
Energy	0	12	12	1	11	12
Industrial Process	2	25	27	1	9	10
Power Solutions	1	12	13	0	13	13
Parent Company and Group items	2	1	3	0	1	1
TOTAL	**6**	**70**	**76**	**5**	**48**	**53**

[1] Amounts do not include effects of corporate acquisitions

Depreciation, property, plant and equipment	2018/2019 Intangible assets	2018/2019 Property, plant and equipment	2018/2019 Total	2017/2018 Intangible assets	2017/2018 Property, plant and equipment	2017/2018 Total
Components	-74	-13	-87	-52	-11	-63
Energy	-49	-12	-61	-42	-10	-52
Industrial Process	-20	-15	-35	-15	-12	-27
Power Solutions	-30	-11	-41	-27	-8	-35
Parent Company and Group items	0	-2	-2	-1	-2	-3
TOTAL	**-173**	**-53**	**-226**	**-137**	**-43**	**-180**

Significant profit or loss items, other than depreciation or amortisation, not matched by payments in 2018/2019	Net gains	Change in pension liability	Other items	Total
Components	0	2	12	14
Energy	-1	2	-8	-7
Industrial Process	0	-	10	10
Power Solutions	0	1	-2	-1
Parent Company and Group items	0	-3	-4	-7
TOTAL	**-1**	**2**	**8**	**9**

Data by country	2018/2019 Net sales external	2018/2019 Assets[1]	2018/2019 Of which, non-current assets	2017/2018 Net sales external	2017/2018 Assets[1]	2017/2018 Of which, non-current assets
Sweden	3,085	2,630	1,260	2,694	2,170	1,071
Denmark	1,528	1,358	620	1,247	964	446
Finland	1,221	864	369	985	623	252
Norway	1,584	1,035	521	1,137	908	511
Other countries	2,730	942	453	1,959	744	392
Parent Company, Group items and unallocated assets	–	216	0	–	110	-2
TOTAL	**10,148**	**7,045**	**3,223**	**8,022**	**5,519**	**2,670**

[1] Excluding transactions on Group accounts and financial assets. External net sales are based on the customers' location, and the carrying amounts of assets are based on where the assets are located.

Investments in non-current assets	2018/2019 Intangible assets	Property, plant and equipment	Total	2017/2018 Intangible assets	Property, plant and equipment	Total
Sweden	3	27	30	2	26	28
Denmark	0	3	3	1	3	4
Finland	2	22	24	2	5	7
Norway	0	6	6	0	4	4
Other countries	1	12	13	0	10	10
Total	**6**	**70**	**76**	**5**	**48**	**53**

The Group has no single customer from whom income accounts for 10 percent of total revenue, for which reason there is no related reporting.

Note 6

Employees and personnel expenses

Average number of employees	2018/2019 Men	Women	Total	2017/2018 Men	Women	Total
Sweden						
Parent Company	5	6	11	6	4	10
Other companies	660	220	880	628	191	819
Denmark	243	112	355	210	94	304
Finland	273	76	349	195	68	263
Norway	249	84	333	229	79	308
Other countries	490	172	662	425	154	579
Total	**1,920**	**670**	**2,590**	**1,693**	**590**	**2,283**

Salaries and remunerations	2018/2019 Senior executives	of which bonuses	Other employees	2017/2018 Senior executives	of which bonuses	Other employees
Sweden						
Parent Company	27	6	6	28	6	3
Other companies	53	8	444	48	7	383
Denmark	34	4	247	28	3	201
Finland	23	3	167	21	3	120
Norway	25	3	224	24	3	182
Other countries	30	2	166	17	2	111
Total	**192**	**26**	**1,254**	**166**	**24**	**1,000**

Senior executives are defined as Group Management and the Managing Directors and Deputy Managing Directors of the Group's subsidiaries.

Salaries, remunerations and social security expenses	Group 31 Mar 2019	Group 31 Mar 2018	Parent Company 31 Mar 2019	Parent Company 31 Mar 2018
Salaries and other remunerations	1,446	1,166	33	30
Contract-based pensions for senior executives	24	20	4	4
Contract-based pensions for others	116	93	3	1
Other social security expenses	254	217	12	10
Total	**1,840**	**1,496**	**52**	**45**

At the end of the year, outstanding pension obligations to the Group's senior executives amounted to SEK 9 million (8) for the Group and SEK 0 million (0) for the Parent Company. Different accounting principles are applied regarding pension expenses in the Parent Company and in the Group (see Note 1 Accounting principles).

Proportion of women	Group 31 Mar 2019	Group 31 Mar 2018	Parent Company 31 Mar 2019	Parent Company 31 Mar 2018
Board of Directors (excl. alternates)	5%	4%	29%	29%
Other senior executives	16%	14%	20%	17%

NOTE 6 CONT.

PROCESS FOR EVALUATING AND DETERMINING REMUNERATIONS TO THE BOARD OF DIRECTORS, THE CEO AND GROUP MANAGEMENT

The guidelines applied to the remuneration of senior executives in the 2018/2019 financial year correspond to those in the proposal for the upcoming year, which is included in the Administration Report. The principle for remuneration to the Board of Directors, Chief Executive Officer (CEO) and Group management is that remuneration should be competitive. The Nomination Committee proposes Board fees to the Annual General Meeting. Fees are paid to the Board of Directors in accordance with a resolution by the Annual General Meeting.

For remuneration to the CEO, members of Group Management and other senior executives in the Group, the Board of Directors has appointed a Remuneration Committee consisting of the Chairman of the Board and the Deputy Chairman of the Board, with the CEO attending in a reporting capacity. The CEO, members of Group Management and other senior executives are paid a fixed salary, variable remuneration and conventional employment benefits. Pension benefits and incentive programmes also apply as detailed below. The Remuneration Committee follows the guidelines on remunerations for senior executives approved by the Annual General Meeting of Addtech AB.

CALL OPTIONS FOR SENIOR EXECUTIVES

Background and motivation for long-term incentive programmes

The purpose of long-term incentive schemes is to enable Group executives, through an investment of their own, to participate in and work for a favourable trend in the value of the Company's shares.

The schemes are also expected to generate improved conditions for recruiting and retaining skilled personnel for the Addtech Group, to provide competitive compensation and to unite the interests of the shareholders with those of the executives. The schemes are intended to contribute to executives increasing their shareholding in Addtech over the long term. The executives encompassed by the schemes are those who, in an otherwise heavily decentralised organisation, are able to impact profit positively by means of partnerships between Group subsidiaries. The share-related incentive schemes approved by the Annual General Meeting do not entail a net charge against Company equity.

Similar call option schemes for senior executives and a select number of management members in the Addtech Group were adopted by the 2009-2018 Annual General Meetings. With the exception of the CEO, Board members have not been entitled to acquire call options. The schemes involve call options for shares repurchased by Addtech, with each call option entitling the holder to acquire one repurchased Class B share. As financial instruments, the call options are freely transferable. To encourage participation in the scheme, a subsidy is paid corresponding to the premium paid for each call option. This subsidy will be paid out two years after the Annual General Meeting, providing that the option holder's employment with the Group has not been terminated and that the call options have not been sold before this time. The expenses for the scheme consist of the subsidy plus social security expenses. The subsidy corresponds to the option premium that the Company receives on the transfer of the call options and, accordingly, the scheme entails no net charge on the Company's equity.

In the event that the option holder does not wish to exercise all of the call options acquired, the Company is entitled to repurchase call options from the holder. Options are to be acquired at a price corresponding at most to their market value at any given time. Call options may not, however, be repurchased during any period in which trade in the Company's shares is forbidden.

At the end of the financial year, Addtech had four call option programmes outstanding, involving a total 1,144,893 Class B shares.

2018/2022 scheme

The allotment for 2018 approved by the 2018 Annual General Meeting included 24 executives and a total of 300,000 call options, corresponding to 0.4 percent of the total number of shares and approximately 0.3 percent of the total number of votes in the Company. The allotment varied between 12,500 and 27,500 options per person. The Chief Executive Officer acquired 27,500 and other members of Group Management 87,500.

Each option entitles the holder to acquire one repurchased Class B share between 6 September 2021 and 3 June 2022. The purchase price for shares when exercising options will correspond to 120 percent of the volume-weighted average price paid for the Company's Class B shares on NASDAQ Stockholm between 31 August 2018 and 13 September 2018. In the event that, on invoking call options, the market price for Class B shares in the Company exceeds 200 percent of the average price during the period 31 August 2018 to 13 September 2018, the exercise price shall be raised by the amount exceeding 200 percent in SEK 1 increments. The premium for the call options will correspond to the market value of the call options in accordance with an external independent valuation applying the Black & Scholes model. The measurement period for calculating the option premium will be based on the volume-weighted average price paid for the Company's Class B shares on NASDAQ Stockholm between 7 September 2018 and 13 September 2018.

The exercise price for the call options was set at SEK 232.90. The market value of the call options was set at SEK 13.30. The expenses for the scheme consist of the subsidy paid in September 2020, as detailed above, and the social security fees payable on that subsidy. The total cost of the subsidy, including social security fees, is estimated at approximately SEK 4.3 million after corporation tax. The subsidy corresponds to the option premium that the Company receives on the transfer of the call options. The personnel expense accrues over the vesting period.

2017/2021 scheme

The allotment for 2017 approved by the 2017 Annual General Meeting included 24 executives and a total of 300,000 call options, corresponding to 0.4 percent of the total number of shares and approximately 0.3 percent of the total number of votes in the Company. The allotment varied between 7,000 and 25,500 options per person. The Chief Executive Officer acquired 25,500 and other members of Group Management 115,000.

Each option entitles the holder to acquire one repurchased Class B share between 14 September 2020 and 4 June 2021. The purchase price for shares when exercising options will correspond to 120 percent of the volume-weighted average price paid for the Company's Class B shares on NASDAQ Stockholm between 1 September 2017 and 14 September 2017. In the event that, on invoking call options, the market price for Class B shares in the Company exceeds 200 percent of the average price during the period 1 September 2017 to 14 September 2017, the exercise price shall be raised by the amount exceeding 200 percent in SEK 1 increments. The premium for the call options will correspond to the market value of the call options in accordance with an external independent valuation applying the Black & Scholes model. The measurement period for calculating the option premium will be based on the volume-weighted average price paid for the Company's Class B shares on NASDAQ Stockholm between 8 September 2017 and 14 September 2017.

The exercise price for the call options was set at SEK 178.50. The market value of the call options was set at SEK 10.80. The expenses for the scheme consist of the subsidy paid in September 2019, as detailed above, and the social security fees payable on that subsidy. The total cost of the subsidy, including social security fees, is estimated at approximately SEK 3.5 million after corporation tax. The subsidy corresponds to the option premium that the Company receives on the transfer of the call options. The personnel expense accrues over the vesting period.

2016/2020 scheme

The allotment for 2016 approved by the 2016 Annual General Meeting included 20 executives and a total of 300,000 call options, corresponding to 0.4 percent of the total number of shares and approximately 0.3 percent of the total number of votes in the Company. The allotment varied between 7,500 and 37,500 options per person. The Chief Executive Officer acquired 31,500 and other members of Group Management 135,000.

Each option entitles the holder to acquire one repurchased Class B share between 16 September 2019 and 5 June 2020. The purchase price for shares when exercising options will correspond to 120 percent of the volume-weighted average price paid for the Company's Class B shares on NASDAQ Stockholm between 1 September 2016 and 14 September 2016. The premium for the call options will correspond to the market value of the call options in accordance with an external independent valuation applying the Black & Scholes model. The measurement period for calculating the option premium will be based on the volume-weighted average price paid for the Company's Class B shares on NASDAQ Stockholm between 8 September 2016 and 14 September 2016.

The exercise price for the call options was set at SEK 159.00. The market value of the call options was set at SEK 11.80. The expenses for the scheme consist of the subsidy paid in September 2018, as detailed above, and the social security fees payable on that subsidy. The total cost of the subsidy, including social security fees, is estimated at approximately SEK 3.6 million after corporation tax. The subsidy corresponds to the option premium that the Company receives on the transfer of the call options. The personnel expense accrues over the vesting period.

2015/2019 scheme

The allotment for 2015 approved by the 2015 Annual General Meeting included 24 executives and a total of 350,000 call options, corresponding to 0.5 percent of the total number of shares and approximately 0.4 percent of the total number of votes in the Company. The allotment varied between 4,000 and 30,000 options per person. The Chief Executive Officer acquired 30,000 and other members of Group Management 150,000.

Each option entitles the holder to acquire one repurchased Class B share between 17 September 2018 and 3 June 2019. The purchase price for shares when exercising options will correspond to 120 percent of the volume-weighted average price paid for the Company's Class B shares on NASDAQ Stockholm between 31 August 2015 and 11 September 2015. The premium for the call options will correspond to the market value of the call options in accordance with an external independent valuation applying the Black & Scholes model. The measurement period for calculating the option premium will be based on the volume-weighted average price paid for the Company's Class B shares on NASDAQ Stockholm between 7 September 2015 and 11 September 2015.

The exercise price for the call options was initially set at SEK 154.50. The market value of the call options was set at SEK 10.20. Under the terms approved by the Annual General Meeting, the programme was recalculated following the Group's distribution of AddLife. Following the recalculation, the exercise price for the call options is SEK 125.10, with each option entitling the holder to 1.23 shares.

The expenses for the scheme consist of the subsidy paid in September 2017, including social security fees amounting to approximately SEK 3.5 million after corporation tax. The subsidy corresponds to the option premium that the Company receives on the transfer of the call options. The personnel expense accrues over the vesting period.

Between 17 September 2018 and 31 March 2019, 51,500 options were repurchased under current market conditions, based on an independent external valuation applying the Black & Scholes model. During the corresponding period 99,400 options were redeemed, corresponding to 122,262 shares.

BOARD OF DIRECTORS

In accordance with the resolution of the Annual General Meeting, the total Board fees of SEK 2,275 thousand (2,025) approved by the Annual General Meeting are distributed between the Board members not employed by the Parent Company.

MANAGING DIRECTOR OF THE PARENT COMPANY

During the period 1 April 2018 to 31 August 2018, the former Managing Director of the Parent Company, Johan Sjö, received fixed salary of SEK 2,263 thousand and variable salary of SEK 906 thousand. Variable remuneration included SEK 135 thousand regarding the subsidy expense for the year for participation in the Group's incentive programmes. He also received taxable benefits amounting to SEK 44 thousand. Pension premiums of SEK 715 thousand were paid.

During the period 1 September 2018 to 31 March 2019, the Managing Director of the Parent Company, Niklas Stenberg, received fixed salary of SEK 2,450 thousand and variable salary of SEK 906 thousand. Variable remuneration included SEK 171 thousand regarding the subsidy expense for the year for participation in the Group's incentive programmes. He also received taxable benefits amounting to SEK 2 thousand. Pension premiums of SEK 757 thousand were paid.

From the age of 65, the Managing Director is covered by a defined contribution pension plan, the scale of which depends on the outcome of pension insurance agreements. The size of the pension premiums is determined annually by the Remuneration Committee. Variable salary paid based on the Group's earnings may not exceed 30 percent of fixed salary and is not pensionable. An additional premium may be payable corresponding to 20 percent of paid variable remuneration used to acquire shares in Addtech AB. On termination by the Company, the period of notice is of 12 months and, on resignation by the Managing Director, the period of notice is six months. Beyond salary paid during the period of notice, on termination by the Company, the Managing Director is entitled to severance pay equivalent to one year's salary. In the event that the Managing Director resigns, he does not receive any severance pay.

OTHER MEMBERS OF GROUP MANAGEMENT

For other members of Group Management, fixed salary of SEK 13,850 thousand (12,875) was paid and variable salary of SEK 4,048 thousand (4,486). Variable remuneration included SEK 988 thousand (1,135) regarding the subsidy expense for the year for participation in the Group's incentive programmes. The variable remuneration was expensed in the 2018/2019 financial year and disbursed in 2019/2020. These individuals also received taxable benefits
amounting to SEK 307 thousand (439). From the age of 65, members of Group management are covered by pension entitlements in accordance with individual agreements. Certain pension solutions are defined premium plans, with the size of the pension depending on the outcome of pension insurance agreements, while others are defined benefit plans.

In terms of the expense, both the defined benefit pension plans and the defined premium plans are basically equivalent to the ITP plan. During 2018/2019, a total of SEK 2,854 thousand (2,883) in pension premiums was paid for the group "Other members of Group management".

Variable salary paid based on the Group's earnings may not exceed 30 percent of fixed salary. An additional premium may be payable corresponding to 20 percent of paid variable remuneration used to acquire shares in Addtech AB.

On termination by the Company, the maximum period of notice is of 12 months and, on resignation by the employee, the period of notice is six months. Severance pay is payable equivalent to no more than one year's salary. In the event that the employee resigns, he/she does not receive any severance pay.

NOTE 6 CONT.

Remuneration and other benefits 2018/2019	Basic salary/ Board fees	Variable remuneration [1]	Other benefits	Pension expenses	Total
Chairman of the Board	0.7	–	–	–	0.7
Other Board members	1.6	–	–	–	1.6
Managing Director	4.7	1.8	0.2	1.5	8.2
Other senior executives[2]	13.9	4.0	0.5	2.9	21.3
Total	**20.9**	**5.8**	**0.7**	**4.4**	**31.8**

[1] Including remuneration to senior executives participating in incentive programmes.
[2] At the end of the financial year, there were four other senior executives, one woman and three men.

Remuneration and other benefits 2017/2018	Basic salary/ Board fees	Variable remuneration [1]	Other benefits	Pension expenses	Total
Chairman of the Board	0.6	–	–	–	0.6
Other Board members	1.4	–	–	–	1.4
Managing Director	5.2	2.1	0.2	1.7	9.2
Other senior executives [2]	12.9	4.5	0.6	2.9	20.9
Total	**20.1**	**6.6**	**0.8**	**4.6**	**32.1**

[1] Including remuneration to senior executives participating in incentive programmes.
[2] During the year, there were five other senior executives, one woman and four men. The amounts include remunerations in accordance with severance agreements.

Board fees, SEK thousands		2018/2019	2017/2018
Name	**Position**	**Fee**	**Fee**
Anders Börjesson[1]	Chairman of the Board, Chairman of the Remuneration Committee	650	600
Eva Elmstedt[1]	Board member, member of the Remuneration Committee	325	325
Kenth Eriksson	Board member	325	275
Henrik Hedelius	Board member	325	275
Ulf Mattsson	Board member	325	275
Malin Nordesjö	Board member	325	275
Johan Sjö[2]	Board member	–	–
Total		**2,275**	**2,025**

[1] During the 2018/2019 financial year, a fee of SEK 50 thousand was paid to each member of the Remuneration Committee.

[2] During the period 1 September 2018 to 31 March 2019, Johan Sjö was employed by the Company as senior advisor.Remuneration of SEK 3,833 thousand was paid, as well as pension premiums of SEK 1,085 thousand.

Note 7

Remuneration to Auditors

	Group		Parent Company	
	2018/2019	2017/2018	2018/2019	2017/2018
KPMG				
Audit assignment	8	7	1	1
Tax consultation	0	0	0	0
Other assignments	1	2	0	0
Total remuneration to KPMG	**9**	**9**	**1**	**1**
Other auditors				
Audit assignment	1	1	–	–
Tax consultation	0	0	–	–
Other assignments	0	0	–	–
Total remuneration to other auditors	**1**	**1**	**–**	**–**
TOTAL REMUNERATION TO AUDITORS	**10**	**10**	**1**	**1**

Note 8

Depreciation/amortisation

Depreciation and amortisation, by function	Group		Parent Company	
	2018/2019	2017/2018	2018/2019	2017/2018
Cost of sales	-27	-22	-	-
Selling expenses	-188	-148	-	-
Administrative expenses	-11	-10	-1	-1
Other operating expenses	0	-	-	-
Total	**-226**	**-180**	**-1**	**-1**

Depreciation and amortisation, by type of asset	Group		Parent Company	
	2018/2019	2017/2018	2018/2019	2017/2018
Intangible assets	-173	-137	-	-
Buildings and land	-6	-4	-	-
Leasehold improvements	-3	-2	-1	-1
Machinery	-17	-15	-	-
Equipment	-27	-22	0	0
Total	**-226**	**-180**	**-1**	**-1**

Note 9

Other operating income and expenses

Group	2018/2019	2017/2018
Other operating income		
Rental revenue	3	2
Gain on sale of operations and non-current assets	7	32
Change in value of derivatives	0	0
Exchange rate changes, net	-	-
Revaluations of contingent purchase considerations	20	16
Other	17	9
TOTAL	**47**	**59**
Other operating expenses		
Property expenses	0	-2
Loss on sale of operations and non-current assets	0	-1
Exchange losses, net	0	-13
Revaluations of contingent purchase considerations	-12	-7
Other	-9	-19
Total	**-21**	**-42**

Note 10

Operating expenses

Group	2018/2019	2017/2018
Inventories, raw materials and consumables	6,320	4,921
Personnel expenses	1,909	1,548
Depreciation/amortisation	226	180
Impairment of inventories	13	9
Impairment of doubtful accounts receivable	7	6
Other operating expenses	813	718
Total	**9,288**	**7,382**

Note 11

Financial income and expenses

Group	2018/2019	2017/2018
Interest income on bank balances	3	3
Dividends	0	0
Exchange rate changes, net	0	0
Other financial income	2	1
Financial income	**5**	**4**
Interest expense on financial liabilities measured at amortised cost	-14	-8
Interest expense on financial liabilities measured at fair value	-11	-8
Interest expense on pension liability	-6	-6
Changes in value from revaluation of financial assets/liabilities, net	-9	-9
Other financial expenses	-10	-9
Financial expenses	**-50**	**-40**
Net financial items	**-45**	**-36**

Parent Company	2018/2019	2017/2018
Interest income:		
Group companies	22	17
Profit from non–current financial assets	**22**	**17**
Interest income, etc.:		
Group companies	1	1
Other interest income, change in value of derivatives and exchange rate differences	2	0
Interest income and similar items	**3**	**1**
Interest expenses, etc.:		
Group companies	-1	0
Other interest expense, change in value of derivatives, exchange rate differences and banking fees	-18	-16
Interest expense and similar items	**-19**	**-16**
Financial income and expenses	**6**	**2**

Note 12

Appropriations – Parent Company

	2018/2019	2017/2018
Group contributions received	425	382
Group contributions paid	-131	-124
Reversal of tax allocation reserve	67	61
Provision made to tax allocation reserve	-84	-75
Excess amortisation/depreciation	1	0
Total	**278**	**244**

Had the Parent Company reported deferred tax on year-end appropriations as per the policies applied in the consolidated financial statements, the deferred tax expense would have totalled SEK 61 million (54).

Note 13

Taxes

	Group		Parent Company	
	2018/2019	2017/2018	2018/2019	2017/2018
Current tax for the period	-235.1	-176.5	-58.2	-52.5
Adjustment from previous years	-0.8	0.3	-	0.5
Total current tax expense	**-235.9**	**-176.2**	**-58.2**	**-52.0**
Deferred tax	43.0	37.3	-0.4	0.6
Total recognised tax expense	**-192.9**	**-138.9**	**-58.6**	**-51.4**

Group	2018/2019	%	2017/2018	%
Profit before tax	865.2		665.1	
Weighted average tax based on national tax rates	-192.6	22.3	-144.0	21.7
Tax effect of				
Non-deductible expenses	-6.1	0.7	-5.3	0.8
Non-taxable income	3.1	-0.4	8.6	-1.3
Changed tax rate	6.7	-0.8	4.2	-0.6
Transaction expenses, revaluations of contingent considerations for acquisitions	-3.1	0.4	-1.2	0.2
Other	-0.9	0.1	-1.2	0.1
Recognised tax expense	**-192.9**	**22.3**	**-138.9**	**20.9**

Parent Company	2018/2019	%	2017/2018	%
Profit before tax	262.1		232.7	
Tax based on current tax rate for Parent Company	-57.7	22.0	-51.2	22.0
Tax effect of				
Standard interest on tax allocation reserves	-0.3	0.1	-0.3	0.1
Non-deductible expenses	-0.7	0.3	-0.4	0.2
Other	0.1	0.0	0.5	-0.2
Recognised tax expense	**-58.6**	**22.4**	**-51.4**	**22.1**

DEFERRED TAX, NET, AT END OF YEAR

	31 Mar 2019			31 Mar 2018		
Group	**Receivables**	**Liabilities**	**Net**	**Receivables**	**Liabilities**	**Net**
Non-current assets	2	-259	-257	3	-233	-230
Untaxed reserves	–	-120	-120	–	-115	-115
Pension provisions	24	0	24	18	0	18
Other	24	-4	20	20	0	20
Net recognised	-30	30	0	-26	26	0
Deferred tax, net, at end of year	**20**	**-353**	**-333**	**15**	**-322**	**-307**

	31 Mar 2019					
Group	**Amount at beginning of year**	**Recognised in the income statement**	**Acquisitions & divestments**	**Recognised in other comprehensive income**	**Translation effect**	**Amount at end of year**
Non-current assets	-230.1	42.5	-67.6	0.1	-2.1	-257.2
Untaxed reserves	-114.8	-0.9	-4.0	0	-	-119.7
Pension provisions	17.6	-2.0	0.5	7.6	0.0	23.7
Other	20.0	3.4	-1.7	-1.7	0.0	20.0
Deferred tax, net	**-307.3**	**43.0**	**-72.8**	**6.0**	**-2.1**	**-333.2**

	31 Mar 2018					
Group	**Amount at beginning of year**	**Recognised in the income statement**	**Acquisitions & divestments**	**Recognised in other comprehensive income**	**Translation effect**	**Amount at end of year**
Non-current assets	-184.8	31.7	-74.0	0.3	-3.3	-230.1
Untaxed reserves	-113.4	-0.4	-1.0	0	-	-114.8
Pension provisions	15.4	-0.2	1.0	1.4	0.0	17.6
Other	12.5	6.2	-0.4	0.8	0.9	20.0
Deferred tax, net	**-270.3**	**37.3**	**-74.4**	**2.5**	**-2.4**	**-307.3**

	31 Mar 2019			31 Mar 2018		
Parent Company	**Amount at beginning of year**	**Recognised in the income statement**	**Amount at end of year**	**Amount at beginning of year**	**Recognised in the income statement**	**Amount at end of year**
Financial instruments	0.5	-0.4	0.1	-0.1	0.6	0.5
Deferred tax, net	**0.5**	**-0.4**	**0.1**	**-0.1**	**0.6**	**0.5**

The Group has tax loss carryforwards of SEK 83 (81) that have not been capitalised.

Note 14

Intangible non-current assets

	2018/2019							
	Acquired intangible assets						Intangible assets developed internally	
Group	Goodwill	Supplier relationships, customer relationships and technology	Trade marks	Capitalised R&D expenses	Leases and similar rights	Software	Software	Total
Accumulated cost								
At beginning of year	1,456	1,633	22	19	0	70	4	3,204
Corporate acquisitions	305	311	–	21	–	7	–	644
Investments	–	18	–	1	–	4	–	23
Divestments and scrappings	-6	-7	–	–	–	0	–	-13
Reclassifications	–	–	–	–	–	2	–	2
Translation effect for the year	12	15	–	0	0	0	–	27
At end of year	**1,767**	**1,970**	**22**	**41**	**0**	**83**	**4**	**3,887**
Accumulated amortisation and impairment								
At beginning of year	–	-656	0	-16	0	-65	-4	-741
Corporate acquisitions	–	–	–	-14	–	-4	–	-18
Depreciation/amortisation	–	-168	–	-2	0	-3	–	-173
Divestments and scrappings	–	3	–	–	–	0	–	3
Translation effect for the year	–	-5	–	0	0	0	–	-5
At end of year	**–**	**-826**	**0**	**-32**	**0**	**-72**	**-4**	**-934**
Carrying amount at end of year	**1,767**	**1,144**	**22**	**9**	**0**	**11**	**0**	**2,953**
Carrying amount at beginning of year	**1,456**	**977**	**22**	**3**	**0**	**5**	**0**	**2,463**

	2017/2018							
	Acquired intangible assets						Intangible assets developed internally	
Group	Goodwill	Supplier relationships, customer relationships and technology	Trade marks	Capitalised R&D expenses	Leases and similar rights	Software	Software	Total
Amortised cost								
At beginning of year	1,101	1,268	22	18	0	65	4	2,478
Corporate acquisitions	315	321	–	–	–	2	–	638
Investments	–	2	–	1	–	2	–	5
Divestments and scrappings	-1	-3	–	–	–	0	–	-4
Translation effect for the year	41	45	–	0	0	1	–	87
At end of year	**1,456**	**1,633**	**22**	**19**	**0**	**70**	**4**	**3,204**
Accumulated amortisation and impairment								
At beginning of year	–	-507	0	-15	0	-60	-4	-586
Corporate acquisitions	–	–	–	–	–	-2	–	-2
Depreciation/amortisation	–	-134	–	-1	0	-2	–	-137
Divestments and scrappings	–	2	–	–	–	0	–	2
Translation effect for the year	–	-17	–	0	0	-1	–	-18
At end of year	**–**	**-656**	**0**	**-16**	**0**	**-65**	**-4**	**-741**
Carrying amount at end of year	**1,456**	**977**	**22**	**3**	**0**	**5**	**0**	**2,463**
Carrying amount at beginning of year	**1,101**	**761**	**22**	**3**	**0**	**5**	**0**	**1,892**

Parent Company	31 Mar 2019 Software	Total	31 Mar 2018 Software	Total
Accumulated cost				
At beginning of year	2.8	2.8	2.8	2.8
At end of year	**2.8**	**2.8**	**2.8**	**2.8**
Accumulated amortisation				
At beginning of year	-2.8	-2.8	-2.8	-2.8
Depreciation/amortisation	–	–	–	–
At end of year	-2.8	-2.8	-2.8	-2.8
Carrying amount at end of year	**0.0**	**0.0**	**0.0**	**0.0**
Carrying amount at beginning of year	**0.0**	**0.0**	**0.0**	**0.0**

	Group	
Goodwill by business area	31 Mar 2019	31 Mar 2018
Components	781	639
Energy	472	380
Industrial Process	235	170
Power Solutions	279	267
Total	**1,767**	**1,456**

TESTING OF GOODWILL

The Group's recognised goodwill amounts to SEK 1,767 million (1,456), allocated as above to the units where impairment testing is performed. Goodwill is not monitored internally at a level lower than the business areas, and impairment testing is therefore performed at that level. The business areas coincide with the Group's operating segments. Impairment testing took place most recently in March 2019.

The recoverable amount was based on value in use, calculated from a current estimate of cash flows over the year ahead. Forecast earnings and investments in working capital and non-current assets for the next financial year, 2019/2020, are based on previous outcomes and experiences. The forecast is produced on the basis of a relatively detailed budgeting process for the various parts of Group. The major components of the cash flow are sales, the various operating costs and investments in working capital and non-current assets.

The sales forecast is based on judgements taking into account factors such as order bookings, the general economy and the market situation. The forecast for operating costs is based on current pay agreements and previous years' levels of gross margins and overheads, adapted to expectations for the year ahead taking into account factors as referred to for the sales forecast. Anticipated investments in working capital and non-current assets are linked to the growth in sales.

Since the operations are deemed to be in a phase that is representative of the long-term perspective, the cash flow from the first forecast year is extrapolated by a long-term growth rate of 2 percent (2) per year for all business areas. Cash flows were discounted applying a weighted cost of capital corresponding to roughly 10 percent (10) before tax. The key assumptions that have the greatest effect on the recoverable amount are gross margin, discount rate and long-term growth rate, where gross margin is most important. Neither a 1-percent increase in the discount rate, a 1-percentage point decrease in long-term growth, nor a 1-percent decrease in the margin shows a need for impairment. These calculations show that value in use significantly exceeds the carrying amount. Consequently, impairment testing indicated no impairment. The margin for impairment is considerable for all business areas and it is not judged that any possible changes in important assumptions that may reasonably expected to lead to impairment.

OTHER IMPAIRMENT TESTING

Each year, trademarks are tested for impairment, applying the same policies as for goodwill. No events or changes in circumstances were identified that would motivate impairment testing for other intangible non- current assets that are amortised.

Note 15

Property, plant and equipment

Group	31 Mar 2019					
	Buildings and land	Leasehold improvements	Machinery	Equipment	Construction in progress	Total
Accumulated cost						
At beginning of year	143	32	283	332	2	792
Corporate acquisitions	23	4	29	27	4	87
Investments	12	2	18	33	5	70
Divestments and scrappings	–	-2	-1	-16	0	-19
Reclassifications	3	–	1	-1	-5	-2
Translation effect for the year	0	1	2	3	1	7
At end of year	**181**	**37**	**332**	**378**	**7**	**935**
Accumulated amortisation and impairment						
At beginning of year	-75	-24	-216	-269	-1	-585
Corporate acquisitions	-4	-1	-14	-20	–	-39
Depreciation/amortisation	-6	-3	-17	-27	–	-53
Divestments and scrappings	–	2	2	12	–	16
Reclassifications	–	–	–	–	–	–
Translation effect for the year	0	0	-2	-2	0	-4
At end of year	**-85**	**-26**	**-247**	**-306**	**-1**	**-665**
Carrying amount at end of year	**96**	**11**	**85**	**72**	**6**	**270**
Carrying amount at beginning of year	**68**	**8**	**67**	**63**	**1**	**207**

Group	31 Mar 2018					
	Buildings and land	Leasehold improvements	Machinery	Equipment	Construction in progress	Total
Accumulated cost						
At beginning of year	128	30	250	278	3	689
Corporate acquisitions	7	–	1	32	–	40
Investments	1	0	22	24	1	48
Divestments and scrappings	–	0	-4	-11	0	-15
Reclassifications	1	0	3	1	-2	3
Translation effect for the year	6	2	11	8	0	27
At end of year	**143**	**32**	**283**	**332**	**2**	**792**
Accumulated amortisation and impairment						
At beginning of year	-61	-21	-194	-222	-1	-499
Corporate acquisitions	-5	–	-1	-25	–	-31
Depreciation/amortisation	-4	-2	-15	-22	0	-43
Divestments and scrappings	–	0	3	9	–	12
Reclassifications	-1	0	-1	-1	–	-3
Translation effect for the year	-4	-1	-8	-8	0	-21
At end of year	**-75**	**-24**	**-216**	**-269**	**-1**	**-585**
Carrying amount at end of year	**68**	**8**	**67**	**63**	**1**	**207**
Carrying amount at beginning of year	**67**	**9**	**56**	**56**	**2**	**190**

Parent Company	31 Mar 2019 Leasehold improvements	31 Mar 2019 Equipment	31 Mar 2019 Total	31 Mar 2018 Leasehold improvements	31 Mar 2018 Equipment	31 Mar 2018 Total
Accumulated cost						
At beginning of year	4	3	7	4	3	7
Investments	–	–	–	–	0	–
Divestments and scrappings	–	–	–	–	–	–
At end of year	**4**	**3**	**7**	**4**	**3**	**7**
Accumulated depreciation according to plan						
At beginning of year	-3	-2	-5	-2	-2	-4
Depreciation/amortisation	-1	0	-1	-1	0	-1
Divestments and scrappings	–	–	–	–	–	–
At end of year	**-4**	**-2**	**-6**	**-3**	**-2**	**-5**
Carrying amount at end of year	**0**	**1**	**1**	**1**	**1**	**2**
Carrying amount at beginning of year	**1**	**1**	**2**	**2**	**1**	**3**

Note 16

Leases

Operating leases Addtech as lessee	Group 2018/2019	Group 2017/2018	Parent Company 2018/2019	Parent Company 2017/2018
Lease fees				
Lease fees paid during the financial year	169	121	5	5
of which, variable fees	2	1	–	–
Future minimum lease fees under non-cancellable contracts fall due as follows:				
Within one year	148	88	5	5
Later than one year and within five years	369	197	3	9
Five years or later	102	25	–	–
Total future minimum lease fees	**619**	**310**	**8**	**14**

Significant operating leases primarily constitute rental contracts for premises in which the Group conducts its operations.

ADDTECH AS LESSOR

The Group currently has no significant operating lease income.

FINANCE LEASES

The Group currently has no significant finance leases.

Note 17

Financial assets and liabilities

Receivables from Group companies	Parent Company 31 Mar 2019	Parent Company 31 Mar 2018
At beginning of year	1,692	1,478
Increase during the year	584	291
Decrease during the year	-292	-77
Carrying amount at end of year	**1,984**	**1,692**

Specification of participations in Group companies	Country	Number of shares	Quotient value	Holding, %	Carrying amount 31 Mar 2019	Carrying amount 31 Mar 2018
	Parent Company					
Addtech Nordic AB, 556236-3076, Stockholm	Sweden	1,750	100	100	1,004	1,004
Total					**1,004**	**1,004**

A complete statutory specification is included as an annex to the annual accounts submitted to the Swedish Companies Registration Office. The specification can be obtained from Addtech AB.

Participations in Group companies	Parent Company 31 Mar 2019	Parent Company 31 Mar 2018
Accumulated cost		
At beginning of year	1,119	1,119
At end of year	**1,119**	**1,119**
Accumulated impairment		
At beginning of year	-115	-115
At end of year	**-115**	**-115**
Carrying amount at end of year	**1,004**	**1,004**
Carrying amount at beginning of year	**1,004**	**1,004**

Carrying amounts and financial instruments are recognised in the balance sheet according to the following tables.

	31 Mar 2019			
Group	**Measured at fair value through profit or loss**	**Equity instruments recognised at fair value through other comprehensive income**	**Measured at amortised cost**	**Total carrying amount**
Other financial assets	–	4	–	4
Non-current receivables	–	–	12	12
Accounts receivable	–	–	1,887	1,887
Other receivables	3	–	77	80
Cash and cash equivalents	–	–	295	295
Non-current interest-bearing liabilities	75	–	644	719
Current interest-bearing liabilities	123	–	1,154	1,277
Accounts payable	–	–	955	955
Other liabilities	2	–	–	2

Group	31 Mar 2018 Measured at fair value through profit or loss	Equity instruments recognised at fair value through other comprehensive income	Measured at amortised cost	Total carrying amount
Other financial assets	–	4	–	4
Non-current receivables	–	–	6	6
Accounts receivable	–	–	1,360	1,360
Other receivables	4	–	49	53
Cash and cash equivalents	–	–	192	192
Non-current interest-bearing liabilities	103	–	308	411
Current interest-bearing liabilities	112	–	846	958
Accounts payable	–	–	694	694
Other liabilities	5	–	–	5

Current and non-current loans are carried at amortised cost. The difference between the carrying amount and fair value is marginal for these items. The same applies to other financial instrument for larger amounts, since maturity is short.
Interest bearing liabilities measured at fair value in the income statement refer to contingent purchase considerations for acquisitions of operations.

	31 March 2019			31 March 2018		
Financial instruments measured at fair value	**Carrying amount**	**Level 2**	**Level 3**	**Carrying amount**	**Level 2**	**Level 3**
Derivatives – fair value, hedging instruments	2	2	–	2	2	–
Derivatives – fair value through profit or loss	1	1	–	2	2	–
Total financial assets at fair value per level	**3**	**3**	**–**	**4**	**4**	**–**
Derivatives – fair value, hedging instruments	0	0	–	0	0	–
Derivatives – fair value through profit or loss	2	2	–	5	5	–
Contingent purchase considerations – fair value through profit or loss	198	–	198	215	–	215
Total financial liabilities at fair value per level	**200**	**2**	**198**	**220**	**5**	**215**

Fair value and carrying amount are recognised in the balance sheet in accordance with the above table.
Level 1 refers to when fair value is determined based on quoted prices in an active market. At the end of the reporting period, the Group had no items in this category.
Level 2 refers to when fair value is determined based on either directly or indirectly observable market data not included in level 1. This is done for foreign currency accounts and embedded derivatives.
Level 3 is not observable in the market. A cash flow-based valuation is carried out for the Group's contingent purchase considerations. For the Group's other financial assets and liabilities, fair value is estimated to be equal to the carrying amount.

Contingent purchase considerations	2018/2019	2017/2018
Carrying amount, opening balance	215	105
Acquisitions during the year	84	152
Reversed through the income statement	-8	-9
Purchase considerations paid	-105	-49
Interest expenses	10	8
Exchange rate differences	2	8
Carrying amount, closing balance	**198**	**215**

Impact of financial instruments on net earnings	2018/2019	2017/2018
Assets and liabilities measured at fair value through the income statement	-9	-8
Equity instruments recognised at fair value through other comprehensive income	0	0
Measured at amortised cost	-20	-13
Total	**-29**	**-21**

Note 18

Inventories

Group	31 Mar 2019	31 Mar 2018
Raw materials and consumables	162	125
Work in progress	89	59
Finished goods	1,166	934
Total	**1,417**	**1,118**

The consolidated cost of sales includes impairment losses of SEK 13 million (9) on inventories. No significant reversals of prior impairment were made in 2018/2019 or 2017/2018.

Note 19

Prepaid expenses and accrued income

	Group		Parent Company	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
Rent	21	15	2	1
Insurance premiums	8	8	3	2
Pension costs	3	8	1	1
Lease fees	4	4	0	0
Other prepaid expenses	41	31	5	5
Other accrued income	19	27	0	0
Total	**96**	**93**	**11**	**9**

Note 20

Equity

GROUP

OTHER CONTRIBUTED CAPITAL

Refers to equity contributed by shareholders.

	Group	
Reserves[1]	2018/2019	2017/2018
Translation reserve		
Opening translation reserve	87	-25
Translation effect for the year	36	112
Closing translation reserve	**123**	**87**
Closing hedge reserve	**0**	**0**
Total reserves	**123**	**87**

[1] Refers to reserves attributable to shareholders in the Parent Company.

TRANSLATION RESERVE

The translation reserve includes all exchange differences arising on the translation of the financial reports of foreign operations prepared in a currency other than the Group's presentation currency for financial reports. The Parent Company and Group present their financial reports in Swedish kronor (SEK).

HEDGING RESERVE

The hedging reserve includes the effective portion of the accumulated net change in fair value for a cash-flow hedging instrument attributable to hedge transactions that have not yet occurred.

RETAINED EARNINGS, INCLUDING PROFIT FOR THE YEAR

Retained earnings including profit for the year include earnings in the Parent Company and its subsidiaries. Prior provisions to the legal reserve are included in this equity item.

REPURCHASED SHARES

Repurchased shares includes the cost of treasury shares held by the Parent Company. At the end of the reporting period, the Group's holding of treasury shares was 1,141,387 (1,206,145).

DIVIDEND

After the reporting period, the Board of Directors proposed a dividend of SEK 5.00 per share. The dividend is subject to approval by the Annual General Meeting on 29 August 2019.

Proposed allocation of earnings 2018/2019	
Retained earnings	SEK 387 million
Profit for the year	SEK 203 million
	SEK 590 million
The Board of Directors and the CEO propose that the funds available for distribution be allocated as follows:	
A dividend paid to shareholders of SEK 4.00 per share	SEK 336 million
To be carried forward	SEK 254 million
	SEK 590 million

1) Calculated based on the number of shares outstanding at 31 May 2019. The total dividend payout may change if the number of repurchased treasury shares changes prior to the proposed dividend record date of 2 September 2019.

PARENT COMPANY

RESTRICTED RESERVES

Restricted reserves are funds that cannot be paid out as dividends.

STATUTORY RESERVE

The purpose of the statutory reserve is to save a portion of net profit that will not be used to cover a loss carried forward.

RETAINED EARNINGS

Retained earnings comprises the previous year's unrestricted equity, less any dividend paid. Together with profit for the year and any fair value reserve, retained earnings constitute the sum of unrestricted equity, that is, the amount available to be paid as dividends to shareholders.

NUMBER OF SHARES

The number of shares at 31 March 2019 consisted of 3,229,500 Class A shares, entitling the holders to 10 votes per share, and 64,968,996 Class B shares, entitling the holders to one vote per share. The quotient value of the share is SEK 0.75. The Company has repurchased 1,141,387 Class B shares within the framework of the Company's ongoing repurchasing programme. After subtracting repurchased shares, the number of Class B shares is 63,827,609.

	31 Mar 2019		
Number of shares outstanding	**Class A shares**	**Class B shares**	**All share classes**
At beginning of year	3,229,500	63,762,851	66,992,351
Redemption of call options	–	264,758	264,758
Repurchases of treasury shares	–	-200,000	-200,000
Conversion of Class A shares to Class B shares	–	–	–
At end of year	**3,229,500**	**63,827,609**	**67,057,109**

	31 Mar 2018		
Number of shares outstanding	**Class A shares**	**Class B shares**	**All share classes**
At beginning of year	3,237,564	63,586,211	66,823,775
Redemption of call options	–	368,576	368,576
Repurchases of treasury shares	–	-200,000	-200,000
Conversion of Class A shares to Class B shares	-8,064	8,064	–
At end of year	**3,229,500**	**63,762,851**	**66,992,351**

Note 21

Untaxed reserves

Parent Company	31 Mar 2019	31 Mar 2018
Tax allocation reserve, 2012/2013	-	67
Tax allocation reserve, 2013/2014	67	67
Tax allocation reserve, 2014/2015	75	75
Tax allocation reserve, 2015/2016	55	55
Tax allocation reserve, 2016/2017	91	91
Tax allocation reserve, 2017/2018	75	75
Tax allocation reserve, 2018/2019	84	-
Accumulated excess depreciation/amortisation	0	1
At end of year	**447**	**431**

SEK 98 million of the Parent Company's total untaxed reserves of SEK 447 million represent deferred tax included in the deferred tax line item in the consolidated balance sheet.

Note 22

Provisions for pensions and similar obligations

Addtech has defined-contribution and defined-benefit pension plans in Sweden and the UK. The plans cover a large number of employees. Subsidiaries in other countries have mainly defined-contribution pension plans. The Parent Company's data on pensions are reported in accordance with the Swedish Act on Safeguarding Pension Obligations.

DEFINED-CONTRIBUTION PLANS

These plans are mainly retirement pension plans, disability pensions and family pensions. Premiums are paid on an ongoing basis during the year by each Group company and the size of the premium is based on the salary. The pension cost for the period is included in profit or loss.

Obligations for retirement pensions and family pensions for salaried employees in Sweden are secured by insurance in Alecta. According to statement UFR 3 of the Swedish Financial Reporting Board, this is a defined-benefit plan covering multiple employers. For the 2018/2019 financial year, the Company did not have access to information enabling it to report this plan as a defined-benefit plan. Thus the pension plan according to ITP2 and secured by insurance in Alecta is recognised as a defined-contribution plan. The year's fees for pension insurance with Alecta totalled SEK 30 million (26). Fees for the next financial year are considered to be in line with those for the year reported. The collective consolidation level for Alecta was 144 percent (152) in March 2019. The pension plan according to ITP1 is recognised as a defined-contribution plan.

DEFINED-BENEFIT PLANS

These pension plans primarily comprise retirement pensions. Each employer generally has an obligation to pay a lifelong pension and vesting is based on the number of years of employment. The employee must subscribe to the plan for a certain number of years to be fully entitled to retirement benefits. Each year increases the employee's entitlement to retirement benefits, which is recognised as pension earned during the period and as an increase in pension obligations. Both funded and unfunded pension plans apply in Sweden and the UK. The funded pension obligations are secured by plan assets that are managed by insurance companies. The Group estimates that SEK 1 million (0) will be paid in 2019/2020 to the funded defined-benefit plans. The total number of commitments of 902 (911) included in the obligation consists of 71 active (74), 518 paid-up policy holders (525) and 313 pensioners (312).

Obligations for employee benefits, defined-benefit pension plans

	Group		Parent Company	
Pension liability as per balance sheet	**31 Mar 2019**	**31 Mar 2018**	**31 Mar 2019**	**31 Mar 2018**
Pension liability PRI	250	221	15	15
Other pension obligations	10	8	–	–
Total cost of defined-benefit plans	**260**	**229**	**15**	**15**

	Group		Parent Company	
Obligations for defined-benefit plans and the value of plan assets	**31 Mar 2019**	**31 Mar 2018**	**31 Mar 2019**	**31 Mar 2018**
Funded obligations:				
Present value of funded defined-benefit obligations	53	51	–	–
Fair value of plan assets	-43	-44	–	–
Net debt, funded obligations	**10**	**7**	**–**	**–**
Present value of unfunded defined-benefit obligations	250	222	15	15
Net amount in the balance sheet (obligation +, asset –)	**260**	**229**	**15**	**15**
Pension obligations and plan assets per country:				
Sweden				
Pension obligations	281	248	15	15
Plan assets	-23	-23	–	–
Net amount in Sweden	**258**	**225**	**15**	**15**
Norway				
Pension obligations	–	1	–	–
Plan assets	–	-1	–	–
Net amount in Norway	**–**	**0**	**–**	**–**
UK				
Pension obligations	22	24	–	–
Plan assets	-20	-20	–	–
Net amount in the UK	**2**	**4**	**–**	**–**
Net amount in the balance sheet (obligation +, asset –)	**260**	**229**	**15**	**15**

Reconciliation of net amount for pensions in the balance sheet	Group		Parent Company	
	2018/2019	2017/2018	2018/2019	2017/2018
Opening balance	229	210	15	15
Cost of defined-benefit plans	8	8	1	1
Disbursements of benefits	-7	-6	-1	-1
Funds contributed by employer	-1	–	–	–
Corporate acquisitions	–	8	–	–
Translation effect	0	0	–	–
Revaluations	31	9	–	–
Gains and losses from settlements	0	–	–	–
Net amount in the balance sheet (obligation +, asset –)	**260**	**229**	**15**	**15**

Changes in the obligation for defined-benefit plans recognised in the balance sheet	Group	
	2018/2019	2017/2018
Opening balance	273	234
Pensions earned during the period	2	2
Pensions earned prior periods, vested	0	–
Interest on plan assets	7	7
Benefits paid	-8	-6
Revaluations:		
Gain (-)/loss (+) resulting from demographic assumptions	–	–
Gain (-)/loss (+) resulting from financial assumptions	25	10
Experienced-based gains (-)/losses (+)	5	-2
Corporate acquisitions	–	27
Translation effect	1	1
Gains and losses from settlements	-2	–
Present value of pension obligations	**303**	**273**

Changes in plan assets	Group	
	2018/2019	2017/2018
Opening balance	44	24
Funds contributed by employer	1	–
Benefits paid	-1	0
Interest income recognised in profit or loss	1	1
Return on plan assets, excluding interest income	-1	-1
Corporate acquisitions	–	19
Translation effect	1	1
Gains and losses from settlements	-2	–
Fair value of plan assets	**43**	**44**

NOTE 22 CONT.

Pension costs	Group 2018/2019	Group 2017/2018	Parent Company 2018/2019	Parent Company 2017/2018
Defined-benefit plans				
Cost for pensions earned during the year	2	2	–	–
Income for pensions earned in prior periods	0	–	–	–
Interest on plan assets	7	7	1	1
Interest income recognised in profit or loss	-1	-1	–	–
Total cost of defined-benefit plans	**8**	**8**	**1**	**1**
Total cost of defined-contribution plans	139	111	7	5
Social security costs on pension costs	17	16	1	1
Total cost of benefits after termination of employment	**164**	**135**	**9**	**7**

Allocation of pension costs in the income statement	Group 2018/2019	Group 2017/2018
Cost of sales	32	23
Selling and administrative expenses	126	106
Net financial items	6	6
Total pension costs	**164**	**135**

	2018/2019			2017/2018		
Actuarial assumptions	**Sweden**	**Norway**	**UK**	**Sweden**	**Norway**	**UK**
The following material actuarial assumptions were applied in calculating obligations:						
Discount rate, 1 April, %	2.55	–	3.08	2.75	2.40	–
Discount rate, 31 March, %	2.10	–	2.86	2.55	2.40	3.08
Future salary increases, %	2.75	–	–	2.75	2.50	–
Future increases in pensions (change in income base amount), %	2.75	–	3.08	2.75	–	2.93
Personnel turnover, %	10.0	–	–	10.0	2.00-5.00	–
Expected “G regulation”, %	–	–	–	–	2.25	–
Mortality table	DUS14	–	S2PMA/S2PFA	DUS14	K2013 B.E	S2PMA/S2PFA

Sensitivity of pension obligations to changes in assumptions	Sweden	Norway	UK	Total
Defined-benefit pension obligations at 31 March 2019	281	–	22	303
The discount rate increases by 0.5%	-28	–	-2	-30
The discount rate decreases by 0.5%	33	–	1	34
Expected life expectancy increases by 1 year	13	–	1	14
Expected life expectancy decreases by 1 year	-13	–	-1	-14

The discount rate used is equivalent to the interest rate on high-quality corporate bonds or mortgage bonds with a maturity equivalent to the average maturity of the obligation and currency.

For Swedish pension liabilities, the interest rate for Swedish housing bonds is used as a basis and for pension liabilities in the UK, the interest rate for corporate bonds is used. The weighted average maturity for the commitment is around 18 years (18), which is used as a basis on which to determine the discount rate. Future increases in pensions are based on inflation assumptions. Remaining period of employment (life expectancy) is based on statistical tables prepared by Insurance Sweden and Försäkringssällskapet (the Insurance Society), in Sweden DUS14 and in the UK S2P, CMI 2018.

The sensitivity analyses are based on a change in an assumption, while all other assumptions are held constant. The same method, the projected unit credit method, is used to calculate the sensitivity in the defined-benefit obligation as to calculate the pension obligation recognised in the balance sheet.

Note 23

Provisions

Group 2018/2019	Premises	Personnel	Warranties	Other	Total
Carrying amount at beginning of period	1	2	22	6	31
Corporate acquisitions	-	-	2	-	2
Provisions made during the period	0	9	17	5	31
Amounts utilised during the period	-	-2	-13	0	-15
Unutilised amounts reversed	-	-	-2	-	-2
Translation effect	0	0	0	0	0
Carrying amount at end of period	**1**	**9**	**26**	**11**	**47**

Group 2017/2018	Premises	Personnel	Warranties	Other	Total
Carrying amount at beginning of period	4	2	15	5	26
Corporate acquisitions	-	-	-	-	-
Provisions made during the period	1	3	31	1	36
Amounts utilised during the period	-4	-3	-25	-	-32
Unutilised amounts reversed	-	-	0	-	0
Translation effect	0	0	1	0	1
Carrying amount at end of period	**1**	**2**	**22**	**6**	**31**

Premises
The provision for premises refers to premises that the Group has vacated and cannot sublet or use during the remainder of the lease.

Personnel
The provision refers to costs of personnel, including estimated remuneration upon termination of employment in connection with changes in operations. A provision is made when there is an approved restructuring plan and the restructuring has been announced.

Warranties
Recognised provisions for warranties associated with products and services are based on calculations performed based on historical data or, in specific cases, on an individual assessment.

Other
Other includes provisions not classified under premises, personnel or warranties, such as equipment that cannot be used due to changes in operations. All provisions are classified as short-term and are expected to lead to an outflow of resources within 12 months of the balance sheet date.

Note 24

Non-current interest-bearing liabilities

	Group	
	31 Mar 2019	31 Mar 2018
Liabilities to credit institutions:		
Maturing within 2 years	201	302
Maturing within 3-5 years	418	1
Maturing after 5 years or later	1	–
Total non-current liabilities to credit institutions	**620**	**303**
Other interest-bearing liabilities:		
Maturing within 2 years	84	89
Maturing within 3 years	11	19
Maturing within 4-5 years	–	–
Maturing after 5 years or later	4	–
Total other non-current interest-bearing liabilities	**99**	**108**
Total	**719**	**411**

The non-current interest-bearing liabilities in the Parent Company at 31 March 2019 amounted to SEK 600 million (300). Other interest-bearing liabilities largely consist of additional contingent purchase considerations with estimated interest of 5.0 percent.

The Addtech Group's non-current liabilities to credit institutions are divided among currencies as follows:

	31 Mar 2019		31 Mar 2018	
Currency	Local currency	SEK million	Local currency	SEK million
SEK	600	600	300	300
Other	0	0	0	3
Total		**600**		**303**

	Parent Company	
	31 Mar 2019	31 Mar 2018
Liabilities to credit institutions:		
Maturing within 2 years	200	300
Maturing within 3-5 years	400	–
Maturing after 5 years or later	–	–
Total non-current liabilities to credit institutions	**600**	**300**
Liabilities to Group companies	264	291
TOTAL	**864**	**591**

The Parent Company's liabilities to Group companies have no fixed maturity dates.

Note 25

Current interest-bearing liabilities

	Group		Parent Company	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
Credit facilities				
Approved bank overdraft facility	1,301	1,101	1,300	1,100
Approved other liabilities to credit institutions	400	400	400	400
Unutilised portion	-670	-680	-670	-679
Credit amount utilised	**1,031**	**821**	**1,030**	**821**
Other liabilities to credit institutions	119	12	100	–
Other interest-bearing liabilities	127	125	–	–
Total	**1,277**	**958**	**1,130**	**821**

Other interest-bearing liabilities largely consist of contingent purchase considerations with estimated interest of 5.0 percent.

The Addtech Group's current liabilities to credit institutions are divided among currencies as follows:

	31 Mar 2019		31 Mar 2018	
Currency	Local currency	SEK million	Local currency	SEK million
SEK	100	100	–	–
CNY	8	11	8	10
EUR	1	8	0	2
Total		**119**		**12**

The Group's financing is primarily managed by the Parent Company Addtech AB.

Note 26

Accrued expenses and prepaid income

	Group		Parent Company	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
Other prepaid income	1	1	–	–
Salaries and holiday pay	286	228	14	12
Social security contributions and pensions	95	76	6	4
Other accrued expenses[1)]	76	62	3	4
Total	**458**	**367**	**23**	**20**

[1)] Other accrued expenses mainly consist of overhead accruals.

Note 27

Pledged assets and contingent liabilities

	Group		Parent Company	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
Pledged assets for liabilities to credit institutions				
Real estate and site leasehold mortgages	35	29	–	–
Floating charges	13	14	–	–
Other pledged assets	1	5	–	–
Total	**49**	**48**	**–**	**–**
Contingent liabilities				
Guarantees and other contingent liabilities	25	45	0	0
Guarantees for subsidiaries[1)]	–	–	131	127
Total	**25**	**45**	**131**	**127**

[1)] Relates to PRI liabilities.

Note 28

Cash flow statement

Adjustment for items not included in cash flow	Group		Parent Company	
	2018/2019	2017/2018	2018/2019	2017/2018
Depreciation/amortisation	226	180	1	1
Gain/loss on sale of operations and non-current assets	-6	-31	–	–
Change in pension liability	0	2	2	0
Change in other provisions and accrued items	14	4	–	–
Other	-5	4	-3	3
Total	**229**	**159**	**0**	**4**

For the Group, interest received during the year totalled SEK 3 million (3), and interest paid was SEK 13 million (7). For the Parent Company, interest received during the year was SEK 25 million (19), and interest paid was SEK 13 million (6).

Acquisitions

The following adjustments were made as a result of the value of assets and liabilities in companies acquired during the year, together with adjustments such as contingent considerations paid for acquisitions made in previous years:

	2018/2019	2017/2018
Non-current assets	689	646
Inventories	63	66
Receivables	185	148
Cash and cash equivalents	101	50
Total	**1,038**	**910**
Interest-bearing liabilities and provisions	-150	-207
Non-interest-bearing liabilities and provisions	-241	-208
Total	**-391**	**-415**
Total adjustments of assets and liabilities	**647**	**495**
Consideration paid, the year's acquisitions	-647	-495
Consideration paid, prior years' acquisitions	-116	-65
Cash and cash equivalents in acquired companies	101	50
Effect on consolidated cash and cash equivalents	**-662**	**-510**

All operations acquired during the year were consolidated in the accounts using the acquisition method.

Divestments

The following adjustments have been made as a result of the valuation of assets and liabilities in this year´s divested company Solar Supply Sweden AB:

	2018/2019	2017/2018
Non-current assets	8	1
Inventories	16	15
Receivables	18	19
Cash and cash equivalents	3	16
Interest-bearing liabilities and provisions	-8	-
Non-interest-bearing liabilities and provisions	-22	-33
Divested net assets	**15**	**18**
Capital gains	5	31
Consideration received	20	49
Cash and cash equivalents in divested operations	-3	-16
Effect on consolidated cash and cash equivalents	**17**	**33**

Cash and cash equivalents in the cash flow statement consist of cash and bank balances. The same definition used in determining cash and cash equivalents in the balance sheet has been applied in the cash flow statement.

NOTE 28 CONT.

Reconciliation of debts arising from financing activities

Group	1 Apr 2018	Cash flows	Non-cash flow affecting changes			31 Mar 2019
			Acquisitions of subsidiaries	Changes in fair value	Exchange rate differences	
Bank overdraft facility	820	210	-	-	-	1,030
Liabilities to credit institutions	315	371	52	-	1	739
Other non-current interest-bearing liabilities	233	8	-13	3	-2	229
Liabilities stemming from financing activities	**1,368**	**589**	**39**	**3**	**-1**	**1,998**

Group	1 Apr 2017	Cash flows	Non-cash flow affecting changes			31 Mar 2018
			Acquisitions of subsidiaries	Changes in fair value	Exchange rate differences	
Bank overdraft facility	861	-51	10			820
Liabilities to credit institutions	10	293	12			315
Other non-current interest-bearing liabilities	108	-8	111	14	8	233
Liabilities stemming from financing activities	**979**	**234**	**133**	**14**	**8**	**1,368**

Reconciliation of debts arising from financing activities

Parent Company	1 Apr 2018	Cash flows	31 Mar 2019
Bank overdraft facility	821	209	1,030
Liabilities to credit institutions	300	400	700
Liabilities stemming from financing activities	**1,121**	**609**	**1,730**

Parent Company	1 Apr 2017	Cash flows	31 Mar 2018
Bank overdraft facility	861	-40	821
Liabilities to credit institutions	-	300	300
Liabilities stemming from financing activities	**861**	**260**	**1,121**

Note 29

Acquisitions of companies

Acquisitions completed as of the 2017/2018 financial year are distributed among the Group's business areas as follows:

Acquisition (divestment)	Country	Date of acquisition	Net sales, SEK million*	Number of employees*	Business area
Dovitech A/S	Denmark	April, 2017	100	5	Components
Craig & Derricott Holdings Ltd	UK	April, 2017	110	90	Power Solutions
Altitech A/S**	Denmark	June, 2017	15	5	Components
(Batteriunion i Järfälla AB)	Sweden	(June, 2017)	(140)	(16)	(Power Solutions)
Mobile Control Systems' companies	Belgium	October, 2017	50	17	Power Solutions
Ingenjörsfirma Pulsteknik AB	Sweden	November, 2017	50	10	Components
Sensor ECS A/S **	Denmark	November, 2017	155	9	Components
Fintronic Oy (assets acquisition)	Finland	December, 2017	7	1	Components
STIGAB Stig Ödlund AB	Sweden	December, 2017	115	12	Components
Finn-Jiit Oy	Finland	January, 2018	40	10	Components
2 Wave Systems AB **	Sweden	January, 2018	16	2	Components
IPAS AS	Norway	January, 2018	40	10	Energy
Synthecs Group **	Netherlands	April, 2018	145	50	Components
Xi Instrument AB	Sweden	April, 2018	13	2	Energy
KRV AS	Norway	April, 2018	55	27	Industrial Process
Scanwill Fluid Power ApS and Willtech ApS	Denmark	April, 2018	15	4	Components
Duelco A/S	Denmark	July, 2018	150	30	Energy
Prisma Teknik AB and Prisma Light AB	Sweden	July, 2018	70	27	Energy
Fibersystem AB**	Sweden	July, 2018	140	12	Components
TLS Energimätning AB	Sweden	July, 2018	50	9	Industrial Process
Diamond Point International (Europe) Ltd**	UK	July, 2018	40	9	Components
Power Technic ApS	Denmark	July, 2018	50	6	Power Solutions
(Solar Supply Sweden AB)	Sweden	(August, 2018)	(80)	(5)	(Power Solutions)
Nordautomation Oy	Finland	September, 2018	155	85	Industrial Process
Wood Recycling Sweden AB	Sweden	October, 2018	7	2	Industrial Process
Nylund Industrial Electronics (assets acquisition)	Finland	January, 2019	35	3	Components
Birepo A/S	Denmark	January, 2019	35	10	Components
Omni Ray AG	Switzerland	April, 2019	330	65	Automation
Thurne Teknik AB	Sweden	April, 2019	100	19	Industrial Process
AB N.O. Rönne	Sweden	April, 2019	8	4	Industrial Process
Best Seating Systems Walter Tausch GmbH	Austria	May, 2019	23	5	Power Solutions
Thiim A/S	Danmark	Juni, 2019	70	15	Automation

* Refers to assessed condition at the time of acquisition or divestment on a full-year basis.
** As of 1 April 2019, the company forms part of the Automation business area.

NOTE 29 CONT.

The value of assets and liabilities included in acquisitions from the 2017/2018 financial year have been determined conclusively. There has been no change in the acquired values. According to the preliminary acquisition analyses, the assets and liabilities included in the acquisitions for the year were as follows:

	2018/2019			2017/2018		
	Carrying amount on acquisition date	Adjustment to fair value	Fair value	Carrying amount on acquisition date	Adjustment to fair value	Fair value
Intangible non-current assets	10	327	337	0	323	323
Other non-current assets	61	2	63	10	–	10
Inventories	68	–	68	67	–	67
Other current assets	281	–	281	198	–	198
Deferred tax liability/tax asset	-6	-69	-75	-1	-69	-70
Other liabilities	-222	-15	-237	-166	-8	-174
Acquired net assets	**192**	**245**	**437**	**108**	**246**	**354**
Goodwill			306			314
Non-controlling interests			–			–
Consideration[1)]			**743**			**668**
Less: cash and cash equivalents in acquired operations			-96			-50
Less: consideration not yet paid			-83			-170
Effect on consolidated cash and cash equivalents			**564**			**448**

1) The consideration is stated excluding acquisition expenses.

The combined consideration for the year's acquisition was SEK 743 million, of which SEK 643 million, according to preliminary acquisition analyses, was allocated to goodwill and other intangible assets. Had the acquisitions been completed on 1 April 2018, their impact would have been an estimated SEK 870 million on consolidated net sales, about SEK 60 million on operating profit and about SEK 45 million on profit after tax.

Addtech uses an acquisition structure with a base purchase price and contingent consideration. The outcome of contingent considerations is dependent on future results achieved in the companies and has a set maximum level. Of contingent considerations for acquisitions during the financial year that are yet to be paid, the discounted value amounts to SEK 85 million. The contingent considerations fall due within three years and the outcome may not exceed SEK 113 million. If the conditions are not met, the outcome may be in the range of SEK 0-113 million.

For acquisitions that resulted in ownership transfer during the financial year, transaction costs totalled SEK 7 million (6) and are recognised in selling expenses.

Revaluations of contingent considerations had a net positive impact of SEK 8 million (9) on the financial year. The impact on profits is recognised in other operating income and other operating expenses, respectively. No material changes in acquisition analyses were made in the financial year with regard to acquisitions carried out in the year or in previous years.

Consolidated goodwill at the time of the acquisition, regarding the expected future sales trend and profitability, is the amount by which the acquisition value exceeds the fair value of net assets acquired. As of 31 March 2019 non-taxable goodwill amounted to SEK 1,767 million, to be compared with SEK 1,456 million as of 31 March 2018. The change is attributable to acquisitions and exchange differences. Consolidated goodwill is assessed annually for impairment, and no needs for impairment have been identified.

The values allocated to intangible non-current assets, such as supplier relationships, customer relationships, technology and trademarks, were assessed at the discounted value of future cash flows. The amortisation period is determined by estimating the annual decrease in sales attributable to each asset. Supplier relationships are generally amortised over a period of 5-10 years customer relationships and technology are amortised over 10 years. Trademarks are not amortised but are tested annually in accordance with IAS 36. Annual calculated amortisation regarding intangible non-current assets for the year's acquisitions amounts to about SEK 33 million.

Note 30

Earnings per share before and after dilution

	2018/2019	2017/2018
Earnings per share before and after dilution (SEK)		
Earnings per share before dilution	9.85	7.70
Earnings per share after dilution	9.80	7.65

See Note 1 for the method of calculation.

The numerators and denominators used to calculate the above earnings per share are derived as stated below.

EARNINGS PER SHARE BEFORE DILUTION

The calculation of earnings per share for 2018/2019 is based on profit for the year attributable to Parent Company shareholders, totalling SEK 660 million (514), and a weighted average number of shares outstanding during 2018/2019 of 67,047 thousand (66,950). The two components were calculated in the following manner:

	2018/2019	2017/2018
Profit for the year attributable to the equity holders of the Parent Company, before dilution (SEK million)	660	514

WEIGHTED AVERAGE NUMBER OF SHARES DURING THE YEAR, BEFORE DILUTION

In thousands of shares	2018/2019	2017/2018
Total number of shares, 1 April	66,992	66,824
Effect of treasury shares held	55	126
Weighted average number of shares during the year, before dilution	**67,047**	**66,950**

EARNINGS PER SHARE AFTER DILUTION

The calculation of diluted earnings per share for 2018/2019 is based on profit attributable to Parent Company shareholders, totalling SEK 660 million (514), and a weighted average number of shares outstanding during 2018/2019 of 67,189 thousand (67,178). The two components were calculated in the following manner:

	2018/2019	2017/2018
Profit for the year attributable to Parent Company shareholders, after dilution (SEK million)	660	514

AVERAGE NUMBER OF SHARES OUTSTANDING, AFTER DILUTION

In thousands of shares	2018/2019	2017/2018
Weighted average number of shares during the year, before dilution	67,047	66,950
Effect of share options issued	142	228
Weighted average number of shares during the year, after dilution	**67,189**	**67,178**

Note 31

Disclosures regarding the Parent Company

Addtech AB, corporate ID number 556302-9726, is the Parent Company of the Group. The Company's registered office is located in the city of Stockholm, in the county of Stockholm and Addtech AB is a limited liability company under Swedish law.

Head office address:
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Box 5112
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Note 32

Related party disclosures

For the Addtech Group, related parties mainly comprise senior executives. Information about personnel costs is provided in Note 6 Employees and employee expenses.

Note 33

Events after the balance sheet date

On 1 April, Omni Ray AG was acquired in Switzerland and joined the Automation business area. Omni Ray AG is a Zurich-based technology trading and services company, with a strong position in the Swiss market for automation solutions in industry, infrastructure, transport and medical technology. The company generates annual sales of approximately SEK 330 million and has 65 employees.

On 1 April, the company Thurne Teknik AB was acquired in Sweden and joined the Industrial Process business area. Thurne Teknik is a leading supplier of components, equipment and advanced process systems primarily to the chemical and pharmaceutical industry in the Nordic region and the Baltic states. The company has 19 employees and generates annual sales of approximately SEK 100 million.

On 1 April, AB N.O. Rönne was acquired in Sweden and joined the Industrial Process business area. N.O. Rönne's principal operations consist of manufacturing special customised gaskets and seals through punching and cutting. The company mainly addresses the machine builders segment. The company generates annual sales of approximately SEK 8 million and has 4 employees.

On 6 May, Best Seating Systems Walter Tausch GmbH was acquired in Austria and joined the Power Solutions business area. The company is a niche player that supplies ergonomic driver's seats and peripheral components for machines, buses and trains in Central Europe. The company generates annual sales of approximately SEK 23 million and has 5 employees.

On 12 June, Thiim A/S was acquired in Denmark and joined the Automation business area. The company develops and supplies components and solutions in industrial automation, customised electronics and electromechanics. The operations mainly target the OEM industry, automation and infrastructure. The company has 15 employees and generates annual sales of approximately SEK 70 million.

Assurance by the Board of Directors

The Board of Directors and the CEO consider the consolidated and annual accounts to have been prepared in accordance with IFRS, as adopted by the EU, and with generally accepted accounting principles, and that they provide a true and fair overview of the financial position and earnings of the Group and the Parent Company. The administration report for the Group and the Parent Company provides a true and fair overview of the operating activities, financial position and earnings of the operations of the Group and the Parent Company and describes significant risks and uncertainties to which the Parent Company and the companies comprising the Group are exposed. Other aspects of the earnings and financial position of the Group and the Parent Company are shown in the income statements, balance sheets, cash flow statements and notes.

Stockholm, 20 June 2019

Anders Börjesson
CHAIRMAN OF THE BOARD

Eva Elmstedt
BOARD MEMBER

Kenth Eriksson
BOARD MEMBER

Henrik Hedelius
BOARD MEMBER

Ulf Mattsson
BOARD MEMBER

Malin Nordesjö
BOARD MEMBER

Johan Sjö
BOARD MEMBER

Niklas Stenberg
CEO

Our auditor's report was submitted on 20 June 2019.

KPMG AB

Joakim Thilstedt
AUTHORISED PUBLIC ACCOUNTANT
PRINCIPAL AUDITOR

Jonas Eriksson
AUTHORISED PUBLIC ACCOUNTANT

Auditor's report

To the general meeting of the shareholders of **Addtech AB** (publ.), corp. id 556302-9726

Report on the annual accounts and consolidated accounts

OPINIONS

We have audited the annual accounts and consolidated accounts of Addtech AB (publ.) for the financial year 2018-04-01—2019-03-31, except for the sustainability report on pages 24-31. The annual accounts and consolidated accounts of the company are included on pages 24-31 and 35-98 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 March 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 March 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the sustainability report on pages 24-31.

A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts, and the corporate governance statement is in accordance with the Annual Accounts Act.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's Board of directors in accordance with the Audit Regulation (537/2014) Article 11.

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

KEY AUDIT MATTERS

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

Valuation of acquired intangible assets and the parent company's interests in group companies.

See Note 14 and 17 accounting principles on pages 80-81 and 84-85 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The book value of acquired intangible assets, consisting of goodwill, supplier relationships, technology etc., amount to SEK 2,953 million as at 31 March 2019, representing 42 % of total assets.

Goodwill and intangible assets with an indefinite useful life should be subject to an annual impairment test. Other intangible assets are tested when impairment indicators are identified. Impairment tests are complex and include significant levels of judgments. The calculation of the assets' recoverable amount is based on forecasts and discounted future cash flow projections, which are established with reference to factors such as estimated discount rates, revenue- and profit forecasts and predicted long-term growth that may be influenced by management's assessments.

The parent company's interests in group companies amount to SEK 1,004 million as at 31 March 2019. If the book value of the interests exceeds the equity in the respective group company, an impairment test is performed following the same methodology and using the same assumptions as for goodwill valuations.

Response in the audit

We have obtained and assessed the group's impairment tests to ensure they have been carried out in accordance with the technique stipulated in IFRS.

Furthermore, we have evaluated management's future cash flow forecasts and the underlying assumptions, which includes the long-term growth rate and the assumed discount rate, by obtaining and evaluating the group's written documentation and plans. We have also considered previous years' forecasts in relation to the actual outcome.
An important part of our work has also been to evaluate how changes to the assumptions may impact the valuation. The evaluation has been carried out by obtaining and assessing the group's sensitivity analysis. We have also analysed the disclosures in the Annual Report and considered whether they accurately reflect the assumptions that group management apply in their valuation and whether they, in all material respects, are in line with the disclosures required by IFRS.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2-34 and 102-107. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Addtech AB (publ.) for the financial year 2018-04-01–2019-03-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

THE AUDITOR'S OPINION REGARDING THE STATUTORY SUSTAINABILITY REPORT

The Board of Directors is responsible for the sustainability report on pages 24-31, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Addtech AB (publ.) by the general meeting of the shareholders on the 30 August 2018. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 1997.

Stockholm 20 June 2019

KPMG AB
Joakim Thilstedt
AUTHORIZED PUBLIC ACCOUNTANT

Jonas Eriksson
AUTHORIZED PUBLIC ACCOUNTANT

Multi-year summary

SEK million, unless otherwise stated	2018/2019	2017/2018	2016/2017	2015/2016
Net sales	10,148	8,022	7,178	6,155
EBITDA	1,137	881	755	570
EBITA	1,085	838	715	536
Operating profit	910	701	604	443
Profit after financial items	865	665	580	423
Profit for the year	**672**	**526**	**450**	**333**
Intangible non-current assets	2,953	2,463	1,892	1,498
Property, plant and equipment and financial non-current assets	315	239	217	195
Inventories	1,417	1,118	942	874
Current receivables	2,065	1,507	1,286	1,098
Cash and cash equivalents	295	192	178	140
TOTAL ASSETS	**7,045**	**5,519**	**4,515**	**3,805**
Equity attributable to shareholders	2,470	2,085	1,701	1,479
Non-controlling interests	50	46	40	35
Interest-bearing liabilities and provisions	2,256	1,598	1,189	962
Non-interest-bearing liabilities and provisions	2,269	1,790	1,585	1,329
TOTAL EQUITY AND LIABILITIES	**7,045**	**5,519**	**4,515**	**3,805**
Capital employed	4,775	3,728	2,930	2,476
Working capital	2,029	1,591	1,362	1,208
Financial net debt	1,960	1,405	1,011	822
Net debt excluding pensions	1,700	1,176	801	623
EBITA margin, %	10.7	10.5	10.0	8.7
Operating margin, %	9.0	8.7	8.4	7.2
Profit margin, %	8.5	8.3	8.1	6.9
Return on equity, %	29	28	28	20
Return on capital employed, %	21	22	23	16
Return on working capital (P/WC), %	53	53	53	44
Equity/assets ratio, %	36	39	39	40
Debt/equity ratio, multiple	0.8	0.7	0.6	0.6
Net debt/equity ratio, multiple	0.7	0.6	0.5	0.4
Interest coverage ratio, multiple	22.1	22.7	23.9	20.3
Financial net debt/EBITDA, multiple	1.7	1.6	1.3	1.4
Earnings per share, SEK	9.85	7.70	6.60	4.85
Earnings per share after dilution effect, SEK	9.80	7.65	6.55	4.85
Cash flow per share, SEK	7.80	8.05	8.25	7.10
Equity per share, SEK	36.80	31.10	25.45	22.10
Dividend per share, SEK	5.00[1]	4.00[1]	3.50	3.25
Average number of shares after repurchases (thousands)	67,047	66,950	66,824	66,703
Average number of shares after repurchases, adjusted for dilution (thousands)	67,189	67,178	67,008	66,809
Share price on 31 March, SEK	193.00	168.00	148.50	112.00
Cash flow from operating activities	524	539	551	474
Cash flow from investing activities	-725	-520	-395	-352
Cash flow from financing activities	294	-12	-126	-52
Cash flow for the year	93	7	30	70
Average number of employees	2,590	2,283	2,133	2,386
Number of employees at end of year	2,759	2,358	2,176	2,076

[1] As proposed by the Board of Directors.

Welcome to the Annual General Meeting

The Annual General Meeting of Addtech AB (publ.) will be held at 1.00 p.m. on 29 August 2019 at IVA, Grev Turegatan 16, Stockholm, Sweden.

NOTICE OF PARTICIPATION

Shareholders who wish to participate in the Annual General Meeting must

- be entered in the shareholders' register held by Euroclear Sweden AB on Friday, 23 August 2019,
- and provide the Company with notification of their attendance by 3.00 p.m. on Friday, 23 August 2019 at the latest: by contacting Addtech AB (publ), Box 5112, SE-102 43 Stockholm, Sweden; by calling +46 (0)8-470 49 00; by faxing +46 (0)8-470 49 01; or by e-mailing info@addtech.com. Such notice must contain the shareholder's name, personal identification number (or corporate ID number), address, telephone number and the number of shares represented as well as a maximum of two assistants. The data submitted in connection with the notification of attendance will be processed and used for the 2019 Annual General Meeting.

Shareholders whose shares are held in trust must temporarily register their shares in their own name in order to exercise their voting rights at the Annual General Meeting. Such re-registration must be completed by Friday, 23 August 2019. In the case of participation by proxy, supported by power of attorney, the power of attorney in its original and any other authorisation document must be submitted to the Company in good time before the Annual General Meeting. The representative of a legal entity must also submit a certified copy of the registration certificate or equivalent authorisation document demonstrating that he/she personally is entitled to represent the legal entity. The Company provides a power of attorney form for shareholders, which is available from the head office or from the Company's website www.addtech.com/arsstamma until 19 July 2019.

PAYMENT OF DIVIDEND

The dividend resolution adopted by the Annual General Meeting will specify the date on which shareholders must be recorded in the share register maintained by Euroclear Sweden AB to be entitled to receive the dividend. The record date proposed by the Board for payment of the dividend is Monday, 2 September 2019. Provided the Annual General Meeting approves the proposal, the dividend is expected to be paid through Euroclear Sweden AB on Thursday, 5 September 2019, to shareholders entered in the share register on the record date.

CHANGE OF ADDRESS OR BANK ACCOUNT

Shareholders who have changed their name, address or account number should inform their trustee or account operator (bank) of any such change as soon as possible. A special form is available from the banks.

PROPOSALS TO THE ANNUAL GENERAL MEETING

Dividend

The Board of Directors proposes a dividend of SEK 5.00 (4.00) per share. The dividend amounts to SEK 336 million (269).

Definitions

Acquired growth[1]
Changes in net sales attributable to business combinations compared with the corresponding period in the preceding year.

Acquired growth is used as a component to describe the trend in consolidated net sales, where acquired growth is distinguished from organic growth, divestments and exchange rate effects, see reconciliation table on page 106.

Capital employed[1]
Total assets less non-interest-bearing liabilities and provisions.

Capital employed shows what proportion of the Company's assets have been lent by the Company's shareholders or that have been lent by lenders, see reconciliation table on page 107.

Cash flow from operating activities per share[1]
Cash flow from operating activities, divided by the average number of shares outstanding following repurchases.

This measure is used for investors to be able to easily analyse the scale of the surplus from current operations generated per share.

Debt/equity ratio[1 2]
Financial net debt divided by equity.

A measure used to analyse financial risk.

Earnings per share
Shareholders' share of profit after tax for the period, divided by the weighted average number of shares during the period.

Earnings per share after dilution
Shareholders' share of profit after tax for the year, divided by the weighted average number of shares outstanding and adjusted for additional shares from the exercise of options outstanding.

EBITA[1]
Operating profit before amortisation of intangible non-current assets.

EBITA is used to analyse the profitability generated by the operating activities, see reconciliation table on page 106.

EBITA margin[1]
EBITA as a percentage of net sales.

EBITA margin is used to show the degree of profitability of the operating activities.

EBITDA[1]
Operating profit before depreciation/amortisation and impairment.

EBITDA is used to analyse the profitability generated by the operating activities, see reconciliation table on page 106.

Equity/assets ratio[1 2]
Equity as a percentage of total assets.

The equity/assets ratio is used to analyse financial risk and shows what proportion of assets are financed through equity.

Equity per share[1]
Equity divided by number of shares outstanding on the balance sheet date.

This figure measures how much equity is attributable to each share and is presented to facilitate investors' analyses and decisions.

Financial net debt[1]
The net of interest-bearing liabilities and provisions, less cash and cash equivalents.

Net debt is used to monitor the debt trend, analyse the Group's borrowing and its ability to repay its debts with cash and cash equivalents generated from the Group's operating activities if all liabilities matured today, as well as any refinancing necessary.

Financial net debt/EBITDA[1]
Financial net debt divided by EBITDA.

Comparing financial net debt to EBITDA provides a key financial indicator for net debt in relation to cash-generating earnings in the operations, that is, it provides an indication of the company's ability to pay its debts. This measure is generally used by financial institutions to measure creditworthiness.

Interest coverage ratio[1]
Profit after net financial items plus interest expenses and bank charges, divided by interest expenses and bank charges.

This key financial indicator measures the Group's capacity to generate a sufficiently large surplus through its operations and financial income to cover its financial expenses, see reconciliation table on page 107.

Net debt excluding pensions[1]
The net of interest-bearing liabilities and provisions, excluding pensions, less cash and cash equivalents.

A measure used to analyse financial risk, see reconciliation table on page 106.

Net debt/equity ratio, excluding pensions[1] [2]
Net debt, excluding pensions, divided by equity.

A measure used to analyse financial risk, see reconciliation table on page 106.

Net financial items[1]
Financial income less financial expenses.

Used to describe the trend in the Group's financial activities.

Net investments in non-current assets[1]
Investments in non-current assets less disposals of non-current assets.

The measure is used to analyse the Group's investments in renewing and developing its property, plant and equipment.

Number of shares outstanding
Total number of shares less treasury shares repurchased by the Company.

Operating margin[1]
Operating profit as a percentage of net sales.

The measure is used to indicate what percentage of sales remains to cover interest and tax and to provide profit, after the Company's expenses have been paid.

Operating profit[1]
Operating income less operating expenses.

Used to describe consolidated earnings before interest and taxes.

Organic growth[1]
Changes in net sales excluding currency effects, acquisitions and divestments compared with the corresponding period in the preceding year.

Organic growth is used to analyse the underlying sales growth driven by changes in volume, product range and price for similar products between different periods, see reconciliation table on page 106.

Profit after financial items[1]
Profit before tax for the period.

Used to analyse the operations' profitability, including financial activities.

Return on capital employed[1]
Profit after financial items plus financial expenses as a percentage of capital employed. The components are calculated as the average for the past 12 months.

Return on capital employed shows the Group's profitability in relation to externally financed capital and equity, see reconciliation table on page 107.

Return on equity[2]
Profit after tax divided by equity. The components are calculated as the average for the past 12 months.

From the shareholder perspective, return on equity measures the return provided on shareholders' invested capital.

Return on working capital (P/WC)[1]
EBITA divided by working capital.

P/WC is used to analyse profitability and is a measure that attaches a premium to high EBITA earnings and low working capital requirements.

Working capital[1]
Working capital (WC) is measured by means of an annual average, defined as inventories plus accounts receivable less accounts payable.

Working capital is used to analyse how much working capital is tied up in the operations, see reconciliation table on page 106.

[1] This key financial indicator is an alternative indicator in accordance with the ESMA guidelines.

[2] Minority interests are included in equity when calculating the key figures.

RECONCILIATION TABLES, ALTERNATIVE KEY FINANCIAL INDICATORS

EBITA and EBITDA

Group, SEK million	2018/2019	2017/2018	2016/2017	2015/2016
Operating profit	910	701	604	443
Amortisation, intangible non-current assets (+)	175	137	111	93
EBITA	**1,085**	**838**	**715**	**536**
Depreciation, property, plant and equipment (+)	52	43	40	34
EBITDA	**1,137**	**881**	**755**	**570**

Working capital and return on working capital (P/WC)

Group, SEK million	2018/2019	2017/2018	2016/2017	2015/2016
EBITA (rolling 12 months)	1,085	838	715	536
Inventories, annual average (+)	1,304	1,037	941	846
Accounts receivable, annual average (+)	1,542	1,231	1,043	894
Accounts payable, annual average (-)	817	677	622	532
Working capital (annual average)	**2,029**	**1,591**	**1,362**	**1,208**
Return on working capital (P/WC) (%)	**53%**	**53%**	**53%**	**44%**

Acquired growth and organic growth

Group	2018/2019	2017/2018	2016/2017	2015/2016
Acquired growth (SEK million, %)	**999 (12%)**	**557 (8%)**	**574 (9%)**	**446 (8%)**
Organic growth (SEK million, %)	**903 (11%)**	**356 (5%)**	**403 (7%)**	**10 (0%)**
Divestments (SEK million, %)	-65 (-1%)	-115 (-2%)	-	-
Exchange rate effects (SEK million, %)	289 (4%)	46 (1%)	46 (1%)	-20 (-0%)
Total growth (SEK million, %)	**2,126 (26%)**	**844 (12%)**	**1,023 (17%)**	**436 (8%)**

Net debt excluding pensions and net debt/equity ratio excluding pensions

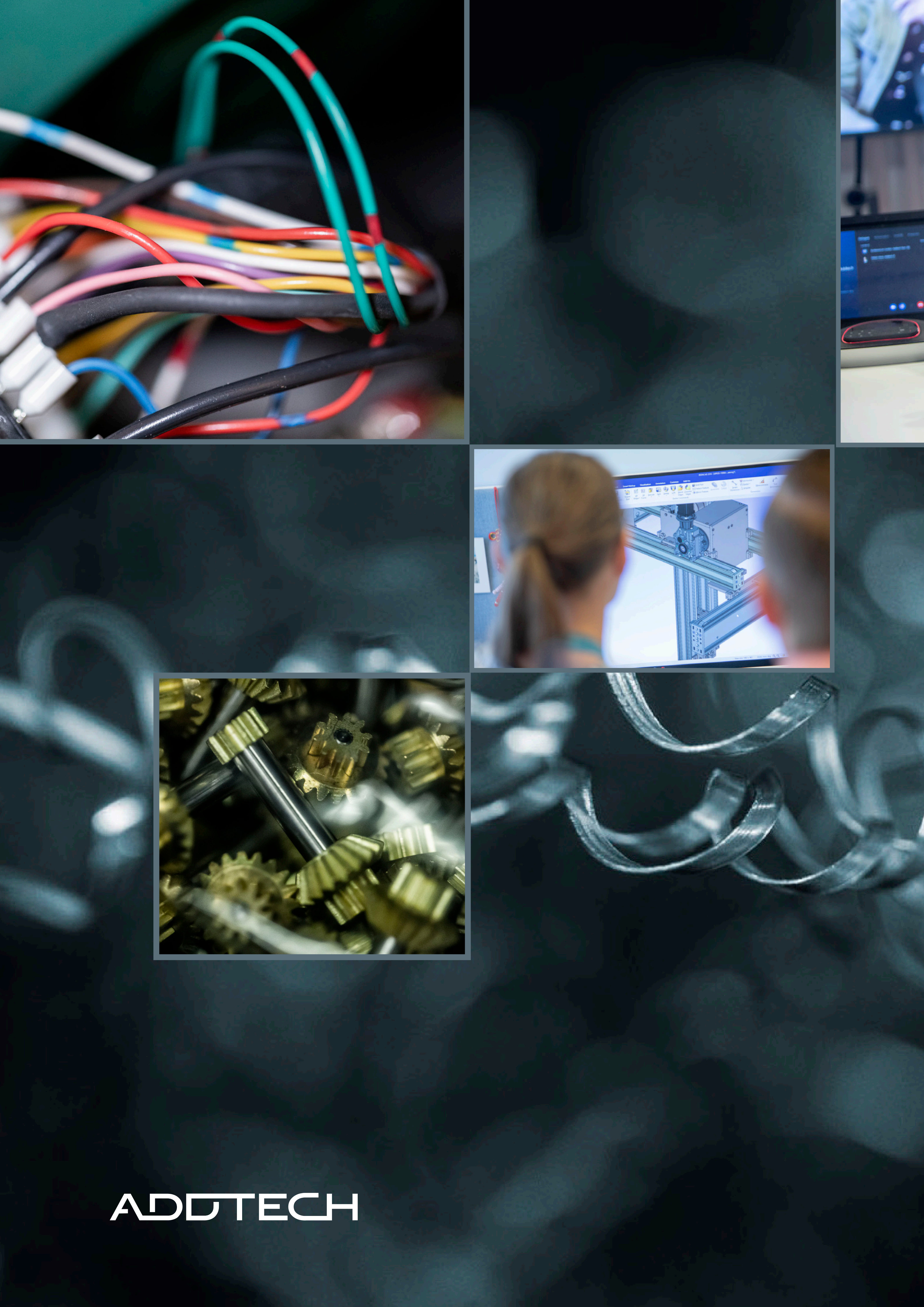
Group	2018/2019	2017/2018	2016/2017	2015/2016
Financial net debt, SEK million	1,960	1,405	1,011	822
Pensions, SEK million (-)	-260	-229	-210	-199
Net debt excluding pensions, SEK million	**1,700**	**1,176**	**801**	**623**
Equity, SEK million	2,520	2,131	1,741	1,514
Net debt/equity ratio excluding pensions, multiple	**0.7**	**0.6**	**0.5**	**0.4**

Interest coverage ratio

Group	2018/2019	2017/2018	2016/2017	2015/2016
Profit after financial items, SEK million	865	665	580	423
Interest expenses and bank charges, SEK million (+)	41	31	25	22
Total	906	696	605	445
Interest coverage ratio, multiple	**22.1**	**22.7**	**23.9**	**20.3**

Capital employed and return on capital employed

Group, SEK million	2018/2019	2017/2018	2016/2017	2015/2016
Profit after financial items	865	665	580	423
Financial expenses (+)	62	71	39	30
Profit after financial items plus financial expenses	**927**	**736**	**619**	**453**
Total assets, annual average (+)	6,324	4,996	4,143	4,286
Non-interest-bearing liabilities, annual average (-)	-1,604	-1,319	-1,167	-1,172
Non-interest-bearing provisions, annual average (-)	-378	-335	-268	-252
Capital employed	**4,342**	**3,342**	**2,708**	**2,862**
Return on capital employed, %	**21%**	**22%**	**23%**	**16%**



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