ADDTECH ANNUAL REPORT 2017/2018

THE YEAR IN BRIEF
GOOD ORGANIC GROWTH AND HIGH ACQUISITION ACTIVITY

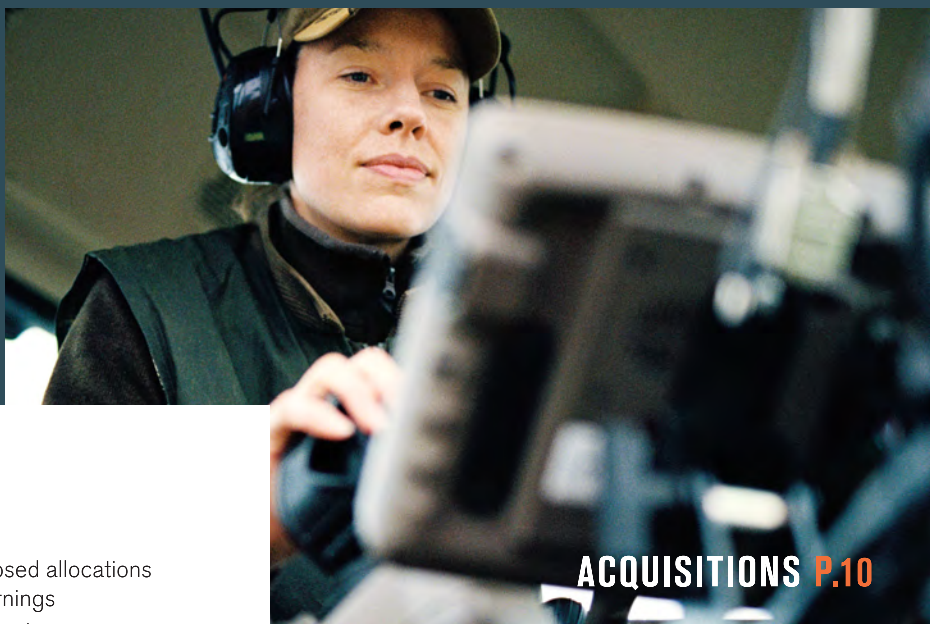
CEO COMMENTS
ADVANCED MARKET POSITIONS

NET SALES
8,022
MILLIONS

ADDTECH IN BRIEF

Addtech is a Swedish publicly listed technology trading group that provides both 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. The business comprises of about 120 independent subsidiaries in around 20 countries. Around half of sales are generated from standard products and half from specially adapted products. Addtech creates optimal conditions for the profitability and growth of subsidiaries.

VISION, BUSINESS CONCEPT, GOALS AND STRATEGIES P.6



ACQUISITIONS P.10

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CONTENT

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.

2017/2018

GOOD ORGANIC GROWTH AND HIGH ACQUISITION ACTIVITY

At Addtech, 2017/2018 was a strong year, characterised by high activity and a favourable business climate. Strong profit growth and our focused work on continuous development – while keeping costs under control – delivered a higher operating margin. During the year, eleven acquisitions were made, adding annual sales of around SEK 700 million. Return on working capital (P/WC) amounted to 53 percent.

Q1 A GOOD START

The first quarter showed good growth with a retained operating margin, even compared with a strong quarter last year. The increase in organic net sales provided good earnings growth and three acquisitions were made.

Q2 STRONG ORGANIC GROWTH

The market was very strong during the quarter and the Group recorded an organic increase of 9 percent in sales and a continued improved operating margin.

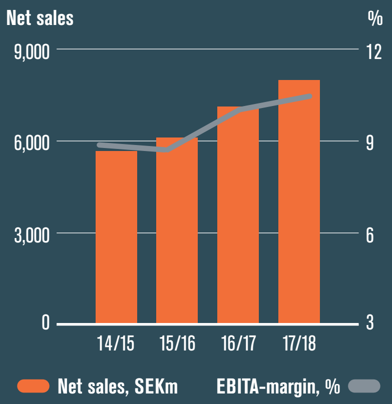
Q3 HIGH ACQUISITION ACTIVITY

The business climate during the quarter was favourable with stronger demand in most of our geographical markets and most customer segments. Our activity level was high and five acquisitions were made.

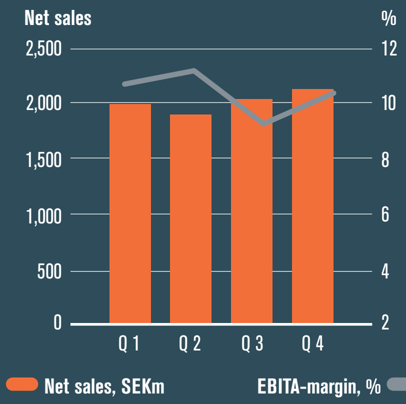
Q4 FAVOURABLE BUSINESS CLIMATE

The favourable business climate continued and the quarter provided an excellent conclusion to a successful year. Earnings growth was robust and the operating margin continued to rise compared with the previous year. Three acquisitions were made.

YEAR
NET SALES AND EBITA-MARGIN



QUARTER
NET SALES AND EBITA-MARGIN



8,022
NET SALES, SEKm

10.5%
EBITA MARGIN

ABOUT THE ANNUAL REPORT
The annual report describes Addtech's operations and financial results 2017/2018 and includes a Corporate Governance Report and a Sustainability Report. The legal annual report covers pages 22-31 and 35-96. Comparisons listed in brackets refer to the corresponding amount in the previous year. The statutory Sustainability Report according to ÅRL can be found on pages 22-31 and 38-40.

HIGH ACQUISITION RATE AND ADVANCED MARKET POSITIONS

With strong organic growth and eleven acquisitions, we advanced our market positions within and beyond the Nordic region, and can confirm that we continue to perform well above our financial targets.

STRONG YEAR EXCEEDING FINANCIAL TARGETS

2017/2018 was a strong year for Addtech, marked by high activity, a favourable business climate and stable to rising demand in most of our markets. We are proud to say that we exceeded our financial targets once again. Sales surpassed SEK 8 billion, with growth of 12 percent, including 5 percent organic growth. Our profit growth, measured as EBITA, was 17 percent and our focused work on continuous development, while keeping costs under control, raised the EBITA margin from 10.0 to 10.5 percent.

Return on working capital (P/WC) amounted to 53 percent, an excellent cash flow from operations.

GOOD ORDER BRINGS PROFITABILITY THROUGHOUT THE GROUP

Our long-term focus on profitable growth, both organically and through acquisitions, has paid off. Profitable growth generates a larger cash flow, which in turn can be invested for additional growth. Our good cash flow growth over the years has enabled us to increase the dividend to our shareholders and to continue to acquire profitable companies. Looking back to September 2001 and Addtech's stock exchange listing, the results are clear. Since then, our profit has increased on average by more than 15 percent annually, which in turn has had a corresponding positive effect on our share price.

The basis for profitability is good order, which allows more time to be devoted to creating value for our customers and ourselves. It is important to focus on what is essential and makes a difference. Thorough profitability analyses aimed at identifying essential activities are conducted in our subsidiaries. The regular analyses tell us where our margins and growth are strong and where they are poorer. This methodical approach enables us to invest where we are doing well and to reduce our focus on areas not contributing to long-term growth. In this way, we continue to build value for our shareholders, customers and employees, providing them with interesting growth opportunities.

HIGH ACQUISITION RATE AS WE METHODICALLY BUILD THE GROUP

Our well established basic philosophy of building the Group from relatively small, flexible businesses with in-depth technical expertise, working close to the customer and able to respond rapidly to market changes, stands firm. We are methodically building the Group and every acquired company represents a unique building block that fits into the Group structure and contributes with new business opportunities and employees who want to develop. The acquisition process itself may take time – we are careful to learn as much as we can about the company, its people and its culture – but in return, integration is much faster. Our acquisition rate remained high during the year. We made a total of eleven carefully selected acquisitions that contributed annual sales of approximately SEK 700 million.

We have long known that our business model appeals to owners and entrepreneurs in the Nordic countries. Now we see that it is equally appealing to companies outside the Nordic region. Until recently, we have mainly focused on Nordic businesses, but over the past two years we have acquired a total of five businesses outside the Nordic region. With our exports from the Nordic countries to

Looking back to September 2001 and Addtech's stock exchange listing, the results are clear. Since then, our profit has increased on average by more than 15 percent annually, which in turn has had a corresponding positive effect on our share price.

other markets, total sales outside the Nordic region amount to 24% of sales, or almost SEK 2 billion.

SUSTAINABLE BUSINESS DEVELOPMENT WITH A FOCUS ON EMPLOYEES AND ENTREPRENEURSHIP

We continue to work towards our common vision of being a leader in value-adding technology trading. We aim to continually improve our customer offering, supplier cooperation and internal procedures and organisation. Our employees play a key role here. Consequently, our business development and sustainability initiatives largely involve organisational and employee development. All employees in the Group should feel that they are part of a successful team and able to exercise significant influence over their own development. At Addtech, this is expressed in our corporate culture, which can be summarised in five words: Simplicity, Efficiency, Change, Responsibility and Freedom. The decentralised responsibility in particular is a key component of our philosophy.

We are convinced that the organisation performs best when our entrepreneurs and subsidiaries have great freedom in how they manage and develop their business, underpinned by support from Addtech's network, accumulated expertise and financial resources. Our sustainability initiatives are based on the same approach. Addtech's business school is an important platform for spreading the corporate culture and helping our employees to grow. The business school offers employees training programmes adapted to their experience and duties and is aimed at both new employees and senior executives in Group companies. At the same time, Addtech supports other aspects of business development and sustainability by providing tools and procedures for initiatives such as supplier assessments and quality and environmental management. This work strengthens our independent, often relatively small entrepreneurial businesses, making them more attractive, while reducing our risks.

A CORPORATE CULTURE THAT DRIVES SUCCESS

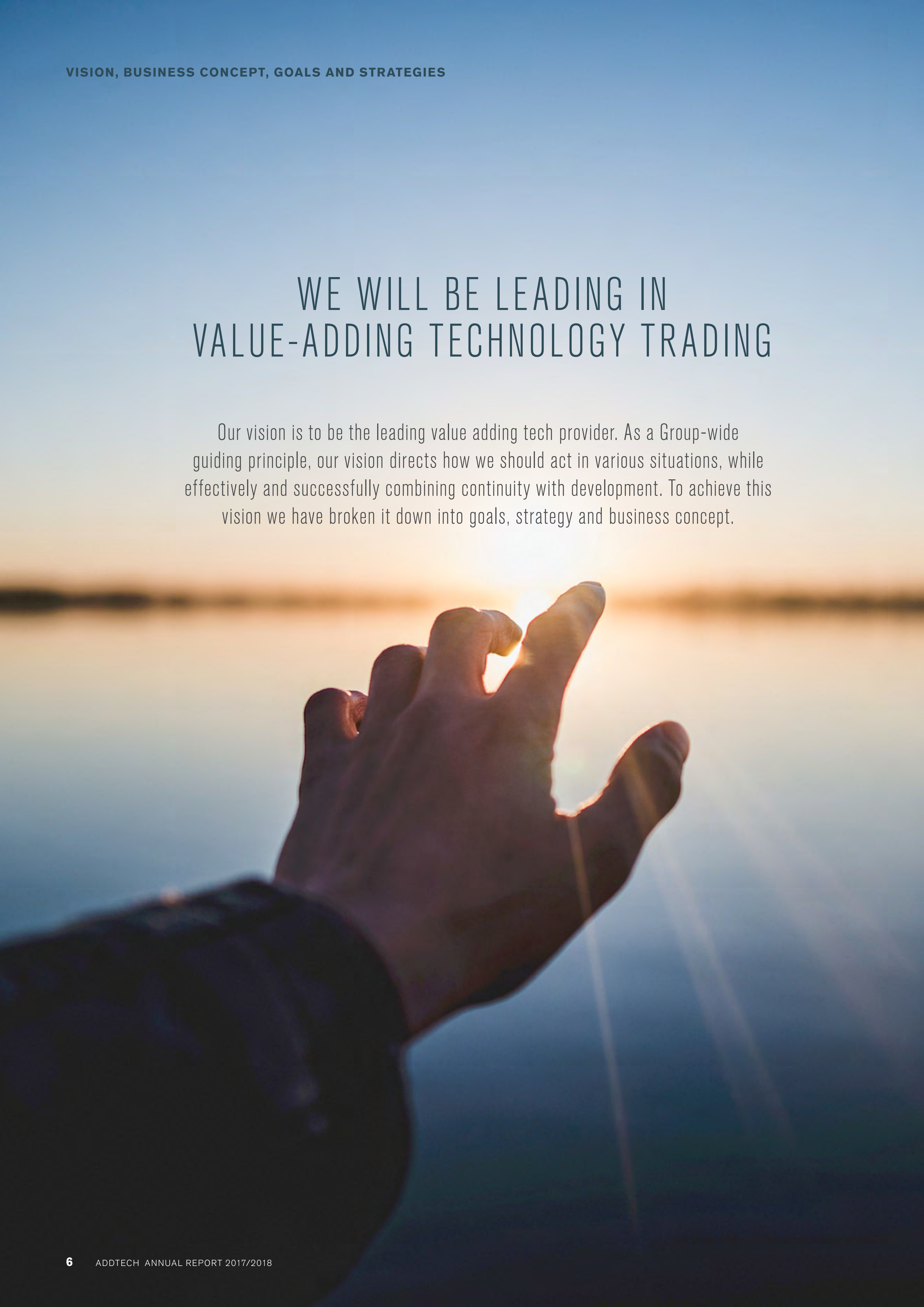
In writing my final CEO comments for the annual report, I would like to conclude where I began in my first CEO comments ten years ago, by recognising the Group's 2,300 employees who together maintain and enhance our business-driven corporate culture. What distinguishes our employees, then, as now, is their technical expertise, entrepreneurial spirit, focus on profitability and willingness to take decentralised responsibility. That is also what makes our many subsidiaries, and therefore Addtech, successful. I would like to warmly thank all of our employees, colleagues and business relations for yet another strong year, but above all because I had the privilege of sharing this time with you.

I am convinced that my successor, Niklas Stenberg, is the right person to take the helm and further develop not only the successful business operations currently in the Group, but also the outstanding corporate culture that makes Addtech unique.

Johan Sjö
President and CEO
Addtech AB

WE WILL BE LEADING IN VALUE-ADDING TECHNOLOGY TRADING

Our vision is to be the leading value adding tech provider. As a Group-wide guiding principle, our vision directs how we should act in various situations, while effectively and successfully combining continuity with development. To achieve this vision we have broken it down into goals, strategy and business concept.



> ”We create and add value for our customers to ensure that their products are more competitive in the end market.

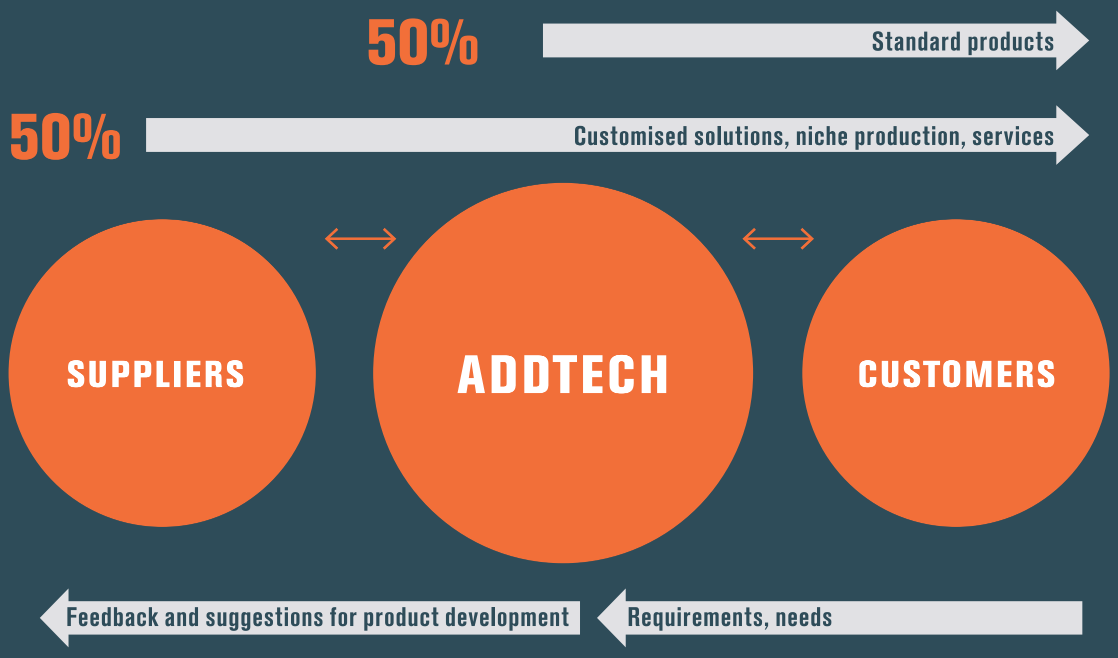
PARTNER THAT CREATES TECHNICAL AND FINANCIAL ADDED VALUE

Addtech has maintained the same successful business concept for more than 100 years. Our business concept is to offer high-technology products and solutions to companies in the manufacturing and infrastructure sectors. We provide both technological and economic added value by serving as an expert and professional partner to both customers and suppliers. In order to achieve our vision and develop our business in the long term, we strive to pursue our business in a sustainable way.

Addtech acts as a value-adding link between customers and suppliers. At one end of the chain, our customers seek a technical solution to meet their unique needs. As their business partner, we customise solutions in collaboration with our carefully selected suppliers. We create and add value for our customers to ensure that their products are more competitive in the end market. A central part of it, is to meet market demands for increased sustainability and responsible action in terms of economic, environmental and social value creation.

We have a large number of suppliers across the world and our purchases are made in large part from suppliers outside the Nordics, in Europe, the USA and Asia. Addtech conducts its own production on a minor scale, and so the major share of production takes place via orders to our suppliers.

ADDTECH’S BUSINESS MODEL



FINANCIAL TARGETS AND FOLLOW-UP DURING THE YEAR

At Addtech, the expectations on earnings growth, profitability and development determine the conditions for each individual business. Our financial target is average earnings growth of more than 15 percent over a business cycle. In practice, this means doubling our earnings every five years. The economic climate naturally has a bearing on our opportunities each year. Over the financial year, earnings growth totalled 17 percent, which is above our long-term target.

At Addtech we measure profitability via the P/WC ratio. To calculate that, we apply the EBITA earnings measure (P) to our working capital (WC). The P/WC ratio in every unit shall amount to no less than 45 percent. Everything done day-to-day can be linked to the P/WC target, with the aim of optimising operations. P/WC places a premium on high earnings and low levels of tied-up capital, which in combination with earnings growth, provides good opportunities for a positive cash flow and long-term profitable growth. The P/WC ratio for the financial year 2017/2018 was 53 percent, well above our target.

STRATEGIES

We are developing and building our Group systematically in accordance with our well-established strategy. Every company represents a unique building block that fits in with the Group structure. During our acquisition process, we assess new businesses in order to identify new building blocks that fill the gaps we have, or that can strengthen our existing companies.

Market-leading niche positions

Addtech strives to be market-leading and active in carefully selected niches with high levels of knowledge and technology. Our customers are seeking carefully selected solutions, sub-systems or products, often in small or medium-sized volumes. We customise and sell solutions to our customers in partnership with selected suppliers. The market-leading position is important to achieve stable growth and profitability.

Operating mobility - flexibility and active ownership

Operational mobility is characterised by a flexible organisation with solution-oriented, innovative employees who recognise and take full advantage of new business opportunities. Through active ownership of our companies, we can merge or separate whole or parts of businesses. That way, we can fully develop the growth potential of the individual subsidiary or segment. Operational mobility also requires us to have effective processes for integrating new companies into the Group.

Growth through acquisitions

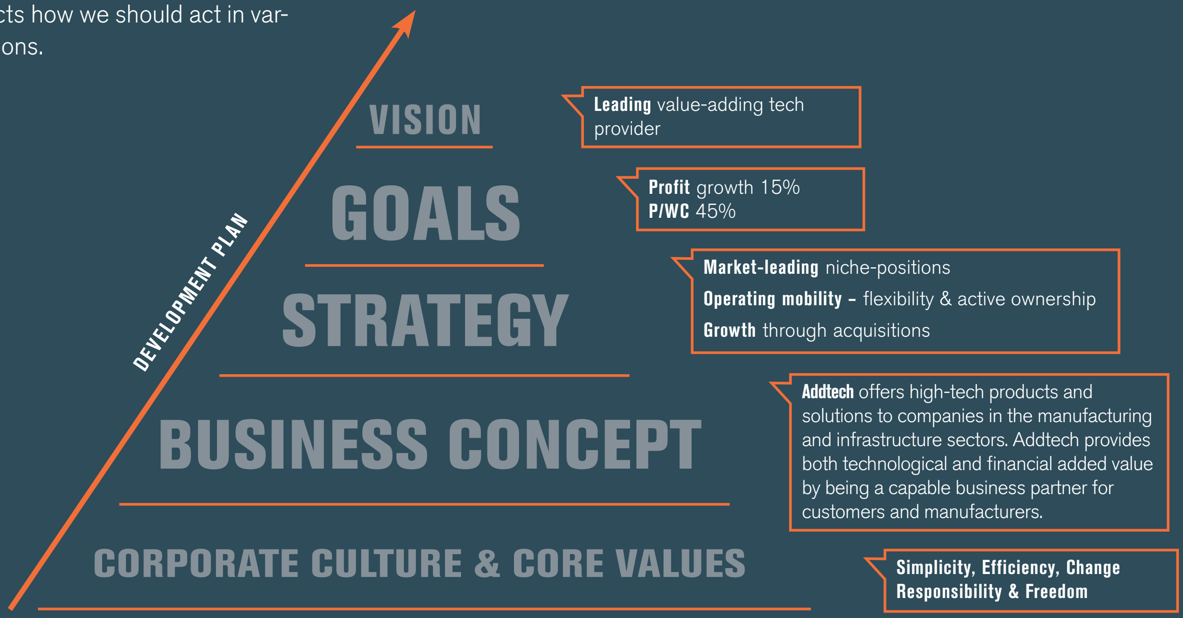
Addtech is constantly growing through acquisitions of independent technology companies with market-leading niche positions. This makes it possible to complement business areas through new market segments in niches where we see the right conditions for gaining market leadership. Business units can expand and build market and/or product positions in selected market segments. We also make small bolt-on acquisitions that may serve to strengthen the market positions of our existing companies.

SUCCESS FACTORS

Addtech was listed in 2001, and has since then performed well both in terms of sales and profitability. Profitable growth

WE STEER TOWARDS THE VISION

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



is achieved through continuous business and organisational development. The following are the most important factors behind our successful business model.

Competent employees

Addtech's employees are the absolutely key condition for our success. Our employees represent high business acumen and technical expertise that are continuously focused on developing existing and new lines of business. When employees enjoy their work and can develop personally, it is possible to drive up sales of products, solutions and sub-systems. Employees who are creative and decisive can prioritise among their tasks and raise their sights and look forward.

Decentralised organisation

Addtech has organised its business on the basis of decentralised responsibility for profitability and earnings. This offers good opportunities for combining the flexibility, personality and efficiency of a small company with the resources, networks and long-term approach of a large business. Every company has great freedom as to which customers it serves, but also has great responsibility to live up to expectations of earnings growth and profitability.

Consistency and strong business culture

Addtech is characterised by a deeply rooted culture based on strategic and consistent acting, good planning, a long-term approach, diligent decision-making and effective implementation. Furthermore, Addtech is characterised by strong business acumen, a firm focus on profitability and an ethical approach.

17%
PROFIT GROWTH

53%
EBITA/WORKING CAPITAL

" Financial stability and strength are a prerequisite to invest in sustainable business development. This sets requirements that can be summarised in profitability, growth and development.

WE LOOK FOR COMPANIES TO MAINTAIN AND DEVELOP

Acquisitions are an important part of Addtech's strategy. We continuously evaluate both acquisitions of independent, profitable technology companies with market-leading niche positions, and small bolt-on acquisitions that may serve to strengthen the market positions and profitability of our existing companies. Over the financial year, eleven acquisitions were made, contributing with annual sales of about SEK 700 million.

700
ACQUIRED NET SALES, SEKm

11
ACQUISITIONS

171
NUMBER OF NEW EMPLOYEES

Addtech owns around 120 independent subsidiaries and is a financially strong, well-established and committed owner. Each year, we acquire entrepreneur-led technology trading companies that support existing operations or bring in new product or market segments where the conditions are right for gaining leading niche positions. We hold on to our companies and develop them long term. New companies contribute with a presence on new sub-markets, and bring skilled employees with a strong entrepreneurial spirit.

SPECIALISTS IN ACQUISITIONS

In each acquisition process the company is evaluated according to a series of criteria that, when met, create good conditions for further development within Addtech. Acquired companies are expected to contribute to the Group's profitability in both the short and long term and have good growth prospects. Addtech's subsidiaries are generally wholly owned.

The route to a successful acquisition for both buyer and seller is rarely a rapid process. Giving the parties time to get to know each other reduces the risk of misplaced expectations. It also creates trust, which lays the foundation for the parties and employees to be satisfied with the outcome once the acquisition has been completed.

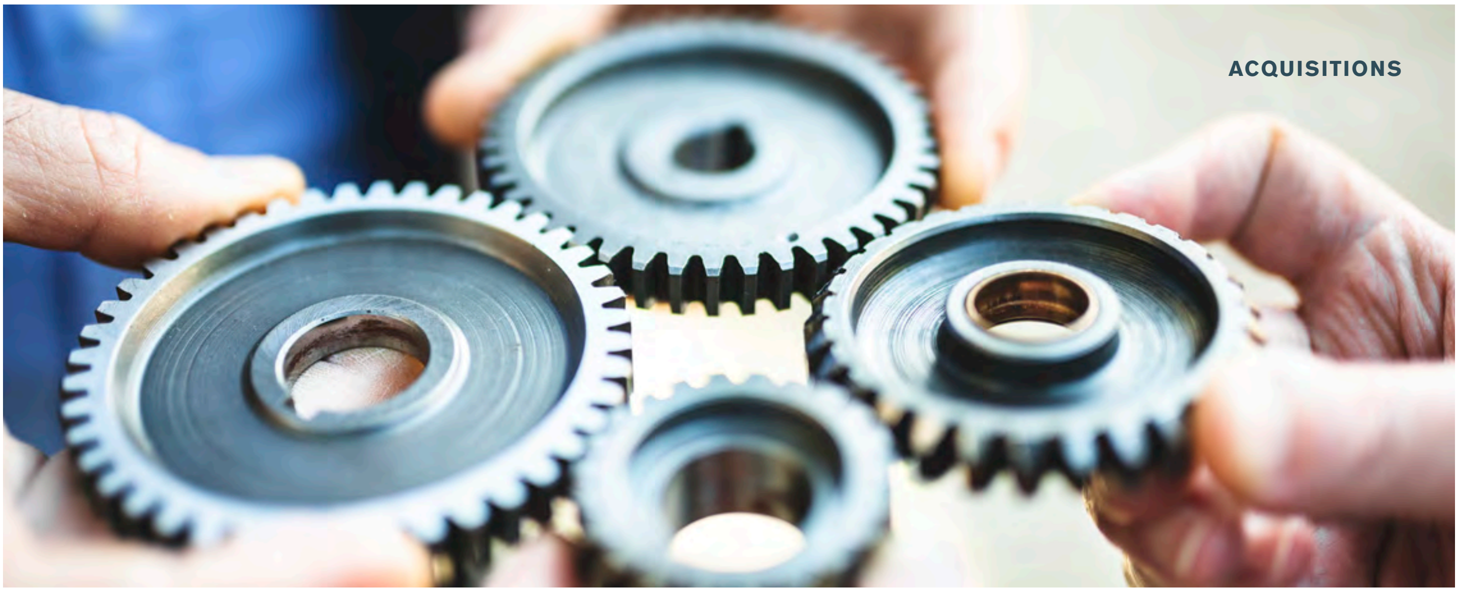
Over the years, Addtech has acquired and integrated more than 90 companies, and from these experiences a clear, successful process for integrating and developing the companies acquired has emerged. We set clear goals and provide tools for development and profitability.

NEW COMPANIES DEVELOP WITHIN ADDTECH

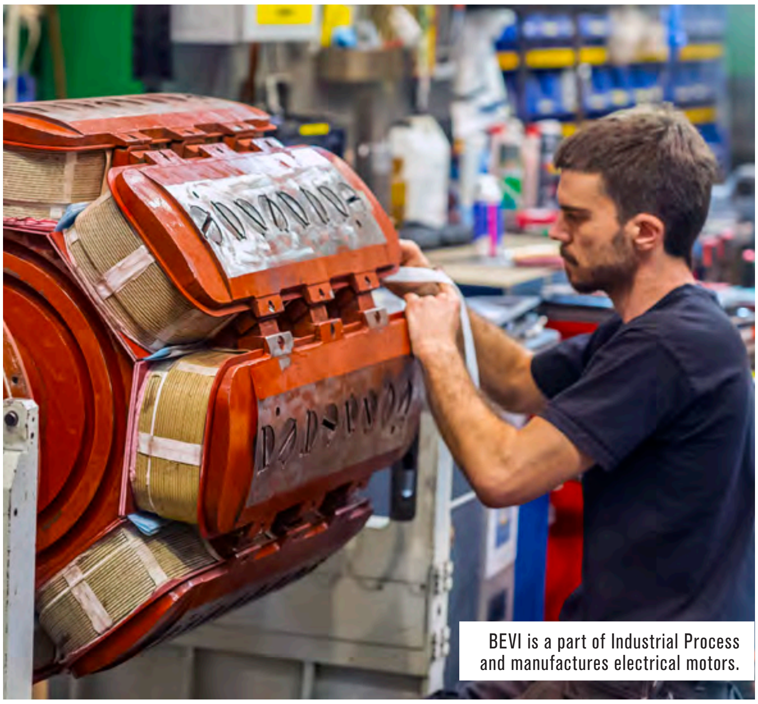
Many privately-owned companies want to sell to Addtech so they can maintain their decentralised responsibility, but also to gain support for development via an active, long-term owner. Each business area includes a number of niche business units. As a result, many entrepreneurs see a natural position where their companies could fit within the Group. The year's acquisitions have strengthened our business areas and have contributed to earnings growth. As our markets are changing, opportunities continue to be created for developing new business segments. At the same time Addtech is gradually moving its positions forward.

ADDTECH SEEKS COMPANIES WITH:

Profitability and growth potential
High knowledge and technology content
Developed supplier relationships
Niche market focus
Relationship-based B2B-sales



Power Solution's largest customer segment is special vehicles.



BEVI is a part of Industrial Process and manufactures electrical motors.

ACQUISITIONS IN THE LAST 5 YEARS

ACQUISITIONS	2017/2018	2016/2017	2015/2016	2014/2015	2013/2014
Number of acquisitions	11	10	10	9	5
Acquired annual sales*	698	503	643	540	299
Number of employees	171	129	161	140	87

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

OUR MAIN REASONS FOR ACQUISITIONS

Subsidiaries can make small-scale bolt-on acquisitions in order to reinforce existing operation in their niche.

Business units can expand and build market and/or product positions in selected market segments.

Business areas can add new market segments in the areas where we see the right conditions for being able to become market leaders.

WHY SELL TO ADDTECH?

Maintain relationships
Realise values
Generational shift
Secure the workplace
Add expertise and networks

SUCCESSFUL ENTREPRENEURIAL COMPANIES ON A LARGE SCALE

The Group has about 2,300 employees in around 120 subsidiaries. Freedom with responsibility is the core principle that applies throughout Addtech's decentralised organisation as we are convinced that the best business decisions are made close to the customer and the market.

ORGANISATION THAT PROMOTES EFFICIENCY AND DEVELOPMENT

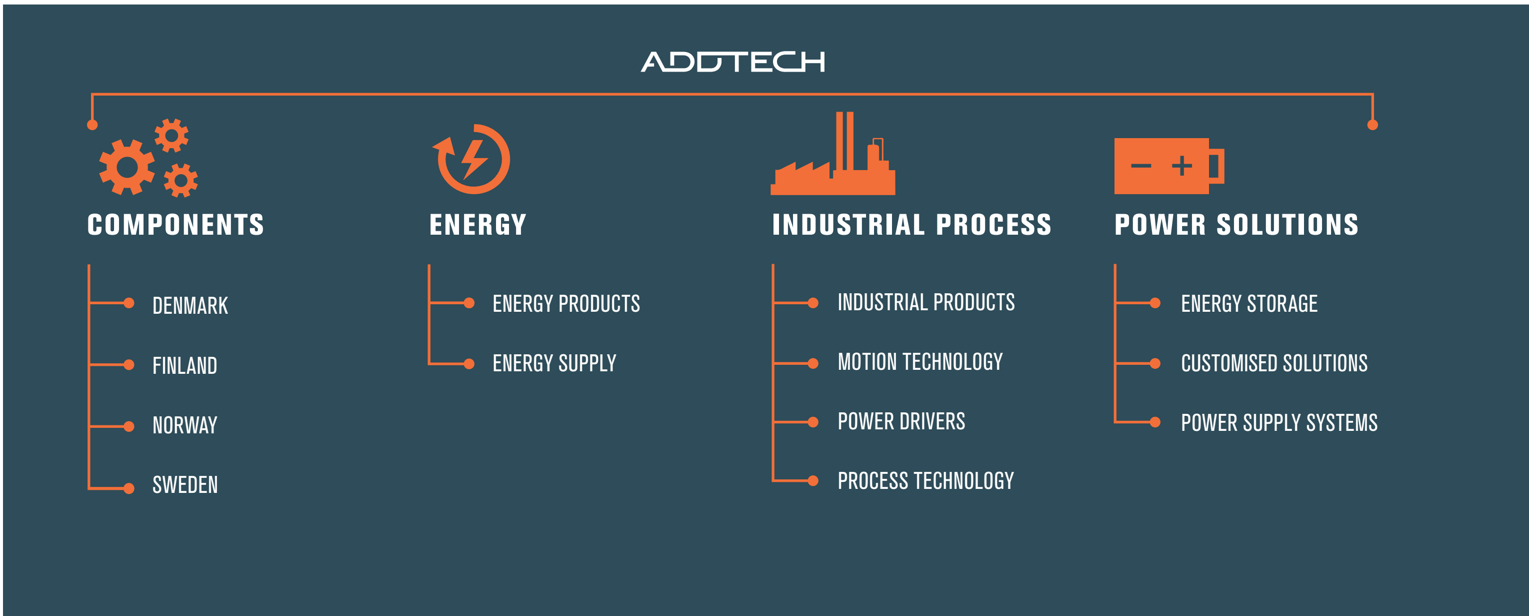
Addtech works actively to utilise the organisation as efficiently as possible and its companies cooperate with one another to varying degrees. The organisation is structured into four business areas: Components, Energy, Industrial Process and Power Solutions. Addtech's business areas consist of a number of business units corresponding to different market segments. The task of each business unit is to identify and capitalise on business opportunities in their respective market segments and create exchanges between subsidiaries. The business units therefore form the basis for Addtech's strategy in which success factors are based on combining the flexibility, personality and efficiency of a small company with the resources, networks and long-term approach of a large business.

DEVELOPMENT OPPORTUNITIES FOR SUBSIDIARIES

The independence of the subsidiaries is crucial in recruiting and retaining talented employees and entrepreneurs. Addtech does not micromanage its companies. Instead, it exercises active ownership through Board work and financial follow-up. Every subsidiary has a good foundation for growth and development of its business, in the form of both support from its Board of Directors and via a range of common Group tools. These tools are available in areas that contribute to the subsidiaries' efficiency and profitability, including law, accounting and finance, training, quality management, sustainability and IT systems, as well as in framework agreements (master contracts) for the purchase of services.

MARKET LEADER IN SELECTED NICHES

The common denominator of the subsidiaries' business concepts is that they market and sell technology products in selected niches. Irrespective of whether the subsidiaries conduct technology trading or their own production operations, Addtech is a technology partner and specialist that helps its customers find the right technical solution and product. The subsidiaries' technological capabilities, long-term customer relationships and a good understanding of customers' business have led to cooperation with a large number of world-leading companies.



GLOBALISATION AND TECHNOLOGICAL DEVELOPMENT

Addtech operates in the international technology trading market, where companies buy, adapt and sell technical products and solutions. We have chosen to focus on special niches with high technology and knowledge content. The rapid development of technology makes it vital to constantly stay at the forefront of technological development. This is where we can make a difference for our customers and manufacturers.

MACRO TRENDS

Global macro trends such as increased globalisation, climate change and a growing middle class pose challenges for both Addtech and our customers, but they also entail good business opportunities. Demographic changes in terms of population growth and a growing middle class entail increased demand for capital and consumer goods, as well as an increased need for infrastructure investments. Climate change also increases requirements and the demand for sustainable technological solutions. Our focus on offering products, services and systems that streamline our customers' operations often involves measures to improve energy efficiency while reducing environmental impact. We apply Addtech's expertise in sustainable technology to help our customers meet external challenges and to reduce their environmental impact.

MARKET DEVELOPMENT

The long-term growth and profitability of the market depends on the size and diversity of the industrial and service sectors. Northern Europe's relatively high costs have spurred the development of knowledge-intensive, automated and specialised industrial and service sectors. This has also contributed to differentiation of the value chain, increased trade and greater reliance on external partners like Addtech for product development and component modifications as well as for maintenance and other aftermarket services.

The supplier market is becoming increasingly complex and customers have a growing need for partners who help them select the right supplier and technology. We provide a range of market-leading products, combined with our own technological and market knowledge alongside flexible customisation options. Hence, we are constantly an attractive partner for our customers.

GROWTH AND PROFITABILITY

In the short term, growth and profitability are closely tied to industrial economic conditions and the economic conditions prevailing in Addtech's markets. Addtech's focus on infrastructure and narrow market niches, as well as large number of subsidiaries, reduces sensitivity to economic volatility. However, growth and profitability are highly dependent on the state of competition among our customers and their possibilities of performing well in their markets. Addtech therefore evaluates each of its markets on an ongoing basis to ensure that there are conditions for reaching the Group's financial targets.

THE NORTHERN EUROPEAN MARKET

Addtech is based in Nordic industry, but operates internationally. The emphasis is on the Nordic region, but we have performed well in markets outside the Nordic countries and these have increased in significance. Besides having its own operations in 20 countries, Addtech also exports to a further 20 or so countries. Many of Addtech's products are incorporated into the end products of globally exporting customers. Addtech often continues to supply its parts to these customers when they relocate their manufacturing operations abroad.

COMPONENTS

Components markets and sells components and sub-systems in mechanics, electromechanics, hydraulics and electronics as well as automation solutions and industrial IT. Its customers mainly operate in the Nordic manufacturing industry.

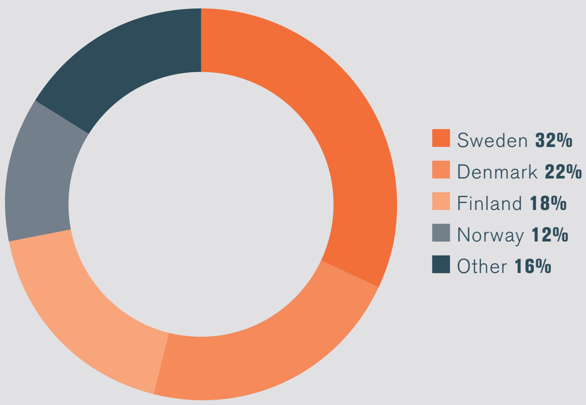
OPERATIONS

Components focuses on technology trading with components and for more complex customer needs, solutions are offered that may be a combination of components and subsystems. Companies in the business area strive continuously to increase the added value in their offering. Products and solutions are often customised in collaboration with the customer and supplier.

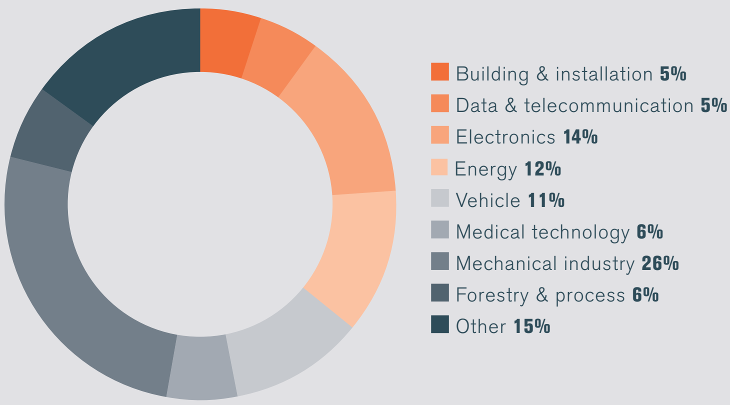
MARKET

The business area holds a strong market position in the Nordics. A local base combined with high levels of technical expertise provide the companies with competitive advantages in their respective niche markets. Major customer segments include OEM applications within manufacturing industries, energy, electronics industry and special vehicles. Demand tracks developments in the manufacturing industry. Competition is tough for standard products in large volumes. Segments with medium volumes, which comprise our focus, prioritise service, customisation and delivery capacity. Long-term relationships with leading global suppliers are essential and a high priority.

COMPONENTS
NET SALES, GEOGRAPHIC MARKET



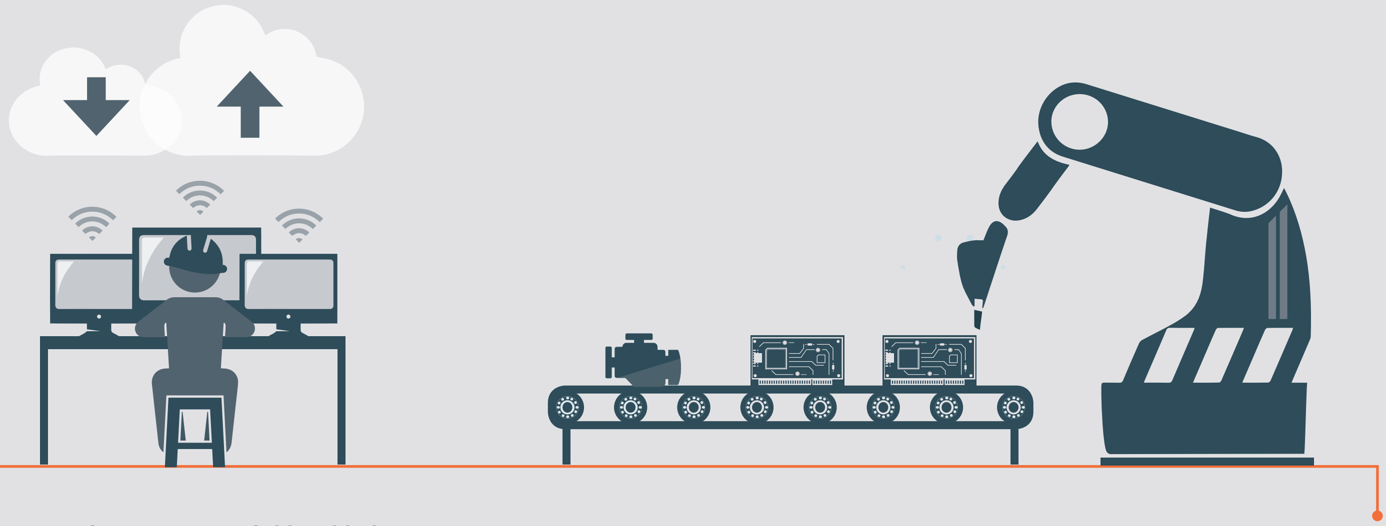
COMPONENTS
NET SALES, CUSTOMER SEGMENT



3,001
NET SALES, SEKM

284
EBITA, SEKM

9.5
EBITA MARGIN, %



DEVELOPMENT DURING 2017/2018

Strong organic sales growth, in combination with several acquisitions, created strong earnings growth and continued good growth in our operating margin. At our businesses in Swede, Denmark and Finland, demand for production components from Nordic manufacturing companies remained very high. We recorded strong demand from most major customer segments, including machinery production, electronics, special vehicles and wind power. Sales in Norway were stable overall, and we are beginning to see signs of increased activity – from a very low level – in the oil & gas customer segment. One area that performed particularly well during the year was sales to companies in wind power.

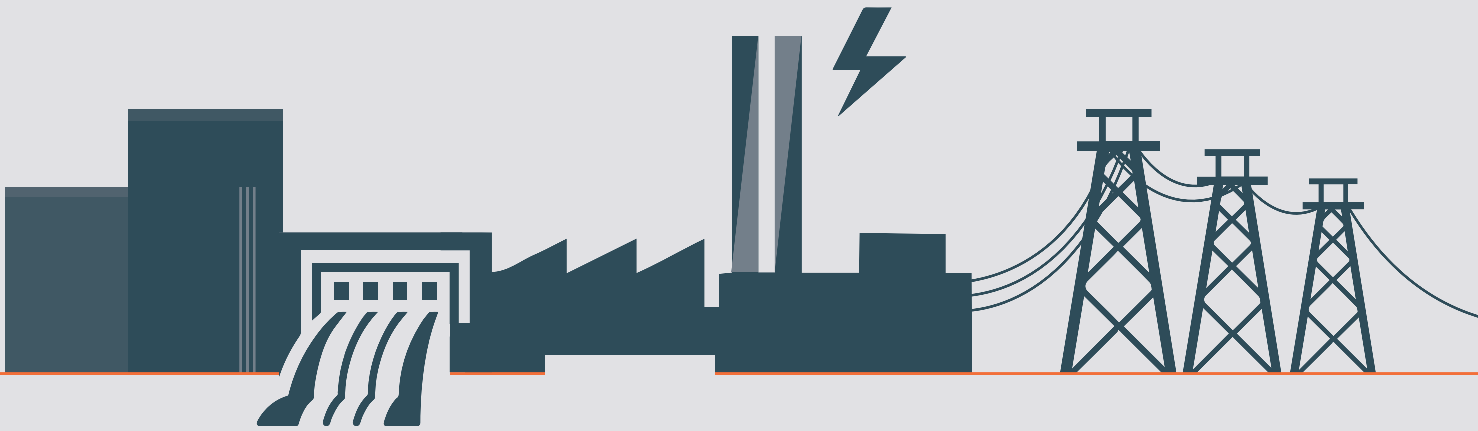
COMPONENTS
KEY FINANCIAL INDICATORS

KEY FINANCIAL INDICATORS	2017/2018	2016/2017
Net sales, SEKm	3,001	2,355
EBITA, SEKm	284	187
EBITA margin %	9.5	8.0
R/WC, %	50	42
Average number of employees	619	561
Acquired annual sales*	498	233

* Refers to conditions at the time of acquisition on a full-year basis.

ENERGY

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



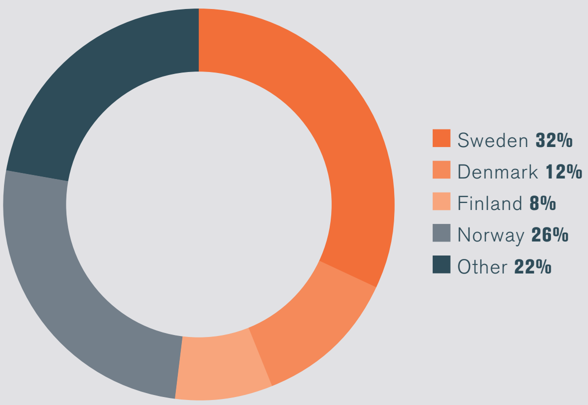
OPERATIONS

Energy focuses on the markets for electrical power distribution and electrical installation, as well as products and solutions in electrical safety, energy efficiency and connection technology. Companies also carry out the customisation of standard components and solutions for products, primarily in electric power transmission.

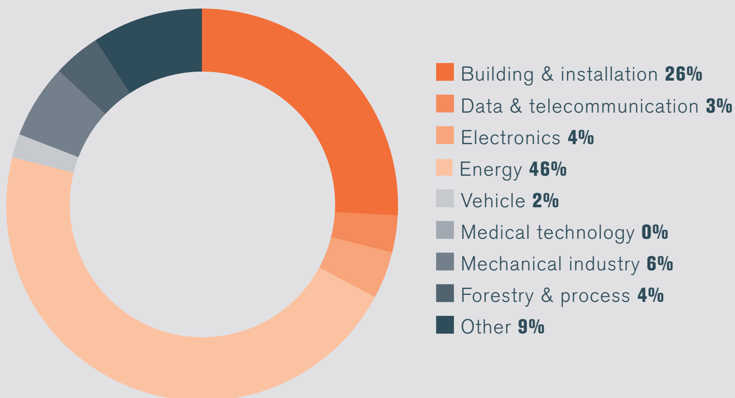
MARKET

Energy's companies hold leading market positions in their respective niche areas in electrical power products and electrical safety. In addition to trading, several companies also manufacture niche products under their own brands. Demand in the energy market is relatively stable and is affected by the electricity companies' investment rate. Energy's subsidiaries also offer aftermarket services such as education, service and support, which generates both long-term customer relationships and current income.

ENERGY
NET SALES, GEOGRAPHIC MARKET



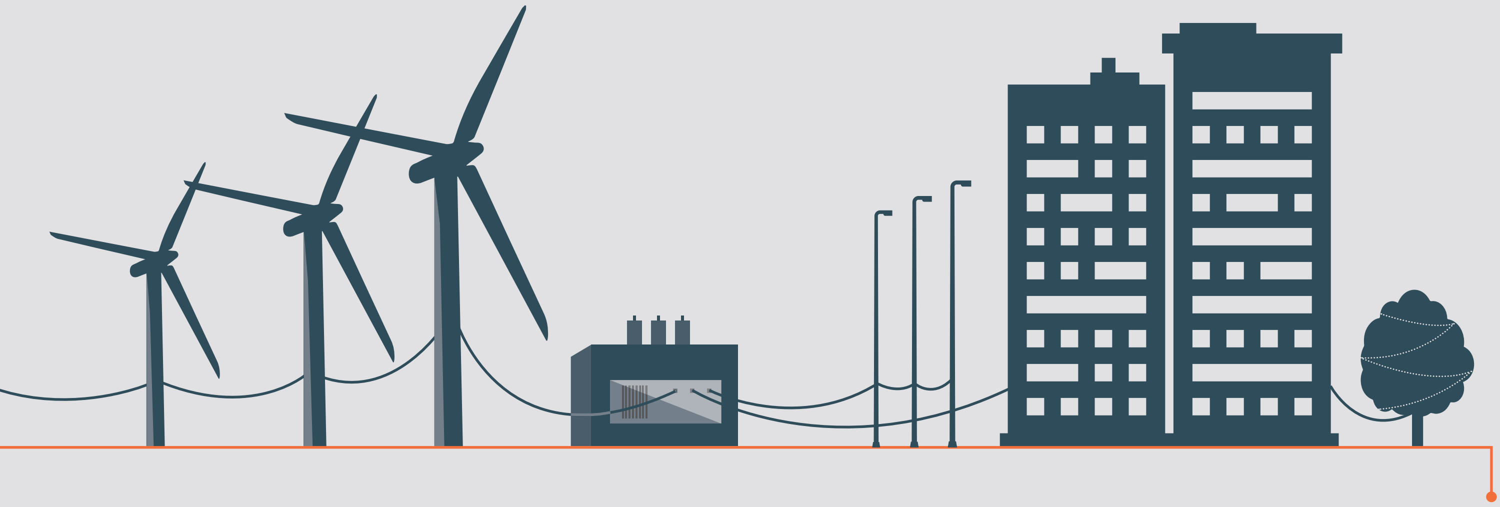
ENERGY
NET SALES, CUSTOMER SEGMENT



1,846 NET SALES, SEKM

215 EBITA, SEKM

11.7 EBITA MARGIN, %



DEVELOPMENT DURING 2017/2018

Sales of infrastructure products to the primary and regional grids in the Nordic region were stable overall during the year. Appetite for investment is keen and, given the intensified competition we noted during the year, we are focusing on business deals offering a good business margin. To Addtech companies operating in the area of niche products for power distribution, the market situation varies but is relatively stable overall.

Sales in the electrical installation and electrical safety sectors include products with an important role in renovation and new-building, such as fuses, cable ducts and presence and movement detectors, as well as professional lighting. With a continued high tempo in the construction and installation sector, demand for Energy's companies remained stable.

ENERGY

KEY FINANCIAL INDICATORS

KEY FINANCIAL INDICATORS	2017/2018	2016/2017
Net sales, SEKm	1,846	1,807
EBITA, SEKm	215	225
EBITA margin %	11.7	12.5
R/WC, %	59	69
Average number of employees	583	585
Acquired annual sales*	40	100

* Refers to conditions at the time of acquisition on a full-year basis.

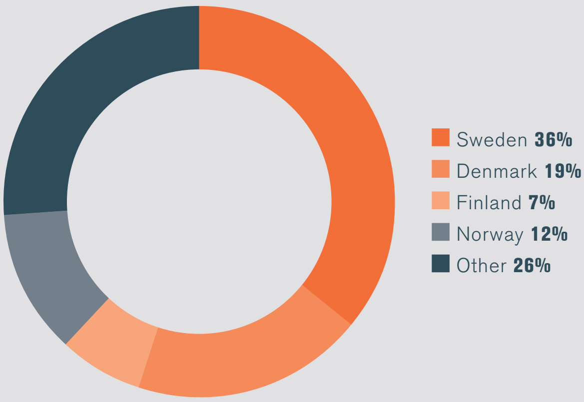
INDUSTRIAL PROCESS

Industrial Process markets and sells solutions, subsystems and components that contribute to optimised industrial process flows. Customers have an emphasis on industry in northern Europe.

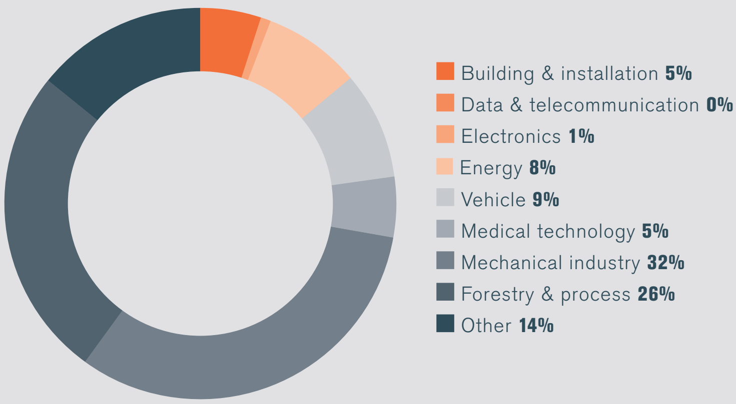
OPERATIONS
Industrial Process focuses on developing customers' business benefits and offer service and product solutions that help streamline customers' solid, liquid or gaseous industrial process flows. The added value created involves more competitive products, resource savings, positive environmental impact, time gains and other favourable outcomes that help improve quality and profitability for the customer. The solutions are customised and applied in a wide range of areas.

MARKET
Through their technical expertise the subsidiaries hold leading positions within several narrow niches. High development and innovation rate for industrial process flows and increased demands for reduced environmental impact drives the pace of investment. Competition is relatively hard but for companies who work closely with customers and offer high technical competence, efficiency and system solutions, the competition is much lower.

INDUSTRIAL PROCESS
NET SALES, GEOGRAPHIC MARKET



INDUSTRIAL PROCESS
NET SALES, CUSTOMER SEGMENT



1,677
NET SALES, SEKM

142
EBITA, SEKM

8.5
EBITA MARGIN, %

DEVELOPMENT DURING 2017/2018
Good organic growth, combined with a successful efficiency drive produced strong growth in earnings and a clear improvement in operating margin. Sales to the manufacturing industry continued to show positive growth for the year, especially in customer segments such as the mechanical industry and special vehicles. Demand from customers also continued to grow within the processing industry and the ship supply market.

One sector where the business area expanded strongly during the year was sales of measurement systems for ships. With new environmental regulations imposing stricter demands on emissions from ships, investments in e.g. measurement equipment rises. Increased need for inspection and analysis of e.g. fuel consumption and purity and composition of discharged process water will affect not just the marine sector, but also industries such as the paper, energy, chemical and pharmaceutical industries.

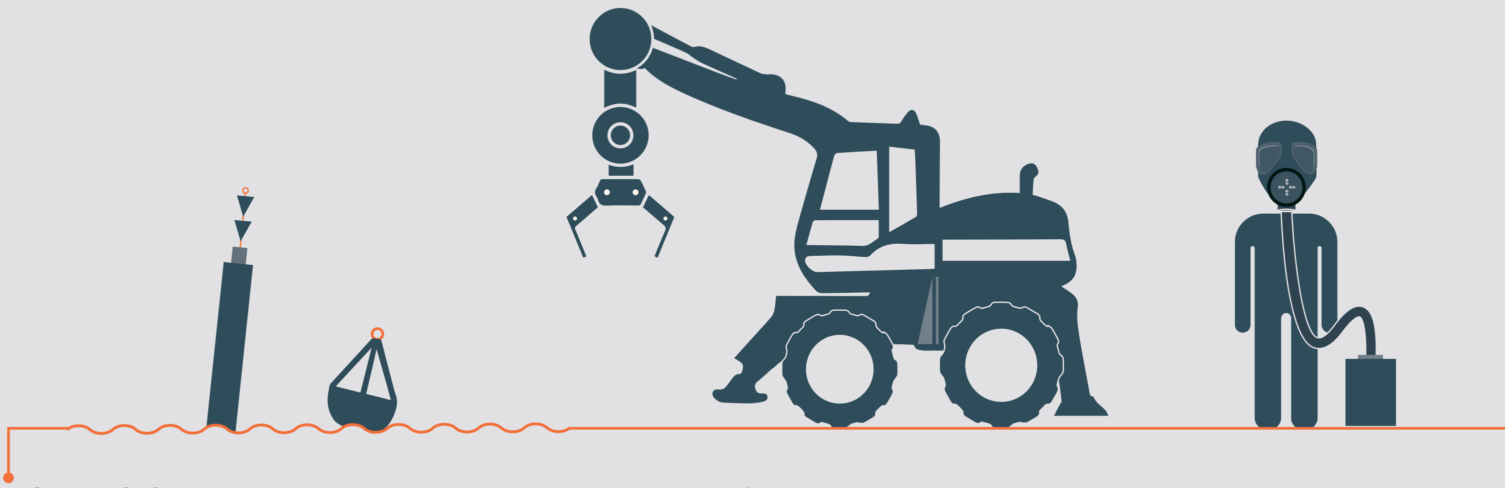
INDUSTRIAL PROCESS
KEY FINANCIAL INDICATORS

KEY FINANCIAL INDICATORS	2017/2018	2016/2017
Net sales, SEKm	1,677	1,585
EBITA, SEKm	142	125
EBITA margin %	8.5	7.9
R/WC, %	40	38
Average number of employees	642	639
Acquired annual sales*	-	110

* Refers to conditions at the time of acquisition on a full-year basis.

POWER SOLUTIONS

Power Solutions develops, markets and sells components and system solutions that ensure power supply, as well as operation and control of movements or energy flows. Customers mainly work with special vehicles and telecoms.



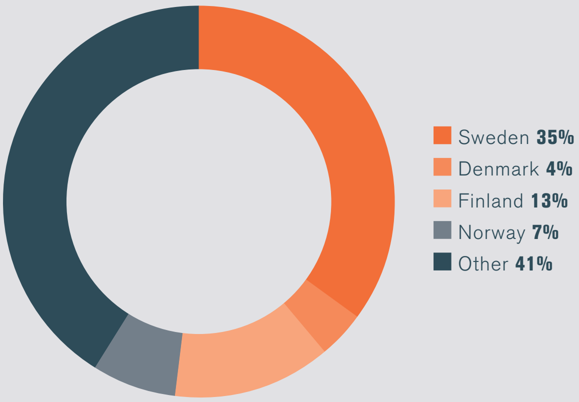
OPERATIONS

Power Solutions focuses on creating automated systems. The companies often work with the customer during the design phase, allowing them to be involved in controlling and optimising the end product. Most of the customers are therefore OEM companies, but also a large number of end users. The business area has developed a large range of its own strong brands and has significant development expertise and niche production.

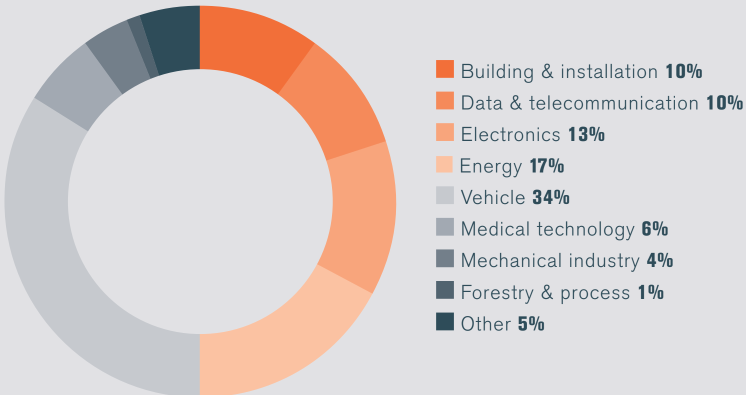
MARKET

The business area is one of the Nordic region's largest independent distributors of batteries and has agents for several leading global brands. The companies hold cutting-edge expertise and leading market positions in their respective niche areas. Demand depends on developments in the markets for special vehicles, energy and the electronics industry. Rapid technological development drives demand for technically skilled companies that can contribute in the products' design phase.

POWER SOLUTIONS
NET SALES, GEOGRAPHIC MARKET



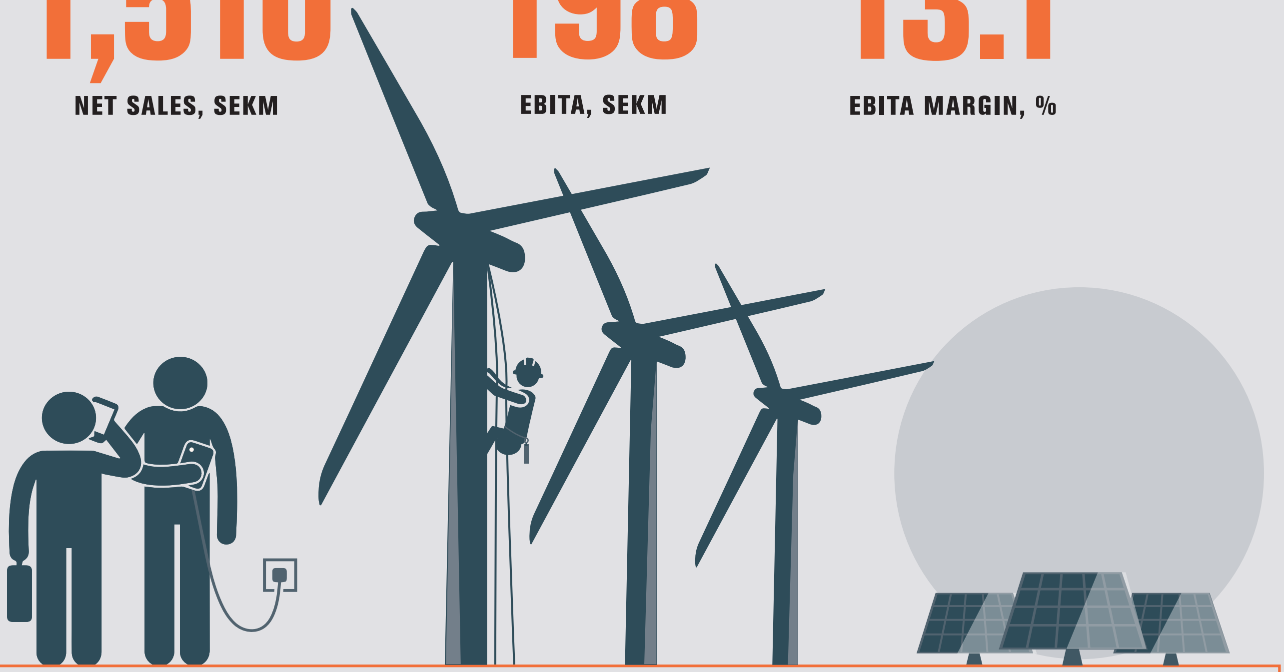
POWER SOLUTIONS
NET SALES, CUSTOMER SEGMENT



1,510
NET SALES, SEKM

198
EBITA, SEKM

13.1
EBITA MARGIN, %



DEVELOPMENT DURING 2017/2018
Business conditions continued to vary from one customer to another and among product segments, but overall demand was stable during the year. The biggest customer segment in the business area, special vehicles, showed high demand, and we increased sales of control and ergonomics products. The market for new types of battery technology developed strongly, while demand for traditional battery solutions declined. In the telecom and wind power customer segments, business conditions remained weak, whereas demand from electronics-based customers increased.

The strongest increase in demand during the year came from manufacturers of special vehicles, in segments such as forklift trucks and mining and forestry machinery. In pace with the growing need for raw materials, and as more and more goods are being shipped worldwide and logistics management is taking on an increasingly important role, the need for modern special vehicles is also on the rise. Many such vehicles use systems solutions and products from Power Solutions.

POWER SOLUTIONS
KEY FINANCIAL INDICATORS

KEY FINANCIAL INDICATORS	2017/2018	2016/2017
Net sales, SEKm	1,510	1,439
EBITA, SEKm	198	187
EBITA margin %	13.1	13.0
R/WC, %	64	72
Average number of employees	397	305
Acquired annual sales*	160	60

* Refers to conditions at the time of acquisition on a full-year basis.

WE ENGAGE IN SUSTAINABLE DEVELOPMENT

Addtech's vision is to be the leading value-adding tech provider. The vision entails a long-term focus on developing the business by constantly being a value-adding knowledge provider. To achieve that vision we must run our business sustainably. Addtech aims to meet the sustainability requirements and expectations set by customers, shareholders and employees and to promote sustainable technological development.

We take long-term responsibility for sustainable development of profitability, employees and the environment. Global and local demand for lower emissions and greater sustainability in society are making sustainable products and solutions into a competitive asset in the technology trading market. We aim to be a better choice than our competitors and focus actively on meeting this demand. With a structured sustainability programme, we are developing the business to make it both stronger and more sustainable, for example by highlighting the potential for savings and improvements, as well as the risks. We are also meeting this demand by ensuring that our companies are committed to developing and offering solutions that increase customers' energy efficiency and reduce their negative environmental impact. By continuing to develop sustainable solutions for our customers, we increase our competitiveness while helping to bring about a sustainable society.

Purpose and objective of the report

The purpose of this sustainability report is to describe in a transparent way Addtech's objectives, strategies and governance, as well as its accountability, risks and opportunities from a sustainability perspective. The report is intended to provide customers, employees and shareholders with an understanding and knowledge of our sustainability work.

ABOUT THE SUSTAINABILITY REPORT

Pages 22-31 and 38-40 constitute Addtech's statutory sustainability report. Sustainability Report 2017/2018 has been produced in accordance with the Global Reporting Initiatives (GRI) guidelines. The GRI index is available at **www.addtech.se.**

DIALOGUE WITH STAKEHOLDERS CREATES THE RIGHT FOCUS FOR SUSTAINABILITY WORK

Our sustainability work is affected by the fact that a number of stakeholders make demands and have expectations of us. Dealing with existing demands and planning ahead for anticipated demands is a fundamental part of our strategy for sustainable development. Our stakeholders are groups in our vicinity who affect or are affected by our operations. We strive to maintain an open dialogue with our stakeholders so we can focus our efforts on the sustainability issues that our stakeholders see as most important. We have identified five important stakeholder groups: customers, suppliers, employees, shareholders and society.

In 2016/2017, we conducted a new stakeholder dialogue to ensure that we are working and reporting on the areas that are most important to our business and our stakeholders. Via surveys and interviews, we put a number of questions to a selection of our stakeholders about their expectations of our sustainability work. The stakeholders questioned were major customers and owners, analysts and a selection of employees and Board members. The stakeholder dialogue revealed that our strengthened commitment within sustainability is valued but also that demands are increasing for continued engagement in the area.

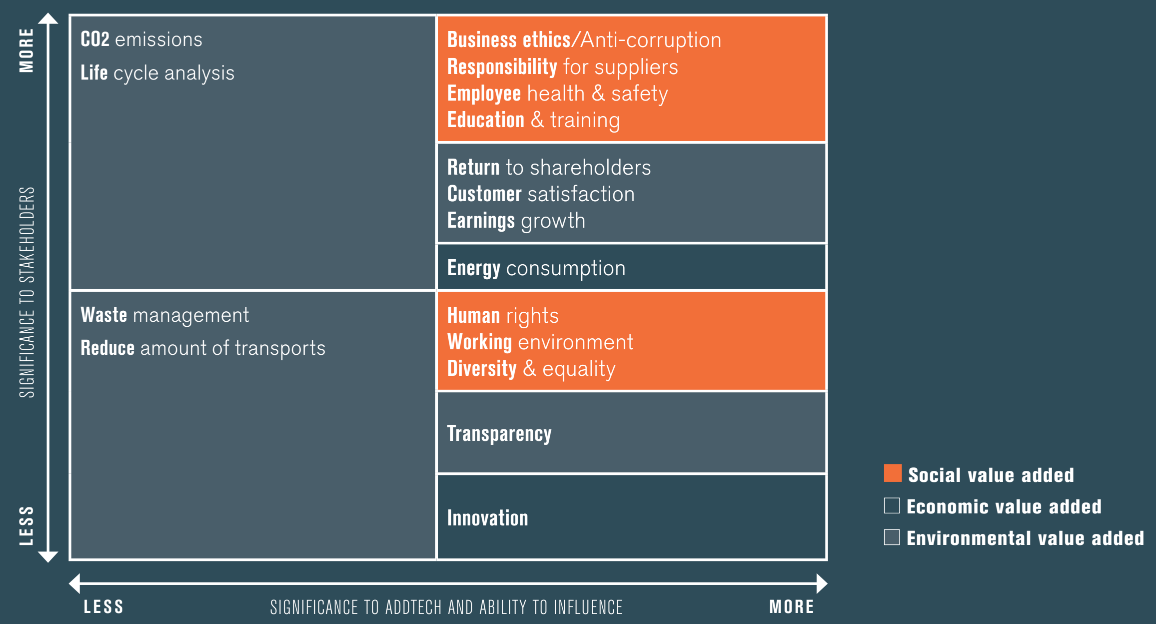
STAKEHOLDERS	KEY QUESTIONS WITHIN SUSTAINABILITY	COMMUNICATION AND COLLABORATION
EMPLOYEES	Health and safety for employees, education & training, customer satisfaction, earnings growth, good working conditions at suppliers	Regular employee surveys, annual performance and goals reviews, as well as education and training. Communication is mainly conducted via managers, the intranet and mailings.
CUSTOMERS	Customer satisfaction, innovation, business ethics, environmental impact	The subsidiaries have a close relationship with their customers and have regular personal meetings. Information is distributed thorugh subsidiaries or on the website.
SHAREHOLDERS	Earnings growth, business ethics, return to shareholders, customer satisfaction	Annual reports, quarterly reports, investor and analyst meetings, the website and the annual general meeting.
SUPPLIERS	Business ethics, customer satisfaction	The subsidiaries work closely with their suppliers, which enables a close dialogue. Supplier evaluations are conducted.
SOCIETY	Business ethics, environmental impact	Subsidiaries collaborate with local organisations to improve the local environment. Questions regarding working environment, environment and product liability are discussed with relevant authorities. Certification body for ISO etc.

SIGNIFICANT ISSUES AND RISKS

The findings from the stakeholder analysis revealed the most highly prioritised areas in sustainability were to create and deliver profitable growth, to reduce our negative impact on the environment, to maintain a high standard of business ethics and to provide a healthy workplace. The table below shows the work we performed in these areas over the financial year. In the materiality analysis, we weighed up the stakeholders' observations against the risks and opportunities that are specific to us. The risks are described further on pages 38-40.

SUSTAINABILITY AREAS	PRIORITY AREAS	ACTIVITIES DURING THE FISCAL YEAR
ECONOMIC VALUE ADDED	Long-term profitable growth	Efficiency initiatives, earnings growth, higher operating margin
ENVIRONMENTAL VALUE ADDED	Continuously reduce our direct and indirect environmental impact	Power usage audit, emission monitoring, development of environmental policy
SOCIAL VALUE ADDED	Maintain high quality and a high ethical level for ourselves and our suppliers	Development of code of conduct for both the company and its suppliers. Development of supplier evaluations
	A healthy workplace where employees thrive and grow	Systematic work environment development in subsidiaries, education and training, employee surveys, relevant actions

MATERIALITY ANALYSIS



STRATEGY AND GOVERNANCE

Sustainability is an important part of our strategy and the aim is that sustainability should be taken into account in all strategic decisions within the organisation. We have divided our sustainability work into three categories: economic, social and environmental value added. In each area, we have a number of strategies, policies and objectives.

SUSTAINABLE GOVERNANCE WITH DECENTRALISED RESPONSIBILITY

Addtech's sustainability work is in the first instance governed by our Code of Conduct. Addtech's Board of Directors, via Group management, is ultimately responsible for the Group's sustainability work. Group management determines long-term overarching goals in important areas. These are supplemented by goals and action plans developed by each business area for their companies. In line with our well- established corporate culture, our operational sustainability work is driven via a system of decentralised responsibilities in our companies. Addtech does not micromanage its companies and instead exercises active ownership through its Board of Directors and follow-up. The Codes of Conduct have been adopted by the Board of Directors and are available on our website at www.addtech.se.

FOLLOW-UP AND ACTIONS

Addtech actively assesses its own operations and those of its suppliers. Every year, our companies report on their own sustainability work and on the results of supplier reviews performed. When failures are identified, the companies take the appropriate actions with the support of the Group. Follow-up is performed and actions taken at company, business area and Group level.

Addtech's Code of Conduct

Addtech's Code of Conduct is a foundation for our sustainability work and an integral part of the organisation. Our Code of Conduct, taken together with our core values (simplicity, efficiency, change, responsibility & freedom), is the basis on which we do business, perform and act in our day-to-day work and in our relationships with the world around us. The Code includes all major issues in human rights, working conditions, corruption, equal opportunity and diversity. The Code is based on the UN's Global Compact, ILO's Core Conventions and the OECD Guidelines for Multinational Enterprises and applies to all companies and all employees. The Board of Directors has decided on the Code of Conduct, which is published on www.addtech.se

ADDTECH IN THE VALUE CHAIN AND OUR BUSINESS MODEL

Addtech's business concept is to offer high-technology products and solutions to companies in the manufacturing and infrastructure sectors. Addtech acts as a value-adding link between customers and suppliers. For description of the business model, see page 7.

THREE FOCUS AREAS FOR STRATEGIC SUSTAINABILITY

Addtech's sustainability efforts work together in three categories; economic, social and environmental value creation. Within these areas, we have identified significant sustainability areas to focus our work around.

ADDTECH'S THREE FOCUS AREAS FOR STRATEGIC SUSTAINABILITY WORK

ECONOMIC VALUE ADDED → **Customer** satisfaction | **Earnings** growth

ENVIRONMENTAL VALUE ADDED → **CO2** emissions | **Energy** consumption | **Transports** | **Sustainable** products

SOCIAL VALUE ADDED → **Business** ethics | **Education &** training | **Diversity &** Equality | **Health &** safety

> Our operational sustainability work is driven, in line with our well-established corporate culture, through decentralised responsibility in our companies.

ECONOMIC VALUE ADDED

AN IMPORTANT COMPETITIVE ADVANTAGE

Global and local demand for lower emissions and greater sustainability in society is making sustainable products and solutions into a competitive asset in the technology trading market. We aim to be a better choice than our competitors and focus actively on meeting this demand. With a structured sustainability programme, we are developing the business to make it both stronger and more sustainable, for example by highlighting the potential for savings and improvements, as well as the risks. We are also meeting this demand by ensuring that our companies are committed to developing and offering solutions that increase customers' energy efficiency and reduce their environmental impact. By continuing to develop sustainable solutions for our customers, we increase our competitiveness while helping to bring about a sustainable society.

LONG-TERM PROFITABLE GROWTH

Growth is the basis of long-term profitability and enables development of operations. Growth is measured as earnings growth. This is a long-term target measured over a business cycle. Growth is achieved through strategic efforts to focus on expansive markets, concentrated on leading suppliers, a constant customer focus, and acquisitions of market-leading niche companies. The profitability target of each subsidiary is measured using the relationship between operating profit (P) and working capital (WC). The P/WC model encourages high operating profit and low levels of tied-up capital, which combined with the growth target enables self-funded long-term profitable growth. Constant development is required to generate earnings growth and high profitability.

TARGETS FOR ECONOMIC VALUE ADDED

Addtech is required both to deliver a return to our shareholders and to invest in sustainable development. To be able to do this, financial stability and strength is needed, which in turn demands earnings growth, profitability and development. To achieve this, we strive for:

Earnings growth > 15% over a business cycle.

P/WC > 45% return on working capital in all units.

Dividend policy 2017/2018 > 30 % of average profit after tax over a business cycle.

17%
PROFIT GROWTH

53%
EBITA / WORKING CAPITAL

52%
PAYOUT RATIO

Addtech's business school educates all employees in our company philosophy.

SOCIAL VALUE ADDED

The key to Addtech's continuing sustainable business development and success lies in the long-term relationships we have built with our employees, customers and suppliers. To uphold our good reputation, we must maintain high quality and a high standard of business ethics in all our undertakings. We strive at all times to be a responsible actor.

OUR EMPLOYEES ARE OUR MOST IMPORTANT ASSET

Addtech's employees are our most important resource and competitive instrument. They drive our business development and contribute to social development. We nurture employees' interests by developing them towards greater responsibility within their own company or in other parts of the Group.

As our employees develop, so we also obtain an internal leadership supply.

Addtech organises its business on the basis of decentralised responsibility for profitability and earnings. This involves a high presence of motivated, creative and decisive employees who can prioritise between work tasks yet lift their eyes and look ahead. In order to succeed in this, Addtech works to maintain an open and positive approach to people, capitalising on the full potential of employees, whatever their position and level of responsibility. We emphasise the importance of taking account of the distinctive character of each individual employee. It is the very differences that create the dynamics that have made Addtech successful. Our employee philosophy is about being an attractive employer, creating a workplace where employees are happy, developed and proud to work.

Corporate culture that leads the way

To measure up to our vision of being the leading value-adding tech provider, we must comply with our corporate culture and core values. We call this Addtech's soul. Our culture helps our employees relate to their responsibilities, customers, partners, colleagues and the outside world.

Responsibility and Freedom are two of Addtech's core values and are summarised as "Freedom with responsibility". This is a central concept within the Group and a key prerequisite to enable subsidiaries and employees to work closely with customers and suppliers. Our decentralised organisation is based on our conviction that decisions achieve the best results when they are taken close to the market.

Over time, Addtech's corporate culture has become a deeply anchored root system that links employees and subsidiaries. It also paves the way for Addtech's future, and all employees are trained in the corporate philosophy via the Addtech Business School. In total, there are five core values that should permeate employees' work. Freedom and responsibility have already been mentioned; the other three are simplicity, efficiency and change.

Employee surveys

To monitor our long-term, strategic work on personal development, we regularly conduct employee surveys. That way, we identify the Group's strengths and weaknesses as an employer, as well as mapping areas for improvement.

From a Group perspective, the survey creates the scope for us to offer our companies support where we identify general needs, while enabling us to disseminate knowledge and ideas from successful companies around the Group. Addtech's Group management encourages the CEOs of each Group company to produce an action plan based on the company's specific findings, as the size and conditions of the companies can vary consid-

EMPLOYEE TURNOVER

EMPLOYEE TURNOVER IN %

GENDER DISTRIBUTION

SHARE OF WOMEN IN %

96%

EMPLOYEES ON PERMANENT CONTRACTS

2%

ABSENCE DUE TO ILLNESS

erably. The findings from the employee survey are also used as a basis for our long-term, strategic work on personnel development.

Employees

96% (96) of our workforce is permanently employed and 93% (95) of our employees work full time. Contract employees are mostly used to replace regular employees in the case of illness or other absence. The fact that our employees enjoy secure employment is not just a work environment issue, it is also an important factor in obtaining continuity in the organisation and enabling us to build long-term relationships.

Occupational health and safety

Health and safety are a priority area. We have a zero vision for work-related accidents, illnesses and incidents, and an ambition to focus constantly on promoting health and well-being among our employees. The aim is that no-one should suffer physical or mental ill-health caused by his or her work situation. At Addtech's companies, potential risks of work-related illnesses and accidents exist, but such risks also exist in the sales process, for example during travel to and from customers and during visits to customers' factories or other facilities. During the year, 29 injuries (22), 21 cases of occupational diseases (17) were reported and absence due to illness amounted to 2% (2), well below the average in Sweden. There were no fatalities.

Employee turnover

We strive to ensure the well-being and personal development of our employees so that we can both retain key skills and recruit new talent. In 2017/2018, overall employee turnover was 12% (13%). Average length of employment is about 10 years.

Skills development

Addtech's development and competitiveness are strongly linked to the personal development of employees and their well-being. We therefore encourage our companies to cooperate with each other. The exchange of experience and skills contributes to the development of the Group, companies and employees. Examples of internal networks that strengthen corporate culture and expertise include our own business school, CEO meetings and partnerships between subsidiaries, business areas and business units.

The Addtech Business School is for all employees and represents an important platform for spreading corporate culture and developing, training and motivating our employees. The School's various courses offer employees training adapted to their particular experience and duties and are aimed at both new employees and senior executives. It is important for our salespersons to receive thorough training in business skills, which they can combine with their in-depth skills in their specific product areas. Training in Addtech's "Vision and Corporate Philosophy" is held in connection with the acquisition of new companies.

Another important part of the work on skills development and employee well-being is annual performance appraisals and development reviews. We aim for all employees to have a personal development review every year. The process of implementing a new method for performance appraisals and development reviews has continued in 2017/2018 and documented reviews were conducted with 62% (62) of our employees during the year.

Equal opportunity and diversity

We do not permit discrimination or harassment in any form. All employees must be given the same opportunities for development regardless of gender, age, ethnic origin, religion, political views, sexual orientation, disability or other distinguishing features. Guidelines for equality and diversity work are set out in the Code of Conduct.

The technology trading industry has historically been male-dominated, and still is. Addtech's ambition is to continually increase the proportion of women. The proportion of women and men in the Group shall at least reflect the general gender distribution in the industry, and the proportion of graduates from institutes of technology. It is also Addtech's aim for all employees in the Group, irrespective of gender, to be given the same opportunities for equal pay for equivalent work. In order to detect and resolve any differences, we review salary differences annually at both Group and Company level.

WE SET HIGH STANDARDS FOR OUR SUPPLIERS

Addtech's good reputation is one of our strongest competitive assets. Because we impose high requirements for integrity and ethics in our own operations, it is natural to do the same with our suppliers as well. We work closely with our suppliers and review them regularly to ensure that the whole value chain is working towards the same ethical objectives.

Supplier requirements in the areas of human rights, business ethics and environmental work are compiled in a specific code of conduct for suppliers. No incidents involving human rights violations have been reported during 2017/2018 or earlier years.

ADDTECH'S SUPPLY CHAIN

The majority of Addtech's sales consist of products and solutions from global and market-leading suppliers. We have a large number of suppliers across the world and the majority of purchases are from suppliers outside the Nordics, in Europe, the USA and Asia. The fact that the largest share of production takes place outside the scope of our operations obviously brings certain sustainability risks. On the other hand, our supplier relationships are often long-standing and involve close collaboration on how the supplier's products can be used in a variety of customer applications. This benefits quality, price, lead times and customer satisfaction, while giving us the opportunity for constructive dialogue on the supplier's sustainability risks and development.

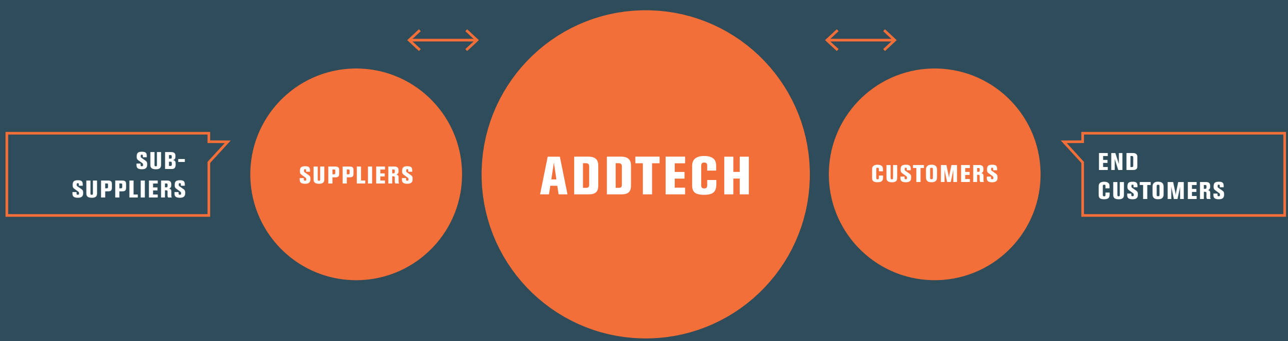
Addtech is also constantly seeking new suppliers who can complement or boost the development of our business.

Supplier evaluations assure sustainability in our value chain

The aim of supplier evaluations is to ensure that Addtech's companies work with ethically responsible suppliers and that our entire value chain operates according to the same ethical objectives. Our supplier evaluation work has continued during the year, with suppliers being evaluated from a social and environmental perspective. The ambition is to work with our suppliers and review them regularly in order to bring about positive change.

At Group, business area and company level, there are special minimum requirements for supplier evaluations, which must be met within a three-year period. There are specific targets that apply to new suppliers, potential risk products and risk charts. During 2016/2017, the Group-wide system and process for supplier evaluations underwent further development for continued roll-out during 2017/2018.

ADDTECH SUPPLY CHAIN



Anti-corruption
Business ethics is high on our agenda and is an issue that is continuously addressed in the Addtech Business School and other areas. Guidelines on anti-corruption are set out in the Code of Conduct and the Supplier Code of Conduct. We have a stated policy of zero tolerance for corruption, bribes and unfair anti-competitive practices. No cases of corruption were found to have occurred during the year.

Child labour
The UN Convention on the Rights of the Child, the ILO's Minimum Age Convention (no. 138) concerning Minimum Age for Admission to Employment, and the ILO's convention (no. 182) concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour serve as guidelines for all activities conducted in our name. No incidents involving any breach of these conventions were reported during 2017/2018.

Labour law
Our Code of Conduct requires all our companies and suppliers to at least meet the minimum requirements of nation-al legislation in the area of labour law. Labour law guidelines are set out in our Code of Conduct. Addtech has a zero tolerance policy on forced labour and works actively to assure itself that there are no breaches of regulations in our operations or our value chain.

OUR ROLE IN SOCIETY
Addtech also creates value at society level. We create jobs, advance the development of competitiveness in value-adding technology trading and contribute via tax payments. Addtech's companies have strong local roots and their operations are often based in small towns. When making acquisi¬tions, we therefore seek to remain in those locations, nurturing and developing the skills that exist there. Our aim is to contribute to strengthening the community in which we operate by pursuing an invigorating and long-term policy in our business activities. We endeavour to recruit new employees locally and to offer jobs to young people. We want to create the right conditions for local growth by means of active and constructive dialogue with the local community.

Taxes
We play our part in and contribute to our collective prosperity via employer's social welfare contributions and taxes. Compliance with local tax laws and regulations must be observed in all our countries of operation.

TARGETS FOR SOCIAL VALUE ADDED

Addtech shall provide a workplace where employees are happy and develop their capacity. To uphold our good reputation, we must maintain high quality and a high standard of business ethics in all our undertakings. To achieve this, we strive to ensure that:

we have the **most satisfied employees** in the sector

we **offer a workplace** that promotes diversity and equal opportunity

no employees suffer physical or mental ill-health as a result of their work

all employees, operations and suppliers comply with our Code of Conduct

every year we increase the number of suppliers who have undergone our supplier evaluation

ENVIRONMENTAL VALUE ADDED

Conservation of the environment is an important part of our strategy. The aim is to minimise our environmental impact, which means that we focus actively on cutting our carbon dioxide emissions, raising the proportion of renewable energy consumed in our operations and helping our customers to develop more environmentally-friendly products and solutions.

Addtech's main business currently consists of trading in technology products, which means that a large proportion of our environmental impact comes from transport and warehousing activities. Our own use of raw materials, chemicals and fossil fuels is limited, as most of the actual production process takes place at our suppliers. However, we have decided to assume a degree of responsibility that stretches beyond our own operations, with our Code of Conduct also requiring our suppliers to consider the environment in their production.

The environmental perspective must be part of all important decisions, with a view to creating long-term value for customers, employees, shareholders and society at large. Environmental work must be conducted within the scope of our business concept and closely integrated into operational activities. With a high level of expertise among our employees, and constantly development of our knowledge of environmental consequences, we can maintain a holistic approach to environmental issues and contribute to improvements within the organisation and among our customers and suppliers. As much of our environmental impact is indirect, we aim to develop more sustainable products and solutions that help our customers reduce their environmental impact. That way, we can make a difference on a larger scale. During the year, we did not incur any fines or sanctions for environmental contraventions. During 2017/2018, we have rolled out our updated environmental policy in the Group.

CARBON DIOXIDE EMISSIONS

Addtech's main impact on the climate comprises carbon dioxide emissions. Combustion of fossil fuels also produces emissions of other greenhouse gases, but Addtech has concluded that carbon dioxide emissions represent the largest negative environmental impact from our operations.

The calculation of carbon dioxide emissions arising from electricity generation was based on Nordic electricity generation, where 1 kWh is estimated to generate 0.1 kg CO_2. In addition to emissions arising from the internal use of fossil fuels and electricity, carbon dioxide emissions are also generated by various kinds of transport, including transport of materials and products, as well as employee travel. Addtech reports carbon dioxide emissions for employee travel and redundant materials and product transport according to the table below, which shows the Group's CO_2 emissions. We place total carbon dioxide emissions in relation to sales to give a true and fair view of emissions, referred to as an intensity measure for greenhouse gases. The total climate impact for the year amounted to 2.2 tonnes CO_2/SEK million.

ENERGY CONSUMPTION

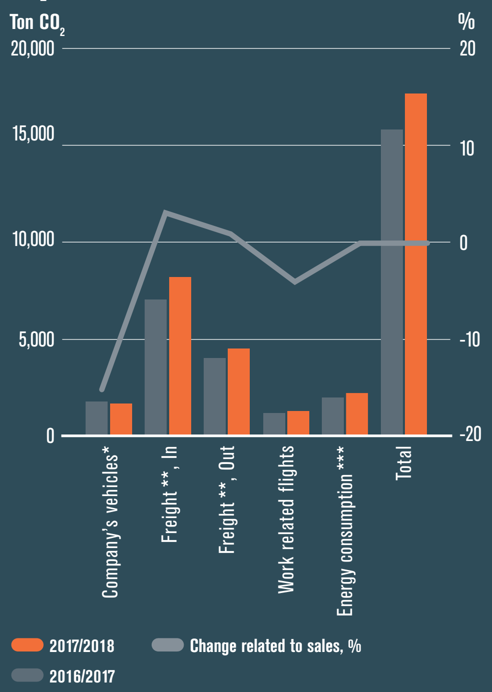
The Group's energy analysis is progressing according to plan and will be used to identify areas for improvement. At present, more than half of the electricity that we use comes from renewable sources and our aim is to continue to increase the proportion. Total energy consumption decreased to 21.3 GWH (19.1) during the year. Energy consumption in relation to net sales was 2.66 MWH/SEK million (2.66).

SUPPLIERS AND THE ENVIRONMENT

Addtech's sales of high-technology products and solutions have little direct impact on the environment and our indirect environmental impact largely takes place at our suppliers. The objective of our supplier evaluations is to obtain an overview of how our suppliers pursue sustainable development. Environmental conservation measures shall be implemented to the extent they are technically feasible, reasonable in terms of business economy and environmentally justified. Suppliers are encouraged to operate in line with our environmental policy. Suppliers are also required to be familiar with and observe requirements laid down by national legislation, statutes and industry standards. Suppliers must as a minimum requirement operate a secure system for management of hazardous materials and waste.

CLIMATE IMPACT

CO_2 EMISSION



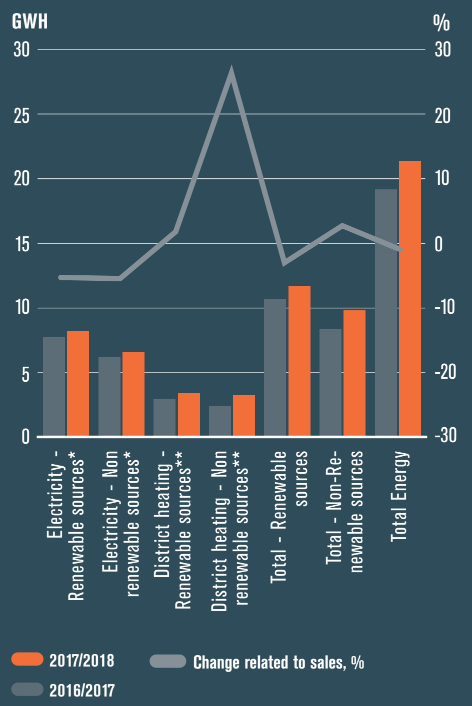
* Based on reported kilometres driven and average emission of CO_2/km from the Group's vehicle fleet.

** Based on reports from transport providers, plus own calculations using ecotransit.org.

*** Based on Nordic electricity generation, where 1 kWh is estimated to generate 0.1 kg CO_2.

ENERGY CONSUMPTION

RENEWABLE AND NON RENEWABLE SOURCES



* Solar energy, wind power and hydropower
** Biofuel, waste heat, waste (70 percent renewable)

TARGETS FOR ENVIRONMENTAL VALUE ADDED

Addtech shall focus actively on continuously reducing the direct and indirect environmental impact from our operations, products and processes. To achieve this, we endeavour to:

continue our work on offering products and solutions that play a part in advancing sustainable development and reducing environmental impact

continue our work in setting energy and climate goals

ADDTECH SHARES

SHARE PRICE TREND AND RETURN

The Addtech shares are listed on Nasdaq OMX Stockholm. Since their listing in September 2001 until 31 March 2018, the total return on the shares until 31 March 2018 has averaged 16 percent per year. The OMX Stockholm index on the Nasdaq OMX Stockholm Exchange increased by 6 percent in the corresponding period.

The Addtech share increased by 13 percent in value during the financial year. The OMX Stockholm index on the Nasdaq OMX Stockholm Exchange decreased by 1 percent in the corresponding period. The highest price paid during the year was SEK 204.00 and was quoted on 22 January 2018. The lowest was SEK 146.50 on 21 August 2017. The final price paid before the end of the financial year was SEK 168.00, corresponding to a market value of SEK 10.9 billion (9.6).

During the period 1 April 2017 - 31 March 2018, 13 million (12) shares were traded with an aggregate value of approximately SEK 2 billion (2 billion). Relative to the average number of Class B shares outstanding, this is equivalent to a turnover rate of 20 percent (18). A daily average of 50,305 (45,716) Addtech shares were traded at an average value of about SEK 9 million (6).

SHARE CAPITAL

At 31 March 2017, Parent Company share capital stood at SEK 51.1 million, distributed over the following number of shares with a quotient value of SEK 0.75 per share.

CLASS OF SHARES	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**	**100.0**	**100.0**
Of which repurchased class B shares	1,206,145		1.8	1.2
Total number of shares after repurchases	**66,992,351**			

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 delisted 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 1,100 million can be terminated.

REPURCHASE OF TREASURY SHARES AND INCENTIVE PROGRAMMES

The Annual General Meeting in August 2017 authorised the Board of Directors to repurchase a maximum of ten percent of all shares in the Company during the period until the Annual General Meeting in 2018. During the financial year Addtech repurchased 200,000 of its own Class B shares. At year-end the number of treasury shares was 1,206,145 (1,374,721), with an average purchase price of SEK 92.12 (81.17). These shares correspond to 1.8 percent (2.0) of the number of shares issued and 1.2 percent (1.4) of the votes.

Addtech has four outstanding call option programmes for a total of 1,250,178 shares. Call options issued on repurchased shares entail a dilution effect of about 0.3 percent during the latest 12-month period. Addtech's own shareholdings fully meet the needs of the outstanding call option programmes.

OUTSTANDING PROGRAMME	NUMBER OF OPTIONS	CORRESPONDING NUMBER OF SHARES	PROPORTION OF TOTAL SHARES	INITIAL EXERCISE PRICE	ADJUSTED EXERCISE PRICE	EXPIRATION PERIOD
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	350,000	430,500	0.6%	154.50	125.10	17 Sep 2018 - 3 Jun 2019
2014/2018	178,600	219,678	0.3%	116.70	94.50	17 Sep 2017 - 1 Jun 2018
Total	**1,128,600**	**1,250,178**				

OWNERSHIP STRUCTURE

On 31 March, 2018, the total number of shareholders was 5,327 (4,791), of which 4,045 (3,490) owners held stakes of 1,000 shares or less. The 15 largest shareholders accounted for 56.2 (56.2) percent of the total number of shares and 67.2 (67.3) percent of the total number of votes. Anders Börjesson (incl. associated) is the largest owner by votes, who owns shares corresponding to 15.5 percent, followed by Tom Hedelius, who owns shares corresponding to 14.9 percent. The proportion of foreign owners was 35 percent (29) 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 contains information about which analysts follow Addtech.

KEY INDICATORS

	2017/2018	2016/2017	2015/2016
Earnings per share (EPS) before dilution, SEK	7.70	6.60	4.85
Shareholders' equity per share, SEK	31.10	25.45	22.10
Price/earnings ratio	22	23	23
Dividend per share, SEK	4.00 [1]	3.50	3.25
Payout ratio, %	52	55	55
Dividend yield, %	2.4	2.4	2.9
Last price paid, SEK	168.00	148.50	112.00
Price/equity, multiple	5.4	5.8	5.1
Market capitalisation, SEKm	10,915	9,647	7,276
Average number of shares outstanding	66,949,710	66,823,990	66,703,379
Number of shares outstanding at year-end	66,992,351 [2]	66,823,775	66,958,496
Number of shareholders at year-end	5,327	4,791	4,266

[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: 1,206,145 Class B shares at 31 March 2018.

ADDTECH'S LARGEST SHAREHOLDERS, 31 MARCH 2018

SHAREHOLDERS	CLASS A SHARES	CLASS B SHARES	PROPORTION OF CAPITAL, %	PROPORTION OF VOTES, %
Anders Börjesson (incl. associated)	1,500,948	121,500	2.4	15.6
Tom Hedelius	1,447,776	16,200	2.1	14.9
Swedbank Robur Fonder		6,420,560	9.4	6.6
Lannebo Fonder		5,693,146	8.3	5.9
SEB Investment Management		4,932,128	7.2	5.0
Livförsäkringsbolaget Skandia		2,619,600	3.8	2.7
State Street Bank And Trust Client		2,033,558	3.0	2.0
Odin Fonder Sverige		1,900,633	2.9	2.0
State Street Bank And Trust Com. Boston		1,831,218	2.7	1.9
Handelsbankens Fonder		1,808,575	2.7	1.9
Sandrew AB		1,800,000	2.6	1.8
Familjen Säve	60,000	1,190,000	1.8	1.8
JP Morgan Bank Luxembourg S.A.		1,760,912	2.6	1.8
SSB Client Omnibus AC		1,679,514	2.5	1.7
Odin Fonder Norden		1,530,000	2.2	1.6
Total 15 largest owners [3]	**3,008,724**	**35,337,544**	**56.2**	**67.2**

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

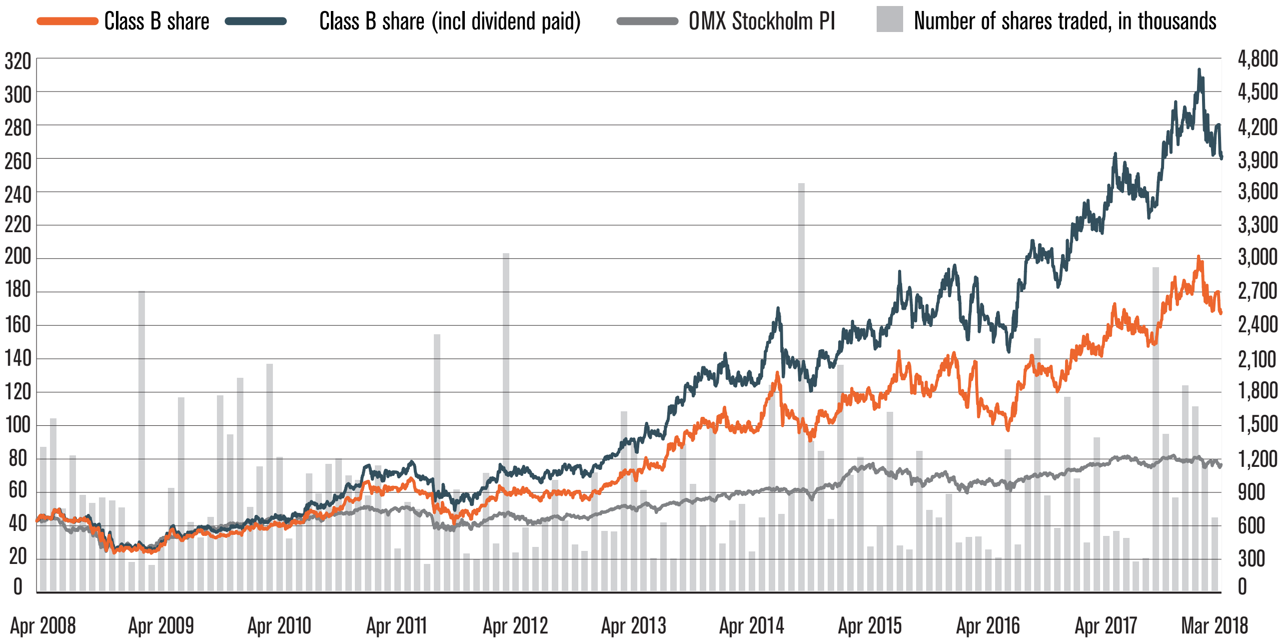
SIZE CLASSES

NUMBER OF SHARES	% OF SHARE CAPITAL	NUMBER OF SHAREHOLDERS	% OF NUMBER OF SHAREHOLDERS
1 - 500	1	3,394	64
501 - 1,000	1	651	12
1,001 - 5,000	3	844	16
5,001 - 10,000	1	166	3
10,001 - 15,000	1	55	1
15,001 - 20,000	1	29	1
20,001 -	92	188	3
Total	**100**	**5,327**	**100**

HOLDINGS BY CATEGORY

	2017/2018		2016/2017	
	NUMBER OF SHAREHOLDERS	PROPORTION OF CAPITAL, %	NUMBER OF SHAREHOLDERS	PROPORTION OF CAPITAL, %
Swedish owners	4,993	65	4,514	71
Foreign owners	334	35	277	29
Total	**5,327**	**100**	**4,791**	**100**
Legal entities	552	77	519	77
Natural persons	4,775	23	4,272	23
Total	**5,327**	**100**	**4,791**	**100**

SHARE PERFORMANCE CHART



ADMINISTRATION REPORT

1 APRIL 2017- 31 MARCH 2018

The Board of Directors and the CEO of Addtech AB, company ID number 556302-9726, hereby submit the annual accounts and consolidated financial statements for the 2017/2018 financial year. Comparisons in parentheses refer to the corresponding period of the previous year, unless stated otherwise.

Pages 22-31 and 35-96 constitute Addtech's Annual Report and Consolidated Financial Statements, pages 22-31 and 38-40 constitute Addtech's Sustainability Report and pages 43-51 constitute Addtech's Corporate Governance Report.

THE 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 120 independent subsidiaries that operate under their own brands and about 2,300 employees. The Group's sales amount to over SEK 8 billion and half consist of sales of standard products and half consist of sales of customised products and solutions. Addtech creates optimal conditions for the profitability and growth of subsidiaries. The Addtech share is listed on Nasdaq Stockholm since 2001.

MARKET TREND

From a geographical perspective, our highest rate of growth was in Denmark, followed by Sweden, Finland and Norway. Our business volume outside the Nordic region expanded considerably over the year, through both strong organic growth and acquisitions. With regard to demand in our various customer segments, we increased sales of production components to manufacturers of special vehicles, machinery, electronics, wind power and marine vessels. Demand from customers was stable in medical technology and oil & gas, but was lower from customers in the telecom segment. Demand for aftermarket products for the manufacturing industry continued to increase, while the pace of investment in the forest and process industry was relatively stable overall. Sales of infrastructure products to power grid companies in the Nordic region were stable overall. Demand for electricity-related products from construction and installation customers continued to grow strongly.

THE YEAR IN BRIEF

At Addtech, 2017/2018 was a strong year, characterised by high activity, a favourable business climate and stable to rising demand in most of our markets. We can announce with pride that once again, we exceeded our financial targets. Sales surpassed SEK 8 billion, with growth of 12 percent, including 5 percent organic growth. Our profit growth, measured as EBITA, was 17 percent and our focused work on continuous development – while keeping costs under control – delivered a higher operating margin. Return on working capital (P/WC) amounted to 53 percent. We maintained a high pace of acquisitions and ended our business year with a total of eleven completed acquisitions that contribute annual sales of around SEK 700 million.

At the end of the financial year it was announced that Niklas Stenberg had been appointed to serve as the new president and CEO of Addtech and will assume the position in conjunction with the Annual General Meeting on 30 August 2018.

PERFORMANCE BY QUARTER

FIRST QUARTER

The first quarter of the year showed good growth with a retained operating margin, even compared with a strong quarter last year. The increase in organic net sales of 4 percent provided good earnings growth, while the acquisition we made contributed as expected. Addtech recorded robust demand and the economy in our markets continued to be favourable. Sales of production components to manufacturing companies improved and the biggest increase in demand came from manufacturers of special vehicles, in segments such as forklift trucks, mining, forestry and contracting. Business conditions were also favourable in other customer segments such as machinery manufacturing, medical technology and electronics. The market for products aimed at customers in telecom, as well as in oil and gas, however, continued to be weak. Nordic electricity grid companies saw a slight additional increase in infrastructure investments, from an already high level. In this market demand from customers in power transmission increased, while demand from customers in power distribution remained stable at a high level. The market for electricity-related products in building and installation was favourable. Sales of products to the industrial aftermarket, for example, the mechanical, forest and process industries increased somewhat, while demand from the ship supply market was very buoyant. Three acquisitions were made during the quarter.

SECOND QUARTER

The market was very strong during the second quarter and the Group recorded an organic increase of 9 percent in sales and an improved operating margin. Our Components and Industrial Process business areas improved their earnings and operating margins as a result of organic growth and acquisitions. Energy and Power Solutions also experienced growth and continued to deliver high operating margins. The overall demand for our products and solutions was at a high level in most markets. From a geographical perspective, the highest rate of growth was in Finland, while the business situation also improved from an already high level in both Denmark and Sweden. Demand was generally stable in Norway and business outside the Nordic region was still good. Sales of production components to manufacturing companies continued to increase, especially in customer segments such as special vehicles, wind power and marine vessels. Demand was also firm from customers in machine manufacturing, medical technology and electronics, while it was slightly weaker in telecom and oil & gas. Demand for aftermarket products for the production and process industries was positive, with higher sales to the sawmill, paper & pulp and machine manufacturing sectors. Demand from Nordic electricity grid companies, on both the transmission and distribution sides, remained stable at a high level. Sales of electricity-related products in the areas of construction and installation developed positively.

THIRD QUARTER

The third quarter was again characterised by favourable conditions for business, and stronger demand in most of our geographical markets and most customer segments. Our level of activity was high, with a strong increase in sales, both organically and via acquisitions. We posted profit growth of 19 percent for the quarter, which was in line with the increase we recorded earlier in the year. The operating margin also continued to strengthen, relative to the preceding year. The Components Business Area delivered an outstanding quarter, via both organic growth and several new acquisitions. In the Energy Business Area, our experience is that the markets are relatively stable, but the quarter showed weaker results due to lower sales and increased competition. Industrial Process and Power Solutions continued to report strong and stable sales and profit growth. Five acquisitions were made during the quarter.

FOURTH QUARTER

The fourth quarter was again characterised by favourable conditions for business, and robust demand in most of our geographical markets and most customer segments. Sales rose by 9 percent, mainly driven by our acquisitions, and we recorded profit growth of 15 percent. As a result, our operating margin was again up on that of the preceding year. Overall, the acquisitions made contributed in line with expectations. Components again delivered a good quarter, via both organic growth and several new acquisitions. Energy reported weaker growth relative to a very strong quarter in the previous year, but maintained a high operating margin. Industrial Process is benefiting from generally favourable market conditions, and delivered good profit growth. Power Solutions is performing at a stable level overall in view of the disposal carried out earlier in the financial year. From a geographical perspective, our highest rate of growth was in Denmark, followed by Sweden, Finland and Norway. Our business volume outside the Nordic region expanded considerably over the year, through both strong organic growth and acquisitions. Three acquisitions were made during the quarter.

ACQUISITIONS

Addtech is constantly on the lookout for companies to acquire and is engaged in discussions with a number of possible companies. This financial year Addtech completed eleven acquisitions in the continuing operations that came into effect during the year. Ten companies were acquired in the previous year. The year's acquisitions were carried out in all business areas and are diverse both in terms of the markets and products covered.

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

Dovitech A/S.
On 3 April, 2017, Dovitech A / S, Denmark, was acquired in the Components business area. Dovitech delivers inductive special solutions and electromechanical and automation components. The company has a turnover of approximately DKK 80 million and has five employees.

Craig & Derricott Holdings Ltd.
On 6 April, 2017, Craig & Derricott Holdings Ltd, UK, was acquired to the Power Solutions business area. Craig & Derricott develops, manufactures and markets robust low voltage devices and subsystems for UK, Europe and Middle East markets. The company employs approximately 10 MGBP and has 90 employees.

Altitech A/S.
On 2 June 2017 Altitech A / S, Denmark, was acquired in the Components business area. Altitech is a technology trading company that provides custom-made machine rack and protection as well as automation solutions to Danish industrial companies. The company has a turnover of approximately DKK 10 million and has five employees. The business is now part of an existing company.

Mobile Control Systems companies.
On 9 October, 2017, the Mobile Control Systems companies, Belgium, were acquired to the Power Solutions business area. Mobile Control Systems develops and supplies electronic gas and transmission controls and motors for controlling engine speeds, mainly against OEM customers in the construction machinery and buses segment. The companies have a turnover of approximately EUR 5 million and have 17 employees.

Ingenjörsfirma Pulsteknik AB.
On 1 November, 2017, Ingenjörsfirma Pulsteknik AB, Sweden, was acquired in the Components business area. Pulsteknik delivers components and solutions in the areas of sensor, control and drives. The business is primarily aimed at the Nordic OEM and automation industry. The company has a turnover of approximately MSEK 50 and has ten employees.

Sensor ECS A/S.
On 7 November, 2017, Sensor ECS A/S, Denmark, was acquired in the Components business area. Sensor ECS supplies built-in industrial and hospital computers. The business is pri-

marily aimed at the Nordic OEM industry and healthcare. The company has a turnover of approximately 120 MDKK and has nine employees.

Fintronic Oy.
On 1 December, 2017, the operation of Fintronic Oy, Finland, was acquired in the Components business area to be part of an existing company. The operation in Fintronic has a turnover of approximately MSEK 7 and has an employee.

STIGAB Stig Ödlund AB.
On 1 December, 2017, STIGAB Stig Ödlund AB, Sweden, including subsidiaries in Finland, was acquired in the Components business area. STIGAB supplies components and solutions in joysticks, sensors, switches and other electromechanical components. The business is primarily aimed at the Nordic OEM industry. The company has a turnover of approximately MSEK 115 and has twelve employees.

Finn-Jiit Oy.
On 2 January, 2018 Finn-Jiit Oy, Finland, was acquired in the Components business area. Finn-Jiit delivers customised subsystem solutions in the areas of machine components and flow technology. The business is primarily aimed at the Nordic OEM industry. The company has a turnover of approximately EUR 4 million and has ten employees.

2 Wave Systems AB.
On 2 January, 2018, 2 Wave Systems AB, Sweden, was acquired to the Components business area to become part of an existing company. 2 Wave Systems offers fiber and copper testing tools, and is primarily a manufacturer, telecom company and network owner as a customer. The company has a turnover of approximately MSEK 16 and has two employees.

IPAS AS.
On 3 January, 2018, IPAS AS, Norway, was acquired to the Energy business area. IPAS is a well-established provider of products and solutions in professional lighting in Norway. The company is established as a supplier of industrial fixtures, outdoor lighting and indoor lighting. The products are sold to installers, electrical wholesalers, industry and municipalities. The company has a turnover of approximately 40 MNOK and has ten employees.

The total initial purchase consideration, for the year's acquisitions amounted to SEK 498 million, including cash and cash equivalents in the acquired companies of SEK 50 million.

If all the acquisitions had been completed on 1 April 2017, their impact would have been an estimated SEK 700 million on Group net sales, about SEK 62 million on operating profit and about SEK 47 million on profit after tax for the financial year. During the financial year, the acquisitions increased the number of employees with 171.

DIVESTMENTS

Batteriunion i Järfälla AB. On 12 June, 2017, Batteriunion was sold in Järfälla AB, which was part of the Power Solutions business area. The company has annual sales of approximately MSEK 140 and has 16 employees.

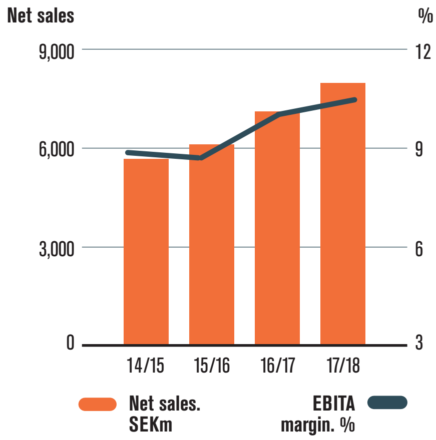
FINANCIAL DEVELOPMENT

NET SALES AND PROFIT

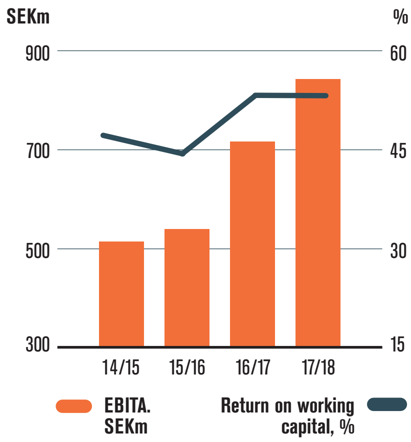
Net sales in the Addtech Group increased by 12 percent during the financial year to SEK 8,022 million (7,178). The organic growth amounted to 5 percent and acquired growth amounted to 8 percent and divestments affected with -2 percent. Exchange rate changes had a positive effect of 1 percent on net sales, corresponding to SEK 46 million.

Operating profit increased during the financial year by 16 percent to SEK 701 million (604) and the operating margin amounted to 8.7 percent (8.4). Net financial items were SEK -36 million (-24) and profit after financial items increased by 15 percent to SEK 665 million (580). Profit after tax for the financial year rose by 17 percent to SEK 526 million (450) and the effective tax rate was 21 percent (22). Earnings per share before dilution for the financial year amounted to SEK 7.70 (6.60).

YEAR
NET SALES AND EBITA-MARGIN



YEAR
EBITA AND RETURN ON WORKING CAPITAL, R/WC



PROFITABILITY, FINANCIAL POSITION AND CASH FLOW

The return on equity at the end of the financial year was 28 percent (28), and return on capital employed was 22 percent (23). 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 ratio stood at 39 percent (39). Equity per share, excluding non-controlling interest, totalled SEK 31.10 (25.45). The Group's net debt at the end of the year amounted to SEK 1,176 million (801), excluding pension liabilities of SEK 229 million (210). The net debt/equity ratio, calculated on the basis of net debt excluding provisions for pensions, amounted to 0.6 (0.5).

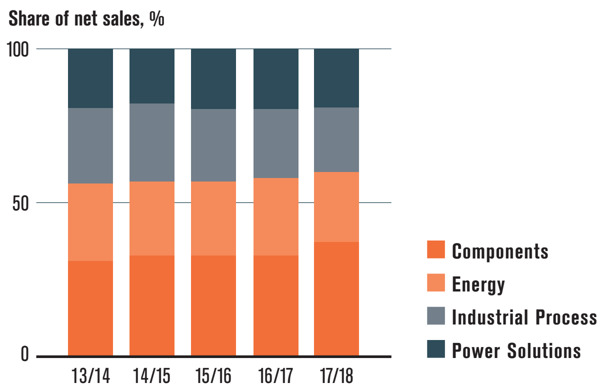
Cash and cash equivalents, consisting of cash and bank balances together with approved but non-utilised credit facilities, amounted to SEK 573 million (818) at 31 March 2018.

Cash flow from operating activities amounted to SEK 539 million (551) during the financial year. Company acquisitions and disposals including settlement of contingent consideration regarding acquisitions implemented in previous years amounted to SEK 477 million (335). Investments in non-current assets totalled SEK 54 million (68) and disposal of non-current assets amounted to SEK 7 million (5). Dividend from associated company amounted to SEK 4 million (3). Repurchase of treasury shares amounted to SEK 31 million (40) and repurchase of call options amounted to SEK 5 million (6). Exercised and issued call options totalled SEK 36 million (18). Dividends paid to the shareholders of the Parent Company totalled SEK 235 million (218), corresponding to SEK 3.50 (3.25) 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. Addtech's operating companies have been organised in the four business areas Components, Energy, Industrial Process and Power Solutions. For further information on the Group's operating segments, see note 5.

SHARE OF NET SALES, %
SALES BY BUSINESS AREA



COMPONENTS

Net sales in Components during the financial year increased by 27 percent to SEK 3,001 million (2,355) and EBITA increased by 52 percent to SEK 284 million (187).

ENERGY

Net sales in Energy during the financial year increased by 2 percent to SEK 1,846 million (1,807) and EBITA increased to SEK 215 million (225).

INDUSTRIAL PROCESS

Net sales in Industrial Process during the financial year increased by 6 percent to SEK 1,677 million (1,585) and EBITA increased by 14 percent to SEK 142 million (125).

POWER SOLUTIONS

Net sales in Power Solutions during the financial year increased by 5 percent to SEK 1,510 million (1,439) and EBITA increased by 6 percent to SEK 198 million (187).

RISKS AND UNCERTAINTIES

An investment in securities is 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 various external factors over which Addtech has limited influence. 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 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 reduce 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 systematically followed up 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 competition. 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.

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 the appetite for investment in the manufacturing industry, the state of the economy in general and conditions in the global capital market. A weakening in these factors in the markets in which Addtech operates could have adverse effects on the 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 industrial businesses, sectors and geographical regions. Addtech also strives continuously to develop businesses that are less dependent on a specific market and to align costs to specific conditions.
STRUCTURAL CHANGES Globalisation, digitalisation and rapid technological development drive structural change in customers' operations. The trend can increase demand for Addtech's advanced services, but it can also result in Addtech's customers disappearing through mergers, closures and relocations to low-cost countries.	Addtech's clear and unique added value services with high technological content, specialisation in advanced technical advisory services, outstanding service and strong presence on niche markets offset price competition, while increasing competitiveness and generating opportunities to deliver beyond the immediate geographic area. Addtech's competitiveness also enables the Company to deliver beyond its immediate geographical region. The Group's exposure to a large number of industries and the fact that no customer accounts for more than 2 percent of the Group's sales constitute a certain degree of protection against adverse impact on earnings.
COMPETITION The majority of Addtech's subsidiaries operate in sectors that are vulnerable to competition. In addition, consolidation may take place on the supplier side of the sector, and larger merged suppliers may have a broader offering, which may create 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, delivery reliability, service and availability, which reduces the risk of declining demand from the customer. 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. There is also a risk that one of the Group's subsidiaries, through its corporate ID number, could be linked to a historical responsibility under the Swedish Environmental Code.	Addtech's subsidiaries are primarily engaged in commerce and business that has a limited direct environmental impact. The Group conducts in limited production. The Group monitors operations and environmental risks with its sustainability report and all companies comply with the Group's Code of Conduct. In conjunction with acquisitions, Addtech conducts an analysis of the prospective object's corporate ID number to counter the risk of being 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 new skilled personnel. There are a number of key personnel both among senior executives and among the Group's employees in general. A risk exists that one or several senior executives or other key personnel could leave the Group at short notice. In the event that Addtech fails to recruit suitable replacements for them or new skilled key personnel in the future, this could have a negative impact on Addtech's financial position and earnings.	Addtech prioritises the creation of good conditions enabling the personal development and well-being of employees within the Group. The Group's acquisition strategy includes ensuring that key personnel of the companies are well motivated to continue to run their company independently as part of the Group. The Addtech Business School is aimed at both new employees and senior executives. Its purpose is to expand in-house knowledge transfer, promote personal development of employees and develop the corporate culture. The Group's regular employee surveys serve to find out 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 because of, for example, competition with other acquirers. Also, costs connected with acquisitions may be higher than expected, and positive impacts on earnings may take longer to realise than expected. Goodwill risk arises when a business unit under-performs in relation to the assumptions that applied at the time of measurement, and any impairment loss 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 acquisitions and their operations are carefully examined before completing the acquisition. There are well-established procedures and structures for pricing and implementing the acquisition, as well as for integrating the acquired companies. An effort is made in the agreements to obtain the necessary guarantees to limit 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 that exchange rates have 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 for the Group's capital requirements becomes less readily available or more 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 goal 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 to the Financial Statements for a more detailed description of how Addtech manages its financial risks.

SUPPLIERS AND CUSTOMERS

In order to deliver products, Addtech is dependent on the ability of external suppliers to fulfil agreements in terms of volume, quality, delivery date etc. Incorrect or delayed deliveries, or non- deliveries, may have 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, for example in terms of human rights and working conditions. Addtech's many and excellent relationships with carefully selected suppliers reduce the risk that Addtech might be unable to deliver in line with commitments. 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 long-term close relationships with reliable suppliers reduce the risk of 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. In a longer-term perspective, Addtech is not dependent on any individual supplier or customer. Addtech's biggest customer accounts for about 3.5 percent of the Group's net sales.

ORGANISATION

Addtech's decentralised organisation is based on subsidiaries having a large responsibility for their own operations, which sets high standards for financial reporting and monitoring; shortcomings in this area could lead to inadequate control of the operations.

Addtech controls its subsidiaries through board work, a Group-wide framework for overarching policies and financial reporting. By continuously monitoring the development of its subsidiaries and being active owners, risks at the subsidiary level and potential deficiencies in operations or reporting 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 will 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. Violations of human rights in its own or its suppliers' operations would have a negative impact on the Group's reputation among employees, customers and other stakeholders and influence demand for the Group's products.

The Group works internally with business ethics through initiatives such as the Business School and annually monitors compliance with anti-corruption and human rights regulations. Addtech's many long-term close relationships with reliable suppliers reduce the risk of the occurrence of violations of human rights 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 special supplier audits are conducted.

EMPLOYEES AND DEVELOPMENT

EMPLOYEES

At the end of the financial year, the number of employees was 2,358, compared to 2,176 at the beginning of the financial year. During the financial year implemented acquisitions increased the number of employees by 155. The average number of employees in the latest 12-month period was 2,283.

SEKm	2017/2018	2016/2017	2015/2016
Average number of employees	2,283	2,133	2,386
proportion of men	74%	75%	75%
proportion of women	26%	25%	25%
Age distribution			
-up to 29 years old	10%	10%	10%
30-49 years	50%	53%	54%
50 and older	40%	37%	36%
Average age	46 years	45 years	45 years
Personnel turnover	12%	13%	14%
Average length of employment	about 10 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 R&D that is relevant to the Group's product range.

PRINCIPLES FOR REMUNERATION TO SENIOR MANAGEMENT

The Board has decided to propose that the Annual General Meeting in August 2018 to 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 a reasonable and competitive total remuneration package capable of attracting and retaining skilled individuals. The size of the overall package varies in relation to the performance of the employee and the Group and may comprise the different elements stated below.

A fixed salary forms the foundation of the total remuneration. The salary should be competitive and reflect the responsibilities of the position. Fixed salaries are reviewed annually. Variable pay can be based on factors such as the Group's earnings growth, profitability and cash flow. Annual variable remuneration can be at most 40 percent of the fixed salary. Retirement pension, sickness and healthcare benefits should be structured in accordance with applicable rules and market norms. The pensions should be based on defined contribution plans where possible. 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 on an annual basis whether or not a long-term incentive programme shall be proposed to the Annual General Meeting and, if such is the case, whether or not the proposed long-term incentive programme shall include a transfer of shares in the Company.

A notice period of 6 months applies to termination of own employment by members of Group management. They are entitled to a maximum notice period of 12 months if the Company terminates their employment contracts. Members of Group management whose contracts are terminated by the Company are entitled to severance pay of up to 12 months' salary, in addition to salary and other employment benefits during the notice period. No severance pay is payable if the employee initiates termination.

The Board of Directors is entitled to waive the above guidelines for remuneration in individual cases and if there are special 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 prepares and submits proposals for the remuneration of the CEO to the Board, which decides on the matter. The remuneration committee sets the remuneration of other members of Group management based on proposals from the CEO. The Board is informed of the remuneration committee's decisions.

See Note 6 "Employees and employee benefits expense" for more details.

DIVIDEND AND AMENDED DIVIDEND POLICY

Addtech's dividend policy is to propose a dividend that exceeds 30 percent of average Group profit after tax over a business cycle. The Board of Directors proposes dividend of SEK 4.00 (3.50) per share. The dividend corresponds to a total of SEK 268 million (235). The year's proposed dividend represents a payout ratio of 52 (55) percent.

PARENT COMPANY

Operations of the Parent Company, Addtech AB, include Group management, Group reporting and financial management.

Parent Company net sales amounted to SEK 58 million (54) and profit after financial items was SEK 247 million (312). Net investments in non-current assets were SEK 0 million (0). The Parent Company's net financial liabilities were SEK 69 million (88) at the end of the year.

FUTURE PROSPECTS AND EVENTS AFTER THE REPORTING PERIOD

FUTURE PROSPECTS

Addtech operates on an international technology trading market where 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 continually work to adapt to changes based on their market and the competitive situation.

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

EVENTS AFTER THE REPORTING PERIOD

On 3 April 2018, Synthecs Group, Netherlands, was acquired to become part of the Components business area. The group provides automation components and systems in the field of sensors, machine vision, industrial PC' s, Plc's etc. to the industrial sector in the Benelux. The company has sales of around EUR 14 million and 50 employees.

On 3 April 2018, Addtech acquired Xi Instrument AB, Sweden, to become part of the Energy Business Area. Xi Instrument imports electronic devices primarily for use in equipment for locating underground utilities. The company has sales of about SEK 13 million and two employees.

On 9 April 2018, KRV AS, Norway, was acquired to become part of the Industrial Process business area. KRV is a leading supplier and installer of sprinkler systems in Norway. The company has sales of about NOK 50 million and 27 employees.

On 9 April 2018, Scanwill Fluid Power ApS and Willtech ApS, Denmark, were acquired to become part of the Components Business Area. ScanWill designs and manufactures hydraulic pressure boosters, while Willtech produces expansion plugs for permanently sealing drilled holes in metal. The companies are being merged under the name of ScanWill and have sales of about DKK 13 million. The companies have four employees.

On 31 May 2018 Malin Enarson was appointed to serve as the new CFO of Addtech. In conjunction with this appointment former CFO Christina Kassberg will leave the Company.

On 19 June 2018, an agreement to acquire Duelco A/S, Denmark, to become part of the Energy business area, was signed. Duelco has strong positions within the product segments cable attachment, cable entry systems, office solutions, ward panels, machine safety and equipment cabinets for signaling systems. The company has sales of around DKK 110 million, and 30 employees. The closing is estimated to take effect in July 2018.

PROPOSED ALLOCATION OF EARNINGS 2017/2018

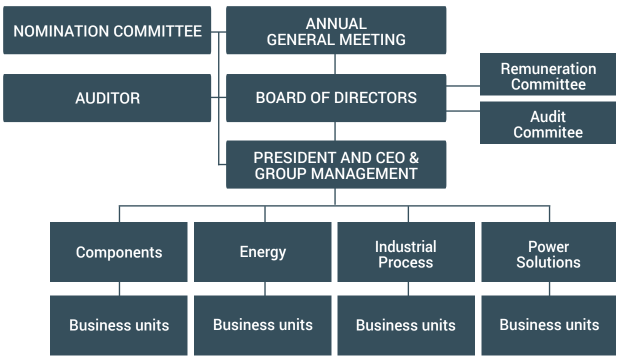
THE FOLLOWING AMOUNTS ARE AVAILABLE FOR DISTRIBUTION BY THE ANNUAL GENERAL MEETING OF ADDTECH AB:	2017/2018
Retained earnings	491 SEKm
Profit for the year	181 SEKm
	672 SEKm
The Board of Directors and the CEO propose that the funds available for distribution be allocated as follows:	
A dividend paid to shareholders of SEK 4.00 per share [1]	268 SEKm
To be carried forward	404 SEKm
	672 SEKm

[1] Based on the number of shares outstanding at 31 May 2018. The total dividend payout may change if the number of treasury shares repurchased changes prior to the proposed dividend record date of 3 September 2018.

CORPORATE GOVERNANCE

PRINCIPLES FOR CORPORATE GOVERNANCE

The Addtech Group considers sound corporate governance to be an important foundation for achieving a confiding relationship with shareholders and other important stakeholders. The Swedish Corporate Governance Code, which is applied by the Addtech Group, aims to create a good balance between shareholders, the Board of Directors and senior management. Sensible corporate governance, with high standards for openness, reliability and ethical values, has always been a guiding principle for Addtech's operations.



COMPLIANCE WITH THE SWEDISH CODE OF CORPORATE GOVERNANCE

Addtech's shares are traded on Nasdaq Stockholm and Addtech therefore follows the Nasdaq Stockholm Rule Book for Issuers. As a listed company Addtech also applies the Swedish Code of Corporate Governance (the Code), which is available at www.corporategovernanceboard.se. Deviations from aspects of the Code and justification for such deviations are stated where applicable throughout the text. The Company deviates on two points, one of which is included in the section on the Nomination committee and one in the section on Quarterly review by auditors. The Company's auditor has examined this corporate governance report. The Company's URL is: www.addtech.com.

COMPLIANCE WITH APPLICABLE RULES FOR TRADING

No violations of any applicable stock exchange rules occurred in 2017/2018 and Addtech's operations were conducted in accordance with good practices in the stock market.

SHARES AND SHAREHOLDERS

The Addtech AB share register is maintained by Euroclear Sweden AB. As of 31 March 2018 Addtech had 5,327 shareholders according to the shareholder register and the total number of shares was 68,198,496 divided among 3,229,500 A shares, each carrying 10 votes, and 64,968,996 B shares, each carrying one vote. The total number of voting rights was 97,263,996. More information about the Addtech share and shareholders can be found in the annual report under the section the Share.

KEY EVENTS IN 2017/2018

On 31 August 2017, decisions were received from Addtech's AGM. Including a decision regarding a dividend of SEK 3.50 per share, which was a dividend of 55 percent, corresponding to SEK 235 million. Furthermore, it was decided to introduce a long-term incentive program, enabling participants to acquire call options for Addtech AB's repurchased shares at market price.

On 15 September 2017, 200,000 B shares were repurchased at an average price of 155.50 SEK.

On 22 September 2017, it was announced that the share-based incentive program decided by the AGM 2017 addressed to approximately 24 executives if a maximum of 300,000 call options on Series B repurchased shares were fully subscribed.

On 4 December 2017, Patrik Klerck was announced as a new business area manager for Components and thus included in Addtech's Group Management. Vice President and former business area manager for Components, Anders Claeson, took over as acting business area manager for Industrial Process. Anders Claeson replaced former business area manager Johan Dyberg.

On 19 March 2018, it was announced that Niklas Stenberg was appointed new CEO of Addtech and will enter this position at the time of the Annual General Meeting on August 30, 2018.

A total of 11 acquisitions were completed during the fiscal year, adding annual sales of approximately SEK 700 million.

ARTICLES OF ASSOCIATION

According to the Articles of Association, the Company's name is Addtech Aktiebolag and the financial year is from 1 April to 31 March. The Articles of Association have no special provisions about the appointment and dismissal of Board members and about amendments to the Articles. The Articles of Association do not limit the number of votes that each shareholder may cast at an Annual General Meeting. For the full Articles of Association, which the EGM adopted in their present form on 19 November 2013, please see the Company's website under Investors/Corporate governance/Articles of Association of Addtech.

ANNUAL GENERAL MEETING

Shareholder influence in the Company is exercised by the Annual General Meeting (AGM) or, where appropriate, an Extraordinary General Meeting, which is Addtech's highest decision-making body. The AGM must be held in Stockholm within six months of the end of the financial year. The items on the agenda of the AGM for resolution include the election of the Board of Directors and the Chairman of the Board, the appointment of an auditor, the adoption of the income statement and balance sheet, the appropriation of the Company's unappropriated earnings, the discharge from liability for the Members of the Board and the CEO, the Nomination Committee and its work, and remuneration guidelines for senior executives. Details of the company's previous AGMs can be found on Addtech's website, which also includes information on shareholders' entitlement to raise matters for consideration at the AGM, and on when such requests for consideration should be received by Addtech. No special arrangements regarding the function of the AGM, due to any provisions in the Articles of Association or as far as is known to the Company due to shareholder agreements, apply in the Company. Most decisions at shareholders' meetings are taken with a simple majority and for elections the candidate who receives the most votes in an election is considered to be elected. Certain decisions, however, such as amendments to the Articles of Association, require a qualified majority.

2017 ANNUAL GENERAL MEETING

Addtech's Annual General Meeting was held on Wednesday, 31 August 2017 in Stockholm. 105 shareholders were present at the AGM, in person or by proxy, representing 62.64 percent of votes and 49,79 percent of capital. Chairman of the Board Anders Börjesson was elected to serve as chairman of the AGM. All members of the Board and Group Management attended the AGM. Authorised public accountant Joakim Thilstedt, principal auditor for Addtech, and Authorised public accountant Jonas Eriksson were also present at the meeting. The decisions taken by the AGM were:

- Dividend of SEK 3.50 per share.
- Re-election of directors Anders Börjesson, Eva Elmstedt, Kenth Eriksson, Malin Nordesjö, Ulf Mattsson and Johan Sjö. Henrik Hedelius was elected to serve on the Board of Directors. Anders Börjesson was elected Chairman of the Board.
- Re-election of registered auditors, KPMG AB, for a period of one year.
- Introduction of a long-term incentive programme in which participants are offered the chance to acquire, at market price, call options on repurchased shares in Addtech AB.
- Authorisation to the Board of Directors to repurchase, until the next AGM, up to the maximum number of class B shares that the Company's holding of treasury shares at any given time does not exceed 10 percent of the total number of shares outstanding in the Company.

The other resolutions of the AGM can be seen in the complete agenda from the AGM, which is available along with other information about the 2017 AGM at www.addtech.com.

2018 ANNUAL GENERAL MEETING

Addtech 2018 Annual General Meeting will be held Thursday 30 August at IVA in Stockholm. For additional information about the 2018 AGM please see the section called "Welcome to the Annual General Meeting" in the annual report, as well as Addtech's website www.addtech.com.

NOMINATION COMMITTEE DUTIES

The Nomination Committee's mandate from the Annual General Meeting is to evaluate the composition and work of the Board of Directors as well as to submit proposals to the AGM for the Chairman of the AGM, Directors and Chairman of the Board, remuneration to directors who are not employed by the company, election, where appropriate, of a registered auditing firm and auditors' fees, as well as principles for election of members to the Nomination Committee. The members of the Nomination Committee receive no remuneration from the Company for their work on the committee. The committee had three meetings at which minutes were taken prior to the 2018 AGM. The complete proposals of the Nomination Committee to the AGM are presented in the notice to attend the meeting and on the Company's website.

COMPOSITION OF THE NOMINATION COMMITTEE

The meeting decided that the following principles will apply until further notice. Consequently, the AGM does not decide on these principles and the Nomination Committee assignments annually, unless the principles or the assignments are to be changed. The Nomination Committee consists of representatives of the five largest known shareholders by vote at year-end (grouped by shareholdings on 31 December) and the Chairman of the Board, who was also tasked with convening the first meeting of the Nomination Committee. The Nomination Committee will appoint a Chairman among its members. The composition of the Nomination Committee shall be announced not later than six months before the AGM.

The following were thus chosen as of 31 December 2017: Åsa Nisell (representing Swedbank Robur), Martin Wallin (representing Lannebo Fonder), Johan Strandberg (representing SEB fonder), and Tom Hedelius and Anders Börjesson, Chairman of the Board. The composition of the Nomination Committee was disclosed in conjunction with the presentation of the interim report for the third quarter on 6 February 2018.

One Nomination Committee member is a Board member and is not independent of the Company's major shareholders. The composition of the committee follows the principles set by the AGM. Anders Börjesson is chairman of the Nomination Committee and Board Chairman. This deviates from the Code's rules 2.4, which state that the chairperson of the Nomination Committee shall not be a Board member of the Company. The Nomination Committee deemed it suitable that the committee chairperson should be the member who represents the largest group of shareholders and who has good knowledge of both the company and other shareholders.

Members of Nomination Committee

Nomination Committee prior to 2018 AGM (appointed by the largest shareholders in terms of voting rights on 31 December 2017)

NAME	REPRESENTING	PERCENTAGE OF VOTES IN PERCENT, 2017-12-29
Anders Börjesson (Chairman)	A-Shareholders	15.5
Tom Hedelius	A-Shareholders	14.9
Åsa Nisell	Swedbank Robur Fonder	6.6
Martin Wallin	Lannebo fonder	6.2
Johan Strandberg	SEB Investment Management fonder	4.9
Total		**48.1**

BOARD DUTIES

The primary duty of the Board of Directors is to manage the Group's operations on behalf of the owners in such a way that the owners' interests in a long-term return on capital are optimally protected. The Board of Directors holds overall responsibility for Addtech's organisation and management of Addtech's business. It is responsible for the Group's long-term development and strategy, for continuously monitoring and assessing the Group's operations, and for any other task conferred by the Swedish Companies Act.

Composition of the board of directors

In accordance with the Articles of Association, the Board is to consist of at least three and at most nine members. The directors serve from the end of the AGM when they are elected until the end of the next AGM. There is no limit to the number of consecutive terms a director may serve on the Board. The 2017 AGM re-elected directors Anders Börjesson, Eva Elmstedt, Kenth Eriksson, Ulf Mattsson, Malin Nordesjö and Johan Sjö and the newly elected director Henrik Hedelius. Anders Börjesson was elected Chairman of the Board. The Members of the Board of Directors are presented in the Board of Directors section of the annual report and on the Company's website.

In the preparation of its proposal, the Nomination Committee has applied paragraph 4.1 of the Code as Diversity Policy, taking into account that, in view of the company's operations, development stages and circumstances, the Board should have an appropriate composition characterised by versatility and breadth of competence, experience and background. An even gender distribution should be pursued.

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 taken from applicable Swedish legislation, the Swedish Code of Corporate Governance, and the rules of the Nasdaq Stockholm Stock Exchange. The Nomination Committee evaluates the Board's independence ahead of the Annual General Meeting. All Board members are independent of the Company, apart from Johan Sjö, who is employed in the Company as the CEO. In addition to being independent of the Company, Eva Elmstedt, Kenth Eriksson and Ulf Mattsson are also independent of the Company's major shareholders. The Board has thus been assessed as complying with the requirement that at least two of the members who are independent of the Company are also independent of major shareholders.

Rules of procedure

The Board of Directors adopts written Rules of Procedure every year in accordance with the provisions of the Swedish Companies Act. The rules of procedure clarify the distribution of work between members of the Board, including its committees, the number of regular Board meetings, matters to be addressed at regular board meetings and duties as the Chairman of the Board. The Chairman shall organise and lead the work of the Board, be responsible for contacts with the owners regarding ownership issues and communicate shareholders' views to the Board, ensure that the Board receives satisfactory information and decision support documentation for their work and verify that the Board's decisions are implemented. The Board has also issued written instructions specifying the details of financial reporting to the Board and the distribution of work between the Board and the CEO.

Duties of the Chairman of the Board

The Chairman is responsible for ensuring that the Board's work is well-organised and conducted efficiently and that the Board fulfils its obligations. The Chairman monitors operations in dialogue with the Chief Executive Officer. The Chairman is also responsible for ensuring that other Board members receive the introduction, information and documentation necessary to maintain the high quality of the discussions and decisions, as well as for monitoring that the Board's decisions are implemented. The Chairman represents Addtech in ownership issues.

Work of the Board of Directors 2017/2018

According to the Board's rules of procedure, the Board is to meet in conjunction with presentation of the interim reports, at an annual strategy meeting and at the first post-election meeting of the new Board per year as well as on other occasions if required.

The Board held ten meetings in 2017, four of which were before the 2017 AGM and six after the AGM. The following table shows attendance at Board meetings:

BOARD MEMBER	BOARD MEMBER	BORN	BOARD	REMUNERATION COMMITTEE	AUDIT COMMITTEE	INDEPENDENT IN RELATION TO THE COMPANY	INDEPENDENT IN RELATION TO MAJOR SHAREHOLDERS	TOTAL COMPENSATION, SEK
Anders Börjesson (Chairman)	2001	1948	10 (10)	1 (1)	4 (4)	Yes	No	600,000
Eva Elmstedt	2005	1960	10 (10)	1 (1)	4 (4)	Yes	Yes	325,000
Kenth Eriksson	2016	1961	10 (10)		4 (4)	Yes	Yes	275,000
Henrik Hedelius [1]	2017	1966	6 (6)		3 (3)	Yes	No	275,000
Ulf Mattsson	2012	1964	10 (10)		4 (4)	Yes	Yes	275,000
Malin Nordesjö	2015	1976	10 (10)		4 (4)	Yes	No	275,000
Johan Sjö [2]	2008	1967	10 (10)		-	No	Yes	-

[1] Took over at 2017 Annual General Meeting
[2] No fee is paid to directors who are employed at Addtech

All meetings followed an agenda, which was provided to members prior to Board meetings along with documentation for each item on the agenda. Regular board meetings usually last half a day to allow time for presentations and discussions.

The Chief Executive Officer or his designee presents all matters relating to the operations of the Company and the Group. Other salaried employees in the Company take part in Board meetings to present certain issues or when otherwise deemed suitable. The Company's CFO is the Board Secretary and the secretary of the Nomination Committee. The Board discussed the following matters at its meetings:

- Approval of significant policies such as the Board's rules of procedure, attestation policy, financial policy, Code of Conduct, insider policy, communication policy and dividend policy.
- Strategic direction and significant goals.
- Significant issues concerning optimisation of capital structure, financing, dividend, repurchase of treasury shares, investments, acquisitions and divestments of operations.
- Monitoring and control of operations, financial development, information provision and organisational issues.
- Succession planning and election of the CEO.
- Review with and report from the Company's external auditors.
- Review with auditors, without Group management's attendance, for evaluation of the CEO and Group management.
- Evaluation of the work of the Board of Directors. Every year, the Board Chairman initiates and oversees the evaluation.
- Approval of interim reports, year-end report and annual report.

Evaluation of the work of the Board

The Board conducts an annual evaluation of its work. Each year the Chairman initiates and leads the evaluation of the Board's work. The purpose of the evaluation is to further improve working methods, dynamics, efficiency and working environment, as well as the main focus of the Board's work. This evaluation also focuses on access to and the need for special expertise on the Board. The evaluation includes interviews and group discussions. In addition, the Chairman of the Board conducts individual discussions with each director. The evaluations were discussed at a Board meeting and also serve as a basis for the Nomination Committee's work when proposing directors.

Remuneration committee

The remuneration committee elected by the Board of Directors consists of: Anders Börjesson (Board Chairman) and Eva Elmstedt, with Johan Sjö as the reporting member. The remuneration committee draws up the 'Board's proposal for principles regarding remuneration to senior management'. The Board discusses the proposal, which is then presented to the AGM to decide on. The Board sets the remuneration of the CEO based on the AGM's decision. The CEO does not report on his own remuneration and does not take part in making the Board decision. The remuneration committee sets the remuneration of other members of Group management based on proposals from the CEO. The Board is informed of the remuneration committee's decisions. The remuneration committee then has the task of monitoring and evaluating application of the guidelines for remuneration to senior management as decided on by the AGM. In addition, the remuneration committee must monitor and evaluate ongoing programmes, and those completed during the year, for variable remuneration to the Company management. The remuneration committee had one meeting during the financial year.

Audit committee

The tasks of the Audit Committee are performed by the Board and conducted as an integral part of the Board's work at its regular meetings. The Committee's Chairman and Malin Nordesjö has knowledge of accounting and auditing. The role of the Audit Committee is to monitor the Company's financial reporting; to monitor the effectiveness of the Company's internal control and risk management regarding the financial reporting; to stay informed about the audit of the annual accounts and the consolidated financial statements; to assess and monitor the impartiality and independence of the auditor and in doing so to pay particular attention to whether the auditor provides the Company with other services besides auditing services; and to assist in drawing up proposals for the AGM's decision on selection of an auditor.

In conjunction with the adoption of the 2017/2018 annual accounts, the Board held discussions with the Company's external auditors and received their reporting. The Board also discussed matters with the auditors at this meeting, which was not attended by the CEO or other members of Company management.

AUDITOR

The Articles of Association stipulate that a registered auditing firm must be selected as auditor. The 2017 Annual General Meeting elected KPMG to serve as the Company's auditor until the close of the 2018 Annual General Meeting. Joakim Thilstedt is the Auditor in charge, assisted by Jonas Eriksson.

The Company's auditor works according to an audit plan that includes comments from the Board and reports his or her findings to company managements and business area managements, Group management and the Board of Addtech AB. This takes place during the audit and when establishing the annual accounts. KPMG audits Addtech AB and practically all its subsidiaries. The Company's auditor also takes part in the Annual General Meeting, describing and commenting on his or her audit work.

The independence of the external auditor is regulated in a special directive decided by the Board. It states the areas in which the services of the external auditor may be used regarding issues that are not part of regular auditing. The Company's auditor continually assesses its independence of the Company and submits written affirmation to the Board each year stating that the auditing firm is independent of Addtech. In the past year, the auditors performed advisory assignments, mainly concerning accounting, taxation issues and listing rules.

Quarterly review by auditors

Addtech's six-month or nine-month reports were not reviewed by Addtech's external auditors during the 2017/2018 financial year, which deviates from the rules of the Code 7.6. Among other things, after consultation with the Company's external auditors, the Board has so far judged that the benefit and additional cost to the Company of extended quarterly reviewing by the auditors cannot be justified.

Chosen auditors KPMG AB

JOAKIM THILSTEDT
Auditor in charge
Authorised Public Accountant, Stockholm. Born in 1967. Joakim Thilstedt has been auditor in charge for the Addtech Group since 2016/2017. He also serves as auditor in charge for companies including ÅF, Modern Times Group MTG, Ahlsell and L E Lundbergföretagen.

JONAS ERIKSSON
Assistant auditor
Authorised Public Accountant, Stockholm. Born in 1974. Jonas Eriksson has been the assistant auditor for the audit of the Addtech Group

since 2013/2014 and is also involved in auditing companies including AddLife AB, Knowit AB and Synsam AB. Jonas is also in charge of auditing in Nordiska Kompaniet (NK) and numerous medium- size companies, including Carglass Sweden AB and the Silva Group.

CHIEF EXECUTIVE OFFICER AND GROUP MANAGEMENT

The Chief Executive Officer, Johan Sjö, heads the operations in accordance with requirements of the Swedish Companies Act and the frameworks set by the Board. In consultation with the Board Chairman, the CEO prepares requisite documentation for information and decisions prior to Board meetings, gives presentations and motivates proposals for decisions. The Chief Executive Officer leads the work of the Group Executive Board and makes decisions in consultation with other members of Group Management. At the end of 2017/2018, in addition to Johan Sjö (CEO), Group Management included Christina Kassberg (Chief Financial Officer), Patrik Klerck (Business Area Manager of Components), Anders Claeson (Executive Vice President and Acting Business Area Manager of Industrial Process), Hans Andersén (Business Area Manager of Energy), and Niklas Stenberg (Business Area Manager of Power Solutions). Group management regularly reviews operations in meetings chaired by the CEO. The Chief Executive Officer is presented in more detail in the Board and Management section of the annual report and on the Company's website.

REMUNERATION TO SENIOR MANAGEMENT

Principles for remuneration to senior management at Addtech are adopted by the Annual General Meeting. Senior management consists of the CEO and other people in Group Management. The 2017 AGM adopted the recommendations of the Nomination Committee regarding remuneration guidelines for senior executives. These guidelines are essentially consistent with the principles previously applied.

Addtech aims to offer a reasonable as well as competitive total remuneration package capable of attracting and retaining skilled individuals. The size of the overall package varies in relation to the performance of the employee and the Group and may comprise the different elements stated below. A fixed salary forms the foundation of the total remuneration. The salary should be competitive and reflect the responsibilities of the position. Fixed salaries are reviewed annually. Variable compensation is primarily based on the Group's growth in earnings, profitability and cash flow. Annual variable remuneration can be at most 40 percent of the fixed salary. Each year the Board of Directors evaluates whether or not to propose a long-term incentive scheme to the Annual General Meeting and, if such is the case, whether or not the proposed long-term incentive scheme should include a transfer of shares in the Company. Retirement pension and sickness and other benefits should be structured in accordance with applicable rules and market norms. Pensions should be based on defined-contribution plans where possible.

For more details regarding remuneration to senior management, please see note 6 of the Annual Report. In 2017 the Company complied with the principles for remuneration to senior management as approved by the AGM and the principles proposed to the 2018 AGM are unchanged. Please see page 105, for the Board's complete proposals to the 2018 Annual General Meeting.

Long-term incentive schemes

Addtech has four outstanding call option programmes totalling 1,250,178 B shares. The purpose of long- term incentive schemes is to give management personnel within the Addtech Group the opportunity to learn about and work towards an increase in the value of the Company's shares through their own investment. The schemes are also expected to create improved conditions for retaining and recruiting skilled personnel for the Addtech Group, to provide competitive remuneration and to unite the interests of the shareholders and the management personnel. The intention of the schemes is to contribute towards senior executives increasing their shareholdings in Addtech in the long term. Those members of management personnel included in the schemes are the group who, in an otherwise heavily decentralised organisation, are able to have a positive impact on profits through cooperation between the Group's subsidiaries. The share-related incentive schemes approved by the AGM do not involve any net charge to the Company's equity.

Remuneration to the board of directors and auditor

The AGM of Addtech AB resolves each year regarding guidelines for remuneration to the Board of Directors and the auditor. According to the resolution of the 2017 Annual General Meeting, Board fees for each director will remain unchanged from the previous year.

Fees shall be paid as follows: SEK 550,000 to the Chairman of the Board, SEK 275,000 to each other director appointed by the AGM who is not employed by the Company and SEK 50,000 to each member of the Remuneration Committee. Total Board fees amount to SEK 2,025,000. For further details of Board fees, see Note 6 to the Financial Statements.

Auditor's fees will be paid according to approved invoice, as directed by the AGM. For further details of Auditor's fees and of fees for non-auditing services, see Note 7 to the Financial Statement.

OPERATING ORGANISATION AND MANAGEMENT

Addtech's operating companies have been organised in the four business areas Components, Energy, Industrial Process and Power Solutions. The division into business areas reflects Addtech's internal organisation and reporting system.

Taken together the Addtech Group consists of approximately 120 independent companies in about 20 countries. Decisions about the companies' operations are taken close to the market, but from a governance perspective it is important to integrate the acquired company in certain issues of significance to the Group, such as financial reporting, administrative procedures and common core values.

Each operating company has a board of directors, on which the company's managing director and management employees from business areas or business units are represented. Within each business area, the companies are organised in business units linked to product or market concepts. Each company's managing director reports to a business unit manager, who in turn reports to the head of business area. Each head of business area reports to Addtech AB's CEO. 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 respective head of business area and controller. Other salaried employees take part in the business area's Board meetings to present certain issues or when otherwise judged suitable.

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

BOARD OF DIRECTORS

The information regarding shareholdings and call options relates to 31 May 2018.

1. ANDERS BÖRJESSON

M.Sc. Econ.

Born in 1948. Board Chairman since 2001. Other board assignments: Chairman of Bergman & Beving, Lagercrantz Group and Tisenhult-gruppen Director of a number of companies within the Tisenhult-gruppen. Professional experience: President and CEO of Bergman & Beving. Ownership: 1,500,948 Class A shares and 121,500 Class B shares (incl. associated).

2. EVA ELMSTEDT

Bachelor of Economics and Computer Science

Born in 1960. Director since 2005. Other board assignments: Board Chairman of Proact IT Group. Director of Gunnebo, Axiell, Thule and Arjo. Professional experience: Senior management at for example Nokia Networks, Ericsson and mobile operator 3. Ownership: 28,489 Class B shares (incl. associated).

3. KENTH ERIKSSON

M. Eng. and MBA

Born in 1961. Director since 2016. Other board assignments: Director, Concentric and Technology Nexus. Professional experience: CEO, Tradimus, and senior roles at Electrolux. Partner, Athanase Industrial Partner. Ownership: 22,502 Class B shares (incl. associated).

4. HENRIK HEDELIUS

M.Sc. Econ.

Born in 1966. Director since 2017. Senior employee ABG Sundal Collier Corporate Finance. Other board assignments: Director of Bergman & Beving. Professional experience: Director of Bergman & Beving, Mannerheim Invest, Vinovo, Team Sportia, Mind Industrial Group and other senior positions at Jarl Securities, Storebrand Asset Managment, Swedbank and ABN Amro.
Ownership: 9, 900 Class B shares (incl. associated).

5. ULF MATTSSON

M.Sc. Econ.

Born in 1964. Director since 2012. Industrial Advisor at EQT and PJT Partners. Other board assignments: Board Chairman of Eltel, VaccinDirekt and Lideta. Director of Oras Invest Oy and Priveq V. Professional experience: Senior management at Tarkett, CEO of Domco, Mölnycke Health Care, Capio and Gambro. Ownership: 8,000 Class B-shares (incl. associated).

6. MALIN NORDESJÖ

M.Sc. Econ.

Born in 1976. Director since 2015. Other board assignments: Chairman of Boomerang Sweden, Expando Electronics and Futuraskolan. Director of Bergman & Beving and Tisenhult-gruppen. Professional experience: Senior management at Tisenhult-gruppen and Tritech Technology. Ownership: 19,502 Class B shares (incl. associated).

7. JOHAN SJÖ

M.Sc. Econ.

Born in 1967. Director, President and CEO. Director since 2008. Employed in the Group since 2007. Other board assignments: Chairman of AddLife and OptiGroup and director of Bergman & Beving. Professional experience: Senior management at Bergman & Beving and Alfred Berg/ABN Amro. Ownership: 10,080 Class A shares and 212,136 Class B shares. Call options corresponding to 87,750 shares (incl. associated).

Sitting, from the left: Anders Claeson, Johan Sjö, Hans Andersén, Patrik Klerck. Standing, from the left: Malin Enarson, Niklas Stenberg.

GROUP MANAGEMENT

The information regarding shareholdings and call options relates to 31 May 2018.

1. JOHAN SJÖ

M.Sc. Econ.

Born in 1967. Director, President and CEO. Director since 2008. Employed in the Group since 2007. Other board assignments: Chairman of AddLife and OptiGroup and director of Bergman & Beving. Professional experience: Senior management at Bergman & Beving and Alfred Berg/ABN Amro. Ownership: 10,080 Class A shares and 212,136 Class B shares. Call options corresponding to 87,750 shares (incl. associated).

2. MALIN ENARSON*

M.Sc. Econ.

Born in 1973. Chief Financial Officer. Employed in the Group since 2004. Professional experience: Business Controller Addtech Power Solutions. Several roles within the finance function at Addtech. Auditor Mazars (SET) Audit Office. Shareholding 0 B shares. Purchase options corresponding to 13,900 shares (incl. associated).

3. PATRIK KLERCK

M.S c Mechanical eng.

Born in 1969. Business Area Manager of Components. Employed in the Group since 1995. Professional experience: Leading positions within Addtech and Bergman & Beving. Ownership: 10, 523 Class B shares. Call options corresponding to 36,000 shares (incl. associated).

4. HANS ANDERSÉN

Electric Power Engineer

Born in 1961. Business Area Manager of Energy. Employed in the Group since 2006. Professional experience: CEO and owner of AB Gevea and Business Unit Manager Energy Supply. Ownership: 74,504 Class B shares. Call options corresponding to 64,500 shares (incl. associated).

5. ANDERS CLAESON

M.Eng.

Born in 1956. Executive Vice President and Acting Business Area Manager of Industrial Process. Employed in the Group since 1982. Professional experience: Various managerial positions at Bergman & Beving. Ownership: 308,685 Class B shares. Call options corresponding to 78,000 shares (incl. associated).

6. NIKLAS STENBERG

Bachelor of Laws

Born in 1974. Business Area Manager of Power Solutions. Employed in the Group since 2010. Professional experience: Leading positions at Bergman & Beving, prior to which he was an attorney-at-law. Ownership: 20,734 Class B shares. Call options corresponding to 63,000 shares (incl. associated).

* Malin Enarson was appointed CFO on May 31, 2018, after the end of the fiscal year. CFO in 2017/2018 was Christina Kassberg.

SYSTEMS FOR INTERNAL CONTROL AND RISK MANAGEMENT IN FINANCIAL REPORTING

INTERNAL CONTROL

The Board of Directors has overall responsibility for ensuring that the Group has an effective system for management and internal control. This responsibility includes annually evaluating the financial reports it receives and stipulating the content and format of these reports to ensure their quality. This requirement means that the financial reporting must fulfil its purpose and comply with applicable accounting rules and other requirements incumbent on listed companies. The CFO annually reports on the Group's internal control work to the Board.

CONTROL ENVIRONMENT

Addtech builds and organises its business on the basis of decentralised responsibility for profitability and earnings. Internal control in a decentralised operation is founded on a firmly established process for defining goals and strategies for each operation. Internal directives and Board-approved policies convey defined decision-making channels, powers of authority and responsibilities. The financial policy, reporting manual and instructions for each annual/quarterly accounts are the Group's primary financial policy documents. A Group-wide reporting system with related analysis tools is used in the Group's annual/quarterly accounts process. At a more comprehensive level, all operations in the Addtech Group must comply with the Group's Code of Conduct.

RISK ASSESSMENT

Addtech operates well-established routines for internal control and risk management in financial reporting with regard to the risks that the Board of Directors and Group management see as significant. Risk assessments start with the Group's income statement and balance sheet to identify the risk of material errors. In the Addtech Group as a whole, the greatest risks in financial reporting are linked to intangible non-current assets related to business acquisitions. The degree of exposure is determined by the degree of dependence on internal control or judgements that may affect financial reporting. The Group operates annual procedures for impairment testing in order to identify any indications of impairment.

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 controller function and the central finance and accounting function. Controllers and financial managers at all levels of the Group play a key role in creating the right environment for transparent and accurate financial reporting. This role places great demands on integrity, expertise and the capabilities of individuals.

Regular finance conferences are held to discuss current issues and safeguard 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 is analysed and commented on internally by the Board is a key overall control activity. The review includes an evaluation of results compared to targets set and previous performance as well as a follow-up of key indicators.

A 'self-evaluation' of internal control issues is performed in all Group companies each year. The companies comment on how important issues were handled, such as business terms and conditions in customer contracts, assessments of customers' credit ratings, valuation and documentation of inventories, payment procedures, documentation and analysis of financial statements/closing accounts, and compliance with internal policies and procedures. An accepted minimum level has been set for critical issues and processes, 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 conjunction with the ordinary audit. The responses are then compiled and analysed, after which they are presented to business area management and Group management. The results of self-evaluation are taken into consideration in planning the self-evaluation and external auditing for the coming year.

In addition to the work of self-assessment, a more in-depth analysis of the internal control in about 25 operating companies takes place each year. This is termed 'internal auditing' 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 the latter, are analysed, tested and recorded. The external auditors study the records kept in conjunction with auditing of the companies. The process provides a solid basis on which to chart and assess the internal control in the Group. An external party also regularly reviews and assesses the Group's internal control processes.

INFORMATION AND COMMUNICATION

Governing guidelines, policies and instructions are available on the Group intranet. The documents are regularly updated as needed. Changes are communicated separately via e-mail and at meetings for those concerned.

Access to the documents for internal information on the intranet is governed via levels of authorisation. The Group's employees are divided into different groups and the groups have various levels of access to information. All financial guidelines, policies and instructions are available for each company's managing director and financial manager, business unit managers, business area managers, business area controllers and the central finance and accounting function. Access to financial data for the Group is also governed centrally via levels of authorisation.

ASSESSMENT

The outcome of the internal control is analysed and communicated annually. An assessment is made of the improvement measures that are to be implemented in the various companies. The boards in the Group companies are informed of the outcome of the internal control in each company and the improvement measures that should be implemented. The business area controllers and company boards subsequently follow up this work on a continual basis during the following year.

The Board receives monthly comments from the CEO regarding the business situation and development of operations. The Board reviews all quarterly reports and the annual report before their publication. The Board is updated annually about the internal control work and its results. The Board also examines the assessment made by KPMG of the Group's internal control processes.

INTERNAL AUDITING

In light of the above risk assessment and structure of control activities, including self-evaluation and a more in-depth analysis of internal control, the Board has chosen not to have a separate internal auditing function.

CONSOLIDATED INCOME STATEMENT

SEKm	NOTE	2017/2018	2016/2017
Net sales	4, 5	8,022	7,178
Cost of sales		-5,522	-4,939
GROSS PROFIT		**2,500**	**2,239**
Selling expenses		-1,364	-1,241
Administrative expenses		-455	-432
Other operating income	9	59	48
Other operating expenses	9	-42	-12
Income from associated companies		3	2
OPERATING PROFIT	3-10, 16	**701**	**604**
Finance income	11	4	2
Finance costs	11	-40	-26
NET FINANCIAL ITEMS		**-36**	**-24**
PROFIT BEFORE TAX		**665**	**580**
Income tax expense	13	-139	-130
PROFIT FOR THE YEAR		**526**	**450**
Attributable to:			
Equity holders of the Parent Company		514	440
Non-controlling interests		12	10
Earnings per share before dilution (EPS), (SEK)	30	7.70	6.60
Earnings per share after dilution (EPS), (SEK)	30	7.65	6.55
Average number of shares after repurchases ('000s)		66,950	66,824
Number of shares at end of period after repurchases ('000s)		66,992	66,824

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	NOTE	2017/2018	2016/2017
Profit for the year		526	450
Components that will be reclassified to profit of the year			
Cash flow hedges		0	1
Foreign currency translation differences for the period		115	52
Tax attributable to items that can later be reversed in profit or loss		0	0
Components that will not be reclassified to profit of the year			
Revaluations of defined benefit pension plans		-9	-13
Tax attributable to items not to be reversed in profit or loss		2	3
OTHER COMPREHENSIVE INCOME		**108**	**43**
COMPREHENSIVE INCOME FOR THE YEAR		**634**	**493**
Attributable to:			
Equity holders of the Parent Company		619	482
Non-controlling interests		15	11

CONSOLIDATED BALANCE SHEET

SEKm	NOTE	2017/2018	2016/2017
ASSETS			
NON-CURRENT ASSETS			
Intangible non-current assets	14	2,463	1,892
Property, plant and equipment	15	207	190
Deferred tax assets	13	15	8
Other financial assets		17	19
TOTAL NON-CURRENT ASSETS		**2,702**	**2,109**
CURRENT ASSETS			
Inventories	18	1,118	942
Tax assets		1	10
Accounts receivable	3	1,360	1,170
Prepaid expenses and accrued income	19	93	68
Other receivables		53	38
Cash and cash equivalents		192	178
TOTAL CURRENT ASSETS		**2,817**	**2,406**
TOTAL ASSETS		**5,519**	**4,515**
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	20		
Share capital		51	51
Other contributed capital		344	344
Reserves		87	-25
Retained earnings, including profit for the year		1,603	1,331
Equity attributable to equity holders of the Parent Company		**2,085**	**1,701**
Non-controlling interests		46	40
TOTAL SHAREHOLDERS' EQUITY		**2,131**	**1,741**
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current interest-bearing liabilities	24	411	69
Provisions for pensions	22	229	210
Deferred tax liabilities	13	322	278
Non-Interest-bearing long-term liabilities		11	18
Total non-current liabilities		**973**	**575**
CURRENT LIABILITIES			
Current interest-bearing liabilities	25	958	910
Accounts payable		694	622
Tax liabilities		61	45
Other liabilities		304	273
Accrued expenses and deferred income	26	367	323
Provisions	23	31	26
Total current liabilities		**2,415**	**2,199**
TOTAL LIABILITIES		**3,388**	**2,774**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**5,519**	**4,515**

For information about contingent liabilities and pledged assets, see Note 27

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	Share capital	Other contributed capital	Reserves	Retained earnings, including profit for the year	Total, equity holders of the Parent Company	Non-controlling interests	Total equity
	2017/2018						
EQUITY, OPENING BALANCE 2017-04-01	**51**	**344**	**-25**	**1,331**	**1,701**	**40**	**1,741**
Profit for the year	–	–	–	514	514	12	526
Cash flow hedges	–	–	0	–	0	–	0
Foreign currency 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**
Total comprehensive income	**–**	**–**	**112**	**507**	**619**	**15**	**634**
Call options issued	–	–	–	3	3	–	3
Call options exercised	–	–	–	33	33	–	33
Call options repurchased	–	–	–	-5	-5	–	-5
Repurchase of treasury shares	–	–	–	-31	-31	–	-31
Dividend	–	–	–	-235	-235	-9	-244
EQUITY, CLOSING BALANCE 2018-03-31	**51**	**344**	**87**	**1,603**	**2,085**	**46**	**2,131**

SEKm	Share capital	Other contributed capital	Reserves	Retained earnings, including profit for the year	Total, equity holders of the Parent Company	Non-controlling interests	Total equity
	2016/2017						
EQUITY, OPENING BALANCE 2016-04-01	**51**	**344**	**-77**	**1,161**	**1,479**	**35**	**1,514**
Profit for the year	–	–	–	440	440	10	450
Cash flow hedges	–	–	1	–	1	–	1
Foreign currency translation differences	–	–	51	–	51	1	52
Revaluations of defined benefit pension plans	–	–	–	-13	-13	–	-13
Tax attributable to other comprehensive income	–	–	–	3	3	–	3
Other comprehensive income	**–**	**–**	**52**	**-10**	**42**	**1**	**43**
Total comprehensive income	**–**	**–**	**52**	**430**	**482**	**11**	**493**
Call options issued	–	–	–	4	4	–	4
Call options exercised	–	–	–	14	14	–	14
Call options repurchased	–	–	–	-6	-6	–	-6
Repurchase of treasury shares	–	–	–	-40	-40	–	-40
Dividend	–	–	–	-218	-218	-8	-226
Option debt, acquisition	–	–	–	-9	-9	-	-9
Distribution of AddLife	–	–	–	-5	-5	0	-5
Change in non-controlling interests	–	–	–	–	–	2	2
EQUITY, CLOSING BALANCE 2017-03-31	**51**	**344**	**-25**	**1,331**	**1,701**	**40**	**1,741**

SEK	2017/2018	2016/2017
Dividend per share	4.00 [1]	3.50

[1] As proposed by the Board of Directors.

CONSOLIDATED CASH FLOW STATEMENT

SEKm	NOTE	2017/2018	2016/2017
OPERATING ACTIVITIES			
Profit after financial items		665	580
Adjustment for items not included in cash flow	28	159	134
Income tax paid		-169	-123
Cash flow from operating activities before changes in working capital		**655**	**591**
Cash flow from changes in working capital			
Changes in inventories		-106	-7
Changes in operating receivables		-37	-104
Changes in operating liabilities		27	71
CASH FLOW FROM OPERATING ACTIVITIES		**539**	**551**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		-46	-58
Disposal of property, plant and equipment		3	4
Acquisition of intangible non-current assets		-5	-10
Acquisition of operations, net liquidity effect	28	-510	-336
Disposal of operations, net liquidity effect	28	33	1
Change in financial assets		5	4
CASH FLOW FROM INVESTING ACTIVITIES		**-520**	**-395**
FINANCING ACTIVITIES			
Repurchase of treasury shares		-31	-40
Exercised and issued call options		31	12
Borrowings	28	241	462
Repayments on loans	28	-7	-332
Other financing		-2	-2
Dividend paid to equity holders of the Parent Company		-235	-218
Dividend paid to non-controlling interests		-9	-8
CASH FLOW FROM FINANCING ACTIVITIES		**-12**	**-126**
CASH FLOW FOR THE YEAR		**7**	**30**
Cash and cash equivalents at beginning of year		178	140
Exchange differences on cash and cash equivalents		7	8
CASH AND CASH EQUIVALENTS AT YEAR-END		**192**	**178**

PARENT COMPANY INCOME STATEMENT

SEKm	NOTE	2017/2018	2016/2017
Net sales		58	54
Administrative expenses		-71	-63
OPERATING PROFIT/LOSS	6–8, 16	**-13**	**-9**
Profit from interests in Group companies	11	258	318
Profit from non-current financial assets	11	17	15
Interest income and similar items	11	1	7
Interest expense and similar items	11	-16	-19
PROFIT AFTER FINANCIAL ITEMS		**247**	**312**
Year-end appropriations	12	-14	-42
PROFIT BEFORE TAX		**233**	**270**
Income tax expense	13	-52	-60
PROFIT FOR THE YEAR		**181**	**210**

PARENT COMPANY COMPREHENSIVE INCOME

SEKm	NOTE	2017/2018	2016/2017
Profit for the year		181	210
Items that subsequently can be reversed to the income statement			
Fair value adjustment of hedge instruments		0	0
Tax attributable to fair value adjustment		0	0
OTHER COMPREHENSIVE INCOME		**0**	**0**
COMPREHENSIVE INCOME FOR THE YEAR		**181**	**210**

PARENT COMPANY BALANCE SHEET

SEKm	NOTE	2017/2018	2016/2017
ASSETS			
NON-CURRENT ASSETS			
Intangible non-current assets	14	–	–
Property, plant and equipment	15	2	3
Non-current financial assets			
Interests in Group companies	17	1,004	1,004
Receivables from Group companies	17	1,692	1,478
Total non-current financial assets		**2,696**	**2,482**
TOTAL NON-CURRENT ASSETS		**2,698**	**2,485**
CURRENT ASSETS			
Receivables from Group companies		449	406
Other receivables		3	2
Prepaid expenses and accrued income	19	9	8
Total current receivables		**461**	**416**
Cash and bank balances		–	–
TOTAL CURRENT ASSETS		**461**	**416**
TOTAL ASSETS		**3,159**	**2,901**
EQUITY AND LIABILITIES	20		
SHAREHOLDERS' EQUITY			
Restricted equity			
Share capital		51	51
Legal reserve		18	18
Unrestricted equity			
Retained earnings		491	516
Profit for the year		181	210
TOTAL SHAREHOLDERS' EQUITY		**741**	**795**
UNTAXED RESERVES	21	**431**	**417**
PROVISIONS			
Provisions for pensions and similar obligations	22	15	15
LIABILITIES			
Liabilities to Group companies	24	291	278
Liabilities to credit institutions	24	300	–
Total non-current liabilities		**591**	**278**
Liabilities to credit institutions	25	821	861
Accounts payable		3	1
Liabilities to Group companies		524	500
Tax liabilities		8	16
Other liabilities		5	2
Accrued expenses and deferred income	26	20	16
Total current liabilities		**1,381**	**1,396**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,159**	**2,901**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

	2017/2018			
	Restricted equity		Unrestricted equity	
SEKm	Share capital	Legal reserve	Retained earnings, including profit for the year	Total equity
EQUITY, OPENING BALANCE 2017-04-01	**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 exercised	–	–	33	33
Repurchase call options	–	–	-5	-5
Repurchase of treasury shares	–	–	-31	-31
EQUITY, CLOSING BALANCE 2018-03-31	**51**	**18**	**672**	**741**

	2016/2017			
	Restricted equity		Unrestricted equity	
SEKm	Share capital	Legal reserve	Retained earnings, including profit for the year	Total equity
EQUITY, OPENING BALANCE 2016-04-01	**51**	**18**	**767**	**836**
Profit for the year	**–**	**–**	**210**	**210**
Comprehensive income for the year	**–**	**–**	**210**	**210**
Dividend	–	–	-218	-218
Distribution of AddLife	–	–	-5	-5
Call options issued	–	–	4	4
Call options exercised	–	–	14	14
Repurchase call options	–	–	-6	-6
Repurchase of treasury shares	–	–	-40	-40
EQUITY, CLOSING BALANCE 2017-03-31	**51**	**18**	**726**	**795**

For comments on shareholders' equity, refer to Note 20.

PARENT COMPANY CASH FLOW STATEMENT

SEKm	NOTE	2017/2018	2016/2017
OPERATING ACTIVITIES			
Profit after financial items		247	312
Adjustment for items not included in cash flow	28	-254	-317
Income tax paid		-61	-35
Cash flow from operating activities before changes in working capital		**-68**	**-40**
Cash flow from changes in working capital			
Changes in operating receivables		0	0
Changes in operating liabilities		6	-8
CASH FLOW FROM OPERATING ACTIVITIES		**-62**	**-48**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangible non-current assets		0	0
CASH FLOW FROM INVESTING ACTIVITIES		**0**	**0**
FINANCING ACTIVITIES			
Repurchase of treasury shares		-31	-40
Exercised and issued call options		31	12
Change in loans	28	300	474
Repayment of loans	28	-40	-300
Change in receivables from Group companies		-318	-31
Change in liabilities to Group companies		37	-34
Dividend paid		-235	-218
Group contributions		318	190
Other financing activities		-	-5
CASH FLOW FROM FINANCING ACTIVITIES		**62**	**48**
CASH FLOW FOR THE YEAR		**0**	**0**
Cash and cash equivalents at beginning of year		0	0
CASH AND CASH EQUIVALENTS AT YEAR-END		**0**	**0**

NOTES

NOTE 1
ACCOUNTING AND VALUATION POLICIES

GENERAL ACCOUNTING POLICIES

The consolidated annual accounts were 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, was also applied.

The annual accounts of the Parent Company were 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 Parent Company's and the Group's accounting policies are consistent with each other, except in the case of reporting pensions, untaxed reserves and appropriations. See also "Accounting policies of the Parent Company".

The Board approved the Parent Company's annual report and the Group's consolidated financial statements for publication on 26 June 2018. The Parent Company's and Group's respective income statements and balance sheets will be submitted for adoption to the Annual General Meeting on 30 August 2018.

PRESENTATION OF THE ANNUAL REPORT

The financial reports are stated in million Swedish kronor (SEK million) unless otherwise specified. The Parent Company's functional currency is the Swedish krona, as is the presentation currency for the Parent Company and the Group. Assets and liabilities are recognised at historical cost, except for certain financial assets and liabilities that are measured at fair value. Assets held for sale are recognised at the lower of the previous carrying amount and fair value, less selling expenses.

Preparing financial reports according to IFRS requires that management makes judgements and estimates as well as assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates and assumptions are based on historical experience and numerous other factors deemed reasonable under the circumstances at the time. Estimates and assumptions are reviewed periodically.

The annual accounts were prepared in compliance with IAS 1 Presentation of Financial Statements, such that separate income statements and balance sheets, as well as statements of other comprehensive income, financial position, changes in shareholders' equity and cash flow, are prepared and notes are provided that detail the accounting policies and disclosures applied.

Receivables and liabilities, as well as income and expenses, are offset only if required or if expressively permitted according to IFRS.

New or amended IFRSs issued but not yet in force

A number of new standards and interpretations will enter into force for Addtech for the 2018/2019 financial year or later and have not been applied in preparing this financial report. Below is an assessment of the effects of the standards deemed to be relevant to the Group:

IFRS 9 Financial instruments

IFRS 9 addresses classification, measurement and recognition of financial assets and liabilities, and introduces new rules for hedge accounting. The standard has been adopted by the EU. The Group will begin to apply IFRS 9 in the financial year beginning in 2018/2019. The Group will not restate comparative figures, as allowed under the standard's transition rules.

The provisions of IFRS 9 regarding classification and measurement of the Group's financial instruments will not significantly affect the Group's financial position at the transition date, so the regulations will not change the valuation of the financial instruments contained in the consolidated balance sheet at this time. IFRS 9 introduces a new impairment model based on expected loan losses, which takes into account forward-looking information. The new impairment model is not expected to have a material impact on the Group's financial position based on historical information regarding doubtful receivables. Because the Group does not use hedge accounting, the relevant parts of IFRS 9 do not affect Addtech's financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 entails new requirements for recognition of revenue and replaces IAS 18 Revenue, IAS 11 Construction contracts and several related interpretations. The new standard provides more detailed guidance in many areas not previously covered by the applicable IFRS, including recognition procedures for contracts with one or more parts, variable pricing, customers' right of return, etc. The standard has been adopted by the EU. The Group will apply IFRS 15 for the 2018/2019 financial year. The Group has elected to apply the standard from 1 April 2018, using the forward-looking retroactive transition method under IFRS 15.

The Group has analysed the effects of IFRS 15 by identifying all revenue flows by business area, namely Components, Energy, Industrial Process and Power Solutions. Implementation of IFRS 15 will not have any material impact on the Group or the Parent Company. The Group's revenue is generated above all from the sale of goods and standardised products, and the contracts are generally short. Any variable parameters that may exist, such as discounts, are already treated as a revenue reduction at the transaction date. Revenue is recognised when the Group fulfils a performance commitment by transferring a promised product and the customer is given control over the asset. This usually occurs at the time of delivery according to the applicable delivery terms. For certain activities, revenue is recognised over time. The date of revenue recognition, both at a point in time and over time, complies with the current accounting principle. However, the Group may be affected by the expanded disclosure requirements under IFRS 15, which will affect both interim reports and annual reports in 2018/2019.

Our view is that ultimately implementation of IFRS 15 will not have any material impact on the Group's financial performance and position. Consequently, application of IFRS 15 as at 1 April 2018 will not have any impact on the Group.

IFRS 16 Leases

IFRS 16 Leases was published in January 2016 by the IASB. The standard has been adopted by the EU and will replace IAS 17 Leases and the related interpretations IFRIC 4, SIC-15 and SIC-27. IFRS 16 requires assets and liabilities arising from all leases, with the exception

NOTE 1
CONT.

of short-term leases or low-value asset leases, to be recognised on the balance sheet. This model reflects that, at the start of a lease, the lessee obtains the right to use an asset for a period of time and has an obligation to pay for that right. Consequently, the majority of the Group's existing operating leases will be recognised in the balance sheet beginning in 2019/2020.

The Group is preparing a full review of all leases, where the information is gathered and compiled as a basis for calculations and quantifications in conjunction with the conversion to IFRS 16, though quantification has not yet been carried out. The Group has yet to decide which transition rule it will apply; either full retroactive application or partial retroactive application (which means that comparative figures do not need to be restated).

No other IFRSs or IFRS Interpretations Committee interpretations that have not yet gone into effect are expected to have any significant impact on the Group.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include the annual accounts for the Parent Company and those companies that are under controlling influence of the Parent Company. Controlling influence exists if the Parent Company has influence over the object of investment, is exposed or entitled to variable yield from its involvement and can exert its influence over the investment to affect the yield. In the assessment of whether controlling influence exists, potential shares with an entitlement to vote are considered and whether de facto control exists. Shareholdings in Group companies are eliminated using the acquisition method. In brief, this means that identifiable assets, liabilities and contingent liabilities in the company acquired are measured and recognised in the consolidated financial statements as if they had been acquired directly by purchase and not indirectly by acquisition of the company's shares. The valuation is based on fair values. 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 profit or loss. Goodwill is determined in local currency and is recognised at cost, less any impairment losses. Consolidated equity includes the Parent Company's equity and the portion of subsidiaries' equity earned after the time of acquisition. Companies acquired or disposed of are consolidated or deconsolidated, respectively, from the date of acquisition or disposal.

Contingent considerations are measured at fair value at the time of the transaction and are subsequently revalued on each reporting occasion. Effects of the revaluation are recognised as income or expense in consolidated profit or loss. Transaction costs in conjunction with acquisitions are expensed. It is possible for a holding that is not a controlling interest to be measured at fair value upon acquisition, which means that goodwill is 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 and transactions between companies in the Group, as well as related unrealised gains, are wholly eliminated. Unrealised losses are eliminated in the same way as unrealised gains, except in the case of 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 using the exchange rate prevailing at the end of the reporting period. Income and expenses in foreign businesses are converted to Swedish kronor using the average rate, which is an approximation of the rates prevailing at the time of each transaction. Translation differences resulting from the conversion of foreign operations' accounts are recognised through other comprehensive income in the foreign currency translation reserve in equity.

Transactions denominated in foreign currencies

A transaction denominated in a foreign currency is converted to the functional currency at the rate of exchange on the transaction date. Monetary assets and liabilities in foreign currency are converted to the functional currency using the rate prevailing at the end of the reporting period. Non-monetary assets and liabilities recognised at historical cost are converted using the exchange rate at the time of the transaction. Exchange differences that arise in conversion are recognised in profit or loss. Exchange differences on operating receivables and operating liabilities are included in operating profit or loss, while exchange differences on financial receivables and liabilities are recognised among financial items.

FINANCIAL ASSETS AND LIABILITIES, RECOGNITION AND DERECOGNITION

Financial instruments recognised in the balance sheet primarily include, on the assets side, cash and cash equivalents, accounts receivable and derivatives. The liabilities include accounts payable, loans payable, contingent 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 exists, even if no invoice has yet been received. A financial asset (or part thereof) is removed from the balance sheet when the rights in the contract are realised or expire or 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 in some other way 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 their 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

A financial instrument that is not a derivative is initially recognised at cost, equivalent to the instrument's fair value plus transaction costs; this applies to all financial instruments except those in the category of financial assets measured at fair value through profit or loss. At initial recognition, a financial instrument is classified based on the purpose for which it was acquired. 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 inputs used in the evaluation. At level 1 are financial instruments with a price quoted in an active market. Level 2 comprises financial instruments whose value is determined based on observable market data, though not prices quoted in an active market. Level 3 includes using inputs, such as cash flow analyses, not based on observable market data.

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

This category consists of two subgroups: financial assets and liabilities held for trading, and other financial assets and liabilities that the Company initially chose to place in this category. The first group includes derivatives unless they are designated hedging instruments. The other group contains contingent considerations in conjunction with acquisitions of subsidiaries.

Accounts receivable and loan receivables

Loan receivables and accounts receivable are financial assets that are not derivatives, with fixed payments or with payments that can be determined, and that are not quoted on an active market. Assets in this category are measured at amortised cost.

Accounts receivable are recognised at the amount expected to be recovered, after deduction for doubtful receivables, assessed individually. The expected maturities of accounts receivable are short, so they are recognised at nominal amounts without discounting. Impairment losses on accounts receivable are recognised in operating expenses.

Cash and cash equivalents

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

Unlisted equity instruments carried at cost

A holding of unlisted shares in housing companies, whose fair value cannot be reliably calculated, is measured at cost and tested for impairment when an indication of impairment is observed.

Other financial liabilities

Loans and other financial liabilities, such as accounts payable, are included in this category. These liabilities are measured at amortised cost. Accounts payable are measured at nominal amounts without discounting.

Derivatives and hedge accounting

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

Increases and decreases in the value of such derivatives are recognised as income and expense, respectively, in operating profit or loss or in net financial items, based on the intended use of the derivative and whether or not 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 entity has an unconditional right to defer settlement for at least twelve months after the reporting period and if it is not an operating debt expected to be settled within the entity'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 losses. 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 and the like are deducted from the purchase price. Examples of directly attributable costs included in the cost are shipping and handling, installation, legal ratification and consulting services.

Borrowing costs are also capitalised in the cost of qualifying assets. The Group does not normally have qualifying assets.

Additional expenditure for an item of property, plant and equipment is only added to the cost if it increases the future economic benefits. All other expenditure, such as expenditure for repair and maintenance, is expensed on a current basis. A decisive factor as to when an incremental expenditure should be added to the cost is whether the expenditure refers to the replacement of identified components or parts thereof, in which case the expenditure is capitalised. Also, if a new component has been created, the expenditure is 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 effected on a straight-line basis over the estimated useful life and taking account of any residual value at the end of that period.

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

The carrying amount of an item of property, plant and equipment is removed from the balance sheet upon retirement or disposal of the asset, or when no future economic benefits are expected to be derived from its use. Gains or losses realised upon the disposal or retirement 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 expense.

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

Distinction is made between finance 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.

The Group for the most part uses operating leases, such that lease payments are charged as an operating expense on a straight-line basis over 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 rental 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 (acquisition) cost can be calculated reliably.

Additional expenditure for an intangible asset is only added to the cost if it increases future economic benefits beyond the original assessment and if the expenditure can be calculated reliably. All other expenditure is expensed as it is incurred.

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

NOTE 1
CONT.

Intangible assets aside from goodwill and trademarks are recognised at their original acquisition cost, less accumulated amortisation and impairment losses.

Borrowing costs are also capitalised in the cost of qualifying assets. The Group does not normally have qualifying assets.

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.

Expenditure for development, in which the results of research or other knowledge are applied to achieve new or improved products or processes, is 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 subsequently use or sell the intangible asset. Other development expenditure is expensed as it is incurred.

Expenditure for internally generated goodwill and trademarks is recognised in profit or loss as an expense as it is incurred.

Intangible non-current assets	Useful life
Capitalised development projects	3-5 years
Customer relationships	5–10 years
Supplier relationships	5–30 years
Software for IT operations	3–5 years
Technology	5–10 years
Trademarks	indeterminable

IMPAIRMENT LOSSES

Property, plant and equipment, intangible assets and interests in subsidiaries and associates

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 such indication exists, impairment is determined after calculating the recoverable amount of the asset, which is the higher of an asset's value in use and its fair value. Impairment loss 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 accord with the Group's operating segments) to which the goodwill is linked. Impairment losses are reversed when the impairment, wholly or partly, no longer exists. However, this does not apply to goodwill or intangible non- current assets with indefinable useful lives.

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

Financial assets

When accounts are prepared for reporting, the Company assesses whether there is objective evidence that any financial asset or group of assets is impaired. The recoverable amount of loan receivables and accounts receivable recognised at amortised cost is calculated as the present value of future cash flows discounted by the effective interest rate prevailing when the asset was first recognised. Assets with short maturities are not discounted. Impairment losses are charged to the income statement.

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. Normal capacity utilisation is taken into account in valuation.

CAPITAL

No expressed measure related to shareholders' equity is used internally. Externally, Addtech's objective is to have a robust equity ratio.

Shareholders' equity

Addtech's dividend policy 2017/2018 involves a pay-out ratio exceeding 30 percent of consolidated average profit after tax over a business cycle.

Repurchasing treasury shares occurs, and the Board normally proposes obtaining a mandate to repurchase treasury shares, which involves acquiring an amount of shares such that Addtech's own holding at no time exceeds 10 percent of all shares in the Company. The purpose of the repurchase is 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.

When treasury shares are repurchased, the entire consideration reduces retained earnings. Proceeds from the disposal of equity instruments are recognised as an increase in retained earnings, as are any transaction costs.

EMPLOYEE BENEFITS

Employee benefits after termination of employment, pension obligations

Addtech has defined-contribution pensions and defined-benefit pension plans in Sweden and Norway. The plans cover a large number of employees. The defined-benefit pension plans are based mainly on the individual's final salary. Subsidiaries in other countries in the Group mainly have 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. Costs 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 of service. The Group bears the risk for payment of promised benefits.

The Group's net obligation to 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 service 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, its assets have been separated into plan assets. These plan assets can only be used for payments of benefits as per 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 cost and pension obligation for defined benefit pension plans are calculated using the Projected Unit Credit Method. This method distributes the cost of 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 pay-outs in a manner that provides 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 obligation 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 obligation's present value and fair value on plan assets. These may arise either because the actual outcome differs from previously made assumptions (known as experienced-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 obligations has been financed through premiums to Alecta. The required information cannot be obtained from Alecta, so these pension obligations 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. To make it simpler, 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 instead of 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 cost of a pension is determined differently in a legal entity than in the Group, a provision or claim for taxes on pension costs is recognised, such as a special employer's contribution for Swedish companies based on this difference. The present value for 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 payments 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 issue decision, providing that the option holder is still employed in the Group and owns call options at that time. The subsidy, and related social security costs, is distributed as employee benefits expense over the vesting period. Addtech has no obligation to repurchase the options when an employee terminates employment. The holder can redeem the options irrespective of future employment at 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 obligation as a result of a transpired event, it is probable that an outflow of resources will be required to settle the obligation 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 costs resulting from warranty undertakings. The calculation is based on expenditure during the financial year for similar undertakings 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 undertaking exists stemming from past events and the existence of the undertaking is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not entirely within the Company's control. Other obligations 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 undertaking or because the size of the undertaking cannot be determined with sufficient accuracy.

REVENUE RECOGNITION

The fair value of what has been received, or what will be received, is recognised as sales revenue. Deductions are made for value-added tax, returns, discounts and price reductions. Revenue from sales of goods is recognised when certain requirements have been met. These requirements are that material risks and benefits associated with ownership of the goods have been transferred to the purchaser, that the selling company does not retain any involvement in ongoing administration nor does it exert any real control over the goods sold, that the revenue can be calculated reliably, that it is likely that the economic benefits that the Company will obtain from the transaction will accrue to the Company, and that the expenses that have arisen or are expected to arise as a result of the transaction can be calculated reliably.

Revenue from projects in progress is recognised in increments as projects are completed. The degree of completion is determined on the basis of accumulated project expenses at the end of the period as a proportion of estimated total project expenses. If future costs to complete a project are estimated to exceed remaining revenue, a provision is made for estimated losses.

FINANCE INCOME AND EXPENSES

Interest income on receivables and interest expense 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

NOTE 1
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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 upon maturity. Interest and dividends are recognised as income when it is probable that the economic benefits associated with the transaction will accrue to the Company and that the income can be calculated reliably.

INCOME TAXES
Tax expense/income is 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 at the end of the reporting period. Temporary differences are not taken into account in Group goodwill, nor in differences attributable to interests in subsidiaries or associates 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 where 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 an amount known beforehand are classified as cash and cash equivalents.

EVENTS AFTER THE REPORTING PERIOD
Events that occurred after the reporting period but whose circumstances were identifiable at the end of the reporting period are included in the reporting. If significant events occurred after the reporting period but did not affect the recognised results 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 physical persons. In the consolidated financial statements, intra-Group transactions fall outside this reporting requirement.

CHANGES IN ACCOUNTING POLICIES
When there is a change in accounting policy, the current period, previous period and accumulated amount per the opening of the comparative period are restated, unless otherwise prescribed by IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. If a change in accounting policy affects equity, the effect is recognised on a separate line in the statement of changes in equity.

ALTERNATIVE KEY FIGURES
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 of the keywords that Addtech uses, see page 102.

GOVERNMENT GRANTS
Government grants refers to support from the government in the form of transfers of resources to a company in exchange for the 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 of the Board of Directors and Group management.

Data on gender distribution refer to the situation at the end of the reporting period. 'Members of the Board of Directors' are directors, elected by a general meeting of shareholders, in the Parent Company and in Group companies. 'Members of senior management' are people in Group management, Managing Directors and vice MDs at Group companies.

ACCOUNTING POLICIES OF THE PARENT COMPANY
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 gives rise to other reporting.

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, from the Swedish Financial Reporting Board. RFR 2 prescribes that, in the annual accounts for its legal entity, the Parent Company shall apply all EU-approved

IFRSs and standard interpretations to the greatest extent possible within the scope of the Annual Accounts Act and taking account of the relationship between reporting and taxation. The recommendation specifies which exceptions from and additions to IFRSs must be made.

Interests in Group companies are recognised in the Parent Company using the cost method, which means that transaction costs are included in the carrying amount for holdings in subsidiaries. Any changes in liabilities for contingent consideration are added to or reduce the (acquisition) cost. In the Group, transaction costs are expensed and changes in liabilities for contingent considerations are entered as income or expense.

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 to 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 is recognised in the Parent Company as a financial income item, while a Group contribution paid from a Parent Company to a subsidiary is recognised as a financial expense. Shareholder contributions are recognised directly in the equity of the recipient and are capitalised in the contributor's shares and interests, insofar as no impairment is required. As provided for in the Swedish Financial Reporting Board's standard RFR 2, the Company has elected not to apply IAS 39 (Financial Instruments: Recognition and Measurement) to financial instruments and financial guarantee contracts.

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 obligations for salaried employees is on a defined benefit basis and is covered by collective policies with Alecta. Currently, it is impossible to obtain data from Alecta on the Group's share of obligations and plan assets, so the pension plan with Alecta must be recognised as a defined contribution plan. The consolidation ratio reported by Alecta does not indicate any deficit, but it is not possible to obtain detailed information from Alecta about the size of the pension obligation.

The present value of pension obligations recognised as defined benefit plans depends on multiple factors determined on an actuarial basis using a number of assumptions. In establishing these assumptions, Addtech consults with actuaries, and for the Norwegian pension liabilities Addtech complies with the guidelines issued by The Norwegian Accounting Standards Board. The assumptions used to determine the present value of the obligation include the discount rate and salary increases. Each change in these assumptions will affect the carrying amount of pension obligations. See also Note 22.

NOTE 3

FINANCIAL RISKS AND RISK MANAGEMENT

GOALS AND POLICY FOR RISK MANAGEMENT

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.

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 ensuing 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:

NOTE 3
CONT.

	Currency flows, gross 2017/2018		Currency flows, net	
	Inflows	Outflows	2017/2018	2016/2017
EUR	1,750	2,150	-400	-577
USD	691	779	-88	-50
NOK	56	35	21	25
JPY	60	86	-26	-26
DKK	41	110	-69	-62
GBP	14	72	-58	-42
CHF	20	74	-54	-50

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. Currency clauses are a common method in the industry for handling uncertainty associated with future cash flows. A currency clause means that compensation will be paid for any changes in the exchange rate that exceed 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, which means that compensation is charged or credited when the exchange rate rises or declines beyond the predefined thresholds.

Of Group net sales, currency clauses cover about 14 percent (13) and sales in the purchasing currency make up about 36 percent (33). 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 165 million (155), of which EUR equalled SEK 97 million (102), JPY SEK 14 million (16), USD SEK 38 million (15), CHF SEK 1 million (1), PLN SEK 7 million (15) and DKK SEK 8 million (8). Out of the total contracts, SEK 119 million (110) matures within six months, SEK 45 million (45) within 12 months and SEK 1 million (0) 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 38 million (36), 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:

	2018-03-31		2017-03-31	
Net investments	SEKm	Sensitivity analysis [1]	SEKm	Sensitivity analysis [2]
NOK	748.0	37.4	736.0	36.8
EUR	614.0	30.7	450.0	22.5
DKK	687.0	34.4	358.0	17.9
PLZ	6.0	0.3	52.0	2.6
TTD	22.0	1.1	28.0	1.4
GBP	337.0	16.8	155.0	7.8
HKD	35.0	1.7	14.0	0.7

[1] Impact of +/–5% in exchange rate on Group 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 +/- 48 million (41) on net sales and SEK +/- 3 million (3) on operating profit.

The exchange rates used in the financial statements are shown in the following table:

	Average rate		Closing day rate	
Exchange rate	2017/2018	2016/2017	2018-03-31	2017-03-31
CHF 1	8.59	8.78	8.73	8.92
CNY 100	125.85	128.88	132.76	129.44
DKK 100	131.05	127.88	137.99	128.16
EUR 1	9.75	9.51	10.28	9.53
GBP 1	11.05	11.32	11.75	11.14
HKD 1	1.07	1.12	1.06	1.15
JPY 1000	75.20	80.20	78.40	79.70
NOK 100	102.77	103.93	106.28	103.97
PLZ 1	2.31	2.19	2.44	2.26
TRY 1	2.27	2.72	2.10	2.45
TTD 1	1.22	1.32	1.23	1.34
TWD 1	0.28	0.28	0.29	0.30
USD 1	8.34	8.68	8.35	8.92

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 2018, the Group's credit facilities amounted to SEK 1,501 million (1,502), represented by bank overdraft facilities of SEK 1,101 million (1,102) and other agreed credit facilities of SEK 400 million (400). During the year credit facilities decreased by SEK 1 million (100) while overdraft facilities have stayed unchanged (SEK 100 million). At 31 March 2017, the Group had utilised SEK 821 million (361) of the bank overdraft facilities and SEK 300 million (0) of the other credit facilities. Unutilised bank overdraft facilities and credit facilities amounted to SEK 379 million (641). 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.

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 2018 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 1,369 million (979).

With the current net financial debt, the impact on the Group's net financial items is SEK +/- 9 million if interest rates change 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 2017/2018 surplus funds were not 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 4 percent (2) of total credit exposure during a one- year period. The equivalent figure for the ten largest customers is about 13 percent (13). Exposure per customer segment and geographic market is presented in Note 5. Bad debt losses totalled SEK 6 million (1) during the year, equal to 0 percent (0) of net sales.

Accounts receivable, SEKm	2018-03-31	2017-03-31
Carrying amount	1,360	1,170
Impairment losses	-10	-9
Cost	**1,350**	**1,161**

Change in impaired accounts receivable	2017/2018	2016/2017
Amount at start of year	-9	-5
Corporate acquisitions	0	-1
Year's impairment losses/reversals	-1	-4
Settled impairment losses	1	1
Translation effects	-1	0
Total	**-10**	**-9**

Time analysis of accounts receivable that are overdue but not impaired	2018-03-31	2017-03-31
≤ 30 days	145	96
31–60 days	29	16
> 60 days	27	23
Total	**201**	**135**

NOTE 4
NET SALES BY REVENUE TYPE

Group	2017/2018	2016/2017
OEM		
Components	4,732	4,086
Products for end users		
Components	2,667	2,502
Machinery/Instruments	379	345
Materials	168	170
Services	76	75
Total	**8,022**	**7,178**

OEM components are built into the products that Addtech's customers produce. OEM stands for 'original equipment manufacturer'. Products for end users comprise all other uses. Regarding other revenue types, dividends and interest income are recognised in financial items, see Note 11.

NOTE 4
CONT.

Components	2017/2018	2016/2017
OEM		
Components	2,300	1,731
Products for end users		
Components	569	480
Machinery/Instruments	70	74
Materials	44	52
Services	18	18
Total	**3,001**	**2,355**

Industrial Process	2017/2018	2016/2017
OEM		
Components	662	621
Products for end users		
Components	635	623
Machinery/Instruments	236	206
Materials	95	88
Services	49	47
Total	**1,677**	**1,585**

Energy	2017/2018	2016/2017
OEM		
Components	685	665
Products for end users		
Components	1,064	1,058
Machinery/Instruments	72	62
Materials	19	17
Services	6	5
Total	**1,846**	**1,807**

Power Solutions	2017/2018	2016/2017
OEM		
Components	1,096	1,084
Products for end users		
Components	395	335
Machinery/Instruments	3	2
Materials	13	13
Services	3	5
Total	**1,510**	**1,439**

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. Addtech is organised into four business areas: Components, Energy, Industrial Process and Power Solutions.

Components
Components markets and sells components and sub-systems in mechanics, electromechanics, hydraulics and electronics as well as automation solutions. Its customers are mainly in the manufacturing industry.

Energy
Energy markets and sells products for the transmission and distribution of electricity and products in electrical safety, electrical installation and connection technology (circuitry). 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 own brand, which help to optimise industrial processes and flows. Customers are found in about 15 countries, with an emphasis on industry in Northern Europe.

Power Solutions
Power Solutions develops, markets and sells components and system solutions that ensure power supply, as well as operation and control of movements or energy flows, such as battery solutions and products used in the interaction between humans and machines. The business area's customers mainly work with special vehicles, telecoms, environmental technology and medical technology.

DATA BY OPERATING SEGMENT	2017/2018			2016/2017		
Net sales	External	Internal	Total	External	Internal	Total
Components	2,997	4	3,001	2,354	1	2,355
Energy	1,845	1	1,846	1,806	1	1,807
Industrial Process	1,671	6	1,677	1,580	5	1,585
Power Solutions	1,509	1	1,510	1,438	1	1,439
Parent Company and Group items	–	-12	-12	–	-8	-8
Total	**8,022**	**0**	**8,022**	**7,178**	**0**	**7,178**

Operating profit/loss, assets and liabilities	2017/2018 Operating profit/loss	Assets [1]	Liabilities [1]	2016/2017 Operating profit/loss	Assets [1]	Liabilities [1]
Components	232	2,008	461	153	1,429	407
Energy	174	1,213	296	183	1,129	292
Industrial Process	127	914	309	110	858	264
Power Solutions	170	1,007	215	170	759	239
Parent Company and Group items	-2	377	2,107	-12	340	1,572
Operating profit/loss, assets and liabilities	**701**	**5,519**	**3,388**	**604**	**4,515**	**2,774**
Finance income and expenses	-36			-24		
Profit after financial items	**665**			**580**		

[1] Does not include balances in Group accounts or financial transactions with Group companies.

Investments in non-current assets	2017/2018 Intangible [1]	Property, plant and equipment [1]	Total	2016/2017 Intangible [1]	Property, plant and equipment [1]	Total
Components	3	14	17	1	18	19
Energy	1	11	12	0	12	12
Industrial Solutions	1	9	10	1	20	21
Power Solutions	0	13	13	7	7	14
Parent Company and Group Items	0	1	1	0	1	1
Total	**5**	**48**	**53**	**9**	**58**	**67**

[1] The amounts do not include the effects from acquisitions.

Depreciation/amortisation of non-current assets	2017/2018 Intangible	Property, plant and equipment	Total	2016/2017 Intangible	Property, plant and equipment	Total
Components	-52	-11	-63	-35	-10	-45
Energy	-42	-10	-52	-43	-10	-53
Industrial Solutions	-15	-12	-27	-16	-11	-27
Power Solutions	-27	-8	-35	-17	-6	-23
Parent Company and Group Items	-1	-2	-3	-1	-2	-3
Total	**-137**	**-43**	**-180**	**-112**	**-39**	**-151**

Significant profit or loss items, other than depreciation or amortisation, not matched by payments in 2017/2018	Capital gains	Change in pension liability	Other items	Total
Components	0	2	8	10
Energy	-1	0	-10	-11
Industrial Solutions	0	0	-2	-2
Power Solutions	0	1	-6	-5
Parent Company and Group Items	-30	-1	18	-13
Total	**-31**	**2**	**8**	**-21**

Data by country	2017/2018 Net sales, external	Assets [1]	Of which non-current assets	2016/2017 Net sales, external	Assets [1]	Of which non-current assets
Sweden	2,694	2,170	1,071	2,581	2,035	972
Denmark	1,247	964	446	1,048	573	213
Finland	985	623	252	903	539	230
Norway	1,137	908	511	1,098	831	511
Other countries	1,959	744	392	1,548	400	157
Parent Company, Group items and unallocated assets	–	110	-2	–	137	-1
Total	**8,022**	**5,519**	**2,670**	**7,178**	**4,515**	**2,082**

[1] Does not include Group account balances 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.

NOTE 5
CONT.

Investments in non-current assets	2017/2018 Intangible	2017/2018 Property, plant and equipment	2017/2018 Total	2016/2017 Intangible	2016/2017 Property, plant and equipment	2016/2017 Total
Sweden	2	26	28	3	19	22
Denmark	1	3	4	1	9	10
Finland	2	5	7	0	14	14
Norway	0	4	4	0	4	4
Other countries	0	10	10	5	12	17
Total	**5**	**48**	**53**	**9**	**58**	**67**

The Group has no single customer whose revenues account for 10 percent of total revenue, for which reason there is no related reporting.

NOTE 6
EMPLOYEES AND EMPLOYEE BENEFITS EXPENSE

Average number of employees	2017/2018 Men	2017/2018 Women	2017/2018 Total	2016/2017 Men	2016/2017 Women	2016/2017 Total
Sweden						
Parent Company	6	4	10	6	5	11
Other companies	628	191	819	633	190	823
Denmark	210	94	304	200	95	295
Finland	195	68	263	184	61	245
Norway	229	79	308	225	73	298
Other countries	425	154	579	344	117	461
Total	**1,693**	**590**	**2,283**	**1,592**	**541**	**2,133**

Salaries and remuneration	2017/2018 Senior management	2017/2018 of which profit-related remuneration	2017/2018 Other employees	2016/2017 Senior management	2016/2017 of which profit-related remuneration	2016/2017 Other employees
Sweden						
Parent Company	28	6	3	21	4	4
Other companies	48	7	383	47	5	362
Denmark	28	3	201	23	3	184
Finland	21	3	120	16	2	121
Norway	24	3	182	23	1	176
Other countries	17	2	111	15	2	85
Total	**166**	**24**	**1,000**	**145**	**17**	**932**

Senior management is defined as Group management, Managing Directors and vice MD's in Group subsidiaries.

Salaries, remuneration and social security costs	Group 2017/2018	Group 2016/2017	Parent Company 2017/2018	Parent Company 2016/2017
Salaries and other remuneration	1,166	1,077	30	25
Contractually agreed pensions for senior management	20	19	4	4
Contractual pensions to others	93	81	1	1
Other social security costs	217	200	10	10
Total	**1,496**	**1,377**	**45**	**40**

At year-end, outstanding pension commitments to senior management totalled SEK 8 million (9) for the Group and SEK 0 million (2) for the Parent Company. Different accounting policies are applied to pension costs in the Parent Company and the Group (see Note 1 Accounting Policies).

	Group		Parent Company	
Proportion of women	2018-03-31	2017-03-31	2018-03-31	2017-03-31
Board of Directors (not including alternates)	4%	4%	29%	29%
Other members of senior management	14%	14%	17%	17%

PREPARATION AND DECISION-MAKING PROCESS FOR REMUNERATION TO THE BOARD OF DIRECTORS, CEO AND GROUP MANAGEMENT

The guidelines applied in the 2017/2018 financial year for remuneration to senior management correspond to those in the proposal for the coming year 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 (AGM). Board fees are paid based on a resolution of the AGM. No separate fees are paid for committee work.

For remuneration to the CEO, members of Group management and other members of senior management in the Group, the Board of Directors has appointed a remuneration committee consisting of the Chairman and Vice Chairman of the Board, with the CEO as the reporting member. A fixed salary, variable remuneration and conventional employment benefits are paid to the CEO, Group management and other members of senior management. In addition, pension benefits and incentive programmes apply, as described below. The remuneration committee adheres to the guidelines for remuneration to senior management approved by Addtech AB's AGM.

PERSONNEL OPTIONS FOR MEMBERS OF SENIOR MANAGEMENT

Background and reasons for long-term incentive schemes

The purpose of long-term incentive schemes is to give management personnel within the Addtech Group the opportunity to learn about and work towards an increase in the value of the Company's shares through their own investment. The schemes are also expected to create improved conditions for retaining and recruiting skilled personnel for the Addtech Group, to provide competitive remuneration and to unite the interests of the shareholders and the management personnel. The intention of the schemes is to contribute towards senior executives increasing their shareholdings in Addtech in the long term. Those members of management personnel included in the schemes are the group who, in an otherwise heavily decentralised organisation, are able to have a positive impact on profits through cooperation between the Group's subsidiaries. The share-related incentive schemes approved by the AGM do not involve any net charge to the Company's equity.

Similar call option schemes for senior management and a selected number of senior executives in the Addtech Group were resolved by the AGMs from 2009 to 2017. Members of the Board of Directors have not had the right to purchase call options, with the exception of the CEO.

The schemes consist of call options for shares repurchased by Addtech, where each call option carries the right to acquire a repurchased Class B share. The call options are freely transferable as financial instruments. In order to encourage participation in the scheme, a subsidy will be paid corresponding to the premium paid for each call option. This subsidy will be paid two years following the AGM, providing that the option holder's employment with the Group has not been terminated and that the call options have not been disposed of prior to this point. Scheme expenses consist of the subsidy plus social security costs. The subsidy corresponds to the option premium that the Company receives on transferring the call options, for which reason the scheme will not involve any net charge to the Company's equity.

The Company is entitled to buy back call options from the holder if the holder does not wish to exercise all call options acquired. Options are to be acquired at a price that at any one time corresponds to the highest market value. Shares may not, however, be bought back during any such period when trading in the Company's shares is forbidden.

At the end of the financial year Addtech has four outstanding call option programmes totalling 1,250,178 B shares.

Scheme 2017/2021

The allotment as resolved by the 2017 Annual General Meeting included 24 senior 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 – 25,500 options per person. The Chief Executive Officer acquired 25,500 and the others in Group Management 115,000.

The options carry the right to the purchase of repurchased Class B shares between 14 September 2020 and 4 June 2021. The purchase price for shares on exercising options will correspond to 120 percent of the volume-weighted average of the price paid for the Company's B shares on NASDAQ Stockholm between 1 September 2017 and 14 September 2017. If, at the time of subscription, the share price of class B shares in the Company exceeds 200 percent of the average price during the period 1 September 2017 until 14 September 2017, the exercise price will be increased in increments of SEK 1 by the amount that exceeds 200 percent. The premium for the call options will correspond to the market value of the call options as per an external independent valuation, in accordance with the Black & Scholes model. The measuring period for calculating the option premium will be based on the volume-weighted average of the price paid for the Company's Class B shares on NASDAQ Stockholm between 8 September 2017 and 14 September 2017.

The strike 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 costs of the scheme consist of the subsidy paid during September 2019 as detailed above and the social security fees payable on this subsidy. The total cost of the subsidy, including social security fees, has been estimated at approximately SEK 3.5 million after corporation tax. The subsidy corresponds to the option premium that the Company receives on transferring the call options. The personnel cost accrues over the vesting period.

Scheme 2016/2020

The allotment as resolved by the 2016 Annual General Meeting included 20 senior 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 – 37,500 options per person. The Chief Executive Officer acquired 31,500 and the others in Group Management 135,000.

The options carry the right to the purchase of repurchased Class B shares between 16 September 2019 and 5 June 2020. The purchase price for shares on exercising options will correspond to 120 percent of the volume-weighted average of the price paid for the Company's 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 as per an external independent valuation, in accordance with the Black & Scholes model. The measuring period for calculating the option premium will be based on the volume-weighted average of the price paid for the Company's Class B shares on NASDAQ Stockholm between 8 September 2016 and 14 September 2016.

The strike 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 costs of the scheme consist of the subsidy paid during September 2018 as detailed above and the social security fees payable

NOTE 6
CONT.

on this subsidy. The total cost of the subsidy, including social security fees, has been estimated at approximately SEK 3.6 million after corporation tax. The subsidy corresponds to the option premium that the Company receives on transferring the call options. The personnel cost accrues over the vesting period.

Scheme 2015/2019

The allotment as resolved by the 2015 Annual General Meeting included 24 senior 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 – 30,000 options per person. The Chief Executive Officer acquired 30,000 and the others in Group Management 150,000.

The options carry the right to the purchase of repurchased Class B shares between 17 September 2018 and 3 June 2019. The purchase price for shares on exercising options will correspond to 120 percent of the volume-weighted average of the price paid for the Company's 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 as per an external independent valuation, in accordance with the Black & Scholes model. The measuring period for calculating the option premium will be based on the volume- weighted average of the price paid for the Company's Class B shares on NASDAQ Stockholm between 7 September 2015 and 11 September 2015.

The strike price for the call options was set at SEK 154.50. The market value of the call options was set at SEK 10.20. According to terms resolved by the Annual General Meeting, the scheme will be recalculated following the Group's distribution of AddLife. The exercise price for the call options was established, after recalculation, at SEK 125.10, entitling the holder to 1.23 shares per option.

The costs of the scheme consist of the subsidy paid in 2017 including social security charges, which amount to approximately SEK 3.5 million after corporation tax. The subsidy corresponds to the option premium that the Company receives on transferring the call options. The personnel cost accrues over the vesting period.

Scheme 2014/2018

The allotment as resolved by the 2014 Annual General Meeting for 2014 included 25 people and a total of 350,000 call options, corresponding to approximately 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 3,900 – 30,000 options per person. The Chief Executive Officer acquired 30,000 and the others in Group Management 140,000.

The options carry the right to the purchase of repurchased Class B shares between 17 September 2017 and 1 June 2018. The purchase price for shares on exercising options will correspond to 120 percent of the volume-weighted average of the price paid for the Company's B shares on NASDAQ Stockholm between 29 August 2014 and 11 September 2014. The premium for the call options will correspond to the market value of the call options as per an external independent valuation, in accordance with the Black & Scholes model. The measuring period for calculating the option premium will be based on the volume- weighted average of the price paid for the Company's Class B shares on NASDAQ Stockholm between 5 September 2014 and 11 September 2014.

The strike price for the call options was set at SEK 116.70. The market value of the call options was set at SEK 6.40. According to terms resolved by the Annual General Meeting, the scheme will be recalculated following the Group's distribution of AddLife. The exercise price for the call options was established, after recalculation, at SEK 125.10, entitling the holder to 1.23 shares per option.

The costs of the scheme consist of the subsidy paid in 2016 including social security charges, which amount to approximately SEK 3 million after corporation tax. The subsidy corresponds to the option premium that the Company receives on transferring the call options. The personnel cost accrues over the vesting period.

Between 17 September 2017 and 31 March 2018, 45,500 options were repurchased under current market conditions, based on an independent external valuation using the Black & Scholes model. During the corresponding period 125,900 options were exercised, corresponding to 154,857 shares.

BOARD OF DIRECTORS

The Board fees of SEK 2,025 thousand (1,880) set by the AGM are distributed, as per the AGM's decision, among those Board Directors who are not employed by the Parent Company.

PARENT COMPANY'S CEO

Johan Sjö, Parent Company CEO, received a fixed salary of SEK 5,181 thousand (4,196) and SEK 2,131 thousand (2,097) in variable pay. Variable remuneration includes SEK 331 thousand regarding the year's cost for a subsidy for participation in the Group's incentive programme. Taxable benefits totalling SEK 101 thousand (94) are additional. From age 65, the CEO is covered by a defined contribution pension, the size of which depends on the outcome of pension insurance agreements. During 2017/2018, a total of SEK 1,700 thousand (1,600) in pension premiums, determined annually by the remuneration committee, were paid for the CEO. Variable salary is not pensionable income.

Variable remuneration based on Group earnings may be payable in an amount up to 30 percent of fixed salary. In addition, a further premium of 20 percent may be payable of the variable remuneration received used in acquisition of shares in Addtech AB.

The period of notice is of 12 months when the Company terminates the employment contract and six months when the CEO does so. In the case of termination on the initiative of the Company, the CEO is entitled to a severance payment equivalent to one year's salary in addition to salary during the period of notice. No severance package is payable if the employee terminates the employment contract.

OTHER MEMBERS OF GROUP MANAGEMENT

Other members of Group management were paid a total of SEK 12,875 thousand (8,843) in fixed salaries and SEK 4,486 thousand (3,561) in variable remuneration. Variable remuneration includes SEK 1,135 thousand (930) regarding the year's cost for a subsidy for participation in the Group's incentive programme. This variable remuneration was expensed during the 2016/2017 financial year and was paid during 2017/2018. Taxable benefits totalling SEK 439 thousand (402) are additional. Persons in Group management are covered from age 65 by pension entitlements based on individual agreements. Existing pension schemes consist of defined contribution schemes, in which the pension amount depends on the outcome of pension insurance agreements, as well as defined benefit schemes.

The cost of the defined benefit pensions and the defined contribution schemes is basically equivalent to the ITP plan (supplementary pension scheme for salaried employees). During 2017/2018, a total of SEK 2,883 thousand (2,553) in pension premiums was paid for the group 'Other members of Group management'.

Variable remuneration based on Group earnings may be payable in an amount up to 30 percent of fixed salary. In addition, a further premium of 20 percent may be payable of the variable remuneration received used in acquisition of shares in Addtech AB.

The period of notice is 12 months when the Company terminates the employment contract and six months when the employee does so. Severance pay is payable upon termination of employment equivalent to no more than one year's salary. No severance package is payable if the employee terminates the employment contract.

Remuneration and other benefits 2017/2018	Basic salary/ Board fees	Variable remuneration [1]	Other benefits	Pension costs	Total
Chairman of the Board	0.6	–	–	–	0.6
Other members of the Board	1.4	–	–	–	1.4
Chief Executive Officer	5.2	2.1	0.2	1.7	9.2
Other members of Group management [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 group management participating in incentive programmes.
[2] During the year, other members of Group Management consisted of five people, including one woman and four men.

Remuneration and other benefits 2016/2017	Basic salary/ Board fees	Variable remuneration [1]	Other benefits	Pension costs	Total
Chairman of the Board	0.5	–	–	–	0.5
Other members of the Board	1.4	–	–	–	1.4
Chief Executive Officer	5.0	1.7	0.2	1.6	8.5
Other members of Group management [2]	8.8	3.6	0.5	2.6	15.5
Total	**15.7**	**5.3**	**0.7**	**4.2**	**25.9**

[1] Including remuneration to group management participating in incentive programmes.
[2] During the year, other members of Group Management consisted of five people, including one woman and four men.

BOARD FEES, SEK '000s		2017/2018	2016/2017
Name	Position	Fee	Fee
Anders Börjesson [1]	Chairman of the Board, Chairman of the Remuneration Committee	600	500
Tom Hedelius	Vice Chairman of the Board	–	380
Eva Elmstedt [1]	Member of the Board, member of the Remuneration Committee	325	250
Kenth Eriksson	Member of the Board	275	250
Henrik Hedelius	Member of the Board	275	–
Ulf Mattsson	Member of the Board	275	250
Malin Nordesjö	Member of the Board	275	250
Johan Sjö	Member of the Board	–	–
Total		**2,025**	**1,880**

[1] The amounts include remuneration in accordance with termination agreement. During the 2017/2018 financial year, a fee of SEK 50,000 was paid to each member of the remuneration committee.

NOTE 7
REMUNERATION TO AUDITORS

	Group		Parent Company	
	2017/2018	2016/2017	2017/2018	2016/2017
KPMG				
Audit assignment	7	5	1	0
Tax consultation	0	1	0	0
Other assignments	2	2	0	1
Total remuneration to KPMG	**9**	**8**	**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**	**9**	**1**	**1**

NOTE 8
DEPRECIATION AND AMORTISATION

Depreciation and amortisation, by function	Group		Parent Company	
	2017/2018	2016/2017	2017/2018	2016/2017
Cost of sales	-22	-20	–	–
Selling expenses	-148	-121	–	–
Administrative expenses	-10	-10	-1	-1
Total	**-180**	**-151**	**-1**	**-1**

Depreciation and amortisation, by type of asset	Group		Parent Company	
	2017/2018	2016/2017	2017/2018	2016/2017
Intangible assets	-137	-112	–	0
Buildings and land	-4	-3	–	–
Leasehold improvements	-2	-2	-1	-1
Machinery	-15	-14	–	–
Equipment	-22	-20	0	0
Total	**-180**	**-151**	**-1**	**-1**

NOTE 9
OTHER OPERATING INCOME AND EXPENSES

Group	2017/2018	2016/2017
Other operating income		
Rental revenue	2	2
Gain on sale of operations and non-current assets	32	2
Change in value of derivatives	0	1
Exchange gains, net	-	7
Revaluation of contingent considerations	16	21
Other	9	15
Total	**59**	**48**
Other operating expenses		
Property costs	-2	1
Loss on sale of operations and non-current assets	-1	-1
Exchange losses, net	-13	-
Revaluation of contingent considerations	-7	-8
Other	-19	-5
Total	**-42**	**-12**

NOTE 10
OPERATING EXPENSES

Group	2017/2018	2016/2017
Inventories, raw materials and consumables	4,921	4,379
Employee benefits expense	1,548	1,424
Depreciation/amortisation	180	151
Impairment of inventories	9	13
Impairment of doubtful accounts receivable	6	4
Other operating expenses	718	653
Total	**7,382**	**6,624**

NOTE 11
FINANCE INCOME AND COSTS

Group	2017/2018	2016/2017
Interest income on bank balances	3	2
Dividends	0	0
Exchange rate changes, net	0	0
Other finance income	1	0
Finance income	**4**	**2**
Interest expense on financial liabilities measured at amortised cost	-8	-6
Interest expense on financial liabilities measured at fair value	-8	-4
Interest expense on pension liability	-6	-5
Changes in value from revaluation of financial assets/liabilities, net	-9	-1
Other finance costs	-9	-10
Finance costs	**-40**	**-26**
Net financial items	**-36**	**-24**

Parent Company	2017/2018	2016/2017
Group contribution	258	318
Profit from interests in Group companies	**258**	**318**
Interest income:		
Group companies	17	15
Profit from non-current financial assets	**17**	**15**
Interest income, etc:		
Group companies	1	0
Other interest income, change in value of derivatives and exchange rate differences	0	7
Interest income and similar items	**1**	**7**
Interest expense, etc:		
Group companies	0	-1
Other interest expense, change in value of derivatives, exchange rate differences and banking fees	-16	-18
Interest expense and similar items	**-16**	**-19**
Finance income and costs	**260**	**321**

NOTE 12
YEAR-END APPROPRIATIONS - PARENT COMPANY

	2017/2018	2016/2017
Reversal of tax allocation reserve	61	49
Provision made to tax allocation reserve	-75	-91
Excess amortisation/depreciation	0	0
Total	**-14**	**-42**

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 3 million (9).

NOTE 13
TAXES

	Group		Parent Company	
	2017/2018	2016/2017	2017/2018	2016/2017
Current tax for the period	-176.5	-147.6	-52.5	-60.5
Adjustment from previous years	0.3	0.3	0.5	–
Total current tax expense	**-176.2**	**-147.3**	**-52.0**	**-60.5**
Deferred tax	37.3	17.2	0.6	0.0
Total recognised tax expense	**-138.9**	**-130.1**	**-51.4**	**-60.5**

Group	2017/2018	%	2016/2017	%
Profit before tax	665.1		579.6	
Weighted average tax based on national tax rates	-144	21.7	-125.9	21.7
Tax effects of				
Non-deductible costs	-5.3	0.8	-5.4	0.9
Non-taxable income	8.6	-1.3	1.9	-0.3
Transaction costs, revaluation contingent considerations acquisitions	-1.2	0.2	1.1	-0.2
Changed tax rates/rules	3.0	-0.5	-1.8	0.3
Recognised tax expense	**-138.9**	**20.9**	**-130.1**	**22.4**

Parent Company	2017/2018	%	2016/2017	%
Profit before tax	232.7		270.1	
Tax based on current tax rate for parent company	-51.2	22.0	-59.4	22.0
Tax effects of				
Standard interest on tax allocation reserves	-0.3	0.1	-0.2	0.0
Non-deductible costs	-0.4	0.2	-1.0	0.4
Other	0.5	-0.2	0.1	0.0
Recognised tax expense	**-51.4**	**22.1**	**-60.5**	**22.4**

NOTE 13
CONT.

DEFERRED TAXES, NET, AT YEAR-END

	2018-03-31			2017-03-31		
Group	Assets	Liabilities	Net	Assets	Liabilities	Net
Non-current assets	3	-233	-230	1	-186	-185
Untaxed reserves	–	-115	-115	–	-113	-113
Pension provisions	18	0	18	15	0	15
Other	20	0	20	13	0	13
Net recognised	-26	26	0	-21	21	0
Deferred taxes, net, at year–end	**15**	**-322**	**-307**	**8**	**-278**	**-270**

	2018-03-31					
Group	Amount at start of year	Recognised in profit or loss	Acquisitions and disposals	Recognised in other comprehensive income	Translation effects	Amount at year-end
Non-current assets	-184.8	31.7	-74.0	0.3	-3.3	-230.1
Untaxed reserves	-113.4	-0.4	-1	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 taxes, net	**-270.3**	**37.3**	**-74.4**	**2.5**	**-2.4**	**-307.3**

	2017-03-31					
Group	Amount at start of year including discontinued operations	Recognised in profit or loss	Acquisitions and disposals	Recognised in other comprehensive income	Translation effects	Amount at year-end
Non-current assets	-154.9	23.5	-49.5	0.3	-4.2	-184.8
Untaxed reserves	-102.8	-7.1	-4.2	0.7	0.0	-113.4
Pension provisions	13.9	-1.1	-	2.6	0.0	15.4
Other	8.1	1.9	2.3	-0.2	0.4	12.5
Deferred taxes, net	**-235.7**	**17.2**	**-51.4**	**3.4**	**-3.8**	**-270.3**

	2018-03-31			2017-03-31		
Parent Company	Amount at start of year	Recognised in profit or loss	Amount at year-end	Amount at start of year	Recognised in profit or loss	Amount at year-end
Financial instruments	-0.1	0.6	0.5	-0.1	0	-0.1
Deferred taxes, net	**-0.1**	**0.6**	**0.5**	**-0.1**	**0**	**-0.1**

The Group has tax loss carryforwards of SEK 81 (51) that have not been capitalised.

NOTE 14
INTANGIBLE NON-CURRENT ASSETS

	2017/2018							
	Intangible assets acquired						Intangible assets developed in the Group	
Group	Goodwill	Supplier relationships, customer relationships and technology	Trademarks	Capitalised R&D expenses	Leases (rental) and similar rights	Software	Software	Total
Accumulated cost								
Opening balance	1,101	1,268	22	18	0	65	4	2,478
Acquisition of companies	315	321	–	–	–	2	–	638
Investments	–	2	–	1	–	2	–	5
Disposals and retirement of assets	-1	-3	–	–	–	0	–	-4
Translation effect for the year	41	45	–	0	0	1	–	87
Closing balance	**1,456**	**1,633**	**22**	**19**	**0**	**70**	**4**	**3,204**
Accumulated amortisation								
Opening balance	–	-507	0	-15	0	-60	-4	-586
Acquisition of companies	–	–	–	–	–	-2	–	
Amortisation	–	-134	–	-1	0	-2	–	-137
Disposals and retirement of assets	–	2	–	–	–	0	–	2
Translation effect for the year	–	-17	–	0	0	-1	–	-18
Closing balance	**–**	**-656**	**0**	**-16**	**0**	**-65**	**-4**	**-741**
Carrying amount at year-end	**1,456**	**977**	**22**	**3**	**0**	**5**	**0**	**2,463**
Carrying amount at start of year	**1,101**	**761**	**22**	**3**	**0**	**5**	**0**	**1,892**

	2016/2017							
	Intangible assets acquired						Intangible assets developed in the Group	
Group	Goodwill	Supplier relationships, customer relationships and technology	Trademarks	Capitalised R&D expenses	Leases (rental) and similar rights	Software	Software	Total
Accumulated cost								
Opening balance	856	1,001	22	17	2	61	4	1,963
Acquisition of companies	226	242	–	–	–	–	–	468
Investments	–	1	–	1	–	2	–	4
Reclassifications	–	–	–	–	-1	–	–	-1
Translation effect for the year	19	24	–	0	-1	2	–	44
Closing balance	1,101	1,268	22	18	0	65	4	2,478
Accumulated amortisation								
Opening balance	**–**	**-390**	**0**	**-14**	**-1**	**-56**	**-4**	**-465**
Amortisation	–	-108	–	-1	0	-3	–	-112
Reclassifications	–	–	–	–	1	–	–	1
Translation effect for the year	–	-9	–	0	0	-1	–	-10
Closing balance	**–**	**-507**	**0**	**-15**	**0**	**-60**	**-4**	**-586**
Carrying amount at year-end	**1,101**	**761**	**22**	**3**	**0**	**5**	**0**	**1,892**
Carrying amount at start of year	**856**	**611**	**22**	**3**	**1**	**5**	**0**	**1,498**

NOTE 14
CONT.

Parent Company	2018-03-31 Software	2018-03-31 Total	2017-03-31 Software	2017-03-31 Total
Accumulated cost				
Opening balance	2.8	2.8	2.8	2.8
Closing balance	**2.8**	**2.8**	**2.8**	**2.8**
Accumulated amortisation				
Opening balance	-2.8	-2.8	-2.8	-2.8
Amortisation	–	–	0	0
Closing balance	-2.8	-2.8	-2.8	-2.8
Carrying amount at year-end	**0.0**	**0.0**	**0.0**	**0.0**
Carrying amount at start of year	**0.0**	**0.0**	**0.0**	**0.0**

Goodwill distributed by business area	Group 2018-03-31	Group 2017-03-31
Components	639	429
Energy	380	358
Industrial Process	170	165
Power Solutions	267	149
Total	**1,456**	**1,101**

IMPAIRMENT TESTING OF GOODWILL

The Group's recognised goodwill amounts to SEK 1,456 million (1,101), 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 accord with the Group's operating segments. Impairment testing took place most recently in March 2018.

The recoverable amount was based on value in use, calculated from a current estimate of cash flows in the year ahead. Forecast earnings and investments in working capital and non-current assets for the next financial year, 2018/2019, 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 businesses 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 using 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

	2018-03-31					
Group	**Buildings and land**	**Leasehold improvements**	**Machinery**	**Equipment**	**Construction in progress**	**Total**
Accumulated cost						
Opening balance	128	30	250	278	3	689
Acquisition of companies	7	–	1	32	–	40
Investments	1	0	22	24	1	48
Disposals and retirement of assets	–	0	-4	-11	0	-15
Reclassifications	1	0	3	1	-2	3
Translation effect for the year	6	2	11	8	0	27
Closing balance	**143**	**32**	**283**	**332**	**2**	**792**
Accumulated depreciation and impairment losses						
Opening balance	-61	-21	-194	-222	-1	-499
Acquisition of companies	-5	–	-1	-25	–	-31
Depreciation	-4	-2	-15	-22	0	-43
Disposals and retirement of assets	–	0	3	9	–	12
Reclassifications	-1	0	-1	-1	–	-3
Translation effect for the year	-4	-1	-8	-8	0	-21
Closing balance	**-75**	**-24**	**-216**	**-269**	**-1**	**-585**
Carrying amount at year-end	**68**	**8**	**67**	**63**	**1**	**207**
Carrying amount at start of year	**67**	**9**	**56**	**56**	**2**	**190**

	2017-03-31					
Group	**Buildings and land**	**Leasehold improvements**	**Machinery**	**Equipment**	**Construction in progress**	**Total**
Accumulated cost						
Opening balance	121	25	232	244	3	625
Acquisition of companies	0	0	–	8	–	8
Investments	5	5	17	29	1	57
Disposals and retirement of assets	-1	-2	-4	-8	–	-15
Reclassifications	–	1	1	0	-1	1
Translation effect for the year	3	1	4	5	0	13
Closing balance	**128**	**30**	**250**	**278**	**3**	**689**
Accumulated depreciation and impairment losses						
Opening balance	-58	-19	-180	-199	-1	-457
Acquisition of companies	0	0	–	-5	–	-5
Depreciation	-3	-2	-14	-20	–	-39
Disposals and retirement of assets	1	1	4	6	–	12
Reclassifications	–	-1	–	–	–	-1
Translation effect for the year	-1	0	-4	-4	0	-9
Closing balance	**-61**	**-21**	**-194**	**-222**	**-1**	**-499**
Carrying amount at year-end	**67**	**9**	**56**	**56**	**2**	**190**
Carrying amount at start of year	**63**	**6**	**52**	**45**	**2**	**168**

NOTE 15
CONT.

Parent Company	2018-03-31			2017-03-31		
	Leasehold improvements	Equipment	Total	Leasehold improvements	Equipment	Total
Accumulated cost						
Opening balance	4	3	7	4	3	7
Investments	–	0	0	–	0	0
Disposals and retirement of assets	–	–	–	–	0	0
Closing balance	**4**	**3**	**7**	**4**	**3**	**7**
Accumulated depreciation according to plan						
Opening balance	-2	-2	-4	-2	-1	-3
Depreciation	-1	0	-1	0	-1	-1
Disposals and retirement of assets	–	–	–	–	0	0
Closing balance	**-3**	**-2**	**-5**	**-2**	**-2**	**-4**
Carrying amount at year-end	**1**	**1**	**2**	**2**	**1**	**3**
Carrying amount at start of year	**2**	**1**	**3**	**2**	**2**	**4**

NOTE 16
LEASING

Operating leases	Group		Parent Company	
Addtech as leasee	2017/2018	2016/2017	2017/2018	2016/2017
Lease payments				
Lease payments made during the financial year	121	196	5	5
of which variable payments	1	1	–	–
Future minimum lease payments under non-cancellable contracts fall due as follows:				
Within one year	88	93	5	5
Later than one year and within five years	197	188	9	8
5 years or later	25	19	–	–
Total	**310**	**300**	**14**	**13**

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

Addtech as lessor
At present there are no significant operating lease revenue in the Group.

Finance leases
At present there are no significant finance leases in the Group.

NOTE 17
FINANCIAL ASSETS AND LIABILITIES

	Parent Company	
Receivables from Group companies	**2018-03-31**	**2017-03-31**
Opening balance	1,478	1,442
Increase during the year	291	138
Decrease during the year	-77	-102
Carrying amount at year-end	**1,692**	**1,478**

	Parent Company					
Specification of interests in Group companies	**Country**	**Number of shares**	**Quotient value**	**Holding %**	**Carrying amount 2018-03-31**	**Carrying amount 2017-03-31**
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.

	Parent Company	
Interests in Group companies	**2018-03-31**	**2017-03-31**
Accumulated cost		
Opening balance	1,119	1,119
Closing balance	**1,119**	**1,119**
Accumulated impairment losses		
Opening balance	-115	-115
Closing balance	**-115**	**-115**
Carrying amount at year-end	**1,004**	**1,004**
Carrying amount at start of year	**1,004**	**1,004**

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

	2018-03-31					
Group	**Measured at fair value through profit**	**Derivatives used in hedge accounting**	**Unlisted equity instruments reported at cost**	**Accounts receivable and loan receivables**	**Other liabilities**	**Total carrying amount**
Other financial assets	–	–	4	–	–	4
Non-current receivables	–	–	–	6	–	6
Accounts receivable	–	–	–	1,360	–	1,360
Other receivables	2	2	–	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	0	–	–	–	5
Total	**222**	**2**	**4**	**1,607**	**1,848**	**3,683**

Group	2017-03-31 Measured at fair value through profit	Derivatives used in hedge accounting	Unlisted equity instruments reported at cost	Accounts receivable and loan receivables	Other liabilities	Total carrying amount
Other financial assets	–	–	7	–	–	7
Non-current receivables	–	–	–	3	–	3
Accounts receivable	–	–	–	1,170	–	1,170
Other receivables	2	1	–	35	–	38
Cash and cash equivalents	–	–	–	178	–	178
Non-current interest-bearing liabilities	67	–	–	–	2	69
Current interest-bearing liabilities	38	–	–	–	872	910
Accounts payable	–	–	–	–	622	622
Other liabilities	1	0	–	–	–	1
Total	**108**	**1**	**7**	**1,386**	**1,496**	**2,998**

Current and non-current loans are carried at amortised cost. The difference between 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 additional consideration.

	2018-03-31			2017-03-31		
Financial instruments measured at fair value, SEKm	**Carrying amount**	**Level 2**	**Level 3**	**Carrying amount**	**Level 2**	**Level 3**
Derivatives used in hedge accounting	2	2	–	1	1	–
Derivatives held for trading purposes	2	2	–	2	2	–
Total financial assets at fair value per level	**4**	**4**	**–**	**3**	**3**	**–**
Derivatives used in hedge accounting	0	0	–	0	0	–
Derivatives held for trading purposes	5	5	–	1	1	–
Contingent considerations	215	–	215	105	–	105
Total financial liabilities at fair value per level	**220**	**5**	**215**	**106**	**1**	**105**

Fair value and carrying amount are recognised in the balance sheet according to the table above.
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 considerations. For the Group's other financial assets and liabilities, fair value is estimated to be equal to the carrying amount.

Contingent considerations	2017/2018	2016/2017
Carrying amount, opening balance	105	55
Acquisitions during the year	152	86
Reversed through profit or loss	-9	-12
Consideration paid	-49	-27
Interest expenses	8	3
Exchange differences	8	0
Carrying amount, closing balance	**215**	**105**

Impact of financial instruments on net earnings	2017/2018	2016/2017
Assets and liabilities measured at fair value through profit or loss	-8	-4
Derivatives used in hedge accounting	0	0
Accounts receivable and loan receivables	-6	-5
Available-for-sale financial assets	0	0
Other liabilities	-7	-7
Total	**-21**	**-16**

NOTE 18
INVENTORIES

Group	2018-03-31	2017-03-31
Raw materials and consumables	125	86
Work in progress	59	50
Finished goods	934	806
Total	**1,118**	**942**

The cost of sales for the Group includes impairment losses of SEK 9 million (13) on inventories. No significant reversals of prior impairment losses were made in 2017/2018 or 2016/2017.

NOTE 19
PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	2018-03-31	2017-03-31	2018-03-31	2017-03-31
Rent	15	15	1	1
Insurance premiums	8	7	2	2
Pension costs	8	4	1	1
Lease payments	4	4	0	0
Other prepaid expenses	31	28	5	4
Other accrued income	27	10	0	0
Total	**93**	**68**	**9**	**8**

NOTE 20
SHAREHOLDERS' EQUITY

GROUP

OTHER CONTRIBUTED CAPITAL

Refers to equity contributed by shareholders.

	Group	
Reserves [1]	2017/2018	2016/2017
Foreign currency translation reserve		
Opening translation reserve	-25	-76
Translation effect for the year	112	51
Closing translation reserve	**87**	**-25**
Hedging reserve [2]		
Opening hedging reserve	0	-1
Revaluations recognised via other comprehensive income	0	1
Recognised in profit or loss upon disposal (other operating income/expenses)	0	0
Taxes attributable to the year's revaluations	0	0
Taxes attributable to disposals	0	0
Closing hedging reserve	**0**	**0**
Total reserves	**87**	**-25**

[1] Refers to reserves attributable to equity holders of the Parent Company.

[2] Relates to cash flow hedges, consisting of currency clauses in customer contacts.

FOREIGN CURRENCY TRANSLATION RESERVE

The translation reserve includes all exchange differences that arise in translating 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 acquisition cost of own shares held in treasury by the Parent Company (known as treasury shares). At the end of the reporting period, the Group's holding of treasury shares was 1,206,145 (1,374,721).

DIVIDEND

After the reporting period, the Board of Directors proposed a dividend of SEK 4.00 per share. The dividend is subject to approval by the Annual General Meeting on 30 August 2018.

Proposed allocation of earnings 2017/2018	
Retained earnings	491 SEKm
Profit for the year	181 SEKm
	672 SEKm
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 [1]	268 SEKm
To be carried forward	404 SEKm
	672 SEKm

[1] Based on the number of shares outstanding at 31 May 2018. The total dividend payout may change if the number of treasury shares repurchased changes prior to the proposed dividend record date of 3 September 2018.

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 provision to the statutory reserve and 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 2018 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 1,206,145 Class B shares, in the framework of the Company's ongoing repurchase programme. After subtracting repurchased shares, the number of Class B shares is 63,762,851.

Number of shares outstanding	2018-03-31		
	Class A shares	Class B shares	All share classes
At start of year	3,237,564	63,586,211	66,823,775
Exercised call options	–	368,576	368,576
Repurchase of treasury shares	–	-200,000	-200,000
Conversion of Class A shares to Class B shares	-8064	8,064	–
At year-end	**3,229,500**	**63,762,851**	**66,992,351**

Number of shares outstanding	2017-03-31		
	Class A shares	Class B shares	All share classes
At start of year	3,237,672	63,720,824	66,958,496
Exercised call options	–	165,279	165,279
Repurchase of treasury shares	–	-300,000	-300,000
Conversion of Class A shares to Class B shares	-108	108	–
At year-end	**3,237,564**	**63,586,211**	**66,823,775**

NOTE 21

UNTAXED RESERVES

Parent Company	2018-03-31	2017-03-31
Tax allocation reserve, 2011/2012	-	61
Tax allocation reserve, 2012/2013	67	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	-
Accumulated excess depreciation/amortisation	1	1
Closing balance	**431**	**417**

SEK 95 million of the Parent Company's total untaxed reserves of SEK 431 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, Norway and Great Britain. The plans cover a large number of employees. Subsidiaries in other countries mainly have defined contribution pension plans. The Parent Company's data on pensions are reported in accordance with the Swedish Act on Safeguarding Pension Obligations.

DEFINED CONTRIBUTIONS

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 2017/2018 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 26 million (24). Fees for the next financial year are considered to be in line with those for the latest year. The collective consolidation level for Alecta was 152 percent (152) in March 2018. 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 Great Britain, Norway and Sweden. The funded pension obligations are secured by plan assets that are managed by insurance companies. The Group estimates that SEK 0 million (0) will be paid in 2018/2019 to the funded defined-benefit plans. The total number of commitments of 911 (677) included in the obligation consists of 74 active (77), 525 paid-up policy holders (355) and 312 pensioners (245).

Obligations for employee benefits, defined benefit pension plans

	Group		Parent Company	
Pension liability as per balance sheet	**2018-03-31**	**2017-03-31**	**2018-03-31**	**2017-03-31**
Pension liability PRI	221	206	15	15
Other pension obligations	8	4	–	–
Total cost of defined benefit plans	**229**	**210**	**15**	**15**

	Group		Parent Company	
Obligations for defined benefits and the value of plan assets	**2018-03-31**	**2017-03-31**	**2018-03-31**	**2017-03-31**
Funded obligations:				
Present value of funded defined benefit obligations	51	27	–	–
Fair value of plan assets	-44	-23	–	–
Net debt, funded obligations	**7**	**4**	**–**	**–**
Present value of unfunded defined benefit obligations	222	206	15	15
Net amount in the balance sheet (obligation +, asset –)	**229**	**210**	**15**	**15**
Pension obligations and plan assets per country:				
Sweden				
Pension obligations	248	232	15	15
Plan assets	-23	-23	–	–
Net amount in Sweden	**225**	**209**	**15**	**15**
Norway				
Pension obligations	1	2	–	–
Plan assets	-1	-1	–	–
Net amount in Norway	**0**	**1**	**–**	**–**
Great Britain				
Pension obligations	24	–	–	–
Plan assets	-20	–	–	–
Net amount in Great Britain	**4**	**–**	**–**	**–**
Net amount in the balance sheet (obligation +, asset –)	**229**	**210**	**15**	**15**

NOTE 22
CONT.

Reconciliation of net amount for pensions in the balance sheet	Group		Parent Company	
	2017/2018	2016/2017	2017/2018	2016/2017
Opening balance	210	199	15	16
Cost defined benefit plans	8	4	1	0
Payment of pension benefits	-6	-6	-1	-1
Funds contributed by employer	–	-1	–	–
Acquisition of companies	8	–	–	–
Translation effects	0	1	–	–
Revaluations	9	13	–	–
Net amount in balance sheet (obligation +, asset -)	**229**	**210**	**15**	**15**

Changes in the obligation for defined benefit plans recognised in the balance sheet	Group	
	2017/2018	2016/2017
Opening balance	234	237
Pensions earned during the period	2	5
Pensions earned prior periods, vested	–	-6
Interest on plan assets	7	6
Benefits paid	-6	-6
Revaluations:		
Gain (-)/loss (+) resulting from demographic assumptions	–	11
Gain (-)/loss (+) resulting from financial assumptions	10	4
Experienced-based gains (-)/losses (+)	-2	-2
Acquisition of companies	27	–
Translation effects	1	2
Gains and losses from settlements	–	-17
Present value of pension obligations	**273**	**234**

Changes in plan assets	Group	
	2017/2018	2016/2017
Opening balance	24	38
Funds contributed by employer	–	1
Benefits paid	0	0
Interest income recognised in profit or loss	1	1
Return on plan assets, excluding interest income	-1	0
Acquisition of companies	19	–
Translation effects	1	1
Gains and losses from settlements	–	-17
Fair value of plan assets	**44**	**24**

Pension costs	Group 2017/2018	Group 2016/2017	Parent Company 2017/2018	Parent Company 2016/2017
Defined-benefit pension plans				
Cost for pensions earned during the year	2	5	–	–
Revenue for pensions earned in prior periods	–	-6	–	–
Interest on obligations	7	6	1	0
Interest income recognised in profit or loss	-1	-1	–	–
Total cost of defined benefit plans	**8**	**4**	**1**	**0**
Total cost of defined contribution plans	111	99	5	5
Social security costs on pension costs	16	15	1	2
Total cost of benefits after termination of employment	**135**	**118**	**7**	**7**

Allocation of pension costs in the income statement	Group 2017/2018	Group 2016/2017
Cost of sales	23	20
Selling and administrative expenses	106	93
Net financial items	6	5
Total pension costs	**135**	**118**

Actuarial assumptions	2017/2018 Sweden	2017/2018 Norway	2017/2018 Great Britain	2016/2017 Sweden	2016/2017 Norway	2016/2017 Great Britain
The following material actuarial assumptions were applied in calculating obligations:						
Discount rate, 1 April, %	2.75	2.40	–	2.70	2.40	–
Discount rate, 31 March, %	2.55	2.40	3.08	2.75	2.40	–
Future salary increases, %	2.75	2.50	–	2.8	2.50	–
Future increases in pensions (change in income base amount), %	2.75	–	2.83	2.8	–	–
Employee turnover, %	10.0	2.00-5.00	–	10.0	2.00-5.00	–
Expected 'G regulation', %	–	2.25	–	–	2.25	–
Mortality table	DUS14	K2013 B.E	S2P. CMI 2016	DUS14	K2013 B.E	–

Sensitivity of pension obligations to changes in assumptions	Sweden	Norway	Great Britain	Total
Defined benefit pension obligations at 31 March 2017	248	1	24	273
The discount rate increases by 0.5%	-26	-1	-2	-29
The discount rate decreases by 0.5%	27	1	2	30
Expected life expectancy increases by 1 year	10	1	1	12
Expected life expectancy decreases by 1 year	-12	-1	-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.

Swedish pension liabilities are based on the interest rate for Swedish housing bonds while pension liabilities in Great Britain and Norway are based on the interest rate for corporate bonds. 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, in Norway K2013 B.E., and in Great Britain S2P, CMI 2016. The anticipated basic pension adjustment, corresponding to Sweden's income base amount, is used for the calculations in Norway.

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 2017/2018	Premises	Personnel	Warranties	Other	Total
Carrying amount at start of period	4	2	15	5	26
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 effects	0	0	1	0	1
Carrying amount at end of period	**1**	**2**	**22**	**6**	**31**

Group 2016/2017	Premises	Personnel	Warranties	Other	Total
Carrying amount at start of period	0	1	2	10	13
Acquisitions	–	–	3	–	3
Provisions made during the period	4	2	11	0	17
Amounts utilised during the period	–	-1	0	-5	-6
Unutilised amounts reversed	–	–	-1	–	-1
Translation effects	0	–	0	–	0
Carrying amount at end of period	**4**	**2**	**15**	**5**	**26**

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 end of the reporting period.

NOTE 24
NON-CURRENT INTEREST-BEARING LIABILITIES

	Group	
	2018-03-31	2017-03-31
Liabilities to credit institutions:		
Maturing within 2 years	302	–
Maturing within 3-5 years	1	0
Maturing in 5 years or later	–	–
Total non-current liabilities to credit institutions	**303**	**0**
Other interest-bearing liabilities:		
Maturing within 2 years	89	44
Maturing within 3 years	19	18
Maturing within 4-5 years	–	7
Maturing in 5 years or later	–	–
Total other non-current interest-bearing liabilities	**108**	**69**
Total	411	69

The non-current interest-bearing liabilities in the Parent Company at 31 March 2018 was 300 (-). Other interest-bearing liabilities largely consist of additional contingent considerations with estimated interest of 5.0 percent.

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

	2018-03-31		2017-03-31	
Currency	Local currency	SEKm	Local currency	SEKm
SEK	300	300	–	–
Other	0	3	0	0
Total		**303**		**0**

	Parent Company	
	2018-03-31	2017-03-31
Liabilities to credit institutions:		
Maturing within 2 years	300	–
Maturing within 3-5 years	–	–
Maturing in 5 years or later	–	–
Total non-current liabilities to credit institutions	**300**	**–**
Liabilities to Group companies	291	278
Total	**591**	**278**

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

NOTE 25

CURRENT INTEREST-BEARING LIABILITIES

	Group		Parent Company	
	2018-03-31	2017-03-31	2018-03-31	2017-03-31
Credit facilities				
Approved overdraft facility	1,101	1,102	1,100	1,100
Approved other liabilities to credit institutions	400	400	400	400
Unutilised portion	-680	-641	-679	-639
Credit amount utilised	**821**	**861**	**821**	**861**
Other liabilities to credit institutions	12	10	–	–
Other interest-bearing liabilities	125	39	–	–
Total	**958**	**910**	**821**	**861**

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

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

	2018-03-31		2017-03-31	
Currency	Local currency	SEKm	Local currency	SEKm
CNY	8	10	8	10
EUR	0	2	-	-
Total		**12**		**10**

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

NOTE 26

ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
	2018-03-31	2017-03-31	2018-03-31	2017-03-31
Other deferred income	1	1	–	–
Salaries and holiday pay	228	209	12	8
Social security costs and pensions	76	74	4	6
Other accrued expenses [1]	62	39	4	2
Total	**367**	**323**	**20**	**16**

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

NOTE 27
PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent Company	
	2018-03-31	2017-03-31	2018-03-31	2017-03-31
Pledged assets for liabilities to credit institutions				
Real estate and site leasehold mortgages	29	25	–	–
Floating charges	14	19	–	–
Other pledged assets	5	5	–	–
Total	**48**	**49**	**–**	**–**
Contingent liabilities				
Guarantees and other contingent liabilities	45	20	0	0
Guarantees for subsidiaries [1)]	–	–	127	122
Total	**45**	**20**	**127**	**122**

[1)] Relates to PRI liabilities.

NOTE 28
CASH FLOW STATEMENT

Adjustment for items not included in cash flow	Group		Parent Company	
	2017/2018	2016/2017	2017/2018	2016/2017
Depreciation/amortisation	180	151	1	1
Gain/loss on sale of operations and non-current assets	-31	-1	–	–
Change in pension liability	2	-3	0	0
Group contributions/ dividends not paid	–	–	-258	-318
Change in other provisions and accrued items	4	5	–	–
Other	4	-18	3	0
Total	**159**	**134**	**-254**	**-317**

For the Group, interest received during the year totalled SEK 3 million (2), and interest paid was SEK 7 million (7). For the Parent Company, interest received during the year was SEK 19 million (16), and interest paid was SEK 6 million (6).

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:

	2017/2018	2016/2017
Non-current assets	646	468
Inventories	66	38
Receivables	148	87
Cash and cash equivalents	50	141
Total	**910**	**734**
Interest-bearing liabilities and provisions	-207	-152
Non-interest-bearing liabilities and provisions	-208	-123
Total	**-415**	**-275**
Total adjustments of assets and liabilities	**495**	**459**
Consideration paid	-495	-459
Total adjustments of assets and liabilities	-65	-18
Cash and cash equivalents in acquired companies	50	141
Effect on the Group's cash and cash equivalents	**-510**	**-336**

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

The following adjustments have been made as a result of the valuation of assets and liabilities in this year´s divested company Batteriunion Järfälla AB.

	2017/2018	2016/2017
Non-current assets	1	–
Inventories	15	–
Receivables	19	–
Cash and cash equivalents	16	–
Non-interest-bearing liabilities and provisions	-33	–
Divested net assets	**18**	**–**
Total	31	–
Consideration paid incl. contingent consideration	49	–
Cash and cash equivalents in acquired companies	-16	–
Effect on the Group's cash and cash equivalents	**33**	**–**

Cash and cash equivalents in the cash flow statement consist of cash and bank balances. The same definition applied to determine cash and cash equivalents in the balance sheet was applied in the cash flow statement.

RECONCILIATION OF DEBTS ARISING FROM FINANCING ACTIVITIES

Group	2017-04-01	Cash flows	Non-cash flow affecting changes: Acquisition of DC	Changes of fair value	Exchange rate differences	2018-03-31
Credit facilities	861	-51	10			820
Liabilities to credit institutions	10	293	12			315
Other longterm interest-bearing liablities	108	-8	111	14	8	233
Total interest bearing liabilities	**979**	**234**	**133**	**14**	**8**	**1,368**

Parent Company	2017-04-01	Cash flows	2018-03-31
Credit facilities	861	-40	821
Liabilities to credit institutions	-	300	300
Other longterm interest-bearing liablities	-	-	-
Total interest bearing liabilities	**861**	**260**	**1,121**

NOTE 29
ACQUISITIONS OF COMPANIES

Acquisitions completed as of the 2016/2017 financial year are distributed among the Group's business areas as follows:

Acquisitions	Country	Date of acquisition	Net sales, SEKm*	Number of employees*	Business area
Sammet Dampers Oy	Finland	April, 2016	45	12	Industrial Process
Poryan China Company Ltd	China	April, 2016	50	22	Power Solutions
E.T.S. Portsmouth Ltd	UK	April, 2016	100	35	Energy
Elektro-Tukku Oy	Finland	May, 2016	8	3	Components
Penlink AB	Sweden	October, 2016	25	5	Components
Itek AS	Norway	November, 2016	65	13	Industrial Process
Carmac Inc (assets and liabilities)	USA	December, 2016	10	2	Power Solutions
Sensorbolagen	Sweden	January, 2017	160	30	Components
Vallentin Elektronik A/S	Denmark	January, 2017	20	4	Components
EX-Tekniikka Oy	Finland	March, 2017	20	3	Components
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
Mobile Control Systems-bolagen	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 and liabilities)	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-gruppen	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 & Willtech ApS	Denmark	April, 2018	15	4	Components

* Refers to assessed condition at the time of acquisition on a full-year basis.

NOTE 29
CONT.

The value of assets and liabilities included in the acquisitions during the 2016/2017 financial year was as follows. 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:

	2017/2018			2016/2017		
	Carrying amount at acquisition date	Adjustment to fair value	Fair value	Carrying amount at acquisition date	Adjustment to fair value	Fair value
Intangible non-current assets	0	323	323	0	242	242
Other non-current assets	10	–	10	6	–	6
Inventories	67	–	67	37	–	37
Other current assets	198	–	198	229	–	229
Deferred tax liability/tax asset	-1	-69	-70	2	-50	-48
Other liabilities	-166	-8.0	-174	-119	–	-119
Acquired net assets	**108**	**246**	**354**	**155**	**192**	**347**
Goodwill			314			220
Non-controlling interests			–			-2
Consideration [1]			**668**			**565**
Less: cash and cash equivalents in acquired businesses			-50			-141
Less: consideration not yet paid			-170			-108
Effect on the Group's cash and cash equivalents			**448**			**316**

[1] The consideration is stated excluding acquisition expenses.

The combined consideration for the year's acquisition was SEK 668 million, of which SEK 637 million, according to preliminary acquisition analyses, was allocated to goodwill and other intangible assets. Had the acquisitions been completed on 1 April 2017, their impact would have been an estimated SEK 700 million on Group net sales, about SEK 62 million on operating profit and about SEK 47 million on profit after tax.

Addtech uses an acquisition structure with a base purchase price and conditional purchase price. The outcome of conditional purchase terms is dependent on future results achieved in the companies and has a set maximum level. Of the not yet paid conditional purchase consideration for acquisitions during the period, the discounted value amounts to 149 MSEK. The conditional purchase price is lapsed within three years and the result may not exceed SEK 182 million. If the conditions are not met, the outcome may be in the range of 0-182 MSEK.

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

During the financial year contingent consideration was net revalued to SEK 9 million (12). 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.

The Group's 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 2018 goodwill, non-taxable, amounted to SEK 1,456 million, to be compared with SEK 1,101 million as of 31 March 2017. The change is attributable to acquisitions, the distribution of AddLife and exchange differences. The change is attributable to acquisitions and exchange rate differences. The Group's 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 5-30 years customer relationships and technology are amortised over 5-10 years. Trademarks are not amortised but are tested annually (for impairment) as per IAS 36. Annual calculated amortisation regarding intangible non-current assets for the year's acquisitions amounts to about SEK 32 million.

NOTE 30
EARNINGS PER SHARE (EPS) BEFORE AND AFTER DILUTION

	2017/2018	2016/2017
Earnings per share before and after dilution (EPS), SEK*		
Earnings per share before dilution	7.70	6.60
Earnings per share after dilution	7.65	6.55

See Note 1 for the method of calculation.
The numerators and denominators used to calculate the above EPS are derived as stated below.

EARNINGS PER SHARE BEFORE DILUTION

The calculation of earnings per share for 2017/2018 is based on profit for the year attributable to Parent Company shareholders, totalling SEK 514 million (440), and a weighted average number of shares outstanding during 2017/2018 of 66,950 thousand (66,824). The two components were calculated in the following manner:

	2017/2018	2016/2017
Profit for the year attributable to the equity holders of the Parent Company, before dilution (SEKm)	514	440

Weighted average number of shares outstanding, before dilution

In thousands of shares	2017/2018	2016/2017
Total number of shares 1 April	66,824	66,958
Effect of treasury shares held	126	-134
Weighted average number of shares during the year, before dilution	**66,950**	**66,824**

EARNINGS PER SHARE AFTER DILUTION

The calculation of diluted EPS for 2017/2018 is based on profit attributable to Parent Company shareholders, totalling SEK 514 million (440), and a weighted average number of shares outstanding during 2017/2018 of 67,178 thousand (67,008). The two components were calculated in the following manner:

	2017/2018	2016/2017
Profit for the year attributable to the equity holders of the Parent Company, after dilution (SEKm)	514	440

Weighted average number of shares outstanding, after dilution

In thousands of shares	2017/2018	2016/2017
Weighted average number of shares during the year, before dilution	66,950	66,824
Effect of share options issued	228	184
Weighted average number of shares during the year, after dilution	**67,178**	**67,008**

NOTE 31
DISCLOSURES ABOUT PARENT COMPANY

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

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Addtech AB (publ.)
Box 5112
102 43 Stockholm. Sweden
Tel +46 8 470 49 00
Fax +46 8 470 49 01
www.addtech.com

NOTE 32
RELATED PARTY DISCLOSURES

For the Addtech Group, related parties mainly comprise members of senior management. Information about personnel costs is provided in Note 6 Employees and employee benefits expense.

NOTE 33
EVENTS AFTER THE REPORTING PERIOD

On 3 April 2018, Synthecs Group, Netherlands, was acquired to become part of the Components business area. The group provides automation components and systems in the field of sensors, machine vision, industrial PC' s, Plc's etc. to the industrial sector in the Benelux. The company has sales of around EUR 14 million and 50 employees.

On 3 April 2018, Addtech acquired Xi Instrument AB, Sweden, to become part of the Energy Business Area. Xi Instrument imports electronic devices primarily for use in equipment for locating underground utilities. The company has sales of about SEK 13 million and two employees.

On 9 April 2018, KRV AS, Norway, was acquired to become part of the Industrial Process business area. KRV is a leading supplier and installer of sprinkler systems in Norway. The company has sales of about NOK 50 million and 27 employees.

On 9 April 2018, Scanwill Fluid Power ApS and Willtech ApS, Denmark, were acquired to become part of the Components Business Area. Scanwill designs and manufactures hydraulic pressure boosters, while Willtech produces expansion plugs for permanently sealing drilled holes in metal. The companies are being merged under the name of ScanWill and have sales of about DKK 13 million. The companies have four employees.

On 31 May 2018 Malin Enarson was appointed to serve as the new CFO of Addtech. In conjunction with this appointment former CFO Christina Kassberg will leave the Company.

On 19 June 2018, an agreement to acquire Duelco A/S, Denmark, to become part of the Energy business area, was signed. Duelco has strong positions within the product segments cable attachment, cable entry systems, office solutions, ward panels, machine safety and equipment cabinets for signaling systems. The company has sales of around DKK 110 million, and 30 employees. The closing is estimated to take effect in July 2018.

ASSURANCE OF THE BOARD OF DIRECTORS

The Board of Directors and the Chief Executive Officer deem the consolidated financial statements and annual accounts to be 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 results of operations of the Group and the Parent Company. The administration report for the Group and the Parent Company gives a true and fair overview of the Group's and the Parent Company's operating activities, financial position and results of operations and describes significant risks and uncertainties to which the Parent Company and the companies that comprise the Group are exposed. The other aspects of the results of operations and financial position of the Group and the Parent Company are shown in the income statements, balance sheets, cash flow statements and notes to the financial statements.

Stockholm, 26 June 2018

Anders Börjesson
CHAIRMAN OF THE BOARD

Eva Elmstedt
DIRECTOR

Kenth Eriksson
DIRECTOR

Henrik Hedelius
DIRECTOR

Ulf Mattsson
DIRECTOR

Malin Nordesjö
DIRECTOR

Johan Sjö
DIRECTOR AND CEO

We submitted our auditor's report on 26 June 2018

KPMG AB

Joakim Thilstedt
AUTHORISED PUBLIC ACCOUNTANT
AUDITOR IN CHARGE

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 2017-04-01—2018-03-31, except for the sustainability report on pages 22-31. The annual accounts and consolidated accounts of the company are included on pages 22-31 and 35-96in 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 2018 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 2018 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 22-31.

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 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 notes 14 and 17 in addition to the accounting principles on pages 63-64 and 66-67 of the annual accounts 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 2 463 MSEK as at 31 March 2018, representing 45 % 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 1 004 MSEK as at 31 March 2018. 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 that the annual accounts and consolidated accounts and is found on pages 2-21, 32-34 and 100-102. 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 2017-04-01—2018-03-31 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 organisation 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 organisation 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 22-31 and 39-40, 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 31 August 2017. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 1997.

Stockholm

KPMG AB
Joakim Thilstedt
AUTHORISED PUBLIC ACCOUNTANT
AUDITOR IN CHARGE

KPMG AB
Jonas Eriksson
AUTHORISED PUBLIC ACCOUNTANT

MULTI-YEAR SUMMARY

SEKm, unless stated otherwise	2017/2018	2016/2017	2015/2016	2014/2015
Net sales	8,022	7,178	6,155	5,719
EBITDA	881	755	570	542
EBITA	838	715	536	510
Operating profit	701	604	443	431
Profit after financial items	665	580	423	408
Profit for the year	**526**	**450**	**333**	**321**
Intangible non-current assets	2,463	1,892	1,498	1,543
Tangible and financial non-current assets	239	217	195	222
Inventories	1,118	942	874	849
Current receivables	1,507	1,286	1,098	1,156
Cash and cash equivalents	192	178	140	83
TOTAL ASSETS	**5,519**	**4,515**	**3,805**	**3,853**
Shareholders' equity	2,085	1,701	1,479	1,504
Non-controlling interests	46	40	35	35
Interest-bearing liabilities and provisions	1,598	1,189	962	911
Non-interest-bearing liabilities and provisions	1,790	1,585	1,329	1,403
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**5,519**	**4,515**	**3,805**	**3,853**
Capital employed	3,728	2,930	2,476	2,450
Working capital	1,591	1,362	1,208	1,084
Financial net liabilities	1,405	1,011	822	828
Net liabilities, excl. pensions	1,176	801	623	510
EBITA margin, %	10.5	10.0	8.7	8.9
Operating margin, %	8.7	8.4	7.2	7.5
Profit margin, %	8.3	8.1	6.9	7.6
Return on equity, %	28	28	20	28
Return on capital employed, %	22	23	16	23
Return on working capital (P/WC), %	53	53	44	47
Equity ratio, %	39	39	40	40
Debt/equity ratio, multiple	0.7	0.6	0.6	0.6
Net debt/equity ratio, multiple	0.6	0.5	0.4	0.3
Interest coverage ratio, multiple	22.7	23.9	20.3	21.9
Financial net liabilities/EBITDA, multiple	1.6	1.3	1.4	1.2
Earnings per share (EPS), SEK	7.70	6.60	4.85	4.70
EPS, after dilution, SEK	7.65	6.55	4.85	4.70
Cash flow per share, SEK	8.05	8.25	7.10	8.40
Shareholders' equity per share, SEK	31.10	25.45	22.10	22.60
Dividend per share, SEK	4.00 [1)]	3.50	3.25	3.25
Average number of shares after repurchases, '000s	66,950	66,824	66,703	66,288
Average number of shares adjusted for dilution, '000s	67,178	67,008	66,809	66,615
Market price of share at 31 March, SEK	168.00	148.50	112.00	115.75
Cash flow from operating activities	539	551	474	557
Cash flow from investing activities	-520	-395	-352	-323
Cash flow from financing activities	-12	-126	-52	-231
Cash flow for the year	7	30	70	3
Average number of employees	2,283	2,133	2,386	2,224
Number of employees at year-end	2,358	2,176	2,076	2,286

1) As proposed by the Board of Directors.

* All figures regarding the balance sheet refer to continuing operations from 31 March 2016 without retroactivity for earlier periods

WELCOME TO THE ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) of Addtech AB (publ.) will be held at 4.00 p.m. on 30 August 2018 at IVA, Grev Turegatan 16, Stockholm.

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, 24 August 2018,
- and provide the Company with notification of their attendance by 3.00 p.m. Friday, 24 August 2018 at the latest: by contacting Addtech AB (publ), Box 5112, 102 43 Stockholm, Sweden; by calling +46 (0)8-470 49 00; by faxing +46 (0)8-470 49 01; through the Company's website www.addtech.com/investors; 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 advisors/assistance (a maximum of two). The data submitted in such notification will be processed and used for the 2018 AGM.

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 AGM. Such changes in registration must be completed no later than Friday, 24 August 2018. If a shareholder intends to participate by representation through a proxy, the original of the proxy notice as well as any documents for authorisation must be sent to the Company well before the AGM. Representatives of a legal entity must also submit a certified copy of the registration certificate or equivalent documents for authorisation that demonstrate that they are entitled to represent the legal entity. The Company provides a proxy form for shareholders which is available from the head office or from the Company's website www.addtech.com/arsstamma no later than 20 July 2018.

PAYMENT OF DIVIDEND

The dividend resolution adopted by the AGM 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 is Monday, 3 September 2018 for dividend payment. Provided the AGM adopts the proposal, the dividend is expected to be paid through Euroclear Sweden AB on Thursday, 6 September 2018, to shareholders entered in the share register at 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 banks.

PROPOSALS TO THE ANNUAL GENERAL MEETING

Dividend

The Board of Directors proposes a dividend of SEK 4.00 (3.50) per share. The dividend amounts to SEK 268 million (235).

DEFINITIONS

Return on equity[2]
Earnings after tax divided by equity. The components are calculated as the average of the last 12 months.

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

Return on capital employed
Profit before tax plus financial expenses as a percentage of capital employed. The components are calculated as the average of the last 12 months.

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

EBITA-margin
EBITA as a percentage of net sales.

EBITDA[1]
Operating profit before depreciation and amortisation.

Equity per share
Equity divided by number of shares outstanding at the reporting period's end.

Financial net debt
The net of interest-bearing debt and provisions minus cash and cash equivalents.

Net debt/EBITDA
Financial net liabilities divided by EBITDA.

Cash flow from operating activities per share
Cash flow from operating activities, divided by the average number of outstanding shares after repurchase.

Net debt excluding pensions/Equity ratio[2]
Net debt excluding pensions divided by shareholders' equity.

Employee turnover
Number of employees who left during the year, in relation to the average number of employees.

Interest coverage ratio
Profit after net financial items plus financial expenses divided by financial expenses.

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

Operating margin
Operating profit as a percentage of net sales.

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

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

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

Outstanding shares
Total number of shares less treasury shares repurchased by the Company.

Earnings per share (EPS)
Shareholders' proportion of profit for the year in relation to the average number of shares outstanding.

Earnings per share (EPS), diluted
Shareholders' proportion of profit for the year in relation to the average number of shares outstanding, adjusted for additional shares from the exercise of outstanding personnel options or similar programmes.

[1] The performance measure is an alternative performance measure according to ESMA's guidelines.

[2] Minority interest is included in equity when the performance measures are calculated.

ABOUT THE ANNUAL REPORT

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