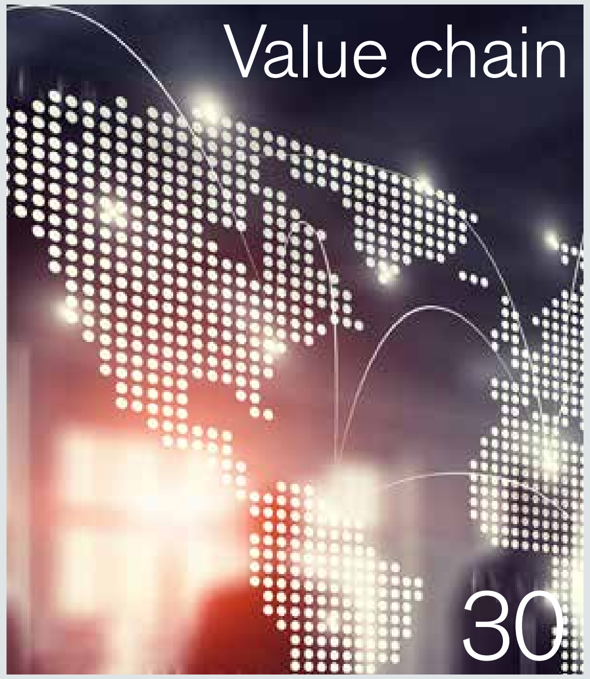
ADDTECH ANNUAL REPORT 2019/2020

ADDTECH



"Major external events often lead to technological innovation, generating opportunities for us"

Niklas Stenberg, President and CEO, Addtech AB

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.

Contents

THIS IS ADDTECH

2019/2020

Addtech is a Swedish, listed company, providing value-adding technology products and solutions, with a long history of sustainable, profitable growth. We acquire, own and develop independent subsidiaries that generate technical, financial and sustainable added value for both customers and suppliers. In this way, Addtech's subsidiaries help enhance the efficiency and competitiveness of all parties.

VISION

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

BUSINESS CONCEPT IN BRIEF

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

WE ARE PRESENT IN 20 COUNTRIES

Although Northern Europe is Addtech's principal market, our operations are becoming increasingly internationalised. In addition to proprietary operations in 20 countries, exports are made to a further 20 countries. Our subsidiaries represent market-leading manufacturers from all over the world, and many of Addtech's products are found in the end products of customers who export globally.

2,900 EMPLOYEES

130 SUBSIDIARIES

WE BUILD SHAREHOLDER VALUE THROUGH

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

28%
INCREASED OPERATING PROFIT

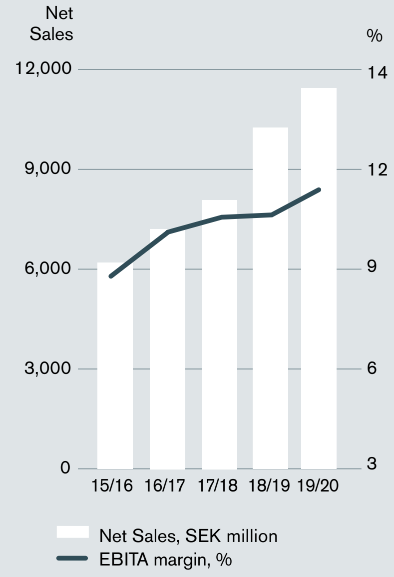
56%
EBITA/WORKING CAPITAL (P/WC)

11,735
NET SALES, SEK MILLION

11.6%
EBITA MARGIN

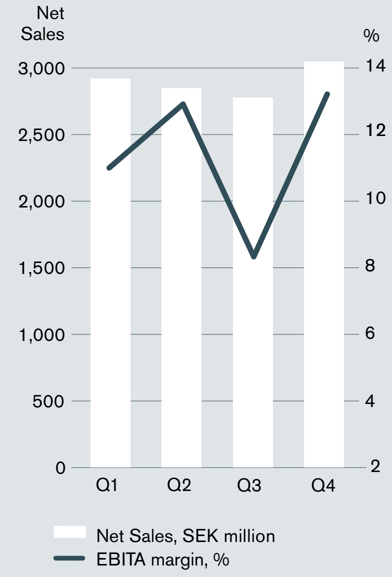
YEAR

NET SALES
AND EBITA MARGIN



QUARTER

NET SALES
AND EBITA MARGIN



CORE VALUES

Simplicity – Efficiency – Change – Responsibility and freedom

2019/2020

- **Strong growth.** Net sales rose by 16 percent to SEK 11,735 million (10,148), distributed evenly between organic and acquired growth.
- **Continued acquisitions.** Over the year, 12 companies were acquired, with three more being added after the end of the financial year. Combined, these acquisitions added total annual sales of approximately SEK 1,200 million.
- **Strengthened earnings growth**. EBITA increased by 26 percent (29) to SEK 1,364 million (1,085). All business areas contributed to the increase.
- **Cyberattack**. In October 2019, 80 of Addtech's subsidiaries were affected by a ransomware attack estimated to have impacted net sales by approximately SEK 130 million and EBITA by approximately SEK 100 million for the financial year.
- **COVID-19.** The challenges presented by the ongoing pandemic lie largely ahead of us, and all units within Addtech have developed action plans to be able to take action if and when required.
- **Sustainability.** During the year, we detailed our long-term sustainability visions supporting UN Agenda 2030.

Addtech focuses primarily on the following UN global goals

ABOUT THE ANNUAL REPORT

The Annual Report describes Addtech's operations and financial results in 2019/2020. The legal Annual Report comprises pages 37-105 and 8-17. The Annual Report also includes a voluntary report on sustainability that is inspired by integrated reporting, and also includes the Statutory Sustainability Report on pages 41-43 and the Sustainability Notes on pages 114-120. The Annual Report also includes a Corporate Governance Report on pages 47-54.

"This year, we fully demonstrated the power of the Addtech model"

Strengthened sustainability initiatives, continued focus on cost control and the continuous work with Addtech's culture. According to CEO Niklas Stenberg, these will be among the most crucial key factors over the upcoming year.

The 2019/2020 financial year truly showed two different faces. On the one hand, it was a highly successful year. The numbers speak for themselves: sales rose by 16 percent, divided equally between organic growth and contributions from acquisitions, operating profit increased by 28 percent and the EBITA margin reached a record high of 11.6 percent. On the other hand, we encountered the toughest possible circumstances in the second half of the financial year – initially in the form of a large-scale cyberattack and later in the form of the COVID-19 pandemic that has shaken up the entire global economy.

In the first half of the year, we saw demand evening out at a high level in certain customer segments, particularly traditional industry and special vehicles. In the marine scrubber segment, demand fell sharply in the second quarter. At the same time, we fortified our favourable positions in a number of structurally driven growth areas, such as automation, infrastructure, green energy and electrification. One of the most important strengths of Addtech companies is the ability to capture trends and identify growth niches at an early stage – a capacity we are constantly developing.

We continued to increase the value we add for the market and we also broadened our presence both geographically and in various customer segments during the year, helping us spread the risks and increase the stability of our operations. Our cash flow improved significantly and, with stable finances, we have a solid foundation on which to continue our successful journey of acquisition.

During the year, we have continued our strategy of investing in successful, well-managed, market-leading niche companies with potential to generate profitable growth. We welcomed a total of 12 new companies to the Group, with three more joining us after the end of the financial year. In total, they contribute about SEK 1,200 million in annual sales. It is worth highlighting that several of them are clearly linked to sustainability, and with their own, strong brands.

We definitely see a growing ambition to offer sustainable products and services, not least from our own companies, but also from our customers and by means of demands and ambitions expressed by society in general. This drives technological development, opening opportunities for us. Even today, a large proportion of our businesses have developed solutions with strong links to sustainable development. Looking ahead, we will work even harder in identifying sustainable business opportunities, both by developing business in existing companies and through acquisitions, and we will keep explaining the efforts being made in the subsidiaries. We also want to take greater responsibility in society by contributing to the green transition in industry and infrastructure. For this reason, the Board of Directors and Group Management have chosen to express Addtech's ambitions more clearly by developing a new sustainability vision that supports the UN 2030 agenda. Areas of particular importance for us are reducing our carbon footprint and increasing the diversity of our labour force by, for example employing more women in decision-making positions. We are also focusing additionally on supplier evaluations, where our subsidiaries are already doing a good job, but where we as a Group need to increase our efforts.

I am certain that developing the profitability of our business is how we, like industry and society in general, will succeed with the green transition. The annual report that you are currently reading represents part of that process, since we this year have decided to partially integrate our Sustainability Report with the annual review, to increase transparency regarding where we stand in our work on sustainability.

For us, transparency is key, which is also linked to how we acted in the cyberattack to which we were exposed in the third quarter. The attack affected 80 of our 130 companies, corresponding to half of our annual sales. The attackers encrypted our central IT environment and then demanded a ransom to reinstate it. For us, the natural course of action was to explain openly what had happened to us. Cybercrime is a growing problem in society and we can help stem the trend by raising awareness of the problem and sharing our experiences.

The cyberattack served as a supreme test of our decentralised culture. Each of our companies are headed by entrepreneurs who know their markets, customers and suppliers well and who are also used to accepting their own responsibility. Their capacity to resolve issues enables the entire Group to realign very quickly. We have seen many examples of this over the years, although this crisis stands out somewhat in my view. Our companies' capacity to both tackle a cyberattack and, at the same time, largely continue conducting their operations, is simply amazing and would have been entirely impossible without a culture strongly characterised by entrepreneurship and small scale operations.

This year, we truly had the opportunity to demonstrate the power of the Addtech model, with the cyberattack more or less giving way to a new crisis: the COVID-19 pandemic. The consequences of the pandemic remain difficult to review at the time of writing. What we do know is that this is a different crisis, in which development is dependent on factors beyond our control, such as contagion and political decisions. Accordingly, we have prepared carefully for several different scenarios. While striving to protect our employees and others from infection, we are also focusing strongly on cost control to safeguard profits and cash flow.

But we can also see opportunities. Major external events often lead to technological innovation, generating opportunities for us. Technological development will not halt, our strategy is firm, and we also know that companies with stable business models and robust finances have better opportunities to act when opportunities arise. It is my belief that our role in the market will instead be strengthened by the changes currently taking place in the world. For this reason, we must dare to be progressive, hitting the accelerator and the brakes at the same time. This is already part of our entrepreneurial culture and, in the future, we will work in a number of ways to further consolidate and strengthen our positions.

In conjunction with this year's Annual General Meeting, our 19th, our Chairman, Anders Börjesson, will step down. Anders has been Chairman of the Board of Addtech since its public listing in 2001 and is, to a large extent, the founder of the entire Addtech philosophy. He has also meant a lot to me personally. Although he has now chosen to hand over the baton of the Chairmanship, I look forward to having him nearby both myself and Addtech also in the future, as a major owner and as a highly inspiring mentor.

Finally, I would like to extend a huge and sincere thank you to all of our employees for their sometimes almost superhuman efforts during the year. Thank you for taking your full decentralised responsibilities! I look forward to taking on the new challenges of the current financial year alongside you.

Niklas Stenberg
President and CEO
Addtech AB

THE ART OF GENERATING SUSTAINABLE VALUE

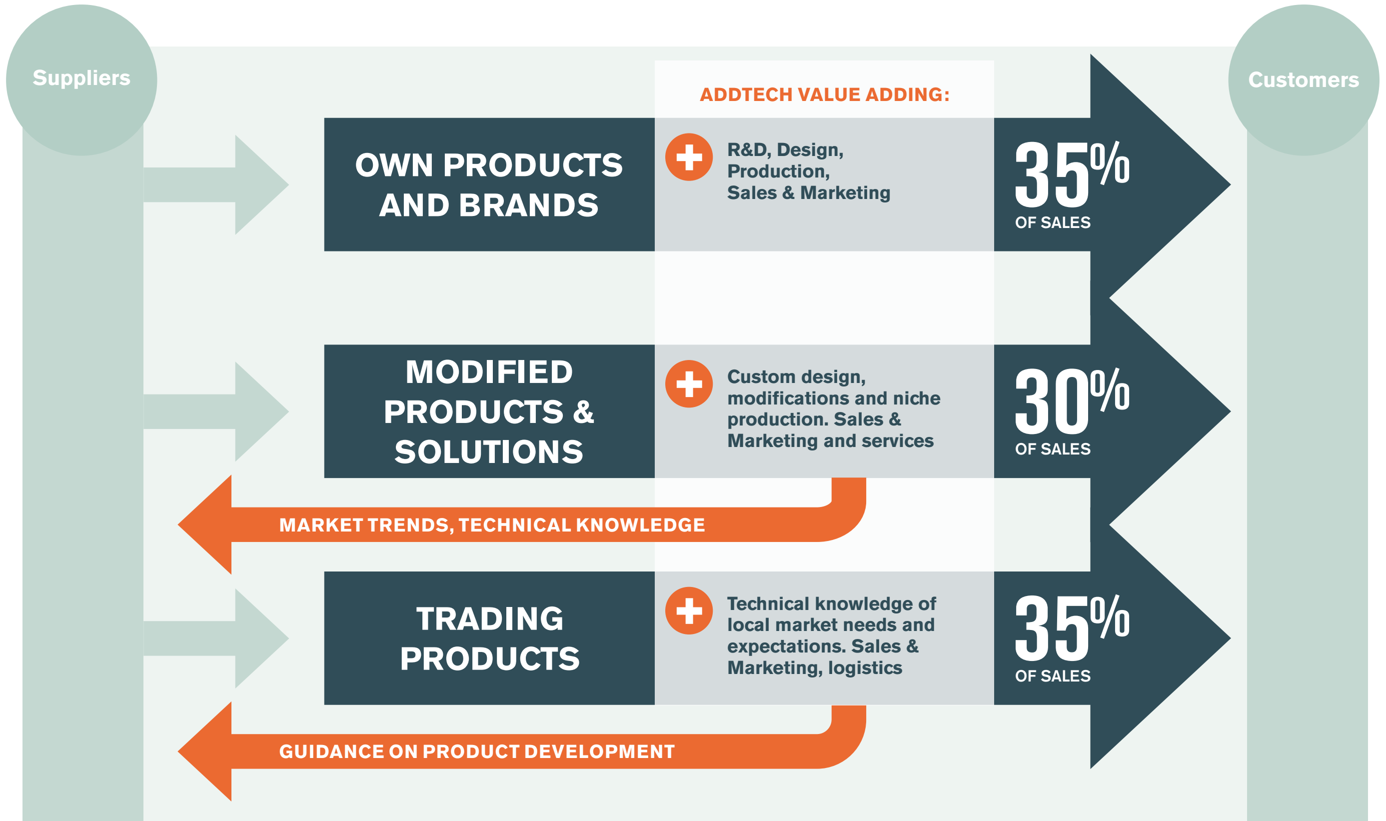
Our model is to create technological solutions that deliver sustainable value for all: for customers, for suppliers and for our owners.

Addtech's business model builds on a concept born more than 100 years ago: value-adding technology trading. In the early 1900s, engineers Arvid Bergman and Fritz Beving founded Bergman & Beving, whose concept was to import technical products from Germany and sell them on to Swedish industry, which was expanding rapidly at that time. Over the years, the idea has been refined and developed, although the core remains the same: generating technical and financial added value for customers. Our approximately 130 subsidiaries act as technology partners and specialists helping customers find customised and sustainable technological solutions. Over the years, our decentralised structure, in which decisions are made by entrepreneurs close to the market, has also built a strong and business-driven culture of responsibility and freedom, efficiency, change and simplicity.

Maintaining a sustainable perspective in everything we do is a central and integral part of our business. We consider ourselves to be an important part of society, and we are able to contribute in many ways, for example by creating jobs, generating tax revenue and by helping our customers make more sustainable choices.

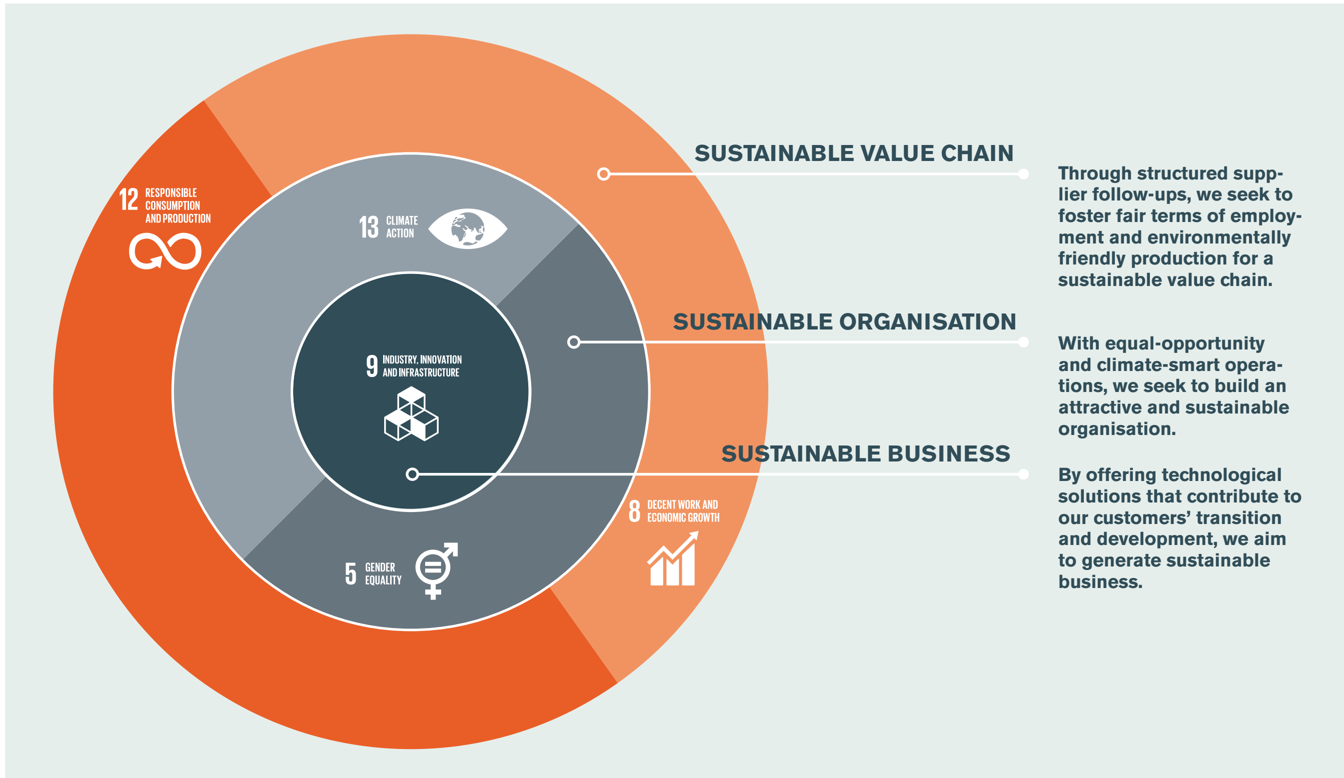
In 2019/2020, we updated our stakeholder dialogue and materiality analysis. Read more about this in the Sustainability Notes nearer the end of the report. In connection with this, we chose to start adapting our sustainability work to the UN Global Goals, and to develop a new sustainability model on which to base our efforts. The foundation for this comprises the five areas that we and our stakeholders value most. We have then linked these to three strategic areas of focus: The business, the organisation and the value chain. For each area, there is a long-term vision that is measurable and limited in time to the year 2030 in accordance with the global goals. This gives us direction and helps us advance in our sustainability efforts. In the coming years, we will establish priorities and visions throughout the Group to develop together a strategic plan of action for achieving our objectives.

BUSINESS MODEL AND FOCUS – VALUE ADDING TECH PROVIDER



Our solutions include both unique proprietary products, customised solutions and trade products. from our broad network of suppliers. We add value for our customers by making their products more competitive in the end market. We also generate value for suppliers, for whom our knowledge increases their opportunities to adapt their products and systems to the customers' needs. We have suppliers all around the world and we make a large part of our purchases from companies outside the Nordic region, including in other parts of Europe, as well as in North America and Asia.

OUR SUSTAINABILITY MODEL



We want to make a positive difference in society. In line with our business model, our operational sustainability efforts are decentralised and conducted by the subsidiaries. To foster optimum conditions for the companies in managing and developing their sustainability efforts, we developed during 2019/2020 a new sustainability model based on the stakeholder dialogue and materiality analysis performed during the financial year. Read more about this work in the Sustainability Notes on pages 114-120.

ABOUT ADDTECH

Our strategic playing field: MARKET DRIVERS, STRATEGIES AND TARGETS

For further information, see the Sustainability Notes on pages 114-120.

What drives our markets

Globalisation:
Increased internationalisation changes trade patterns, which in turn opens up new growth opportunities for our customers.

Climate change:
Drives society's demand for energy solutions that are sustainable in the long term.

Technological development:
Constant need for new sustainable solutions in, for example, automation, 5G, robotisation, and electrification.

Industrial transformation:
Due to demands for specialisation and automation, industry seeks additional external partners to help them find technological solutions that are sustainable in the long term.

Economy and global situation:
Addtech's growth and profitability are linked to industrial development but also to geopolitical development and major world events, such as pandemics.

Our stakeholders

Customers:
We work in partnership with our customers and help them develop technological solutions that are sustainable in the long term.

Suppliers:
We work closely with our suppliers, contributing knowledge that helps increase their success.

Employees:
It is our employees who make the difference. If they thrive and develop, Addtech will grow.

Shareholders:
Addtech's shareholders contribute capital and expect returns. Through responsible ownership, they can contribute to acceptance and legitimacy in society.

Social partners:
We conduct frequent dialogues with the relevant social partners, such as public authorities, trade associations and trade unions.

Strategies and success factors

Market-leading niche positions:
The Addtech companies shall be market leaders in selected niches with a high knowledge and technology content. This is important for stable growth and durable profitability.

Operational agility:
The companies should be able to act quickly and agilely in response to new business opportunities. The Group should also be able to act quickly by, for example, merging or splitting operations, and maintaining efficient processes for integrating new companies into the operations.

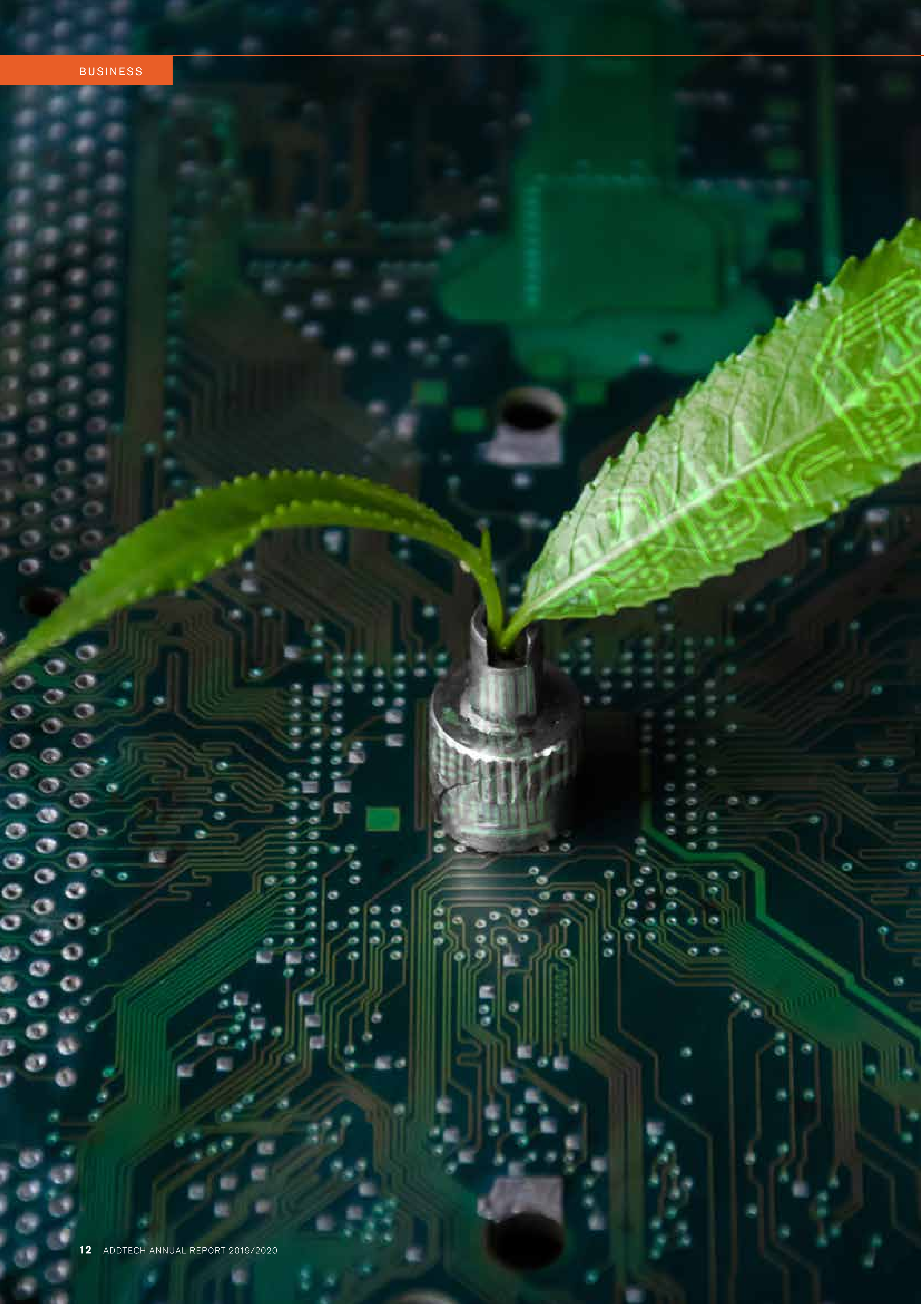
Growth through acquisitions:
Company acquisitions and add-on acquisitions are an essential part of Addtech's growth philosophy. They make it possible to expand quickly into new segments, to broaden the product offering to build new market positions.

Three long-term success factors:
- Competent employees
- Decentralised organisation
- Consistent action and strong corporate culture

Focus areas currently selected:
- New talent with equal opportunities – to secure future competence.
- Entrepreneurship 2.0 – to safeguard constant development and innovation
- Increased decentralised responsibility – to preserve and strengthen responsibilliy throughout the organisation.
- Co-creation – to identify synergies between the companies.

Our financial targets and sustainability visions

Earnings growth:	P/WC:	Reduced carbon dioxide intensity by 2030:	Percentage of sales contributing to sustainable development in 2030:	Percentage of women in management positions in 2030	Percentage of purchasing volume evaluated based on the Code of Conduct in 2030:
>15%	>45%	50%	100%	40%	80%
Outcome 19/20:	Outcome 19/20:	Outcome base year 19/20 (CO_2/SEK million sales)	Outcome 19/20:	Outcome 19/20:	Outcome 19/20:
28%	56%	2.2 tonnes	40%	14%	51%



WITH AN EYE FOR THE BUSINESS OF THE FUTURE

The world faces major challenges, with increasing demand for technological development that is both profitable and sustainable. For Addtech, this entails numerous opportunities to generate future value, both for customers and for society.

Electrification, power grid expansion, automation, flow control, Industry 4.0, infrastructure development, medical technology… the list of the areas of technology in which Addtech companies are active is long. Every day, the Group's 130 subsidiaries around the world endeavour in different ways to help customers identify the best technological solutions fortheir particular needs. Many of these solutions have clear connections to sustainability. Accordingly, Addtech often helps customers enhance their business while also benefiting society by, for example, reducing emissions, improving energy efficiency in transport, making workplaces safer and benefiting people in other ways.

But what do solutions offered by Addtech companies look like in practice? One example lies hidden in an anonymous brick building on an industrial estate outside Eskilstuna. This is where the Swedish operations of chains supplier FB Kedjor are housed. Although selling chains may seem uncomplicated, the operations involve more than that – with the company's employees facilitating additional opportunities in the link between the customer and the supplier.

Alongside steel producer SSAB, FB Kedjor recently developed a completely new and ground-breaking solution for district heating supplier Söderenergi. District heating plants are extremely demanding environments, in which materials often corrode quickly. Some equipment has to be replaced after only a year or so. With a special sustainable steel from SSAB, however, Söderenergi developed a product with a service life thirty times longer than for earlier materials, and also offering environmental benefits in the form of greener electricity and heating for end customers, as well as reduced carbon dioxide emissions.

John Karlsson, Managing Director of FB Kedjor, tells us about the project:

"For the customer, the challenge lay in the plate at the bottom of the conveyor's tipper trough breaking apart, destroying the actual supporting structure. At FB Kedjor, we took the initiative to bring together Söderenergi with specialists from SSAB, a company with which we were very familiar. Under our direction, a team was assembled to develop and assess a special steel for bottom plates that could withstand the extremely demanding conditions in the long term."

Long term was the appropriate term: The special steel that was tested proved to have a service life of about 80 years. After about five years of analysis, development work, production and review, the team confirmed that everything had worked out perfectly.

"The change of material entails a number of positive and measurable environmental consequences. According to SSAB's calculations, carbon dioxide emissions will decrease by about 1120 tonnes during the lifetime of the plant," explains John Karlsson.

FB Kedjor has achieved similar sustainable solutions for other customers, in which it »

"Issues of climate and the environment are connected directly to what we sell."

Mikko Sammasmaa, Sammet Dampers

Opportunities for growth: *Sammet Dampers has operations all over the world. Zaki Issa, Packing Engineer, and Sari Asikainen, Supply Assistant, plan the company's deliveries.*

has also developed the materials used in the chain itself to achieve quantifiable positive effects.

"Our approach, which we call FB EcoUpgrade, begins with sitting down with customers and discussing their problems and what they want to achieve. Quite often, customers want us to help them manage their active environmental efforts, developing sustainable solutions, while generating economic benefits. In this way, we can support customers in assuming global responsibility and making a real difference," says John Karlsson.

In his view, today's customers have a growing understanding of the area of sustainability and they want to improve in this. Although price, reliability of delivery and quality, for example, remain important, many companies want to make a difference and are happy to make use of FB Kedjor's sustainability skills.

"And that involves more than just the environmental aspects. The human aspect, including work-related injuries, stress and the working environment, is also important. FB Kedjor does more than deliver products, we are on a mission to help our customers advance their sustainability work. Put simply, we think long-term, for the sake of future generations," says John Karlsson.

Another Addtech company clearly associated with sustainability is Sammet Dampers. Based in Jyväskylä in central Finland, the company sells industrial dampers that regulate gas flows in various industrial processes, with the whole world as its market. The marine segment, in which Sammet provides customers with the world's most advanced solutions for reducing maritime emissions.

"We have a product that really helps customers make a big difference. Our dampers are used on the world's largest vessels, where they actively help eliminate emissions and pollution," says Mikko Sammasmaa, Marketing Director.

This niche has grown rapidly within Addtech, and Sammet has tripled its sales over the past financial year alone. Although demand levelled off in the final six months of the year, with much of the industry largely waiting for new regulations to take effect, long-term demand remains strong. This is driven by society increasingly continuing to impose stringent demands on environmentally efficient solutions, says Mikko Sammasmaa.

"Regulations and directives on climate and the environment are continuously being sharpened and amended. We work on the front line of our particular industry, and we see clearly that stricter environmental regulations entail increased business opportunities. We are able to meet requirements and have a mission to contribute to a cleaner and more sustainable future."

Sammet is also accustomed to being examined by its customers from the perspective of sustainability, Mikko Sammasmaa explains.

"We have noted that customers have very high expectations of us, and many choose to conduct sustainability reviews, both of us and of our suppliers. At the same time, however, working to improve the climate and environment motivates us and we know that is engages our employees. We work extensively on these issues internally, with

Climate-intelligent solution: *Together with steel manufacturer SSAB's special steel, FB Kedjor was able to produce a more durable product for the customer.*

substantial strategic grass roots commitment. Issues of climate and the environment are connected directly to what we sell."

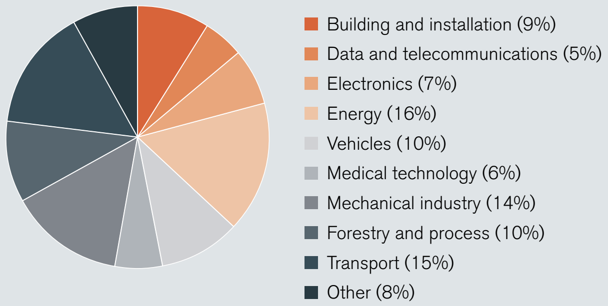
Something that has always characterised the Addtech companies is their capacity to quickly identify and monitor the major technology trends impelling markets and communities alike. One of the strongest trends at the moment is electrification. In practice, the trend intervenes and generates opportunities for virtually all Addtech business areas: From contributing to green electricity by supplying components for wind turbines, for example, to selling equipment for the transmission networks carrying the electricity all the way to the electrically powered equipment.

Dovitech, an Addtech company in Denmark, spans a substantial part of the business spectrum that electrification entails. With a turnover of approximately DKK 100 million, Dovitech is one of Addtech's major subsidiaries, and its products and solutions can be found in Vesta's wind turbines, as well as in advanced medical technology equipment and ordinary household appliances. »

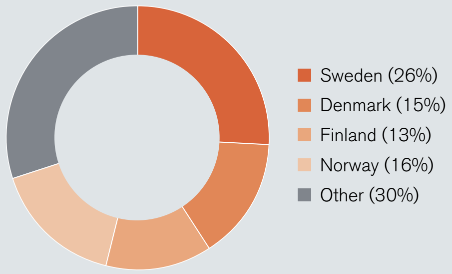
Improved distribution of segments and geographies

In recent years, Addtech has actively broadened the distribution of its operations in terms of both customer segments and geographies. This helps further stabilise the Group's development by smoothing out business fluctuations over a business cycle.

Sales by customer segment 2019/2020



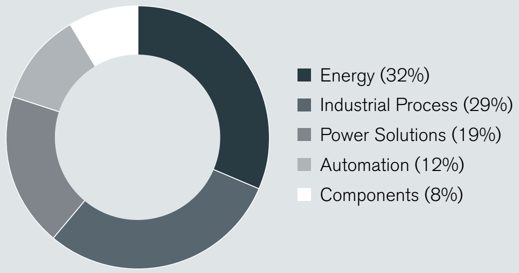
Sales by geographic market 2019/2020



Percentage of sales contributing to any of the UN's global goals

Over the financial year, Addtech calculated the overall percentage of existing operations currently contributing in some way towards the UN's global goals. Today, this equals approximately 40 percent of total sales. More information about this calculation can be found in the Sustainability notes on pages 114-120.

Distribution by business area, %



Distribution by UN global goal, %

"We are often associated with green energy because we have major customers in wind power, although we do so much more than that," says Michael Rosenkrantz, Managing Director of Dovitech.

He shows a number of pictures in rapid succession. These include quite a few examples from the industry: A wave power plant, a skyscraper with turbines on the roof, an electric car ferry, an industrial robot, an X-ray machine. Although the images also represent things more associated with everyday life: A water-efficient washing machine, an electric car charging pole, LED fittings, a hearing aid, a pensioner's stairlift... In other words, there seem to be Dovitech solutions all around us.

"Today, of course, electronics are almost everywhere, meaning we are also involved somehow. People are often surprised when we show everything we work with, it's not at all what they expect. One highly interesting area, for example, is people's security. How are electronics components involved in that area? Well, just imagine what a difference cameras and sensors can make for those working with maintenance in the process industry," Michael Rosenkranz explains.

In his view, the electrification trend is set to continue:

"A great many things will happen. Just look at Norway where almost everything is electrified nowadays, from cars to large ferries, which is what we are working on at the moment. In ten years' time, these markets will be even bigger. For that reason, we are already working to safeguard a favourable position, including in development projects. One such project that I personally find highly exciting at the moment is the development of an electric hybrid aircraft, in which we are involved and provide solutions."

For Dovitech, sustainability is also a key factor in the future development of the business.

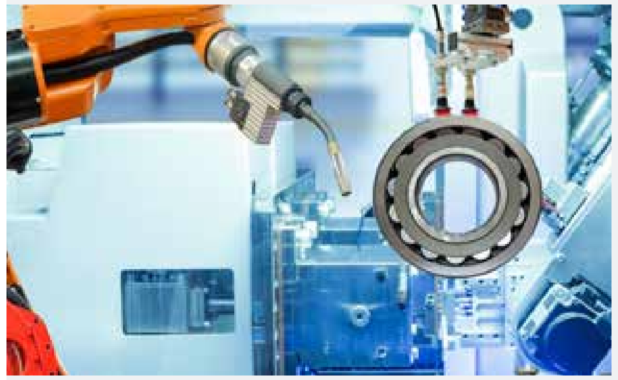
"For me, issues of sustainability are absolutely crucial because it is always about people at the end of the day. Not only do we sell many components – we also package them and add value that will ultimately benefit people. In my view, sustainability is also about daring to take a long-term approach to customer relations. We have come to know our customers over a long period of time. We know what they want and they, for their part, know what we are capable of – that we do not consider anything to be impossible," says Michael Rosenkrantz, who also underscores the advantage offered by the Addtech network as a whole:

"The Addtech companies embody considerable know-how in many of the foremost future technology trends in. In my view, we have enormous potential to develop additional areas of business together." ■

A solution for every need: *Addtech's companies operate in a number of sectors, not least marine transports, where several companies, including Sammet Dampers, contribute energy-saving solutions.*

ECONOMIC SOCIETAL VALUE 2019/2020, SEK MILLION

Financial value generated	11,735
Financial value distributed	11,510
Of which, manufacturing costs	8,725
Of which, salaries and remunerations (salaries, pensions, payroll taxes, social security contributions)	2,114
Of which, disbursements to creditors	62
Of which, disbursements to shareholders	336
Of which, disbursements to governments (tax)	273
Remaining in the company	225



MEGA TRENDS DRIVING DEVELOPMENT

The development of Addtech's five business areas is driven by both major mega trends and smaller niche trends. Read more about the business areas on pages 20-25 and the development for the year in the Administration report on pages 38-39.

Automation:	Industry 4.0, smart cities, Internet of Things
Components:	Electrification, environmental and climate development, Technological development
Energy:	Renewable energy, power grid expansion, higher degree of technology in installations
Industrial Process:	Environmental and climate regulations, optimisation and safety, new products in flow processes
Power Solutions:	Electrification, increased focus on ergonomics, increased focus on batteries

BUSINESS

Acquisitions with a focus on culture

Growing through acquisitions is a key strategy for Addtech. By acquiring niche market leaders, Addtech is always able to identify new growth opportunities, regardless of the broader economic situation. But there is one aspect that must always fit – the culture.

In seeking out companies, there is a particular phrase that is often used at Addtech: It is allowed to take time. Because each acquisition is unique, the process is too. Some acquisitions progress rapidly, while, for others, its can take several years to progress from the initial contact to signed agreements.

It is not strange to view each acquisition as unique. Part of the explanation behind Addtech's success is that the companies are often run by the same people who originally founded them. They can attest to the importance of a good fit, even in cultural terms.

Someone who knows what it feels like to be bought out is Anders Claesson, Managing Director of Sittab, which was acquired in 2013. He was one of three owners, and at first he did not want to sell at all. Sittab was doing well, achieving success and profitability with its ergonomics products for construction machines. Anders Claesson felt there were good reasons to continue on his own. But after a few meetings, he chose to rethink.

"When we were being bought out by

Addtech, they treated us in a very correct manner," says Anders Claesson. "There was a genuine interest in getting to know us at Sittab properly. They wanted to know who our key individuals were and answered our employees' questions regarding what the acquisition would entail. It was almost as if their DNA held how they should respond."

Addtech also applies a "cluster approach" to its acquisitions. When a new subsidiary enters the Addtech family, it is placed alongside similar or complementary companies in shared business units within a business area. This allows the companies to quickly immerse themselves in an environment where they can grow alongside like-minded companies. For the sellers of Sittab, the extent to which the buyer's culture matched theirs was ultimately a decisive factor.

"In the end, my partners and I reached our decision when we realised what an amazing 'family' we would be joining, with all of its market-leading subsidiaries and skilled employees," Anders Claesson continues. "Following the acquisition, all of my expectations were met and Sittab is even stronger today than I could have dreamt."

Over the years, Addtech has acquired some 100 technology trading companies run by entrepreneurs and built up a successful process for the Group's integration and development of these companies. Not only do the acquisitions bring new market positions, they also bring new expertise and strengthen the Group's entrepreneurial spirit.

"Since being acquired by Addtech, we have grown substantially and our entrepreneurship has developed further," says Anders Claeson.

An important part of the strategy is to acquire sustainable companies with market-leading niche positions and to develop them sustainably in the long term. For Daniel Prelevic, Deputy Business Area Manager for Industrial Process and coordinator of the Group's acquisition efforts, the extent to which companies have progressed on sustainability is playing an increasingly important role in analysing and valuing potential acquisitions.

"Addtech is truly passionate about acquisitions – we take a genuine interest in developing the operations alongside their founders and aim to do this long term. This means entering lifelong partnerships with the companies. We sometimes joke that we embark on a lifelong marriage and never get divorced, but actually, we almost never sell

companies," says Daniel Prelevic.

There are plenty of attractive acquisition candidates, both large and small, he comments:

"We find opportunities continuously and are constantly on the lookout, in several markets. The opportunities are plentiful because the business units and the business areas are able to expand and build positions in existing market segments, or to supplement this with new segments. Working with acquisitions is highly stimulating, not least because you learn so much. At Addtech, we are inquisitive by nature, we always want to learn more because that enables us to support our companies even better."

ACQUISITION YEAR 2019/2020

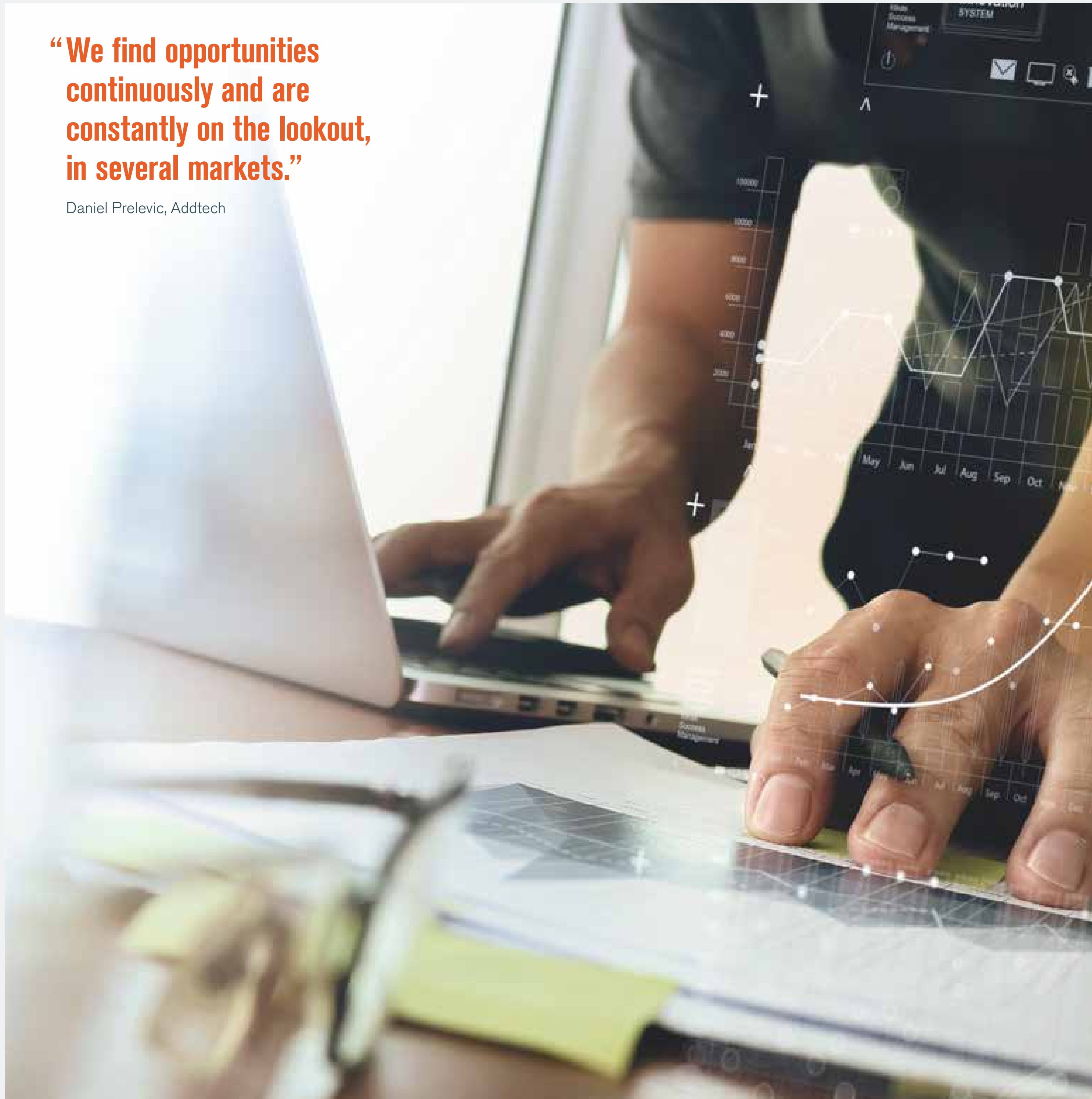
741 ACQUIRED NET SALES, SEK MILLION

12 ACQUISITIONS

170 NEW EMPLOYEES

WHY SELL TO ADDTECH?

- **Long-term and secure owner**
- **Realising growth potential**
- **Generational shift**
- **Securing the workplace**
- **Adding expertise and networks**



"We find opportunities continuously and are constantly on the lookout, in several markets."

Daniel Prelevic, Addtech

ACQUISITIONS, ADDTECH	2019/2020	2018/2019	2017/2018	2016/2017	2015/2016
Number of acquisitions	**12**	14	11	10	10
Net sales (SEK million)*	**741**	960	698	503	643
Number of employees	**170**	276	171	129	161

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

BUSINESS AREAS

ADDTECH

- **AUTOMATION**
  - MOTION & DRIVES
  - INDUSTRIAL IT & SENSORS
  - FIBRE-OPTIC COMMUNICATION
- **COMPONENTS**
  - DENMARK
  - FINLAND
  - NORWAY
  - SWEDEN
- **ENERGY**
  - ENERGY PRODUCTS
  - ENERGY SUPPLY
- **INDUSTRIAL PROCESS**
  - PROCESS TECHNOLOGY
  - INDUSTRIAL SOLUTIONS
- **POWER SOLUTIONS**
  - BATTERY SYSTEMS
  - CUSTOMISED SOLUTIONS
  - POWER SYSTEMS

Automation

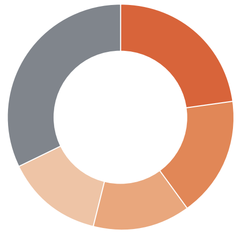
INTELLIGENT SOLUTIONS FOR CONNECTED BUSINESSES

Customised technical solutions and services are of growing importance in digitalised businesses and industries. Many industrial companies are in the middle of their process of transitioning to Industry 4.0, in which more efficient production and flows will increasingly be linked to intelligent IT and sensor solutions. The Automation business area is positioned in niches that follow the manufacturing industry's development towards automation and robotics for intelligent factories, as well as expanding communication networks infrastructure, cyber security solutions and other investments in line with the growth of the future sustainable towns and cities. Automation's unique offering encompasses the entire chain from moving mechanical solutions to intelligent systems and communication networks. The companies within Automation maintain long-term relationships with leading international suppliers, and have own products in many areas.

DEVELOPMENT IN 2019/2020

Over the year, Automation experienced generally favourable underlying demand, flattening off at a high level. The business area's largest segment, mechanical industry and medical technology, continued to have a positive position in terms of both input components and automation solutions. Operations exposed to the defence sector also experienced favourable demand, while the data and telecom segment varied between geographical markets. Read more on page 38 of the Administration Report.

SALES BY GEOGRAPHIC MARKET



SALES BY CUSTOMER SEGMENT

"We see a substantial future need for our unique offering. We will be able to offer customers value, particularly in intelligent automation solutions, security and defence."

Patrik Klerck, Business Area Manager Automation

AUTOMATION

KEY FINANCIAL INDICATORS

Key financial indicators	2019/2020	2018/2019
Net sales, SEK million	2,425	1,946
EBITA, SEK million	267	194
EBITA margin, %	11.0	10.0
Return on working capital, %	52	52
Average number of employees	477	376
Acquired annual sales*	424	325

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

Components

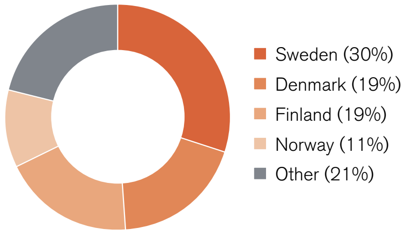
CUSTOMISED SOLUTIONS WITH A FOCUS ON NORDIC INDUSTRY

Component's operations focus on technology trading and solutions based largely on the supplier´s range of components. The business area is strongly rooted in the Nordic manufacturing sector, holding favourable positions in major customer segments, such as original accessories for applications in the engineering sector, special vehicles, energy and electronics. Solutions are customised in close partnership with customers and the market's best suppliers. Together with a local presence, this adds value, affording the business area's companies competitive advantages in each of their niche markets. Society's pursuit of sustainable development and customers' growing needs for environmentally friendly solutions, including in electrification and the realignment to renewable fuels, are strong driving forces for the business area.

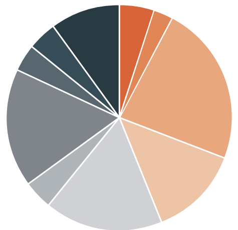
DEVELOPMENT IN 2019/2020

Demand for input components from Nordic manufacturers held a good level over the year, despite tough comparison figures from the preceding year. The cautiousness in the economy could be discerned in demand for mechanical industry levelling off. The business situation was favourable in the electronics industry as well as in wind power, defence, medical technology and vehicles. Read more on page 38 of the Administration Report.

SALES BY GEOGRAPHIC MARKET



SALES BY CUSTOMER SEGMENT



> "We always focus on people. Ultimately, our products contribute to those sorts of things that improve life – from green electricity and medical technology to solutions for the intelligent society of the future."

Martin Fassl, Business Area Manager Components

COMPONENTS

KEY FINANCIAL INDICATORS

Key financial indicators	2019/2020	2018/2019
Net sales, SEK million	2,082	1,960
EBITA, SEK million	218	220
EBITA margin, %	10.5	11.2
Return on working capital, %	48	57
Average number of employees	396	369
Acquired annual sales*	-	85

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

Energy

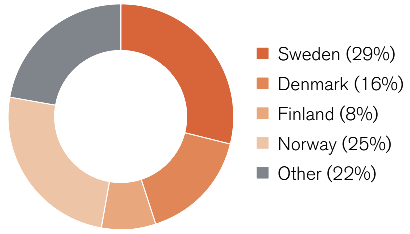
FAVOURABLE POSITIONS IN A PROGRESSING MARKET

Energy focuses on the markets for electricity distribution and electrical installation, as well as on products and solutions in the areas of electrical safety, energy efficiency and connection technology. The companies hold leading positions in their individual market niches and adapt standard components in close cooperation with customers and suppliers, or offer their own niche products. The market for energy and electrical installation is relatively stable, while an interesting phase of development is simultaneously taking place, with a need for international investment in infrastructure for power grids, for example. These grid upgrades are being driven by reinvestment, the integration of the electricity markets and renewable sources being connected, primarily wind power. Infrastructure development is also expected to drive demand in the transport sector, particularly rail. The trend is also favourable in public construction and professional lighting, for example.

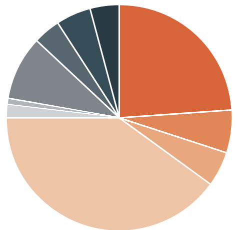
DEVELOPMENT IN 2019/2020

As a whole, the business area had a positive market situation during the financial year, with demand remaining high for infrastructure products for national and regional power grids and for wind power. The units that are active in sales of niche products for electrical power distribution, the expansion of the fibre-optic network, as well as construction and installation experience a certain slowdown in demand in the second half of the year. Read more on page 38 of the Administration Report.

SALES BY GEOGRAPHIC MARKET



SALES BY CUSTOMER SEGMENT



> "The major energy transition about to take place in society also demands the efficient transfer of energy to end customers. The companies within Addtech Energy play an extremely significant and responsible role here."

Hans Andersén, Business Area Manager Energy

ENERGY

KEY FINANCIAL INDICATORS

Key financial indicators	2019/2020	2018/2019
Net sales, SEK million	2,412	2,357
EBITA, SEK million	282	244
EBITA margin, %	11.7	10.4
Return on working capital, %	53	50
Average number of employees	681	655
Acquired annual sales*	29	233

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

Industrial Process

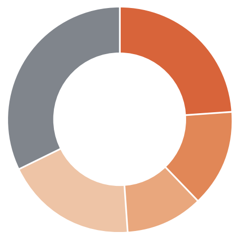
BUSINESS BENEFIT THROUGH IMPROVED PROCESS FLOWS

Industrial Process focuses on developing business value for customers by applying superior technical expertise to offer customers product solutions and services helping to streamline industrial process flows. Value is added through more competitive products, reduced environmental impact, time gains and other aspects contributing to customers' opportunities to increase their profitability. With society's demands for companies to reduce their environmental impact continuously increasing, the business area still enjoys considerable growth opportunities. Many companies hold good positions in certain market niches and have substantial opportunities to grow faster than the market. The marine segment, for example, is expected to continue growing due to stricter new emission requirements. The paper, energy, chemical and pharmaceutical industries, among others, also have an increasing need of equipment for controlling and analysing different processes.

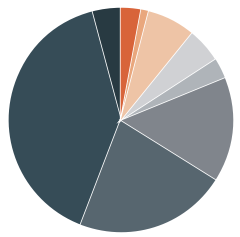
DEVELOPMENT IN 2019/2020

In many ways, the business area stood at the forefront of the Group's positive development through exceptionally strong growth in demand in the marine segment and services for environmental improvement solutions. In the second half of the year, it could be seen that demand was evening out at a high level in terms of the demand in the mechanical industry and special vehicles, as well as in the forest industry, while the business situation was stable in other process industries. The business area's strong organic growth resulted in very good leverage on margins. Read more on page 38 of the Administration Report.

SALES BY GEOGRAPHIC MARKET



SALES BY CUSTOMER SEGMENT



"Society's growing demands for environmental adaptation continuously drive new business opportunities for us. Marine is just one example, we also see great opportunities in forest, energy and chemistry going forward."

Claus Nielsen, Business Area Manager Industrial Process

INDUSTRIAL PROCESS

KEY FINANCIAL INDICATORS

Key financial indicators	2019/2020	2018/2019
Net sales, SEK million	3,204	2,305
EBITA, SEK million	445	219
EBITA margin, %	13.9	9.5
Return on working capital, %	83	51
Average number of employees	882	730
Acquired annual sales*	190	267

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

Power Solutions

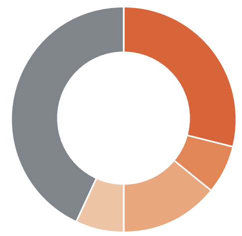
COMPONENTS AND SOLUTIONS WITH POWER AND CONTROL AT THEIR CORE

Power Solutions focuses on components and solutions for power supply and for steering and controlling movements or energy flows. Customers operate mainly within special vehicles, the energy sector and the electronics industry. Addtech's companies are often involved in the customer's design phase, and can therefore participate in determining and optimising the customer's end-product. This has led to most customers being OEMs, although some are end-users. Development in the business area's companies is driven largely by rapid technological development in society and new regulatory requirements, particularly regarding electrification, which will entail demand for technically knowledgeable actors able to contribute in the design phase of the products. Another driving force is the demand for system solutions and products for special vehicles, such as battery solutions and ergonomic products for forklifts, mining equipment and forestry machines. The business area has many strong proprietary brands, with the companies holding considerable cutting-edge expertise and leading market positions.

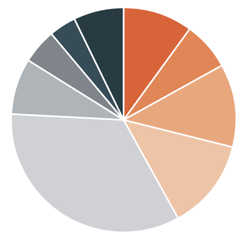
DEVELOPMENT IN 2019/2020

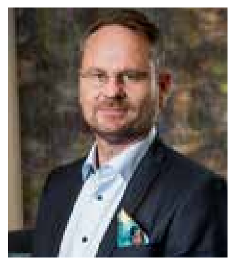
For the business area as a whole, demand was favourable over the year, even though the business situation varied between different customer and product segments. In the fourth quarter, the market situation for customised battery solutions remained favourable on the whole, particularly within medical technology. Demand for control and ergonomics products in specialised vehicles remained favourable, although evening out at a high level. Read more on page 39 of the Administration Report.

SALES BY GEOGRAPHIC MARKET



SALES BY CUSTOMER SEGMENT





"What we deliver to our customers is connected closely with rapid technological development in society, but also to sustainable development. We are an important link for our customers in their efforts to build a better society"

Per Lundblad, Business Area Manager Power Solutions

POWER SOLUTIONS

KEY FINANCIAL INDICATORS

Key financial indicators	2019/2020	2018/2019
Net sales, SEK million	1,630	1,597
EBITA, SEK million	231	223
EBITA margin, %	14.2	14.0
Return on working capital, %	60	63
Average number of employees	425	415
Acquired annual sales*	98	50

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

Malin Enarson, CFO at Addtech (right) and Finance Manager Monica Stignäs (left) run the reporting process with one guiding principle: Reporting should be easy for the companies, not for the people at head office.

SMALL-SCALE OPERATIONS ON A LARGE SCALE BRING SIMPLICITY AND EFFICIENCY

In a decentralised and entrepreneurially-driven Group such as Addtech, it is possible to drive change on both smaller and larger scales – generating benefits in terms of both business development and sustainability.

Addtech has a unique model: It is both large-scale and small-scale at the same time. The fundamental notion is that the best business decisions are made by those who live close to the market. For this reason, the organisation is decentralised to the greatest possible extent and entrepreneurially oriented, enabling the companies to focus on their operations.

"We're not really that complicated. We buy companies, we support development and we work hard with our corporate culture. This simplicity is precisely what I find so unique with the Addtech model," explains Malin Enarson, CFO at Addtech, who is also responsible for issues of sustainability.

"Historically, we have, of course, proven clearly that we are able to grow both durably and profitably. I believe we are successful because we have a very clear organisational structure and targets and because of our core values. We have a very flat organisation, in which we work together and help one another, on matters of sustainability, for instance."

Addtech demands as little as possible from the companies with regard to reporting or other central directives. The instruction is, instead, somewhat simplified: Do what you should, how and when you want – but keep the deadline and explain all deviations.

"The guiding principle is that things should be easy for our companies, not for us at the head office. We do not, for example, demand detailed budgets from our subsidiaries. Instead, we have development plans, in which we set targets for the coming year. These primarily involve sales and margins, which help us determine whether each company is on the right track or not," says Malin Enarson.

At the same time, the Group always maintains a close dialogue with the companies. How does this fit with the decentralised model? The answer is partly in the division into business areas and their business units (see page 20).

"Bringing together companies with adjacent operations provides several benefits. Firstly, this opens opportunities for companies operating in the same niche, to get to know one another. We know from experience that when people find themselves in the right environment, they start to collaborate. This means that our internal network can lead to exchanges of experience and to voluntary collaboration, which provides, in turn, positive leverage effects on both the development of our businesses and on our earnings," says Malin Enarson.

"Secondly, the model also ensures that we get a very good connection with our companies," she continues. "Each business unit has its own manager who also sits on the Board of Directors of the companies in that business unit. In this way, we get to know the companies and their niches very well, enabling us to coach the companies, and not least, capture opportunities for further acquisitions and add-ons. This insight also means that we can constantly fine-tune, develop and optimise the operations."

> **"I believe we are successful because we have a very clear organisational structure and targets and because of our core values."**
>
> Malin Enarson, CFO Addtech

Another important advantage of decentralisation and culture of simplicity is that: Operations can quickly be realigned. This was particularly noticeable in the autumn of 2019, when 80 of the Addtech companies suffered a large-scale cyberattack (read more in the Administration Report on page 37).

"This was truly an example of the organisation's capacity. Despite extremely difficult circumstances, the companies managed to switch to alternative methods and still deliver a strong financial result," says Malin Enarson, emphasising that the same adaptability was a major advantage in the spring of 2020, when the COVID-19 pandemic altered the conditions of the entire global economy very quickly.

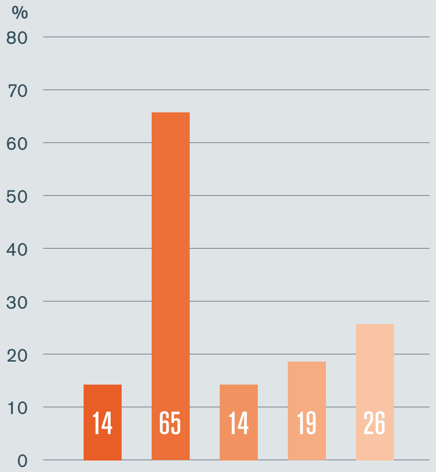
The close relationship between the Group and the companies also provides a favourable foundation from which the Group's sustainability is developed. In 2019/2020, the Group initiated a long-term process to adapt its efforts to the UN's global goals (See also pages 114-120). In practice, however, many of »

People in focus

It is the people who form the backbone of Addtech. Accordingly, the objective is to have the most satisfied employees in the industry. The ambition is to build long-term relations and to offer secure forms of employment, a good working environment and individual development opportunities in organisations epitomising diversity and gender equality. On average, Addtech employees stay with the company for a long time: About ten years.

ABSENCE DUE TO ILLNESS EMPLOYEES **3%**

Percentage of women per function within Addtech



- Group Management
- Administration, finance, purchasing
- Sales
- Technical service, support, production, warehousing
- Proportion of women, total

Addtech's companies have already achieved substantial progress on issues of sustainability, simply because they have seen that this benefits their business. This applies to climate issues in particular. In the Power Solutions business, Craig & Derricott in the UK develops, manufactures and markets low voltage appliances and subsystems for markets in the UK, Europe and the Middle East.

"Reducing our energy consumption is extremely important to us," says Kevin Miller, Managing Director of Craig & Derricott. "Our own company specific target is to progressively reduce our energy consumption by 10 percent annually. However, our own products also need to be sustainable to meet our customer's increasing sustainability demands. Today, we offer high-tech energy control and reduction products that are truly sustainable and have minimal environmental impact."

Another Addtech company, Compotech, is also seeing a raised level of ambition among its customers, suppliers and employees in terms of sustainability and environmental awareness.

"We mapped our environmental impact some time ago and set a target, among others, to reduce carbon dioxide emissions by 30 percent by the spring of 2020," says Michael Ullskog, former Managing Director of Compotech in Stockholm and now business unit manager for Components Sweden within the Components business area.

"We looked at a number of aspects, such as our transports, our business trips and product purchasing, and we did manage to reach the target. Today, we prioritise business that contribute positively to the climate, for example within electrification. Naturally, we cannot save the planet alone – but we can purposefully and continuously identify new ways of combining profitable business with ambitious sustainability work," Michael Ullskog explains.

Another sustainability target is to increase the proportion of women in Addtech to reflect, as a minimum, the general gender distribution within the technology sector. Addtech seeks to improve in this regard, and the pursuit of equality is therefore a particularly highly prioritised area.

"The technology sector as a whole faces major challenges in securing future talent. We cannot, of course, have operations that predominantly attracts employees from only 50 percent of the population – men that is. We want to recruit talented people, regardless of gender. It is therefore crucial that we think and behave right, so that more women choose the technology sector in general and Addtech in particular," says Hans Andersén, head of the Energy business area and responsible for pursuing issues of diversity within the Group. He believes that the laddish image of the technology sector may still prevail – despite the reality having changed.

"In my view, the best teams are the diverse ones. They are often innovative and creative, perform well and bring together different perspectives and experiences. Accordingly, striving for an even gender distribution plays a key part in achieving this diversity. But, as a Group, we must also dare to demand results from our subsidiaries and we must be clear about what we want to achieve and how it should be measured."

There is also already commitment on this matter among employees. One example is the Group-wide AddQ network, which was established in 2018 by a number of female salespeople to encourage more women to choose sales as a career path in the Addtech subsidiaries.

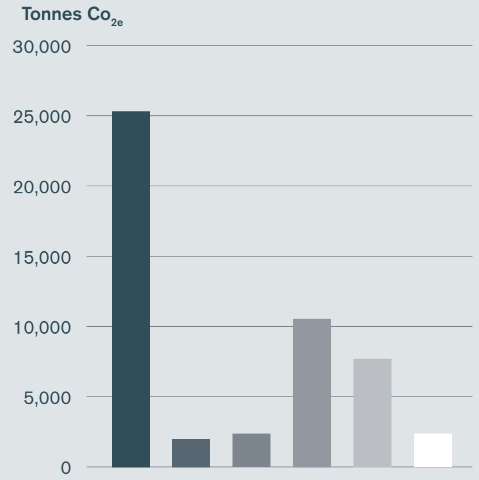
"Technology sales is a really fun job, in which it doesn't matter if you are a woman or a man," says Kristina Kristoffersson, Key Account Manager at Compotech and initiator of AddQ. "Today, we are far too few women, however, which is why AddQ is working to establish female role models, for example, to significantly increase the proportion of female salespeople at Addtech, and to also retain them longer."

She points out that technology sales involve multiple tasks – from selling individual components, such as equipment power cables, to extensive project sales spanning longer periods.

"Personally, I have worked with technology sales for more than 30 years, primarily focusing on project sales. Although I am very interested in technology, which is both essential and rewarding, I believe my ability to listen and understand customers' real needs is perhaps my most important characteristic in my role as a salesperson. For many women, building good relations is easy, meaning that many more women ought to accept all of the stimulating challenges that technology sales present," says Kristina Kristoffersson. ■

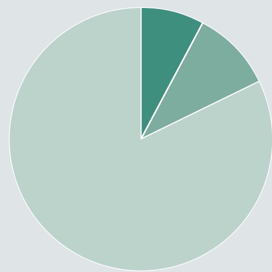
Emissions of greenhouse gases 2019/2020

Our total emissions in relation to sales (i.e. carbon dioxide intensity) amounts to 2.2. For calculations and the preceding year's figures, see the Sustainability Notes on pages 114-120.



- Total emissions (25,312)
- Emissions from own vehicle fleet (2,071)
- Emissions from energy consumption (2,494)
- Upstream freight emissions (10,581)
- Downstream freight emissions (7,781)
- Business travel emissions, air travel (2,385)

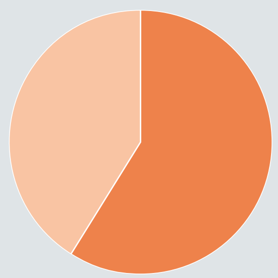
Distribution of emissions



- Scope 1: 8% of total emissions
- Scope 2: 10% of total emissions
- Scope 3: 82% of total emissions

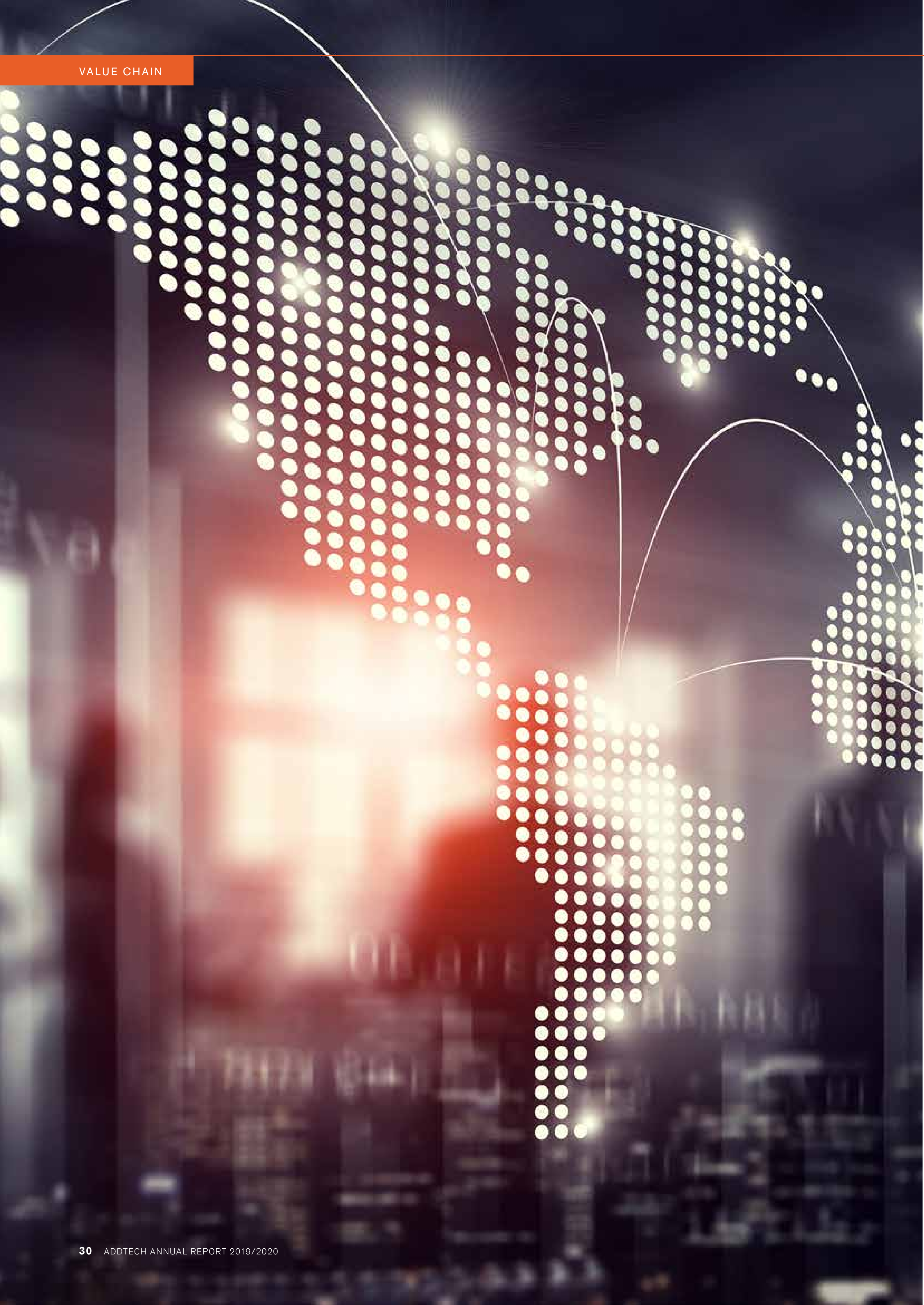
Scope 1 refers to our direct emissions and Scope 2 consists of emissions from our energy consumption. The majority of our emissions occur within our value chain, that is, within Scope 3, and consists largely of freight and business trips.

Energy consumption



- Energy consumption from renewable sources, 59%
- Energy consumption from non-renewable sources, 41%

Each year, we intend to increase the proportion of electricity and heating we consume that derives from renewable energy sources. In the Group, this process takes place in a decentralised way, with the conditions for increasing the share of renewable energy being a little different depending on the country in which the companies operate. Over the year, our energy consumption in relation to our sales was somewhat lower than the preceding year: 2,1. For more information, see the Sustainability Notes on pages 114-120.



VALUE CHAIN

WITH THE WORLD AS OUR WORKPLACE

In recent years, Addtech has grown beyond the Nordic region, both by accompanying customers as they expand into new markets and through new acquisitions. Internationalisation generates additional business opportunities, but simultaneously increases the importance of taking responsibility throughout the value chain.

Although Addtech's roots are in Nordic industry, the proportion of its business conducted outside the Nordic countries is growing steadily. Over the past fiscal year, the Swiss company Omni Ray was acquired by Addtech Automation, for example, and Addtech Power Solutions acquired German company DMC Digital Motor Control, as well as Dutch company Q-tronic (read more on page 40).

There are several explanations for this international expansion. As customers have become increasingly global, Addtech companies have simply followed their customers into new markets, both through exports and by establishing their own operations. Addtech also works with many of the world's leading suppliers, who in turn often have a global presence.

For Addtech, such development entails additional business opportunities and more stable operations. By constantly adding new customer segments and establishing itself in more countries, the Group can, for example, reduce market risks and better mitigate cyclical fluctuations.

However, internationalisation also entails new challenges, not least with regard to issues of responsibility. Ensuring that good business ethics, zero tolerance of corruption and human rights are respected at every stage of the value chain is becoming increasingly important. For a long time, Addtech has conducted all operations on the basis of its Code of Conduct, which is based, among other things, on the UN Global Compact guidelines. In 2017, the Group also introduced a special Code of Conduct for its suppliers. The purpose was to show clearly what requirements Addtech sets, and to make visible the demands that customers in turn place on Addtech.

"Although the question of responsibility in the value chain is central for us, at the same time, our decentralized model means that we, as a Group, work a little differently with these issues than many others. Since the subsidiaries live closest to both customers and suppliers, they conduct the ongoing dialogue and make the actual evaluations," says Malin Enarson, CFO and responsible for sustainability issues at Addtech.

She points out that Addtech's ability to act as a link between customers and suppliers provides unique opportunities to contribute to economic, environmental and social values alike:

"Our subsidiaries have long-term relations with their suppliers and in many cases already have well-structured sustainability work, with their own targets and ambitions »

"Customers impose increasingly stringent demands on us in terms of sustainability, and this in turn means that we impose tougher requirements on our suppliers, in terms of both environmental and social issues"

Helle Aker Jensen, Sustainability Manager
Hans Følsgaard A/S

for how they can take responsibility in the value chain. At the same time, as a group, we also need to show more clearly how we can contribute to positive change in society. Accordingly, we have now chosen to set a new Group-wide vision to further raise the level of the companies' supplier monitoring."

The Addtech Group's largest subsidiary, Hans Følsgaard, is one of the Addtech companies that are already far ahead in terms of sustainability issues. For example, the company signed the UN Global Compact in 2012 and produces its own sustainability report. Although the operations are based in Denmark, the whole world is the workplace, with global customers and suppliers in a number of different areas, including automation, electrical technology, infrastructure, greentech, telecom and much more. Accordingly, for Hans Følsgaard, the matter of supplier evaluations is high on the agenda.

"Customers impose increasingly stringent demands on us in terms of sustainability, and this in turn means that we impose tougher requirements on our suppliers, in terms of both environmental and social issues, such as working conditions and zero tolerance of corruption. This is a necessity to be able to withstand the competition," says Helle Aker Jensen, who is responsible for sustainability at Hans Følsgaard.

The starting point in the company's sustainability work is integrating the issue of sustainability at all levels.

"We want sustainability awareness to permeate the entire operations. All employees should take into account the aspects of sustainability in the decisions that are made. In this way, it becomes natural to ask the right questions, both of themselves and of suppliers, for example when it comes to transports: How can we package the products correctly, how can this container be filled so that it is climate efficient? How can we minimize plastic and plastic packaging for the products we receive and handle? How do we develop even more sustainable solutions?"

All suppliers, both new and existing, must sign to having made themselves familiar with the Code of Conduct, and evaluations are conducted on a continuous and regular basis, says Helle Aker Jensen.

"We maintain very long-term relations with both customers and suppliers – we have worked with some for 50-60 years. Quite simply, we get to know one another very well and we meet often. Many of the suppliers also have stringent sustainability requirements themselves. This results in an intensive dialogue, which in turn builds a trust from which we all benefit greatly. My view is that the suppliers really appreciate our commitment. We are at the forefront, and when our suppliers see our work and our sustainability report, they appreciate our commitment and see us as role models. In that sense, we are helping improvements also outside of our own operations - which is exactly what UN Global Compact is all about."

Every second year Hans Følsgaard conducts a major evaluation of its suppliers, who are each required to answer a number of questions about their operations and their sustainability work. In the most recent survey in 2018, the company received answers from suppliers who together account for more than 80 percent of Hans Følsgaard's sales. The company also conducts both its own inspections and third-party inspections on an ongoing basis. It has almost never happened that suppliers have failed to meet expectations," says Helle Aker Jensen:

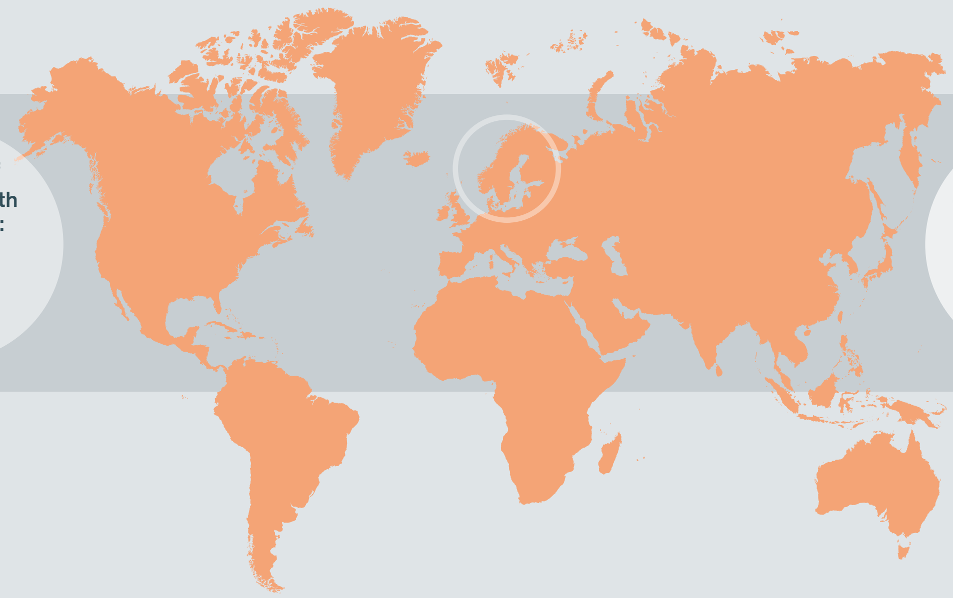
"Let me take our Chinese suppliers as an example. Although many probably expect higher risk in Chinese companies, we have conducted numerous audits and follow-ups, and everything has always been in line with requirements. We are now starting to work with the global goals, and we will involve our suppliers in this work, too. We have not yet decided exactly how, but we feel that it is important to involve the whole value chain so we move in the same direction." ■

HOW ADDTECH EXPANDS:

- **Exports of proprietary products**
- **Accompanying customers into new markets**
- **Establishing own operations**
- **Acquisitions**

Addtech around the world

Number of countries with operations: **20**



Number of countries to which Addtech exports: **20**

Addtech's ethical framework

Addtech's Code of Conduct controls how the Group does business, behaves and reacts in everyday life. The Code builds on the Group's own core values, the UN Global Compact, the ILO's core conventions and the OECD's guidelines for multinational companies. The Code of Conduct also contains the Environmental Policy. The Code has been adopted by the Board of Directors and encompasses all companies and employees. It is available at www.addtech.com, where Addtech's Code of Conduct for Suppliers is also available, explaining what the Group expects from business partners.

Percentage of purchasing volume evaluated based on the Code of Conduct

Addtech has a large number of suppliers around the world. Most production takes place at our suppliers' facilities. The vision is for 80 percent of the purchasing volume to be evaluated in 2030, see also the Sustainability Notes on pages 114-120.

Addtech shares

Share price trend and trading

Addtech Addtech's Class B shares are listed on Nasdaq Stockholm. Since the listing in September 2001, the average price increase, up to and including 31 March 2020, has been 17 percent annually. Over the corresponding period, the exchange's OMX Stockholm index changed by an average 5 percent.

Over the financial year, the price of the Addtech share rose by 27 percent. Over the corresponding period, the exchange's OMX Stockholm index fell by 5 percent. The highest price paid during the year was SEK 333.50, which was noted on 20 February 2020. The lowest price paid was SEK 188.60, which was noted on 18 March 2020. The closing price at the end of the financial year was SEK 244.50, corresponding to a market capitalisation of SEK 15.9 billion (12.5).

During the period from 1 April 2019 to 31 March 2020, 29.9 million shares (13.4) were traded for a total value of slightly more than SEK 7.9 billion (2.5). In relation to the average number of Class B shares outstanding, this corresponds to a turnover rate of 47 percent (21). Broken down per trading day, an average 119,597 Addtech shares (53,661) were traded for an average value of approximately SEK 32 million (10).

Share capital

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

Share class	Number of shares	Number of votes	Percentage of capital	Percentage of votes
Class A shares, 10 votes per share	3,229,500	32,295,000	4.7	33.2
Class B shares, 1 vote per share	64,968,996	64,968,996	95.3	66.8
Total number of shares before repurchases	**68,198,496**	**97,263,996**	**100.0**	**100.0**
Of which, repurchased Class B shares	-1,049,918		1.5	1.1
Total number of shares after repurchases	**67,148,578**			

Chapter 6, Section 2a of the Swedish Annual Accounts Act requires listed companies to disclose specific circumstances that may affect the prospects for acquiring the Company via a public share offer. In the event of the Company being de-listed from Nasdaq OMX Stockholm or a party other than the present principal shareholder attaining an ownership holding exceeding 50 percent of the capital or votes, the granted credit line in terms of contractual credit facilities of SEK 2,500 million and overdraft facilities of SEK 1,300 million can be terminated.

Repurchases of treasury shares and incentive programmes

The Annual General Meeting in August 2019 authorised the Board of Directors to repurchase a maximum of 10 percent of all shares in the Company during the period extending until the 2020 Annual General Meeting. During the financial year Addtech repurchased 150,000 of its own Class B shares. At the end of the year, 1,049,918 (1,141,387) of the Company's own Class B shares were held, with an average purchase price of SEK 130.91 (108.05). These shares correspond to 1.5 percent (1.7) of the number of shares issued and 1.1 percent (1.2) of the votes.

Addtech has four outstanding call option programmes for a total of 1,007,000 shares. Call options issued on repurchased shares entail a dilution effect of about 0.3 percent over the past 12-month period. Addtech's holdings of treasury shares are expected to match the needs of the outstanding call option programmes.

Outstanding programme	Number of options	Corresponding number of shares	Percentage of total shares	Initial redemption price	Redemption period
2019/2023	300,000	300,000	0.4%	321.80	5 Sep 2022 – 2 Jun 2023
2018/2022	300,000	300,000	0.4%	232.90	6 Sep 2021 – 3 Jun 2022
2017/2021	300,000	300,000	0.4%	178.50	14 Sep 2020 – 4 Jun 2021
2016/2020	107,000	107,000	0.2%	159.00	16 Sep 2019 – 5 Jun 2020
Total	**1,007,000**	**1,007,000**			

Ownership structure

On 31 March, 2020, the total number of shareholders was 6,208 (5,191), of whom 5,063 (3,983) each held 1,000 shares or less. The 15 largest shareholders accounted for 61.6 (57.6) percent of the total number of shares and 71.5 (68.7) percent of the total number of votes. Anders Börjesson (including related parties) is the largest shareholder in terms of votes, with a shareholding corresponding to 15.8 percent, followed by Tom Hedelius, with a shareholding corresponding to 15.2 percent. The proportion of foreign owners corresponded to 45 percent (39) of total capital.

Additional information

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

KEY FINANCIAL INDICATORS

	2019/2020	2018/2019	2017/2018
Earnings per share, SEK	12.85	9.85	7.70
Equity per share, SEK	44.95	36.80	31.10
Price/earnings ratio	19	20	22
Share dividend, SEK	4.00 [1]	5.00	4.00
Payout ratio, %	31	51	52
Dividend yield, %	1.6	2.6	2.4
Last price paid, SEK	244.50	193.00	168.00
Price/equity, multiple	5.4	5.2	5.4
Market capitalisation, SEK million	15,885	12,539	10,915
Average number of shares outstanding	67,123,333	67,046,711	66,949,710
Number of shares outstanding at end of year	67,148,578 [2]	67,057,109	66,992,351
Number of shareholders at end of year	6,208	5,191	5,327

[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: 1,049,918 Class B shares at 31 March 2020.

ADDTECH'S LARGEST SHAREHOLDERS, 31 MARCH 2020

Shareholders	Number of Class A shares	Number of Class B shares	Percentage of capital	Percentage of votes
Anders Börjesson (with companies and family)	1,527,162	121,500	2.4	15,8000
Tom Hedelius	1,473,990	16,200	2.2	15,2000
State Street Bank And Trust Co, W9		6,117,874	9.0	6,3000
SEB Investment Management		5,709,470	8.4	5,9000
Swedbank Robur Fonder		5,669,455	8.3	5,8000
JPM Chase NA		4,122,226	6.0	4,2000
Lannebo Fonder		3,300,000	4,8	3,4000
NTC Fidelity Funds Northern Trust		2,593,913	3.8	2,7000
Brown Brothers Harriman & Co		2,568,739	3.8	2,6000
Livförsäkringsbolaget Skandia		2,085,517	3.1	2,1000
Sandrew AB		1,800,000	2.6	1,9000
Säve family	60,000	1,160,200	1.8	1,8000
CBNY-Norges Bank		1,366,525	2.0	1,4000
Odin Fonder Norden		1,233,762	1.8	1,3000
Odin Fonder Sverige		1,069,602	1.6	1,1000
Total, 15 largest shareholders[3]	**3,061,152**	**38,934,983**	**61.6**	**71.5**

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

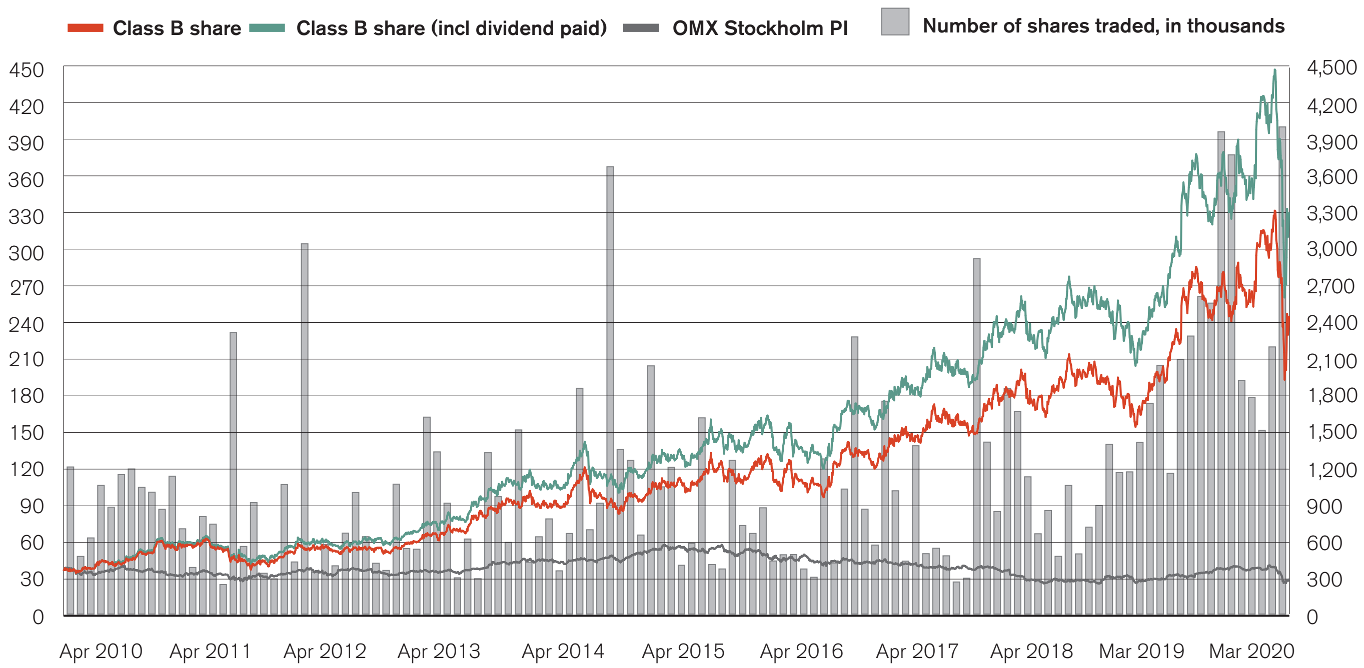
SIZE CLASSES

Number of shares	% of share capital	Number of shareholders	% of number of shareholders
1 – 500	1	4,474	72
501 – 1,000	0	589	9
1,001 – 5,000	2	730	12
5,001 – 10,000	2	165	3
10,001 – 15,000	1	48	1
15,001 – 20,000	1	26	0
20,001 –	93	176	3
Total	**100**	**6,208**	**100**

HOLDINGS BY CATEGORY

	2019/2020		2018/2019	
	Number of shareholders	Percentage of capital	Number of shareholders	Percentage of capital
Swedish shareholders	5,822	55	4,897	61
Foreign shareholders	386	45	294	39
Total	**6,208**	**100**	**5,191**	**100**
Legal entities	589	81	506	80
Natural persons	5,619	19	4,685	20
Total	**6,208**	**100**	**5,191**	**100**

SHARE PERFORMANCE CHART



Administration Report

1 April 2019 – 31 March 2020

The Board of Directors and the CEO of Addtech AB, company ID number 556302-9726, hereby submit the annual and consolidated accounts for the 2019/2020 financial year. Comparisons in parentheses refer to the corresponding period of the previous year, unless stated otherwise.

Because, in terms of its size, Addtech exceeds the limit set out in item 6:10 of the Swedish Annual Accounts Act, the Administration Report shall include a Sustainability Report. The company has chosen to present its Sustainability Report separately from the Administration Report, in accordance with item 6:11 of the Annual Accounts Act. In accordance with items 6:12 – 14 of the Annual Accounts Act, the Sustainability Report is included as an integral part of the front sections of the published Annual Report, as well as in the sustainability notes in the rear sections of the Report.

Operations

Addtech is a Swedish listed technology trading group that provides technological and economic value added in the link between manufacturers and customers. Addtech operates in selected niches in the market for advanced technology products and solutions. Its customers primarily operate in the manufacturing industry and infrastructure. Addtech has around 130 independent subsidiaries in some 20 countries, operating under their own brands, and about 2,900 employees. Consolidated sales amount to more than SEK 11 billion, with an estimated one third of those deriving from trade products and two thirds from customised products and solutions, as well as proprietary brands. Addtech generates optimal conditions for the profitability and growth of its subsidiaries. The Addtech share has been listed on Nasdaq Stockholm since 2001.

The year in brief

In summary, the 2019/2020 financial year was highly successful. Despite the cautious mood of the market, an extensive cyberattack in the third quarter and the end of the financial year being pervaded in many ways by the outbreak of the COVID-19 pandemic, we delivered strong profitable growth, both organically and through acquisitions of several new companies in different technical niches.

Sales rose by 16 percent, distributed evenly between organic and acquired growth. We continued to deliver increased earnings profitably, margin increases in organic sales contributing in particular to an increase in operating profit by 28 percent and a record-high EBITA margin of 11.6 percent (10.7). All business areas contributed to growth in both sales and earnings, with Industrial Process at the fore.

Our cash flow strengthened significantly, due mainly to improved margins and effects from changes in working capital. Cash flow from operating activities amounted to SEK 1,117 million (524). We also secured an extension of our credit framework by SEK 1,300 million to a total of SEK 3,800 million in the fourth quarter. No repayments are planned for the upcoming 12-month period.

The acquisition rate was high with 12 completed acquisitions, together contributing annual sales of SEK 740 million. The return on working capital (P/WC) was 56 percent.

Market development over the year

In most geographical markets, the Group's underlying demand was generally favourable throughout the financial year. Looking at the Nordic countries, Addtech's growth rate was highest in Finland and Norway, while it was stable in Sweden and Denmark. Outside the Nordic countries, the market situation varied. Our units in Central Europe developed positively overall, while political and economic uncertainties in the UK resulted in a weak trend in the operations there.

In terms of customer segments, demand for production components and solutions for special vehicles and machinery manufacturers levelled off, while demand in electronics, medical technology and wind power increased. Demand for aftermarket products for the forestry and process industries remained, on the whole, stable, while sales to the manufacturing industry declined. Sales were particularly strong for emission measurement and purification products, which accounted for about 70 percent of sales by the Transport segment. Demand for scrubber solutions waned gradually over the year, mainly due to the decreasing price difference between various fuels. Sales of electricity-related products to construction and installation customers was stable, while demand for infrastructure products increased.

In the final weeks of March, several units noted reduced demand due to the COVID-19 pandemic, particularly in special vehicles and parts of the engineering sector. Other units experienced increased demand, driven by customers in medical technology

Cyberattack in October 2019

On 30 October 2019, Addtech suffered an extensive cyberattack. Among the Group's companies, 80 of them, representing about half of consolidated sales, were infected by malicious encryption code via the Group's central IT environment. The criminal group behind the attack demanded a ransom to lift the encryption. Addtech immediately reported the crime to the police and then built up a new, central IT environment. All of the affected companies had access to functioning IT environments again on 19 December, and it was possible to continue operations throughout the attack, albeit at varying degrees. The overall financial impact was less than initially expected.

During the third quarter the negative impact was estimated to approximately SEK 130 million on net sales, and SEK 90 millon on EBITA. The impact on EBITA was distributed with about 40 percent in direct costs, which was essentially carried by the parent company, while approximately 60 percent was negative effect on EBITA from operations ("Operating effect"). The Operating effect was distributed with about 10 percent on business areas Autmation and Energy, about 25 percent respectively on business areas Components and Power Solutions, and about 30 percent on business area Industrial Process. Net sales was deemed unaffected during the fourth quarter, while the EBITA was affected negatively with approximately SEK 10 million in direct costs, which was essentially carried by the parent company.

The police investigation has not resulted in any arrests. Addtech has worked closely with the relevant authorities and other stakeholders and has also actively shared its experience to help raise awareness in society of the growing issue of cyber crime.

Development by business area over the year

The division into business areas reflects Addtech's internal organisation and reporting system. Addtech reports its business areas as operating segments. During 2019/2020, Addtech was organised into the following five business areas: Automation, Components, Energy, Industrial Process and Power Solutions. For further information on the Group's operating segments, see Note 5.

AUTOMATION

Net sales by Automation during the financial year increased by 25 percent to SEK 2,425 million (1,946), while EBITA increased by 38 percent to SEK 267 million (194).

A declining rate of growth in underlying demand was noted in the first quarter. Several acquisitions contributed to volumes while margins were affected somewhat negatively. For Automation's largest segments, mechanical industry and medical technology, the market situation remained favourable, although demand evened out at a high level. In the data and telecom segment, demand was good. Net sales increased by 25 percent to SEK 591 million (472) and EBITA increased by 23 percent to SEK 60 million (49).

In the second quarter, Automation continued to perceive underlying demand as evening out, albeit at a high level. For mechanical industry and medical technology, involving deliveries of input components and automation solutions, the market situation remained favourable and demand was stable. In the defence industry, as well as in data and telecom, the market situation was also favourable. Net sales increased by 25 percent to SEK 552 million (444) and EBITA increased by 26 percent to SEK 57 million (45).

The business situation during the third quarter was positive and demand was stable with regard to deliveries of production components and automation solutions. The market situation also favoured operations exposed to the defence industry, while demand in data and telecom varied between geographical markets. Net sales increased by 22 percent to SEK 588 million (481) and EBITA increased by 6 percent to SEK 51 million (48).

In the fourth quarter, Automation experienced increased demand in key customer segments, including the mechanical industry, the defence industry and medical technology. This is partly explained by the recovery from the cyberattack, as well as by the effects of customers experiencing increased demand for products towards the end of the quarter given the prevailing COVID-19 pandemic. Net sales increased by 26 percent to SEK 694 million (549) and EBITA increased by 91 percent to SEK 99 million (52).

COMPONENTS

Over the financial year, net sales by the Components business area increased by 6 percent to SEK 2,082 million (1,960) and EBITA amounted to SEK 218 million (220).

In the first quarter, the market for production components remained at a stable level despite strong comparative figures from the preceding year. Demand was down somewhat in Sweden and Denmark, while the market situation was favourable in Norway and Finland. Demand was favourable in mechanical industry and special vehicles, although with a somewhat lower growth rate than previously. The business situation in the electronics industry was good. Net sales increased by 6 percent to SEK 504 million (474) and EBITA amounted to SEK 54 million (58).

The market for production components held at a good level in the second quarter. In Norway and Finland, the market situation remained favourable, and in Denmark and Sweden it continued to be stable. The companies perceived a levelling-off in demand in the mechanical industry while the market situation for special vehicles was stable. The business situation was favourable in the electronics industry, wind power, defence, oil and gas, as well as marine industries. Net sales increased by 13 percent to SEK 511 million (451) and EBITA increased by 10 percent to SEK 58 million (53).

Demand for production components from Nordic manufacturing companies remained stable in the third quarter. The market situation in Norway and Finland was favourable, and it remained stable in Denmark and Sweden. The companies in the business area still perceived a levelling-off in demand in the mechanical industry while the market situation for special vehicles was stable. The business situation was favourable in the electronics industry, wind power, defence, oil and gas, as well as in marine industries. Net sales increased by 2 percent to SEK 489 million (482) and EBITA amounted to SEK 41 million (45).

Components' volume growth in the fourth quarter was stable. Demand from Nordic manufacturing companies for production components was high. The business situation was favourable in Norway and Denmark, varying in Finland and levelling off somewhat in Sweden. Market segments where development was positive were transport, defence, medical technology, wind power and projects in electrification. Net sales increased by 4 percent to SEK 578 million (553) and EBITA increased by 2 percent to SEK 65 million (64).

ENERGY

During the financial year, the Energy business area's net sales increased by 2 percent to SEK 2,412 million (2,357) and EBITA increased by 16 percent to SEK 282 million (244).

For Energy's most important market segments, the business situation remained favourable in the first quarter. In the Nordic countries, demand for infrastructure products for national and regional grids remained high. The market situation for niche products in electricity distribution was stable, although with somewhat slower growth. Demand was good for cabling products for the manufacturing sector, as well as for construction and installation products. Net sales increased by 16 percent to SEK 619 million (535) and EBITA increased by 20 percent to SEK 67 million (56).

During the second quarter, the market situation for Energy as a whole was positive. In the Nordic countries, demand remained high for products for electricity grids operators. The units selling niche products for electricity distribution perceived varied demand, although at a good level. Units serving the expansion of fibre-optic networks and the construction and installation segments noted some slackening in demand. Net sales increased by 4 percent to SEK 593 million (571) and EBITA increased by 17 percent to SEK 75 million (64).

For Energy as a whole, the market situation remained positive in the third quarter. Demand for infrastructure products for national and regional grids held at a high level. However, units operating in selling niche products for electricity distribution perceived lower demand. There was a continuing slump in demand from customers active in the build-out of the fibre-optic networks, as well as in construction and installation. Net sales amounted to SEK 596 million (607) and EBITA increased by 14 percent to SEK 62 million (54).

Demand for Energy's infrastructure products for national and regional grids and for wind power, held at high levels and the market situation remained stable throughout the fourth quarter. The units that are active in sales of niche products for electrical power distribution, the expansion of the fibre-optic network, as well as construction and installation continued to experience a certain slow-down in demand. Net sales amounted to SEK 604 million (644) and EBITA increased by 12 percent to SEK 78 million (70).

INDUSTRIAL PROCESS

Over the financial year, net sales by the Industrial Process business area increased by 39 percent to SEK 3,204 million (2,305) and EBITA increased by 103 percent to SEK 445 million (219).

In the first quarter, the business situation remained exceptionally strong in the marine segment. Demand was very strong for products and services for solutions that improve the environment. The market situation was favourable in the manufacturing industry and demand was good for products in the forest and process industry in all geographic markets. Net sales increased by 62 percent to SEK 807 million (498) and EBITA increased by 107 percent to SEK 103 million (50).

In the second quarter, sales of products and services for environmental improvement solutions in the marine segment remained at a very high level, while demand for new projects was lower. Operations exposed to the mechanical industry, special vehicles and forest industry showed noted somewhat lower demand, while the business situation in other process industries was favourable. Net sales increased by 74 percent to SEK 865 million (497) and EBITA increased by 164 percent to SEK 134 million (50).

In the third quarter, sales of products and services for environmental improvement solutions in the marine segment remained at a very high level, while demand for new projects was significantly lower. In manufacturing, demand in mechanical industry and special vehicles, as well as in the forest industry was somewhat lower, while the business situation remained stable in other process industries. Net sales increased by 33 percent to SEK 800 million (603) and EBITA increased by 100 percent to SEK 95 million (48).

Sales of products and services for environmental improvement solutions in the marine segment remained favourable in the fourth quarter, while demand for new projects held at a lower level. Organic growth gave very good leverage on the margins while Industrial Process experienced non-recurring effects in the form of service assignments with high margins and currency effects that had a positive impact on profit. Net sales increased by 4 percent to SEK 732 million (707) and EBITA increased by 60 percent to SEK 113 million (71).

POWER SOLUTIONS

During the financial year, the Power Solutions business area's net sales increased by 2 percent to SEK 1,630 million (1,597) and EBITA increased by 4 percent to SEK 231 million (223).

The business situation for Power Solutions varied between different customer and product segments, although demand was generally stable in the first quarter, compared with the first quarter last year. The companies within the business area's largest customer segment, special vehicles, experienced a somewhat declining growth rate in demand for control and ergonomics products, albeit from a very high level. The market situation was favourable for customised batteries and wind power, and demand for products in power supply was stable. Net sales amounted to SEK 417 million (419) and EBITA increased by 14 percent to SEK 65 million (57).

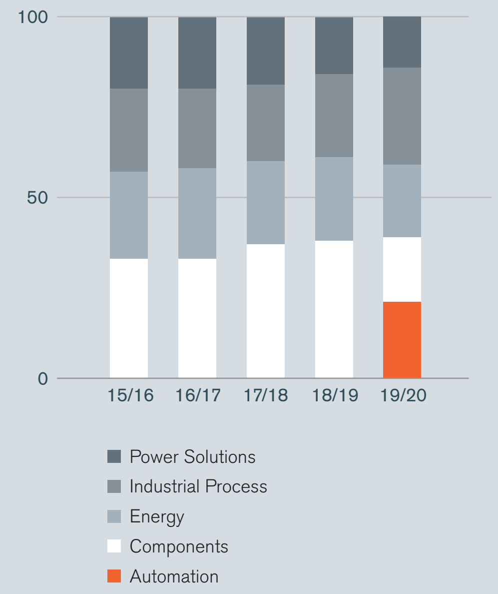
In most of Power Solutions' niche markets, the business situation during the second quarter was good. The market for customised batteries remained highly positive. The special vehicles customer segment experienced demand evening out at a high level. Sales of power supply systems were stable, as was demand for components for the wind power industry. Net sales increased by 6 percent to SEK 402 million (380) and EBITA increased by 10 percent to SEK 62 million (56).

On the whole demand was stable in the third quarter, although the business situation varied between different customer and product segments. The market for customised batteries remained highly positive, while demand in special vehicles continued to be perceived as declining somewhat. Sales of power supply systems were lower, while demand for components for the wind power industry was stable. Net sales amounted to SEK 377 million (384) and EBITA amounted to SEK 36 million (56).

During the fourth quarter, demand was very good for the business area as a whole. For customised battery solutions, the market situation remained highly favourable, particularly in medical technology. The business situation also remained favourable for the units operating in power supply and wind power. Demand for control and ergonomics products in the special vehicles customer segment was favourable, particularly with regard to components for several customers' stocks of spare parts. Net sales increased by 5 percent to SEK 434 million (414) and EBITA increased by 27 percent to SEK 68 million (54).

YEAR

SHARE OF NET SALES, %
Sales by business area



Acquisitions

Addtech is constantly on the lookout for companies to acquire and is engaged in discussions with a number of potential companies. During the financial year Addtech completed 12 acquisitions, diversified in terms of their markets and geographies, where it took control of the acquired operations during the year. All business areas completed acquisitions during the year.

Since becoming a listed company in 2001, Addtech has acquired some 100 companies. The following companies were acquired during the year:

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

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

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

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

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

Profelec Oy
On 3 July, Profelec Oy was acquired in Finland and joined the Energy business area. Profelec is a well-established supplier of professional electronics in Finland and the Baltic states, representing several international brands in the areas of testing and measuring, as well as system components. The company generates annual sales of approximately SEK 6 million and has two employees.

BKC Products Ltd.
On 12 August, BKC Products Ltd. was acquired in the UK and joined the Industrial Process business area. BKC Products mainly supplies products and technical solutions for power transmission and conveyor applications. The company generates annual sales of approximately SEK 12 million and has five employees.

Promector Oy
On 29 August, Promector Oy was acquired in Finland and joined the Automation business area. Promector designs and manufactures unique production line equipment and specialises in the area of pharmaceuticals and diagnostics. The company generates annual sales of approximately SEK 24 million and has 20 employees.

Wireco-NB Oy
On 3 February, Wireco-NB Oy was acquired in Finland and joined the Energy business area. Wireco is a supplier of special cables and cable accessories for industrial and mining applications, mainly in Finland. The company generates annual sales of approximately SEK 23 million and has six employees.

Caligo Industria Oy
On 27 February, Caligo Industria Oy, was acquired in Finland and joined the Industrial Process business area. Caligo develops and supplies flue gas purification and heat recovery systems, primarily for district heating plants and the woodworking industry in the Nordic countries and France. The company generates annual sales of approximately SEK 70 million and has nine employees.

DMC Digital Motor Control GmbH
On 2 March, DMC Digital Motor Control GmbH, was acquired in Germany and joined the Power Solutions business area. DMC designs and manufactures electric motor controllers for battery-powered applications, including electric vehicles. The company generates annual sales of approximately SEK 30 million and has ten employees.

Q-tronic
On 2 March, Q-tronic B.V, was acquired in the Netherlands and joined the Power Solutions business area. Q-tronic provides electrical component solutions and subsystems for electric vehicles, mainly in the Benelux countries. The company generates annual sales of approximately SEK 45 million and has ten employees.

Financial development

NET SALES AND PROFIT

Over the financial year, the net sales of the Addtech Group increased by 16 percent to SEK 11,735 million (10,148). Organic growth amounted to 8 percent and acquired growth amounted to 8 percent, with divestments having a negative effect of 1 percent. Exchange rate changes had a positive effect of 1 percent on net sales, corresponding to SEK 107 million.

EBITA for the financial year amounted to SEK 1,364 million (1,085), representing an increase of 26 percent. The introduction of IFRS 16 affected EBITA positively by SEK 5 million. Over the financial year, operating profit increased by 28 percent to SEK 1,161 million (910) and the operating margin amounted to 9.9 percent (9.0). Net financial items were negative in the amount of SEK 56 million (45) and profit after financial items increased by 28 percent to SEK 1,105 million (865). Profit after tax for the financial year rose by 30 percent to SEK 873 million (672) and the effective tax rate was 21 percent (22). Earnings per share before dilution for the financial year amounted to SEK 12.85 (9.85).

PROFITABILITY, FINANCIAL POSITION AND CASH FLOW

The return on equity at the end of the financial year was 32 percent (29), and return on capital employed was 21 percent (21).

The return on working capital, P/WC (EBITA in relation to working capital), amounted to 56 percent (53).

At the end of the financial year the equity/assets ratio was 36 percent (36). The application of IFRS 16 had a negative effect, with total assets increasing by SEK 624 million. Equity per share, excluding non-controlling interests, amounted to SEK 44.95 (36.80). Consolidated net debt at the end of the year amounted to SEK 2,253 million (1,700), excluding pension liabilities of SEK 332 million (260), including lease liabilities of SEK 627 million from the application of IFRS 16.

The net debt/equity ratio, calculated on the basis of net debt excluding pension provisions but including lease liabilities in accordance with IFRS 16, amounted to 0.7 (0.7).

Cash and cash equivalents, consisting of cash and bank balances together with approved but non-utilised credit facilities, amounted to a combined SEK 2,407 million (566) at 31 March 2020. Before the end of the financial year, additional credits totalling SEK 1,500 million were granted. These became available on 31 March 2020, at which time SEK 200 million was also repaid. As a result, Addtech had a total credit framework of SEK 3,800 million as of 31 March 2020.

Cash flow from operating activities amounted to SEK 1,117 million (524) during the financial year. The application of IFRS 16 resulted in increased cash flow of SEK 154 million from operating activities, while cash flow from financing activities decreased by the corresponding amount since, as a result of the introduction of IFRS 16, the amortisation portion of the leasing fees is recognised as a disbursement in the financing activities. Company acquisitions and disposals, including settlement of contingent purchase considerations for acquisitions implemented in previous years, amounted to SEK 430 million (645). Investments in non-current assets totalled SEK 109 million (94) and disposals of non-current assets amounted to SEK 6 million (12). Dividends from associated companies amounted to SEK 1 million (2). Repurchases of treasury shares amounted to SEK 42 million (38) and repurchases of call options amounted to SEK 23 million (11). Exercised and issued call options totalled SEK 39 million (33). Dividends paid to shareholders of the Parent Company totalled SEK 336 million (269), corresponding to SEK 5.00 (4.00) per share. The dividends were paid out in the second quarter.

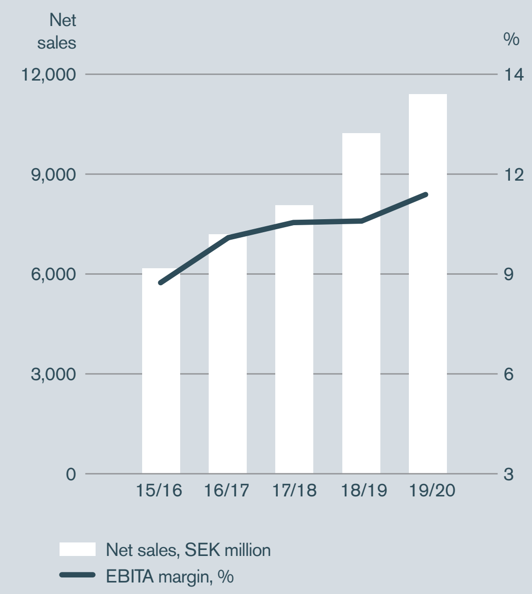
Risks and uncertainties

Business operations are always associated with risk. Addtech's profit and financial position, as well as its strategic position, are affected by various internal factors within Addtech's control and a number of external factors where opportunities to affect the course of events are limited. Effective risk assessment unites Addtech's business opportunities and performance with the demands of shareholders and other stakeholders for stable long-term value growth and control. When assessing the future development of Addtech it is therefore important to consider not only the opportunities for positive development, but also the various risks in the operations. Naturally, not all risk factors can be described in this section, for which reason an overall assessment must also include other information in the annual report, as well as a general assessment of external circumstances.

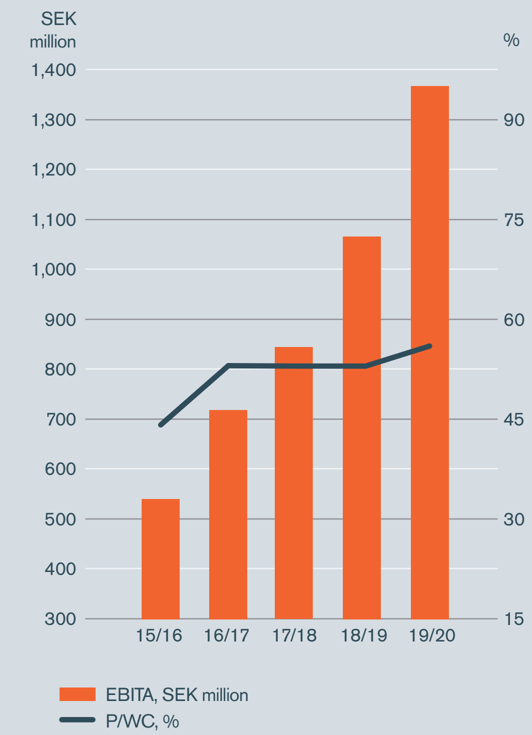
Addtech works with risk management on both a strategic and operational level. Risk management involves identifying and measuring risks and preventing them from occurring, as well as continually making improvements to mitigate future risks. The Addtech Group has guidelines and policies to identify deviations that could develop into risks. The level of risk in the operations is followed up systematically at Board meetings and in monthly reports, in which deviations or risks are identified and remedied. The risk factors of greatest significance to Addtech are the economic situation, or other events affecting the economy, such as the worldwide COVID-19 pandemic, in combination with structural changes and the competitive situation. Addtech is also affected by financial risks, such as transaction exposure, translation exposure, financing and interest rate risk, as well as credit and counterparty risk. See Note 3 for a more detailed description of how Addtech manages financial risks.

The risk of being exposed to various types of IT incidents, that is, the risk that critical data or one or more of the IT systems used is somehow rendered unusable or locked, fails or is destroyed, has greatly increased in recent times. During the year, Addtech was subject to a cyberattack that brought to light the importance of having a detailed IT strategy with a relevant level of security. Following the cyberattack in October, a survey has been conducted of the Group's operational IT risks and a new IT strategy is being implemented.

NET SALES AND EBITA MARGIN



EBITA AND RETURN ON WORKING CAPITAL, P/WC



RISK/DESCRIPTION	ADDTECH'S RISK MANAGEMENT
Economy and market Demand for Addtech's products and services is greatly influenced by macroeconomic factors beyond Addtech's control, such as growth and investment appetite in the manufacturing industry, the state of the economy in general and conditions in the global capital market, or, as during the spring of 2020, pandemic outbreaks that affect the business climate. A weakening of these factors in the markets in which Addtech operates could have adverse effects on its financial position and earnings.	With a large number of subsidiaries focusing on different niche markets and add-on sales of technical service, support and consumables, Addtech may be less sensitive to economic fluctuations in individual industries, sectors and geographical regions. Addtech also strives continuously to develop businesses that are less dependent on a specific market and to align expenses with specific conditions.
Structural changes Globalisation, digitalisation and rapid technological development drive structural change among customers. Developments may increase demand for Addtech's advanced services but can also result in Addtech's customers disappearing through mergers, closures and relocations, to low-cost countries for example.	Addtech's clear and unique added value services with their high technology content, specialisation in advanced technical advisory services, outstanding service and strong presence in niche markets offset price competition, Addtech's competitiveness also enables the Company to deliver beyond its immediate geographical region. Combined with the fact that no customer accounts for more than 3.5 percent of consolidated sales, the Group's exposure to a large number of sectors constitutes a certain degree of protection against adverse impacts on earnings.
Competition Most of Addtech's subsidiaries operate in sectors that are vulnerable to competition. In addition, consolidation may occur among suppliers in the sector, and larger merged suppliers may have a broader offering, which could result in pressure on prices. Future competitive opportunities for the subsidiaries will depend on their ability to be at the leading edge of technology and to respond quickly to new market needs. Increased competition or a decline in the ability of a subsidiary to meet new market needs could have a negative impact on Addtech's financial position and earnings.	Addtech strives to offer products and services for which price is not the sole deciding factor. By working closely with both suppliers and customers, we are continuously developing our know-how and competitiveness. We add value in the form of wide-ranging technological knowledge, reliability of delivery, service and availability, limiting the risk of customers decreasing their demand. To reduce the risk of competition from suppliers, Addtech focuses continuously on ensuring that collaboration with the Group is the most profitable sales strategy.
Environment Changed environmental legislation could affect product sales, goods transports and the way in which our customers use the products. An inability to meet customers' increased environmental requirements can affect sales. There is also a risk that the corporate ID number of a Group subsidiary could entail a historical liability for the company under the Swedish Environmental Code.	Addtech's subsidiaries are primarily engaged in commerce and operations with limited direct environmental impact. The Group conducts limited production. The Group monitors operations and environmental risks through its sustainability reporting and all companies comply with the Group's Code of Conduct. In conjunction with acquisitions, Addtech conducts an analysis of the potential target's corporate ID number to counter the risk of being held liable for historical environmental issues.
Ability to recruit and retain staff Addtech's continued success depends on being able to retain experienced employees with specific skills and to recruit skilled new people. There are a number of key individuals, both among senior executives and among the Group's employees in general. There is a risk exists that one or several senior executives or other key individuals could leave the Group at short notice, for reasons of stress, working environment or development opportunities, for example. In the event that Addtech fails to recruit suitable replacements, or to find skilled new key individuals in the future, this could have a negative impact on Addtech's financial position and earnings.	Addtech prioritises building favourable conditions for employees to develop within the Group and to enjoy their work. The Group's acquisition strategy includes ensuring that key individuals in the companies are highly motivated to continue running their companies independently within the Group. The Addtech Business School is aimed at both new employees and senior executives and serves to increase internal knowledge transfer, promote personal development among employees and develop the corporate culture. The Group's regular employee surveys serve to ascertain how employees view their employers and their work situation, and what might be improved and developed.
Organisation Addtech's decentralised organisation is based on subsidiaries bearing extensive local responsibility for their operations. This imposes high standards on financial reporting and monitoring, with shortcomings in this regard potentially leading to inadequate control of the operations.	Addtech controls its subsidiaries through active board participation, Group-wide policies, financial targets and instructions regarding financial reporting. By being an active owner and monitoring the development of the subsidiaries, risks can quickly be identified and addressed in accordance with the Group's internal guidelines.
Seasonal effects There is a risk that Addtech's operations, earnings and cash flow could be affected by strong seasonal effects driven by customer demand.	No significant seasonal effects are associated with Addtech's sales of high-tech products and solutions to companies in the manufacturing and infrastructure sectors. However, the number of production days, customer demand and the willingness to invest may vary from one quarter to another.

RISK/DESCRIPTION	ADDTECH'S RISK MANAGEMENT
Business ethics and human rights Addtech's continued success is strongly dependent on our good reputation and business ethics. Human rights violations in the Group's own operations or those of its suppliers would have a negative impact on the Group's reputation among employees, customers and other stakeholders and influence demand for the Group's products.	Internally, the Group works with business ethics through initiatives including the Business School and compliance with anti-corruption and human rights regulations is reviewed annually. Addtech's many favourable relationships with carefully selected suppliers reduce the risk of human rights violations occurring among our suppliers. To ensure the Group's high standard regarding business ethics, the Addtech Code of Conduct for Suppliers shall be followed and specific supplier audits be conducted.
Acquisitions and goodwill Historically, Addtech has, for the most part, grown through acquisitions. Strategic acquisitions will continue to represent an important part of our growth. However, there is a risk that Addtech will not be able to identify suitable objects for acquisition due, for example, to competition with other buyers. Expenses attributable to acquisitions may also be higher than expected, and positive impacts on earnings may take longer to realise than expected. The risk of goodwill impairment arises when a business unit under-performs in relation to the assumptions that applied at the time of valuation, and any impairment may adversely affect the Group's financial position and earnings. Further risks associated with acquisitions include integration risks and exposure to unknown commitments.	Addtech has many years of solid experience in acquiring and pricing companies. All potential acquisition targets and their operations are examined carefully before implementing the acquisition. There are well-established procedures and structures for pricing and implementing the acquisition, as well as for integrating the acquired companies. In the agreements, an effort is made to obtain the necessary guarantees limiting the risk of unknown liabilities. The large number of companies acquired entails a significant distribution of risk.
Financial risks The Group is exposed to various financial risks. Currency risk is the risk of exchange rates having an adverse impact on Addtech's financial position and earnings. Transaction exposure is the risk that arises because the Group has incoming and outgoing payments based on payment flows in foreign currencies. Translation exposure arises because the Group, through its subsidiaries, has net investments in foreign currencies. The Group is also exposed to financial risk, that is, the risk that financing of the Group's capital requirements is made more difficult or expensive. Interest rate risk is the risk that unfavourable changes in interest rates have an adverse impact on Addtech's financial position and earnings.	Addtech strives for structured and efficient management of the financial risks that arise in its operations, in accordance with the financial policy adopted by the Board of Directors. The financial policy expresses the ambition of identifying, minimising and controlling financial risks, and establishes responsibility for managing how such risks are to be delegated within the organisation. The aim is to minimise the impact of financial risks on earnings. See Note 3 for a more detailed description of how Addtech manages financial risks.
Suppliers and customers To deliver products, Addtech is dependent on the ability of external suppliers to fulfil agreements in terms of volume, quality, delivery date, etc. Deliveries that are erroneous or delayed, or that do not occur, may have an adverse impact on Addtech's financial position and earnings. Addtech's reputation is also dependent on its suppliers' ability to maintain a high level of business ethics, in terms of, for example, human rights, working conditions and the environment. Agreements with customers vary, for example in terms of contract length, warranties and limitations of liability. In some supplier relationships there are no written supplier agreements, which could result in legal uncertainty regarding the content of the agreement.	Addtech's numerous and favourable relationships with carefully selected suppliers reduce the risk of Addtech not being able to deliver as promised. To ensure the Group's high standard regarding business ethics, the Addtech Code of Conduct for Suppliers shall be followed. Most of the companies also perform specific supplier reviews. In a longer-term perspective, Addtech is not dependent on any individual supplier or customer. Addtech's largest customer accounts for about 3.5 percent of consolidated net sales.
IT security and cyber risks Throughout society, the digital risks are continuously rising Like most companies, Addtech and its subsidiaries rely on various information systems and other technologies to manage and develop their operations. Unplanned outages and cyber security incidents, such as data breaches, viruses, sabotage and other cyber crimes, can result in both loss of revenue and loss of reputation. IT events or cyber incidents among third parties, including suppliers or customers, can affect Addtech's capacity to deliver products and services and to generate profits.	To safeguard stable IT environments and prevent incidents, Addtech conducts regular risk assessments, as well as maintaining and reviewing IT security at both the Group and subsidiary levels. The major cyberattack that Addtech suffered at the end of 2019 served as key lessons regarding the Group's capacity to systematically identify, analyse and assess IT risks. By maintaining access to both internal and external resources it is possible to cut the time needed to respond to and rectify unplanned IT disruptions. Addtech also engages external cyber security experts to ensure that the level of security is continuously adjusted and updated on the basis of prevailing threat scenarios and customers' increasing cyber security demands.

Employees and development

EMPLOYEES

At the end of the financial year, the Group had 2,981 employees, compared with 2,759 at the beginning of the financial year. During the financial year, completed acquisitions increased the number of employees by 170. Over the past 12-month period, there were an average 2,913 employees.

	2019/2020	2018/2019	2017/2018
Average number of employees	2,913	2,590	2,283
Proportion of men	74%	74%	74%
Proportion of women	26%	26%	26%
Age distribution up to 29 years	11%	11%	10%
30-49 years	48%	48%	50%
50 and older	41%	41%	40%
Average age	45 years	46 years	46 years
Personnel turnover	10%	12%	12%
Average length of employment	About 9 years	About 9 years	About 10 years

RESEARCH AND DEVELOPMENT

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

Principles for remuneration of senior executives

The Board of Directors has resolved to propose that the Annual General Meeting in August 2020 approve new guidelines for the remuneration of senior executives:

The guidelines shall apply to remunerations agreed after the 2020 Annual General Meeting and to changes after that time to previously agreed remunerations. The guidelines do not cover remunerations determined by the Annual General Meeting. For employment relationships subject to non-Swedish regulations, appropriate adjustments may be made regarding pension benefits and other benefits to comply with mandatory regulations or established local practices and to satisfy, as far as possible, the overall intention of those guidelines.

The guidelines shall apply to the remuneration of the CEO and other members of Addtech's Group Management. The guidelines also apply to Board members to the extent that they receive remuneration for services rendered to the company beyond their Board assignments. Where appropriate, the provisions applicable to the company also apply for the Group.

How the guidelines foster the company's business strategy, long-term interests and sustainability

Successfully implementing the company's business strategy and advancing its long-term interests, including its sustainability, require Addtech to recruit and retain qualified employees. This requires the company to be able to offer competitive overall compensation, which these guidelines allow. Overall remuneration shall be market-based and competitive and shall be set in relation to responsibilities and powers.

The forms of compensation, etc.

Remuneration shall be market-based and include the following components: fixed salary, any variable salary under separate agreements, pensions and other benefits. In addition, the Annual General Meeting may, independently of these guidelines, determine share and share price-related remunerations.

Fixed salary

Fixed salary shall consist of fixed cash salary and shall be reviewed annually. The fixed salary shall be competitive and reflect the requirements of the position in terms of expertise, responsibility, complexity and the manner in which the position contributes to the achievement of business objectives. The fixed salary shall also reflect the executive's performance and should therefore be specific to each individual and differentiated.

Variable salary

In addition to fixed salary, the CEO and other senior executives may from time to time and in accordance with separate agreements, receive variable salary on meeting pre-agreed criteria. Any variable salary shall consist of annual cash salary and may not exceed 40 percent of fixed annual salary. In addition, an additional premium of 20 percent may be paid on variable salary used by the executive to acquire shares in Addtech AB.

To avoid unhealthy risk-taking, there should be a fundamental balance between fixed and variable remuneration. Fixed salary shall account for a sufficient portion of the senior executive's total remuneration to allow the variable portion to be reduced to zero. Variable salary shall be tied to one or more predetermined and measurable financial criteria established by the Board of Directors, such as the Group's earnings growth, profitability and cash flow. By linking the remuneration of senior executives to the company's results, variable remunerations promote the implementation of the company's business strategy, long-term value creation and competitiveness. The terms and calculation bases for variable salary are to be determined for each financial year. Compliance with variable salary payment criteria shall be measurable over a period of one financial year. Variable salary is settled in the year after which it was earned.

At the end of the measurement period for compliance with variable salary criteria, the extent to which the criteria have been shall be assessed. The Board of Directors is responsible for the assessment of variable cash remuneration for the CEO. The CEO is responsible for the assessment of variable cash remunerations to other senior executives. Where financial targets are applied, the assessment shall be based on the financial information most recently published by the company.

The terms for variable salary may be designed such that, under exceptional economic circumstances, the Board of Directors retains the option of limiting variable salary or refraining from paying it if such a measure is deemed reasonable. In designing variable remunerations for senior management, the Board of Directors shall consider introducing reservations that (i) condition the payment of certain portions of such remuneration to the services on which the vesting is based proving sustainable over time, and (ii) allow the company to recover any such remuneration disbursed based on information subsequently proven to be manifestly incorrect.

Additional variable cash compensation may be paid under extraordinary circumstances, provided that such extraordinary arrangements are limited in time and are made only at the individual level, for the purpose of either recruiting or retaining executives, or as compensation for services rendered beyond the ordinary duties of the individual. Such remuneration may not exceed an amount equal to 40 percent of fixed annual salary and shall not be paid more than once a year and per individual. Such remunerations shall be approved by the Board of Directors following a proposal by the Remuneration Committee.

Pension

For the CEO and other senior executives, pension benefits are paid in accordance with individual agreements. As a general rule, pension benefits, including health insurance, shall take the form of defined-contribution solutions, the amount of pension disbursed being determined by the outcome of the pension insurance policies taken out. Defined-benefit pension solutions may occur in individual cases, however. Variable salary can be pensionable. Premiums for defined-contribution pension solutions shall not exceed 40 percent of pensionable salary. Pensionable salary corresponds to fixed monthly salary multiplied by a factor of 12,2 and, where appropriate, variable salary. Wage waivers can be used to enhance occupational pension by means of individually determined pension provisions, provided that the total cost to the company is rendered neutral.

Other benefits

Other benefits, potentially including a company car, travel benefits, supplementary health and care insurance, as well as occupational health and wellness allowances, shall be market-based and constitute only a limited part of the total remuneration. Premiums and other costs related to such benefits may total at most 10 percent of fixed annual salary.

Terms and conditions of termination

All senior executives must observe a notice period of six months. In the event of termination by the company, a notice period of at most 12 months shall apply. In the event of termination by the company, senior executives may (in addition to salary and other employment benefits during the period of notice) be entitled to severance pay equal to at most 12 months' fixed salary. This severance pay is not offset against other income. No severance pay shall be paid in the event of resignation by the employee.

In addition to severance pay, compensation for any restriction of competition may be paid. Such compensation shall compensate for any loss of income and shall be paid only to the extent that the former executive is not entitled to severance pay. This compensation shall be based on the fixed salary at the time of dismissal and shall not exceed 60 percent of the fixed salary at the time of termination (subject to mandatory collective agreement provisions) and shall be paid for the period of the commitment to restrict competition, which shall not extend beyond 12 months after the termination of employment.

Remuneration of Board members

In specific cases, it shall be possible, for a limited period of time, to pay elected members of Addtech's Board of Directors for work within their respective areas of expertise that does not constitute Board work. Market-based fees shall be payable for such work (including services performed through a company wholly owned by the Board member), provided that such work contributes to the implementation of Addtech's business strategy and the safeguarding of the company's long-term interests, including its sustainability. Such consultancy fees may never exceed the annual Board fee paid to each Board member.

Salary and conditions of employment for employees

In preparing the Board's proposal for these remuneration guidelines, the remuneration and conditions of employment of the company's employees have been considered. This has been done by including information on employees' overall remuneration, the components of that remuneration, as well as increases in remuneration and the rates of increase over time, in the decision-making processes of the Remuneration Committee and Board of Directors in assessing the fairness of the guidelines and the limitations they impose.

Preparation and decision-making process

The Board of Directors has resolved to establish a Remuneration Committee. The Committee's tasks include preparing principles for the remuneration of senior executives and the proposed guidelines for the remuneration of senior executives approved by the Board of Directors. The Board of Directors shall draw up proposals for new guidelines at least every four years and submit its proposals for adoption by the Annual General Meeting. The guidelines shall apply until new guidelines are adopted by the General Meeting. The Remuneration Committee shall also monitor and evaluate programmes for variable remunerations for senior executives, the application of guidelines for the remuneration of senior executives and current remuneration structures and levels within the company. Remunerations for the CEO shall be determined by the Board of Directors following preparation and recommendation by the Remuneration Committee within a framework of approved principles. Following proposals by the CEO, the Remuneration Committee determines remunerations for other members of Group Management. The Board of Directors is informed of the Remuneration Committee's decisions. The Board of Directors does not address or determine matters of remuneration not involving the CEO or other senior executives, to the extent that they are affected by such matters.

Share-based incentive programmes determined by the Annual General Meeting

Each year, the Board of Directors shall assess the need for share-based incentive programmes and, if necessary, submit proposals for resolution by the Annual General Meeting. Decisions on possible share and share price-related incentive programmes aimed at senior executives shall be made by the Annual General Meeting and shall contribute to long-term value growth.

Departure from the guidelines

In individual cases and where there are specific reasons for doing so, and where a deviation is necessary to satisfy the company's long-term interests (including its sustainability) or to safeguard the company's financial viability, the Board of Directors may decide to partially or entirely waive these guidelines. As stated above, the Remuneration Committee's is tasked with preparing decisions by the Board of Directors on matters of remuneration, including decisions on deviations from the guidelines. Decisions on deviations from the guidelines shall be presented at the ensuing Annual General Meeting.

For further information on remuneration to senior executives, see also Note 6 Employees and personnel expenses.

Dividend

Addtech's dividend policy is to propose a dividend that exceeds 30 percent of average Group profit after tax over a business cycle. In proposing a dividend, the Group's equity, long-term financing and investment needs, growth plans and other factors are taken into account that the Company's Board of Directors consider important.

The Board of Directors has resolved to propose dividend of SEK 4.00 (5.00) per share to the Annual General Meeting in August 2020. The dividend corresponds to a total of SEK 269 million (336), corresponding to a payout ratio of 31 (51) percent.

Parent Company

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

The Parent Company's net sales for the financial year amounted to SEK 71 million (62) and its loss after financial items was SEK 41 million (16). Net investments in non-current assets were SEK 0 million (0). The Parent Company's net financial liabilities were SEK 341 million (175) at the end of the year.

Future prospects and events after the reporting period

FUTURE PROSPECTS

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

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

We have a favourable underlying momentum in the Group, with good positions in structurally driven areas of development, such as energy conversion and electrification. In times of crisis, companies with stable business models and strong financial circumstances are able to benefit from new opportunities that arise. For this reason, it is important that we continue to focus on our long-term objectives.

As reported under the section Risks and uncertainties above (Pages 42-43), risks for various types of IT incidents have increased recently. The outbreak of the COVID-19 pandemic in the first quarter of 2020 also has a significant impact on the business, see further details under Events following the close of the financial year below.

The risk and uncertainty factors are otherwise the same as in earlier periods. The Parent Company is indirectly affected by the above risks and uncertainties through its function in the Group.

EVENTS FOLLOWING THE CLOSE OF THE FINANCIAL YEAR

The COVID-19 pandemic that erupted during the fourth quarter of the financial year had initially limited impact on the Group's operations. Addtech continues to follow the recommendations of the relevant authorities and takes relevant health precautions to protect staff and reduce the spread of infection in society. The pandemic affects the entire world market and will also affect Addtech in the coming financial year. There are challenges in the supply chain and uncertainties exist about our customers' ability to keep their businesses running at full capacity. We prepare and take measures on an ongoing basis to be able to act quickly and meet a decrease in sales. All companies in the Group have prepared action plans and cost-cutting programs ready to be executed to protect earnings, liquidity and cash flow.

At the time of writing, approximately 120 of the Group's total approximately 3,000 employees have been notified of redundancy and a further 800 employees are affected by short-term lay-offs. Sales in the first quarter of 2020/2021 is estimated to have been negatively affected by approximately 7 percent compared to sales in the first quarter previous year due to the current pandemic. Sales for the first quarter totaled SEK 2,805 million (2,934), a decrease of 4 percent of which 7 percent organically, with an operating margin of 8.7 percent (10.0).

On 1 April, Elkome Group Oy was acquired in Finland and joined the Automation business area. Elkome develops, integrates and delivers solutions for applications in industrial IoT, primarily targeting industrial production, smart solutions for sustainable cities and infrastructure. Solutions include customised computer systems, info kiosks, test systems, software, sensors and industrial communications. The company generates annual sales of approximately EUR 8 million and has 38 employees.

On 2 April, Peter Andersson AB was acquired in Sweden and joined the Energy business area. Andersson System provides electrical accessories for office and kitchen environments in Sweden and Norway, both as trade products and as products developed in-house. These products are sold via retailers in office furniture, office equipment, AV equipment, computer accessories and kitchen fittings. The company generates annual sales of approximately SEK 30 million and has nine employees.

On 8 April, the company Valutec Group AB was acquired in Sweden and joined the Industrial Process business area. Valutec is one of the world's leading manufacturers of wood dryers for the forest industry. The company generates annual sales of approximately SEK 350 million and has 45 employees.

Proposed allocation of earnings 2019/2020

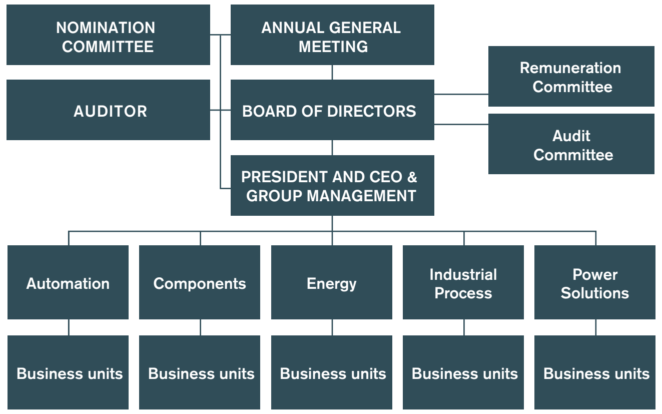
The following amounts are at the disposal of the Annual General Meeting of Addtech AB:	**2019/2020**
Retained earnings	SEK 228 million
Profit for the year	SEK 209 million
TOTAL	**SEK 437 million**
The Board of Directors and the CEO propose that the funds available be allocated as follows:	
That a dividend of SEK 4.00 per share be paid to shareholders*	SEK 269 million
To be carried forward	SEK 168 million
TOTAL	**SEK 437 million**

* Calculated based on the number of shares outstanding at 30 June 2020. The total dividend payout may change if the number of repurchased treasury shares changes prior to the proposed dividend record date of 1 September 2020.

Corporate governance

PRINCIPLES OF CORPORATE GOVERNANCE

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



COMPLIANCE WITH THE SWEDISH CODE OF CORPORATE GOVERNANCE

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

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

COMPLIANCE WITH APPLICABLE EXCHANGE RULES

No violations of applicable exchange rules occurred in 2019/2020 and Addtech's operations were conducted in accordance with generally accepted stock market practices.

SHARES AND SHAREHOLDERS

Addtech AB's share register is maintained by Euroclear Sweden AB. According to this share register, Addtech had 6,208 shareholders as of 31 March 2020, with a total 68,198,496 shares divided into 3,229,500 Class A shares, conveying ten votes apiece, and 64,968,996 Class B shares, conveying one vote apiece. There were 97,263,996 votes in total. More information regarding Addtech's share and shareholders can be found in the Addtech share section of this Annual Report.

KEY EVENTS IN 2019/2020

The resolutions of Addtech's Annual General Meeting were announced on 29 August 2019, which included a dividend of SEK 5.00 per share, amounting to a dividend payout ratio of 51 percent and corresponding to SEK 336 million in total.

On 30 October 2019, Addtech suffered an extensive cyber attack, burdening EBITA for the financial year by a total of approximately SEK 100 million. More information on the cyber attack can be found in the administration report on page 37.

In February 2020, the Board of Directors decided to clarify the company's long-term Sustainability Vision 2030, which supports the Paris Agreement and the UN's 2030 Agenda for Sustainable Development.

In March, the Deputy CEO of the company, Anders Claeson, retired.

During the financial year, a total of 12 acquisitions were conducted, adding annual sales of approximately SEK 740 million.

ARTICLES OF ASSOCIATION

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

ANNUAL GENERAL MEETING

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

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

2019 ANNUAL GENERAL MEETING

Addtech's Annual General Meeting was held on Thursday, 29 August 2019 in Stockholm. The meeting was attended by 159 shareholders, in person or by proxy. They represented 67.31 percent of the total number of votes and 55.29 percent of the capital. Anders Börjesson, Chairman of the Board, was elected Chairman of the Meeting.

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

The Annual General Meeting resolved the following:

- That a dividend of SEK 5.00 per share be paid.
- To re-elect Board members Anders Börjesson, Eva Elmstedt, Kenth Eriksson, Malin Nordesjö, Ulf Mattsson, Johan Sjö and Henrik Hedelius. To elect Anders Börjesson as Chairman of the Board.
- To re-elect registered auditing firm KPMG AB for a period of one year.
- The Annual General Meeting approved guidelines for the remuneration of senior executives in accordance with the Board of Directors' proposal.
- The Annual General Meeting resolved, in accordance with the Board of Directors' proposal, to issue call options on repurchased shares and to transfer repurchased shares to executives.
- Prior to the next Annual General Meeting, the Board of Directors is authorised to acquire a quantity of Class B shares, such that the Company's holding of own its shares does not, at any given time, exceed 10 percent of the total number of shares in the Company.

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

2020 ANNUAL GENERAL MEETING

Addtech's 2020 Annual General Meeting will be held on Friday, 28 August at IVA in Stockholm. For further information regarding the 2020 Annual General Meeting, see Addtech's website, www.addtech.com

DUTIES OF THE NOMINATION COMMITTEE

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

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

In preparation for the 2020 Annual General Meeting, the Nomination Committee held 4 minuted meetings. The Nomination Committee's complete proposal to the Annual General Meeting is presented in the notice convening the Meeting and on the Company's website.

COMPOSITION OF THE NOMINATION COMMITTEE

The Annual General Meeting has resolved that the following principles shall apply until further notice. Accordingly, the Annual General Meeting does not adopt such principles and determine the duties of the Nomination Committee annually unless the actual principles or duties are to be amended. The Nomination Committee intends to propose revised principles at the 2020 Annual General Meeting. The Nomination Committee comprises representatives of the five largest shareholders in terms of votes at the end of the calendar year (grouped by owner as per 31 December) and the Chairman of the Board, who is also tasked with convening the first meeting of the Nomination Committee. From among its number, the Nomination Committee appoints a chairman. The composition of the Nomination Committee shall be announced publicly at the latest six months prior to the Annual General Meeting.

In accordance with this, the following individuals were appointed as members of the Nomination Committee on 31 December 2019: Anders Börjesson, Chairman of the Board (appointed by Tisenhult Invest), Tom Hedelius (appointed by the Hedelius family), Åsa Nisell (appointed by Swedbank Robur Fonder), Per Trygg (appointed by SEB Investment Management) and Mats Gustafsson (appointed by Lannebo Fonder). The composition of the Nomination Committee was presented in connection with publication of the third quarter report on of 5 February 2020. Henrik Hedelius replaced Tom Hedelius as the representative for the Hedelius family on the Nomination Committee in March 2020.

The composition of the Nomination Committee agrees with the principles set out by the Annual General Meeting. Of the members of the Nomination Committee, two are Board members and also dependent in relation to the Company's major shareholders, which is a deviation from Rule 2.4 of the Code, requiring, if more than one Board member is a member of the Nomination Committee, that at most one of them may be dependent in relation to the Company's major shareholders. The Nomination Committee has deemed it appropriate that two Board members are included in the Nomination Committee and that both of these are dependent in relation to major shareholders since they represent the Group's two largest groups of shareholders and are also highly familiar with both the Company and other shareholders. The chairman of the Nomination Committee is Anders Börjesson, who is also Chairman of the Board, representing a deviation from rule 2.4 of the Code, stating that the chairman of the Nomination Committee shall not be a Board member in the Company. The Nomination Committee has deemed it appropriate that the chairman of the Nomination Committee be the member representing the largest group of shareholders, who is also highly familiar with both the Company and other shareholders.

Members of the Nomination Committee

The Nomination Committee in preparation for the 2020 Annual General Meeting (was appointed by the largest shareholders in terms of votes as of 31 December 2019).

Name	Representing	Share of votes, % 31 Dec 2019
Anders Börjesson (Chairman)	Holders of Class A shares for Tisenhult Invest	15.8
Henrik Hedelius	Holders of Class A shares for the Hedelius family	15.2
Åsa Nisell	Swedbank Robur Fonder	5.7
Per Trygg	SEB Investment Management	5.6
Mats Gustafsson	Lannebo Fonder	3.6
TOTAL		**45.9**

DUTIES OF THE BOARD OF DIRECTORS

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

Composition of the Board of Directors

In accordance with the Articles of Association, the Board of Directors shall consist of at least three and at most nine members. Members serve from the close of the Annual General Meeting at which they are elected until the close of the ensuing Annual General Meeting. There is no limit to the number of periods for which a member can sit on the Board of Directors consecutively. The 2019 Annual General Meeting re-elected Board members Anders Börjesson, Eva Elmstedt, Kenth Eriksson, Ulf Mattsson, Malin Nordesjö, Johan Sjö and Henrik Hedelius. Anders Börjesson was elected as Chairman of the Board. A presentation of the Board members is provided in the Board of Directors section in this Annual Report and on the Company's website.

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

Independence of the Board of Directors

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

Rules of procedure

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

Duties of the Chairman of the Board

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

Work of the Board of Directors in 2019/2020

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

The Board of Directors held 12 meetings over the financial year, of which 4 were held before the 2019 Annual General Meeting and 8 following the Annual General Meeting. The following table shows the Board members' attendance:

Board member	Elected	Born	Board attendance, total number of meetings*	Remuneration Committee attendance, total number of meetings	Audit Committee attendance, total number of meetings**	Independent in relation to the Company	Independent in relation to the Company's major shareholders	Total remuneration, SEK
Anders Börjesson (Chairman)	2001	1948	12(12)	1 (1)	4 (4)	Yes	No	790,000
Eva Elmstedt	2005	1960	12(12)	1 (1)	4 (4)	Yes	Yes	420,000
Johan Sjö	2008	1967	12(12)		4 (4)	No	Yes	370,000
Ulf Mattsson	2012	1964	12(12)		4 (4)	Yes	Yes	370,000
Malin Nordesjö	2015	1976	12(12)		4 (4)	Yes	No	370,000
Kenth Eriksson	2016	1961	12(12)		4 (4)	Yes	Yes	370,000
Henrik Hedelius	2017	1966	12(12)		4 (4)	Yes	No	370,000

* Number of meetings attended by the member, including the statutory meeting.
** The Audit Committee comprises the Board of Directors in its entirety. Its work is performed as an integral part of the work of the Board of Directors.

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

Other Company officials participate in Board meetings to present specific matters or if otherwise deemed appropriate.

The company's CFO acts as the Board of Directors' secretary and as the secretary of the Nomination Committee. The Board of Directors addressed the following at its meetings:

- Approval of significant policies, including the Board of Directors' rules of procedure, attestation policy, financial policy, Code of Conduct, insider policy, communication policy and dividend policy.
- Strategic focus and significant targets, as well as an updated vision for sustainability.

- Key issues involving optimisation of capital structure, financing, dividends, repurchasing of the Company's own shares, investments, acquisitions and disposals of operations.
- Follow-up and control of operations, financial development, disclosure of information and organisational matters.
- Review and report by the Company's external auditors.
- Review with the auditors without the presence of Group Management for assessment of the CEO and Group management.
- Assessment of the work of the Board of Directors. Each year, the Chairman of the Board initiates and directs this assessment.
- Approval of interim reports, the Year-end Report and the Annual Report.
- An extraordinary Board meeting addressed the data breach to which the Group was exposed on 30 October 2019.
- Two extraordinary Board meetings in the spring of 2020 addressed the impact on the Group of the Coronavirus pandemic.

Assessment of the work of the Board of Directors

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

Remuneration Committee

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

Audit Committee

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

In connection with the adoption of the 2019/2020 annual accounts, the Board of Directors was briefed by the Company's external auditors and presented with their report. At this meeting, the Board of Directors was also briefed by the auditors without the presence of the CEO or other members of Company management.

AUDITOR

In accordance with the Articles of Association, a registered auditing firm must be elected as auditor. The 2019 Annual General Meeting elected KPMG AB as the Company's auditor until the close of the 2020 Annual General Meeting. Authorised Public Accountant Joakim Thilstedt is the Principal Auditor, and is assisted by Jonas Eriksson.

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

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

Quarterly review by auditors

During the 2019/2020 financial year, Addtech's six-month or nine-month report was not reviewed by Addtech's external auditors, representing a deviation from rule 7.6 of the Code. Having consulted the Company's external auditors on the matter, the Board of Directors does not believe that any benefit and additional expense for the Company for increased quarterly review by the auditors can be justified.

Elected auditor KPMG AB

JOAKIM THILSTEDT
Principal Auditor
Authorised Public Accountant, Stockholm. Born 1967. Joakim Thilstedt has been the Principal Auditor for the Addtech Group since 2016/2017 and is also the Principal Auditor for ÅF Pöyry, Ahlsell, Nordic Entertainment Group and LE Lundbergföretagen.

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

CORPORATE GOVERNANCE

CHIEF EXECUTIVE OFFICER AND GROUP MANAGEMENT

CEO Niklas Stenberg directs the operations in accordance with the Swedish Companies Act and the frameworks established by the Board of Directors. In consultation with the Chairman of the Board, the CEO prepares the data and information needed by the Board of Directors to reach decisions at Board meetings, as well as giving presentations and motivating proposed decisions. The CEO directs the work of Group Management and makes decisions in consultation with other members of Group Management. At the end of the 2019/2020 financial year, Group Management consisted of Niklas Stenberg (CEO), Malin Enarson (CFO), Patrik Klerck (Business Area Manager Automation), Martin Fassl (Business Area Manager Components), Hans Andersén (Business Area Manager Energy), Claus Nielsen (Business Area Manager Industrial Process) and Per Lundblad (Business Area Manager Power Solutions). Group management regularly reviews operations at meetings headed by the CEO.

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

REMUNERATION OF SENIOR EXECUTIVES

The principles for the remuneration of senior executives at Addtech are adopted by the Annual General Meeting. Senior executives comprise the CEO and other members of Group Management. The 2019 Annual General Meeting approved the Board of Directors' proposal regarding guidelines for the remuneration for senior executives. These guidelines are essentially consistent with the principles previously applied.

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

For further details regarding remuneration for senior executives, please see Note 6 of this Annual Report. The principles for the remuneration of senior executives approved by the Annual General Meeting were adhered to during the financial year. The Board of Directors intends to propose revised principles for the remuneration of senior executives at the 2020 Annual General Meeting.

Long-term incentive schemes

At the end of the financial year, Addtech had four call option programmes outstanding, involving a total 1,007,000 Class B shares. The purpose of long-term incentive schemes is to enable Group executives, through an investment of their own, to participate in and work for a favourable trend in the value of the Company's shares.

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

Remuneration to the Board of Directors and auditors

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

In accordance with the resolution of the 2019 Annual General Meeting, Board fees are to total SEK 3,060,000and are to be distributed as follows: SEK 740,000 to the Chairman of the Board, SEK 370,000 to each of the other Board members appointed by the Annual General Meeting and SEK 50,000 to each member of the Remuneration Committee. For further details of Board fees, see Note 6 in this Annual Report.

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

OPERATING ORGANISATION AND MANAGEMENT

During the 2019/2020 financial year, Addtech was organised into the following five business areas: Automation, Components, Energy, Industrial Process and Power Solutions. The division into business areas reflects Addtech's internal organisation and reporting system.

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

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

CORPORATE GOVERNANCE

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

Board of Directors

Disclosures of shareholdings and call options pertain to 31 May 2020.

ANDERS BÖRJESSON

Chairman of the Board

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

EVA ELMSTEDT

Board member

Bachelor of Economics and Computer Science. Born 1960. Board member since 2005. Other board assignments: Chairman of the Board of Proact IT Group. Board member at Arjo, Gunnebo, Semcon and Smart Eye. Professional experience: Senior positions at, for example, Nokia Networks, Ericsson and mobile operator 3. Shareholding: 21,189 Class B shares (including related parties).

KENTH ERIKSSON

Board member

M. Eng. and MBA Born 1961. Board member since 2016. Other board assignments: Chairman of the Board at Concentric. Board member at Technology Nexus. Professional experience: CEO of Tradimus and senior positions within Electrolux. Partner at Athanase Industrial Partner. Shareholding: 59,100 Class B shares.

HENRIK HEDELIUS

Board member

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

ULF MATTSSON

Board member

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

MALIN NORDESJÖ

Board member

M.Sc. Econ. Born 1976. Board member since 2015. Other board assignments: Board member at Bergman & Beving and at a number of companies in Tisenhult-gruppen. Professional experience: Senior positions at Tisenhult-gruppen and Tritech Technology. Shareholding: 19,502 Class B shares.

JOHAN SJÖ

Board member

M.Sc. Econ. Born 1967. Board member since 2008. Other Board assignments: Chairman of the Boards of AddLife, Momentum Group, OptiGroup and Prosero Security Group. Board member at Camfil and M2 Asset Management. Professional experience: CEO of Addtech AB and senior positions within Bergman & Beving and previously within Alfred Berg/ABN Amro. Shareholding: 10,080 Class A shares, 30,000 Class B shares. Call options equivalent to 25,500 shares.

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

Group Management

Disclosures of shareholdings and call options pertain to 31 May 2020.

NIKLAS STENBERG

Bachelor of Laws

President and CEO. Born 1974. Employed by the Group since 2010. Professional experience: Various senior positions within Addtech and Bergman & Beving and previously as a lawyer. Shareholding: 44,034 Class B shares. Call options equivalent to 69,500 shares (including related parties).

MALIN ENARSON

M.Sc. Econ.

CFO Born 1973.
Employed by the Group since 2004. Professional experience: Business Controller Addtech Power Solutions, several accountancy roles at Addtech, auditor at Mazars (SET) Revisionsbyrå.Shareholding: 4,482 Class B shares. Call options equivalent to 34,500 shares (including related parties).

HANS ANDERSÉN

Electric Power Engineer

Business Area Manager, Energy. Born 1961. Employed by the Group since 2006. Professional experience: CEO and owner of AB Gevea and Business Unit Manager, Energy Supply. Shareholding: 90,292 Class B shares. Call options equivalent to 66,000 shares (including related parties).

MARTIN FASSL

M.Sc. Econ

Business Area Manager, Components. Born 1960. Employed by the Group since 1994. Professional experience: Various senior positions within Addtech and Bergman & Beving. Shareholding: 46,745 Class B shares. Call options equivalent to 42,500 shares (including related parties).

PATRIK KLERCK

M.S c Mechanical eng.

Business Area Manager, Automation Born 1969. Employed by the Group since 1995. Professional experience: Various senior positions within Addtech and Bergman & Beving. Shareholding: 16,258 Class B shares. Call options equivalent to 55,000 shares (including related parties).

PER LUNDBLAD

Mechanical Engineer and Market Economist DIHM

Business Area Manager, Power Solutions Born 1967. Employed by the Group since 2008. Professional experience: CEO and partner at Emcomp International AB Business Unit Manager, Power Systems. Shareholding: 3,930 Class B shares. Call options equivalent to 37,500 shares (including related parties).

CLAUS NIELSEN

Export Technician

Business Area Manager Industrial Process. Born 1969. Employed by the Group since 1994. Professional experience: Various senior positions within Addtech and Bergman & Beving. Shareholding: 6,781 Class B shares. Call options equivalent to 34,500 shares (including related parties).

Systems for internal control and risk management in financial reporting

INTERNAL CONTROL

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

CONTROL ENVIRONMENT

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

RISK ASSESSMENT

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

CONTROL ACTIVITIES

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

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

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

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

INFORMATION AND COMMUNICATIONS

Governing guidelines, policies and instructions are accessible from internal digital fora, such as Teams. Codes of Conduct are available publicly on the Addtech website. These documents are updated on an ongoing basis as needs arise. Amendments are communicated separately by e-mail and at meetings for those concerned.

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

REVIEW

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

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

INTERNAL AUDIT

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

FINANCIAL STATEMENTS 2019/2020

Consolidated income statement

SEK million	Note	2019/2020	2018/2019
Net sales	4, 5	11,735	10,148
Cost of sales		-8,088	-7,025
GROSS PROFIT		**3,647**	**3,123**
Selling expenses		-1,869	-1,677
Administrative expenses		-707	-565
Other operating income	9	111	47
Other operating expenses	9	-26	-21
Profit from participations in associated companies		5	3
OPERATING PROFIT	3-10, 16	**1,161**	**910**
Financial income	11	6	5
Financial expenses	11	-62	-50
NET FINANCIAL ITEMS		**-56**	**-45**
PROFIT BEFORE TAX		**1,105**	**865**
Tax	13	-232	-193
PROFIT FOR THE YEAR		**873**	**672**
Attributable to:			
Parent Company shareholders		862	660
Non-controlling interests		11	12
Earnings per share before dilution (SEK)	30	12.85	9.85
Earnings per share after dilution (SEK)	30	12.80	9.80
Average number of shares after repurchases ('000s)		67,123	67,047
Number of shares at end of period after repurchases (thousands)		67,149	67,057

Consolidated statement of comprehensive income

SEK million	2019/2020	2018/2019
Profit for the year	873	672
Items that may later be reversed in the income statement		
Changes for the year in fair value of cash flow hedges	2	0
Translation differences for the year on translation of foreign operations	59	37
Tax attributable to items that may later be reversed in the income statement	-1	0
Items that may not be reversed in the income statement		
Revaluations of defined benefit pension plans	-12	-31
Tax attributable to items that may not be reversed in the income statement	3	7
OTHER COMPREHENSIVE INCOME	**51**	**13**
COMPREHENSIVE INCOME FOR THE YEAR	**924**	**685**
Attributable to:		
Parent Company shareholders	910	672
Non-controlling interests	14	13

Consolidated balance sheet

SEK million	Note	31 Mar 2020	31 Mar 2019
ASSETS			
NON-CURRENT ASSETS			
Intangible non-current assets	14	3,240	2,953
Property, plant and equipment	15	310	270
Right-of-use assets	16	626	-
Deferred tax assets	13	27	20
Other financial assets		37	25
TOTAL NON-CURRENT ASSETS		**4,240**	**3,268**
CURRENT ASSETS			
Inventories	18	1,642	1,417
Tax assets		2	1
Accounts receivable	3	2,003	1,887
Prepaid expenses and accrued income	19	128	96
Other receivables		128	81
Cash and cash equivalents		363	295
TOTAL CURRENT ASSETS		**4,266**	**3,777**
TOTAL ASSETS		**8,506**	**7,045**
EQUITY AND LIABILITIES			
EQUITY	20		
Share capital		51	51
Other contributed capital		344	344
Reserves		180	123
Retained earnings, including profit for the year		2,443	1,952
Equity attributable to Parent Company shareholders		**3,018**	**2,470**
Non-controlling interests		58	50
TOTAL EQUITY		**3,076**	**2,520**
LIABILITIES			
Non-current liabilities			
Non-current interest-bearing liabilities	24	2,154	719
Provisions for pensions	22	332	260
Deferred tax liabilities	13	284	353
Non-current non-interest-bearing liabilities		2	12
Total non-current liabilities		**2,772**	**1,344**
Current liabilities			
Current interest-bearing liabilities	25	462	1,277
Accounts payable		1,028	955
Tax liabilities		159	87
Other liabilities		435	357
Accrued expenses and prepaid income	26	528	458
Provisions	23	46	47
Total current liabilities		**2,658**	**3,181**
TOTAL LIABILITIES		**5,430**	**4,525**
TOTAL EQUITY AND LIABILITIES		**8,506**	**7,045**

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

Consolidated statement of changes in equity

	2019/2020						
SEK million	Share capital	Other contri-buted capital	Reser-ves	Retained earnings, in-cluding profit for the year	Total, Parent Company share-holders	Non-control-ling interests	Total equity
EQUITY, OPENING BALANCE, 1 APR 2019	**51**	**344**	**123**	**1,952**	**2,470**	**50**	**2,520**
Profit for the year	–	–	–	862	862	11	873
Cash flow hedges	–	–	2	–	2	–	2
Translation differences	–	–	56	–	56	3	59
Revaluations of defined benefit pension plans	–	–	–	-12	-12	–	-12
Tax attributable to other comprehensive income	–	–	-1	3	2	–	2
Other comprehensive income	**–**	**–**	**57**	**-9**	**48**	**3**	**51**
Comprehensive income for the year	**–**	**–**	**57**	**853**	**910**	**14**	**924**
Call options issued	–	–	–	6	6	–	6
Call options redeemed	–	–	–	33	33	–	33
Options repurchased	–	–	–	-23	-23	–	-23
Repurchases of treasury shares	–	–	–	-42	-42	–	-42
Dividend	–	–	–	-336	-336	-10	-346
Change in non-controlling interests	–	–	–	0	0	4	4
EQUITY, CLOSING BALANCE, 31 MAR 2020	**51**	**344**	**180**	**2,443**	**3,018**	**58**	**3,076**

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

SEK	2019/2020	2018/2019
Dividend per share	4.00 [1]	5.00

[1] As proposed by the Board of Directors.

Consolidated cash flow statement

SEK million	Note	2019/2020	2018/2019
OPERATING ACTIVITIES			
Profit after financial items		1,105	865
Adjustment for items not included in cash flow	28	354	229
Income tax paid		-273	-230
Cash flow from operating activities before changes in working capital		**1,186**	**864**
Cash flow from changes in working capital			
Change in inventories		-88	-237
Change in operating receivables		-90	-378
Change in operating liabilities		109	275
CASH FLOW FROM OPERATING ACTIVITIES		**1,117**	**524**
INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment		-85	-70
Disposals of property, plant and equipment		4	5
Acquisitions of intangible non-current assets		-20	-23
Acquisitions of operations, net liquidity effect	28	-431	-662
Disposals of operations, net liquidity effect	28	1	17
Change in financial assets		-1	8
CASH FLOW FROM INVESTING ACTIVITIES		**-532**	**-725**
FINANCING ACTIVITIES			
Repurchases of treasury shares		-42	-38
Call options redeemed, issued and repurchased		16	22
Borrowings	28	351	915
Loan repayments	28	-326	-326
Amortisation of leases	28	-156	–
Other financing		-4	-1
Dividend paid to Parent Company's shareholders		-336	-269
Dividends paid to non-controlling interests		-10	-9
CASH FLOW FROM FINANCING ACTIVITIES		**-507**	**294**
CASH FLOW FOR THE YEAR		**78**	**93**
Cash and cash equivalents at beginning of the year		295	192
Exchange rate difference in cash and cash equivalents		-10	10
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**363**	**295**

Parent Company income statement

SEK million	Note	2019/2020	2018/2019
Net sales		71	62
Administrative expenses		-108	-84
OPERATING PROFIT	6–8, 16	**-37**	**-22**
Profit from financial non-current assets	11	20	22
Interest income and similar items	11	7	3
Interest expenses and similar items	11	-31	-19
PROFIT AFTER FINANCIAL ITEMS		**-41**	**-16**
Appropriations	12	310	278
PROFIT BEFORE TAX		**269**	**262**
Tax	13	-60	-59
PROFIT FOR THE YEAR		**209**	**203**

Parent Company comprehensive income

SEK million	2019/2020	2018/2019
Profit for the year	209	203
OTHER COMPREHENSIVE INCOME	**–**	**–**
COMPREHENSIVE INCOME FOR THE YEAR	**209**	**203**

Parent Company balance sheet

SEK million	Note	2019/2020	2018/2019
ASSETS			
NON-CURRENT ASSETS			
Intangible non-current assets	14	1	–
Property, plant and equipment	15	0	1
Financial non-current assets			
Participations in Group companies	17	1,004	1,004
Receivables from Group companies	17	1,804	1,984
Total financial non-current assets		**2,808**	**2,988**
TOTAL NON-CURRENT ASSETS		**2,809**	**2,989**
CURRENT ASSETS			
Receivables from Group companies		536	808
Other receivables		16	2
Prepaid expenses and accrued income	19	11	11
Total current receivables		**563**	**821**
Cash and bank balances		-	0
TOTAL CURRENT ASSETS		**563**	**821**
TOTAL ASSETS		**3,372**	**3,810**
EQUITY AND LIABILITIES	20		
EQUITY			
Restricted equity			
Share capital		51	51
Statutory reserve		18	18
Unrestricted equity			
Retained earnings		228	387
Profit for the year		209	203
TOTAL EQUITY		**506**	**659**
UNTAXED RESERVES	21	**131**	**447**
PROVISIONS			
Provisions for pensions and similar obligations	22	15	15
LIABILITIES			
Liabilities to Group companies	24	127	264
Liabilities to credit institutions	24	1,600	600
Total non-current liabilities		**1,727**	**864**
Liabilities to credit institutions	25	156	1,130
Accounts payable		3	5
Liabilities to Group companies		791	665
Tax liabilities		0	0
Other liabilities		13	2
Accrued expenses and prepaid income	26	30	23
Total current liabilities		**993**	**1,825**
TOTAL EQUITY AND LIABILITIES		**3,372**	**3,810**

Changes in the Parent Company equity

	2019/2020			
	Restricted equity		Unrestricted equity	
SEK million	Share capital	Statutory reserve	Retained earnings, including profit for the year	Total equity
EQUITY, OPENING BALANCE, 1 APR 2019	**51**	**18**	**590**	**659**
Profit for the year	–	–	209	209
Comprehensive income for the year	**–**	**–**	**209**	**209**
Dividend	–	–	-336	-336
Call options issued	–	–	6	6
Call options redeemed	–	–	33	33
Repurchases of call options	–	–	-23	-23
Repurchases of treasury shares	–	–	-42	-42
EQUITY, CLOSING BALANCE, 31 MAR 2020	**51**	**18**	**437**	**506**

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

For comments on equity, see Note 20.

Parent Company cash flow statement

SEK million	Note	2019/2020	2018/2019
OPERATING ACTIVITIES			
Profit after financial items		-41	-16
Adjustment for items not included in cash flow	28	0	0
Income tax paid		-61	-65
Cash flow from operating activities before changes in working capital		**-102**	**-81**
Cash flow from changes in working capital			
Change in operating receivables		-10	-3
Change in operating liabilities		13	5
CASH FLOW FROM OPERATING ACTIVITIES		**-99**	**-79**
INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment and intangible non-current assets		-1	0
CASH FLOW FROM INVESTING ACTIVITIES		**-1**	**0**
FINANCING ACTIVITIES			
Repurchases of treasury shares		-42	-38
Call options issued and redeemed		16	22
Borrowings	28	326	909
Loan repayments	28	-300	-300
Change in receivables from Group companies		153	-615
Change in liabilities to Group companies		-11	114
Dividend paid		-336	-269
Group contributions		294	258
Other financing activities		0	-2
CASH FLOW FROM FINANCING ACTIVITIES		**100**	**79**
CASH FLOW FOR THE YEAR		0	0
Cash and cash equivalents at beginning of the year		0	0
CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**0**	**0**

Notes

NOTE 1

Accounting and valuation principles

GENERAL ACCOUNTING PRINCIPLES

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

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

On 13 June 2020, the Board of Directors approved the annual accounts of the Parent Company and the consolidated accounts for publication. The Parent Company's income statement and balance sheet and the consolidated income statement and balance sheet will be submitted for approval by the Annual General Meeting on 28 August 2020.

PRESENTATION OF THE ANNUAL REPORT

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

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

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

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

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

NEW STANDARDS AND INTERPRETATIONS APPLIED AS OF 1 APRIL 2019

IFRS 16 Leases

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

Additionally, Addtech has used hindsight when determining the lease term if the contract contains options to extend or terminate the lease. In assessing contract duration where there are opportunities for extension or termination, both business strategy and contract-specific conditions are considered in determining whether the Group is reasonably secure in applying them.

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

NEW STANDARDS AND INTERPRETATIONS APPLICABLE TO FINANCIAL YEARS COMMENCING 1 APRIL 2020 OR LATER

No new IFRS standards or IFRIC statements will have a material impact on the Group's earnings or financial position during the financial year 2020/2021. No newly issued IFRS standards or interpretations have been applied prematurely.

CONSOLIDATED ACCOUNTS

The consolidated accounts include the annual accounts of the Parent Company and those companies that are under the controlling influence of the Parent Company. A controlling influence exists if the Parent Company has influence over the object of investment, is exposed or entitled to variable yield from its commitment and is able to exert its influence over the investment to affect the yield. In assessing whether a controlling influence exists, potential shares with an entitlement to vote are taken into account, as well as whether de facto control exists. Shareholdings in Group companies are eliminated in accordance with the acquisition method,

NOTE 1 CONT.

which means, in brief, that identifiable assets, liabilities and contingent liabilities in the acquired company are measured and recognised in the consolidated financial accounts as if they had been acquired by means of direct acquisition and not indirectly by acquiring shares in the company. The valuation is based on fair value. If the value of the net assets is less than the acquisition price, consolidated goodwill arises. If the opposite occurs, the difference is recognised directly in the income statement. Goodwill is determined in local currency and recognised at cost, less any impairment losses. Consolidated equity includes the Parent Company's equity and the portion of the subsidiaries' equity earned after the time of acquisition. Companies acquired or disposed of are consolidated or de-consolidated from the date of acquisition or disposal.

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

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

EXCHANGE RATE EFFECTS

Translation of the financial reports of foreign Group companies

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

Transactions in foreign currencies

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

FINANCIAL ASSETS AND LIABILITIES, RECOGNITION AND DE-RECOGNITION

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

FINANCIAL ASSETS AND LIABILITIES, MEASUREMENT AND CLASSIFICATION

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

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

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

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

Financial assets measured at amortised cost

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

Equity instruments recognised at fair value through other comprehensive income

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

Financial liabilities measured at amortised cost

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

CASH AND CASH EQUIVALENTS

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

DERIVATIVES AND HEDGING

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

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

ASSETS AND LIABILITIES, CLASSIFICATION

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

LEASES

Principles applied from 1 April 2019

Until the financial year 2018/2019, Addtech has applied IAS 17 Leases. From 1 April 2019, lease contracts are accounted for according to IFRS 16 Leases, meaning that lessees recognise right-of-use assets and lease liabilities in the balance sheet. The standard includes practical expedients for short-term leases (leases with a lease term 12 months or shorter) and for leases for which the underlying asset is of low value.

At the inception of a contract, Addtech assesses whether the contract is, or contains, a lease based on the substance of the contract. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Lease liabilities

At the commencement date of a lease contract, a lease liability is recognised with a value corresponding to the net present value of the lease payments that are not paid at that time. These lease liabilities are presented as long- and short-term financial liabilities in the balance sheet.

The lease term is determined as the non-cancellable period together with extension periods or periods covered by an option to terminate the contract if Addtech is reasonably certain to use the extension option or not to use the termination option. Both business strategy and contract specific conditions are taken into consideration when determining the lease term for contracts including extension and termination options.

The lease payments include fixed payments, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as cost in the period which they relate to.

For discounting of the lease payments, the implicit rate in the contract is used, if that rate can be readily determinable. In other cases, Addtech's incremental borrowing rate is used. This rate reflects Addtech's credit risk as well as each contract's lease term, currency, and quality of the underlying asset as intended security. After the commencement date of a lease, the lease liability is increased by interest and reduced by lease payments made. The lease liability is remeasured as a consequence of modifications, changes in the lease term, changes in lease payments, or changes in an assessment to purchase the underlying asset.

Right-of-use assets

Addtech recognises right-of-use assets in the balance sheet at the commencement date of the lease. The right-of-use assets are valued at cost reduced by accumulated depreciation and any impairments and are adjusted for remeasurements of the lease liability. The cost of the right-of-use asset compromises the amount of the initial measurement of the lease liability, initial direct costs, and any lease payments made at or before the commencement date of the lease. The right-of-use assets are presented separately from other assets in the balance sheet and are depreciated linearly of the lease term.

Application of practical expedients

Addtech applies the practical expedients concerning short-term leases and leases for which the underlying contract is of low value. Expenses for these contracts are recognized linearly over the lease term as operating expenses in the income statement.

Principles applied until 31 March 2019

A difference is made between financial and operating leases. A financial lease is characterised by the contract transferring substantially all risks and rewards incidental to ownership of the asset. If that is not the case, the contract is classified as an operating lease contract. The group primarily has operating leases meaning that lease payments are expensed linearly over the lease term as operating expenses.

INTANGIBLE NON-CURRENT ASSETS

An intangible asset is an identifiable non-monetary asset, without physical substance, that is used for marketing, producing or supplying goods or services, or for leasing and administration. To be recognised as an asset, it must be probable that the future economic benefits attributable to the asset will benefit the Company and that the cost can be calculated reliably.

Additional expenses for an intangible asset are added to the cost only if they increases the future economic benefits beyond the original

NOTE 1 CONT.

assessment and if the expense can be calculated reliably. All other expenses are expensed as they are incurred.

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

Goodwill and intangible non-current assets with indefinable useful lives (trademarks) are measured at cost, less any accumulated impairment. Goodwill and trademarks are allocated among cash-generating units or groups of cash-generating units and are not amortised but tested annually for impairment.

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

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

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

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

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

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

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

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

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

INVENTORIES

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

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

CAPITAL

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

Equity

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

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

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

EMPLOYEE BENEFITS

Employee benefits following cessation of employment, pension commitments

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

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

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

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

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

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

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

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

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

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

Benefits upon termination of employment

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

Short-term benefits

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

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

Share-based incentive programmes

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

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

PROVISIONS AND CONTINGENT LIABILITIES

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

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

Contingent liabilities are recognised when a possible obligation exists stemming from past events and the existence of the obligation 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 obligation or because the size of the obligations cannot be determined with sufficient accuracy.

REVENUE RECOGNITION

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

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

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

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

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

Step 5: Fulfilment of the performance commitments and recognition of revenue, either over time or at a particular point in time, depending on the nature of the performance commitment. The amount recognised as revenue is the amount that the Company has previously allocated to the performance commitment concerned.

NOTE 1 CONT.

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

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

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

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

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

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

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

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

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

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

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

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

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

ALTERNATIVE KEY FINANCIAL INDICATORS
The Company presents certain financial measures in the Annual Report that are not defined in accordance with IFRS. The Company believes that these measures provide valuable supplementary information to investors and the Company's management as they enable the evaluation of trends and the Company's performance. Since not all companies calculate financial measures in the same way, these are not always comparable with measures used by other companies. These financial measures should therefore not be seen as compensation for measures that are defined in accordance with IFRS. For definitions of the key financial indicators used by Addtech, see pages 110-111.

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

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

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

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

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

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

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

The parent company does not apply IFRS 16 in accordance with the exemption in RFR 2. As a lessee, lease payments are expensed linearly over the lease term. Right-of-use assets and lease liabilities are not recognised in the balance sheet.

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

NOTE 2

Critical estimates and assumptions

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

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

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

NOTE 3

Financial risks and risk management

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

NOTE 3 CONT.

CURRENCY RISK

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

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

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

TRANSACTION EXPOSURE

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

	Currency flows, gross 2019/2020		Currency flows, net	
	Inflows	Outflows	2019/2020	2018/2019
EUR	2,813	2,887	-74	-195
USD	930	1,123	-193	-187
NOK	90	67	23	27
JPY	72	108	-36	-41
DKK	61	152	-91	-82
GBP	26	117	-91	-54
CHF	28	85	-57	-60

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

Of consolidated net sales, currency clauses cover about 10 percent (12) and sales in the purchasing currency make up about 38 percent (39). 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 183 million (166), of which EUR equalled SEK 115 million (117), JPY SEK 0 million (15), USD SEK 34 million (24), PLN SEK 22 million (4), DKK SEK 2 million (4), GBP SEK 9 million (1) and NOK SEK 1 million (0). Of the total contracts, SEK 148 million (113) matures within six months, SEK 35 million (51) within 12 months and SEK 0 million (2) 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 through profit or loss. 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 68 million (46), all else being equal. Inflows and outflows in the same currency mean that the Group's exposure is relatively limited. Currency flows in the Parent Company are mainly in Swedish kronor (SEK). To the extent that internal and external loans and investments in the Parent Company are in foreign currency, 100 percent of the capital amount is hedged.

Translation exposure

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

	31 Mar 2020		31 Mar 2019	
Net investments	SEK million	Sensitivity analysis[1]	SEK million	Sensitivity analysis[2]
NOK	828	41.4	827	41.4
EUR	1,104	55.2	792	39.6
DKK	1,065	53.3	1,000	50.0
PLZ	-13	-0.7	-22	-1.1
TTD	26	1.3	25	1.3
GBP	401	20.1	392	19.6
HKD	79	4.0	52	2.6
USD	20	1.0	15	0.8
CNY	137	6.9	75	3.8

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

When translating the income statement of units with a functional currency other than SEK, a translation effect arises when exchange rates vary. With the present distribution of Group companies' different functional currencies, a change of 1 percentage point in the exchange rates would have an effect of SEK +/- 72 million (64) on net sales and SEK +/- 8 million (5) on operating profit.

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

	Average rate		Closing day rate	
Exchange rate	2019/2020	2018/2019	31 Mar 2020	31 Mar 2019
CHF 1	9.72	9.04	10.45	9.30
CNY 100	137.60	133.51	142.21	137.91
DKK 100	142.64	139.04	148.13	139.29
EUR 1	10.65	10.37	11.06	10.40
GBP 1	12.18	11.76	12.48	12.11
HKD 1	1.23	1.14	1.30	1.18
JPY 1000	88.20	80.80	93.00	83.60
NOK 100	106.35	107.77	96.10	107.65
PLZ 1	2.48	2.42	2.43	2.42
TRY 1	1.67	1.73	1.53	1.64
TTD 1	1.42	1.33	1.47	1.37
TWD 1	0.31	0.30	0.33	0.30
USD 1	9.56	8.96	10.10	9.26

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 2020, the Group's credit facilities amounted to SEK 3,800 million (2,001), represented by bank overdraft facilities of SEK 1,300 million (1,301) and other agreed credit facilities of SEK 2,500 million (700). During the year, overdraft facilities increased by SEK 0 million (200) while other agreed credit facilities increased by SEK 1,800 million (300). At 31 March 2020, the Group had utilised SEK 156 million (1,031) of the bank overdraft facilities and SEK 1,600 million (700) of the other credit facilities. Unutilised bank overdraft facilities and credit facilities amounted to SEK 2,028 million (270). 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 2020 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 2,616 million (1,996).

With the current net financial debt, the impact on the Group's net financial items would be SEK +/- 20 million if interest rates were to fluctuate by 1 percentage point.

ISSUER/BORROWER RISK AND CREDIT RISK

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

Addtech's financial function at the Parent Company is responsible for assessing and managing issuer/borrower risk. The financial policy prescribes that surplus liquidity only be invested with counterparties that have a very high credit rating. As in prior years, in 2019/2020 no surplus funds were invested with any counterparties other than Swedish banks, aside from the Group's normal bank contacts.

To utilise its subsidiaries' detailed knowledge of Addtech's customers and suppliers, Addtech has each company assess the credit risk in its commercial transactions. New customers are assessed before credit is granted, and credit limits set are strictly enforced. Short credit periods are the goal, and avoiding excessive concentration of business with individual customers and with specific sectors helps minimise risks. No individual customer accounts for more than 4 percent (3) of total credit exposure during a one-year period. The equivalent figure for the ten largest customers is about 17 percent (12). Exposure per customer segment and geographic market is presented in Note 5.

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

Accounts receivable, SEK million	31 Mar 2020	31 Mar 2019
Carrying amount	2,003	1,887
Impairment	17	9
COST	**2,020**	**1,896**

Change in impaired accounts receivable	2019/2020	2018/2019
Amount at beginning of year	-9	-10
Corporate acquisitions	-4	-1
Year's impairment losses/reversals	-5	1
Settled impairment	1	1
Translation effect	0	0
TOTAL	**-17**	**-9**

Time analysis of accounts receivable that are overdue but not impaired	31 Mar 2020	31 Mar 2019
<=30 days	272	233
31–60 days	53	26
>60 days	50	22
TOTAL	**375**	**281**

NOTE 4

Revenue from contracts with customers

Disaggregation of revenue from contracts with customers

Geographical locations of subsidiaries	2019/2020						
SEK million	Automation	Components	Energy	Industrial Process	Power Solutions	Group items	Addtech Group
Sweden	714	832	774	800	1,007	-6	4,121
Denmark	557	546	568	540	97	-10	2,298
Finland	347	461	187	629	117	-1	1,740
Norway	245	227	593	686	107	-1	1,857
Europe	545	10	277	268	209	–	1,309
Other countries	17	6	13	281	93	0	410
Total revenue from contracts with customers	**2,425**	**2,082**	**2,412**	**3,204**	**1,630**	**-18**	**11,735**

Geographical locations of customers	2019/2020						
SEK million	Automation	Components	Energy	Industrial Process	Power Solutions	Group items	Addtech Group
Sweden	560	620	697	776	463	-4	3,112
Denmark	422	396	388	457	119	-3	1,779
Finland	347	395	205	331	233	-4	1,507
Norway	326	223	595	613	113	-1	1,869
Other countries	770	448	527	1,027	702	-6	3,468
Total revenue from contracts with customers	**2,425**	**2,082**	**2,412**	**3,204**	**1,630**	**-18**	**11,735**

Customer segments	2019/2020						
SEK million	Automation	Components	Energy	Industrial Process	Power Solutions	Group items	Addtech Group
Vehicles	97	354	48	160	554	-39	1,174
Mechanical industry	485	354	217	481	82	24	1,643
Data and telecommunications	242	63	145	0	114	23	587
Medical technology	364	83	24	96	130	7	704
Electronics	73	479	121	32	196	-80	821
Energy	170	271	965	224	212	35	1,877
Forestry and process	242	83	96	705	0	48	1,174
Building and installation	73	104	579	96	163	41	1,056
Transport	218	83	121	1,282	65	-9	1,760
Other	461	208	96	128	114	-68	939
Total revenue from contracts with customers	**2,425**	**2,082**	**2,412**	**3,204**	**1,630**	**-18**	**11,735**

Performance commitments

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

Disaggregation of revenue from contracts with customers

Geographical locations of subsidiaries	2018/2019						
SEK million	Automation	Components	Energy	Industrial Process	Power Solutions	Group items	Addtech Group
Sweden	657	857	772	720	1,052	-6	4,052
Denmark	485	536	491	522	75	-9	2,100
Finland	380	351	169	325	103	-1	1,327
Norway	223	205	639	373	101	-1	1,540
Europe	195	11	286	259	181	0	932
Other countries	6	–	–	106	85	0	197
Total revenue from contracts with customers	**1,946**	**1,960**	**2,357**	**2,305**	**1,597**	**-17**	**10,148**

Geographical locations of customers	2018/2019						
SEK million	Automation	Components	Energy	Industrial Process	Power Solutions	Group items	Addtech Group
Sweden	558	642	686	710	494	-5	3,085
Denmark	353	370	320	373	114	-2	1,528
Finland	363	290	172	204	195	-3	1,221
Norway	268	209	640	359	110	-2	1,584
Other countries	404	449	539	659	684	-5	2,730
Total revenue from contracts with customers	**1,946**	**1,960**	**2,357**	**2,305**	**1,597**	**-17**	**10,148**

Customer segments	2018/2019						
SEK million	Automation	Components	Energy	Industrial Process	Power Solutions	Group items	Addtech Group
Vehicles	97	353	0	185	511	72	1,218
Mechanical industry	584	333	165	507	79	-44	1,624
Data and telecommunications	136	59	71	0	128	12	406
Medical technology	195	78	23	92	112	8	508
Electronics	175	431	165	23	223	-3	1,014
Energy	156	255	1,061	208	192	-45	1,827
Forestry and process	194	79	94	576	0	-30	913
Building and installation	39	137	589	138	176	37	1,116
Transport	78	59	71	415	96	-9	710
Other	292	176	118	161	80	-15	812
Total revenue from contracts with customers	**1,946**	**1,960**	**2,357**	**2,305**	**1,597**	**-17**	**10,148**

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 the following five business areas: Automation, Components, Energy, Industrial Process and Power Solutions.

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

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

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

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

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

Data by operating segment	2019/2020			2018/2019		
Net sales	External	Internal	Total	External	Internal	Total
Automation	2,421	4	2,425	1,942	4	1,946
Components	2,079	3	2,082	1,957	3	1,960
Energy	2,409	3	2,412	2,356	1	2,357
Industrial Process	3,199	5	3,204	2,298	7	2,305
Power Solutions	1,627	3	1,630	1,595	2	1,597
Parent Company and Group items	–	-18	-18	–	-17	-17
TOTAL	**11,735**	**0**	**11,735**	**10,148**	**0**	**10,148**

	2019/2020			2018/2019		
Operating profit, assets and liabilities	Operating profit	Assets[1]	Liabilities[1]	Operating profit	Assets[1]	Liabilities[1]
Automation	214	1,742	483	146	1,363	311
Components	182	1,381	485	191	1,173	302
Energy	232	1,686	547	196	1,550	405
Industrial Process	414	1,831	736	198	1,372	504
Power Solutions	202	1,216	305	194	1,083	245
Parent Company and Group items	-83	650	2,874	-15	504	2,758
Operating profit, assets and liabilities	**1,161**	**8,506**	**5,430**	**910**	**7,045**	**4,525**
Financial income and expenses	-56			-45		
Profit after financial items	**1,105**			**865**		

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

	2019/2020			2018/2019		
Investments in non-current assets	Intangible assets[1]	Property, plant and equipment[1]	Total	Intangible assets[1]	Property, plant and equipment[1]	Total
Automation	2	6	8	1	5	6
Components	0	13	13	–	15	15
Energy	1	20	21	0	12	12
Industrial Process	10	28	38	2	25	27
Power Solutions	1	18	19	1	12	13
Parent Company and Group items	6	1	7	2	1	3
TOTAL	**20**	**86**	**106**	**6**	**70**	**76**

[1] Amounts do not include effects of corporate acquisitions

	2019/2020			2018/2019		
Depreciation, property, plant and equipment	Intangible assets	Property, plant and equipment	Total	Intangible assets	Property, plant and equipment	Total
Automation	-53	-32	-85	-46	-5	-51
Components	-36	-48	-84	-28	-8	-36
Energy	-51	-42	-93	-49	-12	-61
Industrial Process	-32	-54	-86	-20	-15	-35
Power Solutions	-30	-27	-57	-30	-11	-41
Parent Company and Group items	-1	-12	-13	0	-2	-2
TOTAL	**-203**	**-215**	**-418**	**-173**	**-53**	**-226**

Significant profit or loss items, other than depreciation or amortisation, not matched by payments in 2019/2020	Net gains	Change in pension liability	Other items	Total
Automation	0	2	-65	-63
Components	0	3	10	13
Energy	-1	0	-8	-9
Industrial Process	0	–	15	15
Power Solutions	–	0	-5	-5
Parent Company and Group items	–	-3	-12	-15
TOTAL	**-1**	**2**	**-65**	**-64**

	2019/2020			2018/2019		
Data by country	Net sales external	Assets[1]	Of which, non-current assets	Net sales external	Assets[1]	Of which, non-current assets
Sweden	3,112	2,952	1,485	3,085	2,630	1,260
Denmark	1,779	1,579	757	1,528	1,358	620
Finland	1,507	1,165	633	1,221	864	369
Norway	1,869	1,076	527	1,584	1,035	521
Other countries	3,468	1,409	753	2,730	942	453
Parent Company, Group items and unallocated assets	–	325	21	–	216	0
TOTAL	**11,735**	**8,506**	**4,176**	**10,148**	**7,045**	**3,223**

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

	2019/2020			2018/2019		
Investments in non-current assets	Intangible assets	Property, plant and equipment	Total	Intangible assets	Property, plant and equipment	Total
Sweden	8	23	31	3	27	30
Denmark	1	7	8	0	3	3
Finland	9	24	33	2	22	24
Norway	0	5	5	0	6	6
Other countries	2	27	29	1	12	13
Total	**20**	**86**	**106**	**6**	**70**	**76**

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

Note 6

Employees and personnel expenses

Average number of employees	2019/2020 Men	2019/2020 Women	2019/2020 Total	2018/2019 Men	2018/2019 Women	2018/2019 Total
Sweden						
Parent Company	7	4	11	5	6	11
Other companies	712	245	957	660	220	880
Denmark	265	121	386	243	112	355
Finland	333	82	415	273	76	349
Norway	261	94	355	249	84	333
Other countries	579	210	789	490	172	662
Total	**2,157**	**756**	**2,913**	**1,920**	**670**	**2,590**

Salaries and remunerations	2019/2020 Senior executives	2019/2020 of which bonuses	2019/2020 Other employees	2018/2019 Senior executives	2018/2019 of which bonuses	2018/2019 Other employees
Sweden						
Parent Company	32	8	5	27	6	6
Other companies	57	12	458	53	8	444
Denmark	40	4	278	34	4	247
Finland	31	4	206	23	3	167
Norway	25	3	237	25	3	224
Other countries	38	2	267	30	2	166
Total	**223**	**33**	**1,451**	**192**	**26**	**1,254**

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

Salaries, remunerations and social security expenses	Group 2019/2020	Group 2018/2019	Parent Company 2019/2020	Parent Company 2018/2019
Salaries and other remunerations	1,674	1,446	37	33
Contract-based pensions for senior executives	28	24	5	4
Contract-based pensions for others	137	116	2	3
Other social security expenses	275	254	13	12
Total	**2,114**	**1,840**	**57**	**52**

At the end of the year, outstanding pension obligations to the Group's senior executives amounted to SEK 10 million (9) for the Group and SEK 0 million (0) for the Parent Company. Different accounting principles are applied regarding pension expenses in the Parent Company and in the Group (see Note 1 Accounting principles).

Proportion of women	Group 31 Mar 2020	Group 31 Mar 2019	Parent Company 31 Mar 2020	Parent Company 31 Mar 2019
Board of Directors (excl. alternates)	7%	5%	29%	29%
Other senior executives	17%	16%	14%	20%

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

The guidelines applied to the remuneration of senior executives in the 2019/2020 financial year correspond to those adopted at the 2019 Annual General Meeting and are equivalent, essentially, to the guidelines proposed for the upcoming year, as set out in the Administration Report. The principle for remuneration to the Board of Directors, Chief Executive Officer (CEO) and Group management is that remuneration should be competitive. The Nomination Committee proposes Board fees to the Annual General Meeting. Fees are paid to the Board of Directors in accordance with a resolution by the Annual General Meeting.

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

CALL OPTIONS FOR SENIOR EXECUTIVES

Background and motivation for long-term incentive programmes

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

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

Similar call option schemes for senior executives and a select number of management members in the Addtech Group were adopted by the 2009-2019 Annual General Meetings. With the exception of the CEO, Board members have not been entitled to acquire call options. The schemes involve call options for shares repurchased by Addtech, with each call option entitling the holder to acquire one repurchased Class B share. As financial instruments, the call options are freely transferable. To encourage participation in the scheme, a subsidy is paid corresponding to the premium paid for each call option. This subsidy will be paid out two years after the Annual General Meeting, providing that the option holder's employment with the Group has not been terminated and that the call options have not been sold before this time. The expenses for the scheme consist of the subsidy plus social security expenses. The subsidy corresponds to the option premium that the Company receives on the transfer of the call options and, accordingly, the scheme entails no net charge on the Company's equity.

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

At the end of the financial year, Addtech had four call option programmes outstanding, involving a total 1,007,000 Class B shares.

2019/2023 scheme

The allotment for 2019 approved by the 2019 Annual General Meeting included 25 executives and a total of 300,000 call options, corresponding to 0.4 percent of the total number of shares and approximately 0.3 percent of the total number of votes in the Company. The allotment varied between 12,500 and 25,000 options per person. The Chief Executive Officer acquired 19,000 and other members of Group Management 102,000.

Each option entitles the holder to acquire one repurchased Class B share between 5 September 2022 and 2 June 2023. The purchase price for shares when exercising options will correspond to 120 percent of the volume-weighted average price paid for the Company's Class B shares on NASDAQ Stockholm between 30 August 2019 and 12 September 2019. In the event that, on invoking call options, the market price for Class B shares in the Company exceeds 200 percent of the average price during the period 30 August 2019 to 12 September 2019, the exercise price shall be raised by the amount exceeding 200 percent in SEK 1 increments. The premium for the call options will correspond to the market value of the call options in accordance with an external independent valuation applying the Black & Scholes model. The measurement period for calculating the option premium will be based on the volume-weighted average price paid for the Company's Class B shares on NASDAQ Stockholm between 6 September 2019 and 12 September 2019.

The exercise price for the call options was set at SEK 321.80. The market value of the call options was set at SEK 21.10. The expenses for the scheme consist of the subsidy paid in September 2021, as detailed above, and the social security fees payable on that subsidy. The total cost of the subsidy, including social security fees, is estimated at approximately SEK 6.9 million after corporation tax. The subsidy corresponds to the option premium that the Company receives on the transfer of the call options. The personnel expense accrues over the vesting period.

2018/2022 scheme

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

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

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

NOTE 6 CONT.

2017/2021 scheme

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

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

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

2016/2020 scheme

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

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

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

Between 16 September 2019 and 31 March 2020, 99,500 options were repurchased under current market conditions, based on an independent external valuation applying the Black & Scholes model. During the corresponding period, 93,500 options were also redeemed for the same number of shares.

BOARD OF DIRECTORS

In accordance with the resolution of the Annual General Meeting, the total Board fees of SEK 2,960 thousand (2,275) approved by the Annual General Meeting are distributed between the Board members not employed by the Parent Company.

MANAGING DIRECTOR OF THE PARENT COMPANY

During the period 1 September 2019 to 31 March 2020, the Managing Director of the Parent Company, Niklas Stenberg, received fixed salary of SEK 5,252 thousand and variable salary of SEK 1,893 thousand. Variable remuneration included SEK 345 thousand regarding the subsidy expense for the year for participation in the Group's incentive programmes. He also received taxable benefits amounting to SEK 6 thousand. Pension premiums of SEK 1,548 thousand were paid.

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

OTHER MEMBERS OF GROUP MANAGEMENT

For other members of Group Management, fixed salary of SEK 12,023 thousand (13,850) was paid and variable salary of SEK 4,777 thousand (4,048). Variable remuneration included SEK 1,439 thousand (988) regarding the subsidy expense for the year for participation in the Group's incentive programmes. The variable remuneration was expensed in the 2019/2020 financial year and disbursed in 2020/2021. He also received taxable benefits amounting to SEK 318 thousand (307). From the age of 65, members of Group management are covered by pension entitlements in accordance with individual agreements. Certain pension solutions are defined premium plans, with the size of the pension depending on the outcome of pension insurance agreements, while others are defined benefit plans.

In terms of the expense, both the defined benefit pension plans and the defined premium plans are basically equivalent to the ITP plan. During 2019/2020, a total of SEK 2,984 thousand (2,854) in pension premiums was paid for the group "Other members of Group management".

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

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

Remuneration and other benefits 2019/2020	Basic salary/ Board fees	Variable remuneration [1]	Other benefits	Pension expenses	Total
Chairman of the Board	0.7	–	–	–	0.7
Other Board members	2.3	–	–	–	2.3
Managing Director	5.3	1.9	0	1.5	8.7
Other senior executives [2]	12.0	4.8	0.3	3	20.1
Total	**20.3**	**6.7**	**0.3**	**4.5**	**31.8**

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

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

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

Board fees, SEK thousands		2019/2020	2018/2019
Name	**Position**	**Fee**	**Fee**
Anders Börjesson [1]	Chairman of the Board, Chairman of the Remuneration Committee	740	650
Eva Elmstedt [1]	Board member, member of the Remuneration Committee	370	325
Kenth Eriksson	Board member	370	325
Henrik Hedelius	Board member	370	325
Ulf Mattsson	Board member	370	325
Malin Nordesjö	Board member	370	325
Johan Sjö [2]	Board member	370	–
Total		**2,960**	**2,275**

[1] During the 2019/2020 financial year, a fee of SEK 50 thousand, beyond the above, was paid to each member of the Remuneration Committee.
[2] During the period 1 April 2019 to 31 August 2019, Johan Sjö was employed by the Company as senior advisor. Remuneration of SEK 2,649 thousand was paid, as well as pension premiums of SEK 722 thousand. Board fees have been paid effective from the 2019 Annual General Meeting.

Note 7

Remuneration to Auditors

	Group		Parent Company	
	2019/2020	2018/2019	2019/2020	2018/2019
KPMG				
Audit assignment	8	8	1	1
Tax consultation	0	0	–	0
Other assignments	2	1	0	0
Total remuneration to KPMG	**10**	**9**	**1**	**1**
Other auditors				
Audit assignment	2	1	–	–
Tax consultation	0	0	–	–
Other assignments	1	0	–	–
Total remuneration to other auditors	**3**	**1**	**–**	**–**
TOTAL REMUNERATION TO AUDITORS	**13**	**10**	**1**	**1**

Note 8

Depreciation/amortisation

Depreciation/amortisation by function	Group		Parent Company	
	2019/2020	2018/2019	2019/2020	2018/2019
Cost of sales	-73	-27	–	–
Selling expenses	-290	-188	–	–
Administrative expenses	-53	-11	-1	-1
Other operating expenses	-2	0	–	–
Total	**-418**	**-226**	**-1**	**-1**

Depreciation/amortisation by asset class	Group		Parent Company	
	2019/2020	2018/2019	2019/2020	2018/2019
Intangible assets	-203	-173	–	–
Buildings and land	-7	-6	–	–
Leasehold improvements	-3	-3	0	-1
Machinery	-17	-17	–	–
Equipment	-31	-27	-1	0
Right-of-use assets	-157	–	–	–
Total	**-418**	**-226**	**-1**	**-1**

Note 9

Other operating income and expenses

Group	2019/2020	2018/2019
Other operating income		
Rental revenue	6	3
Gain on sale of operations and non-current assets	3	7
Change in value of derivatives	1	0
Exchange rate changes, net	21	–
Revaluations of contingent purchase considerations	61	20
Other	19	17
Total	**111**	**47**
Other operating expenses		
Property expenses	0	0
Loss on sale of operations and non-current assets	0	0
Exchange losses, net	–	0
Revaluations of contingent purchase considerations	-9	-12
Other	-17	-9
Total	**-26**	**-21**

Note 10

Operating expenses

Group	2019/2020	2018/2019
Inventories, raw materials and consumables	7,287	6,320
Personnel expenses	2,182	1,909
Depreciation/amortisation	418	226
Impairment of inventories	15	13
Impairment of doubtful accounts receivable	7	7
Other operating expenses	781	813
Total	**10,690**	**9,288**

Note 11

Financial income and expenses

Group	2019/2020	2018/2019
Interest income on bank balances	4	3
Dividends	0	0
Exchange rate changes, net	0	0
Other financial income	2	2
Financial income	**6**	**5**
Interest expense on financial liabilities measured at amortised cost	-28	-14
Interest expense on financial liabilities measured at fair value	-3	-11
Interest expense on pension liability	-6	-6
Changes in value from revaluation of financial assets/liabilities, net	-6	-9
Other financial expenses	-19	-10
Financial expenses	**-62**	**-50**
Net financial items	**-56**	**-45**

Parent Company	2019/2020	2018/2019
Interest income:		
Group companies	20	22
Profit from non–current financial assets	**20**	**22**
Interest income, etc.:		
Group companies	5	1
Other interest income, change in value of derivatives and exchange rate differences	2	2
Interest income and similar items	**7**	**3**
Interest expenses, etc.:		
Group companies	-2	-1
Other interest expense, change in value of derivatives, exchange rate differences and banking fees	-29	-18
Interest expense and similar items	**-31**	**-19**
Financial income and expenses	**-4**	**6**

Note 12

Appropriations – Parent Company

	2019/2020	2018/2019
Group contributions received	–	425
Group contributions paid	-6	-131
Reversal of tax allocation reserve	316	67
Provision made to tax allocation reserve	–	-84
Excess amortisation/depreciation	0	1
Total	**310**	**278**

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 66 million (61).

Note 13

Taxes

	Group		Parent Company	
	2019/2020	2018/2019	2019/2020	2018/2019
Current tax for the period	-346.7	-235.1	-60.4	-58.2
Adjustment from previous years	1.4	-0.8	0.0	–
Total current tax expense	**-345.3**	**-235.9**	**-60.4**	**-58.2**
Deferred tax	113.7	43.0	0.0	-0.4
Total recognised tax expense	**-231.6**	**-192.9**	**-60.4**	**-58.6**

Group	2019/2020	%	2018/2019	%
Profit before tax	1,104.6		865.2	
Weighted average tax based on national tax rates	-240.3	21.8	-192.6	22.3
Tax effect of				
Non-deductible expenses	-6.1	0.6	-6.1	0.7
Non-taxable income	1.9	-0.2	3.1	-0.4
Changed tax rate	5.3	-0.5	6.7	-0.8
Transaction expenses, revaluations of contingent considerations for acquisitions	7.1	-0.6	-3.1	0.4
Other	0.5	-0.1	-0.9	0.1
Recognised tax expense	**-231.6**	**21.0**	**-192.9**	**22.3**

Parent Company	2019/2020	%	2018/2019	%
Profit before tax	269.2		262.1	
Tax based on current tax rate for Parent Company	-57.6	21.4	-57.7	22.0
Tax effect of				
Standard interest on tax allocation reserves	-0.5	0.2	-0.3	0.1
Non-deductible expenses	-0.7	0.3	-0.7	0.3
Other	-1.6	0.7	0.1	0.0
Recognised tax expense	**-60.4**	**22.6**	**-58.6**	**22.4**

NOTE 13 CONT.

DEFERRED TAX, NET, AT END OF YEAR

	31 Mar 2020			31 Mar 2019		
Group	**Receivables**	**Liabilities**	**Net**	**Receivables**	**Liabilities**	**Net**
Non-current assets	2	-266	-264	2	-259	-257
Untaxed reserves	–	-54	-54	–	-120	-120
Pension provisions	27	10	37	24	0	24
Other	30	-6	24	24	-4	20
Net recognised	-32	32	0	-30	30	0
Deferred tax, net, at end of year	**27**	**-284**	**-257**	**20**	**-353**	**-333**

	31 Mar 2020					
Group	**Amount at beginning of year**	**Recognised in the income statement**	**Acquisitions & divestments**	**Recognised in other comprehensive income**	**Translation effect**	**Amount at end of year**
Non-current assets	-257.2	42.8	-47.3	0.2	-2.4	-263.9
Untaxed reserves	-119.7	65.9	-0.3	–	–	-54.1
Pension provisions	23.7	-0.3	10.4	2.7	0.0	36.5
Other	20.0	5.3	–	-1.4	0.6	24.5
Deferred tax, net	**-333.2**	**113.7**	**-37.2**	**1.5**	**-1.8**	**-257**

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

	31 Mar 2020			31 Mar 2019		
Parent Company	**Amount at beginning of year**	**Recognised in the income statement**	**Amount at end of year**	**Amount at beginning of year**	**Recognised in the income statement**	**Amount at end of year**
Financial instruments	0.1	-0.3	-0.2	0.5	-0.4	0.1
Deferred tax, net	**0.1**	**-0.3**	**-0.2**	**0.5**	**-0.4**	**0.1**

The Group has tax loss carryforwards of SEK 57 (83) that have not been capitalised.

Note 14

Intangible non-current assets

	2019/2020							
	Acquired intangible assets						Intangible assets developed internally	
Group	**Goodwill**	**Supplier relationships, customer relationships and technology**	**Trade marks**	**Capitalised R&D expenses**	**Leases and similar rights**	**Software**	**Software**	**Total**
Accumulated cost								
At beginning of year	1,767	1,970	22	41	0	83	4	3,887
Corporate acquisitions	211	216	0	0	–	1	–	428
Investments	–	0	0	9	1	10	–	20
Divestments and scrappings	–	–	–	–	–	–	–	–
Reclassifications	–	–	–	1	–	–	–	1
Translation effect for the year	19	18	–	1	0	1	–	39
At end of year	**1,997**	**2,204**	**22**	**52**	**1**	**95**	**4**	**4,375**
Accumulated amortisation and impairment								
At beginning of year	–	-826	0	-32	0	-72	-4	-934
Corporate acquisitions	–	–	–	–	–	-1	–	-1
Depreciation/amortisation	–	-193	0	-5	0	-5	–	-203
Divestments and scrappings	–	–	–	–	–	–	–	–
Translation effect for the year	–	4	–	0	0	-1	–	3
At end of year	**–**	**-1,015**	**0**	**-37**	**0**	**-79**	**-4**	**-1,135**
Carrying amount at end of year	**1,997**	**1,189**	**22**	**15**	**1**	**16**	**0**	**3,240**
Carrying amount at beginning of year	**1,767**	**1,144**	**22**	**9**	**0**	**11**	**0**	**2,953**

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

NOTE 14 CONT.

Parent Company	31 Mar 2020 Software	31 Mar 2020 Total	31 Mar 2019 Software	31 Mar 2019 Total
Accumulated cost				
At beginning of year	2.8	2.8	2.8	2.8
Investments	0.9	0.9	–	–
At end of year	**3.7**	**3.7**	**2.8**	**2.8**
Accumulated amortisation				
At beginning of year	-2.8	-2.8	-2.8	-2.8
Depreciation/amortisation	-0.2	-0.2	–	–
At end of year	**-3.0**	**-3.0**	**-2.8**	**-2.8**
Carrying amount at end of year	**0.7**	**0.7**	**0.0**	**0.0**
Carrying amount at beginning of year	**0.0**	**0.0**	**0.0**	**0.0**

	Group	
Goodwill by business area	31 Mar 2020	31 Mar 2019
Automation	531	450
Components	337	331
Energy	478	472
Industrial Process	335	235
Power Solutions	316	279
Total	**1,997**	**1,767**

TESTING OF GOODWILL

The Group's recognised goodwill amounts to SEK 1,997 million (1,767), allocated as above to the units where impairment testing is performed. Goodwill is not monitored internally at a level lower than the business areas, and impairment testing is therefore performed at that level. The business areas coincide with the Group's operating segments. Impairment testing took place most recently in March 2020.

The recoverable amount was based on value in use, calculated from a current estimate of cash flows over the year ahead. Forecast earnings and investments in working capital and non-current assets for the next financial year, 2020/2021, are based on previous outcomes and experiences. The forecast is produced on the basis of a relatively detailed budgeting process for the various parts of Group. The major components of the cash flow are sales, the various operating costs and investments in working capital and non-current assets.

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

Since the operations are deemed to be in a phase that is representative of the long-term perspective, the cash flow from the first forecast year is extrapolated by a long-term growth rate of 2 percent (2) per year for all business areas. Cash flows were discounted applying a weighted cost of capital corresponding to roughly 11 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 changed circumstances have been identified motivating impairment testing of other intangible assets currently being amortised.

Note 15

Property, plant and equipment

Group	Buildings and land	Leasehold improvements	Machinery	Equipment	Construction in progress	Total
	31 Mar 2020					
Accumulated cost						
At beginning of year	181	37	332	378	7	935
Corporate acquisitions	–	2	3	34	–	39
Investments	6	2	21	41	15	85
Divestments and scrappings	0	0	-3	-7	–	-10
Reclassifications	4	1	4	-1	-10	-2
Translation effect for the year	6	1	8	6	1	22
At end of year	**197**	**43**	**365**	**451**	**13**	**1,069**
Accumulated amortisation and impairment						
At beginning of year	-85	-26	-247	-306	-1	-665
Corporate acquisitions	–	-1	-2	-26	–	-29
Depreciation/amortisation	-7	-3	-17	-31	–	-58
Divestments and scrappings	0	0	2	4	–	6
Reclassifications	0	0	0	0	0	0
Translation effect for the year	-3	-1	-6	-3	0	-13
At end of year	**-95**	**-31**	**-270**	**-362**	**-1**	**-759**
Carrying amount at end of year	**102**	**12**	**95**	**89**	**12**	**310**
Carrying amount at beginning of year	**96**	**11**	**85**	**72**	**6**	**270**

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

NOTE 15 CONT.

Parent Company	31 Mar 2020 Leasehold improvements	31 Mar 2020 Equipment	31 Mar 2020 Total	31 Mar 2019 Leasehold improvements	31 Mar 2019 Equipment	31 Mar 2019 Total
Accumulated cost						
At beginning of year	4	3	7	4	3	7
Investments	–	–	–	–	–	–
Divestments and scrappings	–	–	–	–	–	–
At end of year	**4**	**3**	**7**	**4**	**3**	**7**
Accumulated depreciation according to plan						
At beginning of year	-4	-2	-6	-3	-2	-5
Depreciation/amortisation	0	-1	-1	-1	0	-1
Divestments and scrappings	–	–	–	–	–	–
At end of year	**-4**	**-3**	**-7**	**-4**	**-2**	**-6**
Carrying amount at end of year	**0**	**0**	**0**	**0**	**1**	**1**
Carrying amount at beginning of year	**0**	**1**	**1**	**1**	**1**	**2**

Note 16

Leases

The effect on the group from the transition to IFRS 16 Leases is described in note 1 Accounting and valuation principles. The method chosen by the Group for the transition to IFRS 16 means that comparative figures are not recalculated. The transition effect from previous accounting standard to IFRS 16 is described in the tables below. Future minimum lease payments amounting to 564 MSEK at the end of March 2019 have been discounted with the incremental borrowing rate. At the transition to IFRS 16 a weighted average incremental borrowing rate of 1 percent was used. Leases for which the underlying asset is of low value and short term-leases have been exempted and extension periods have been added. The opening lease liability with IFRS 16 in the beginning of April 2019 amounted to 558 MSEK. At the end of 2019/2020, the lease liability amounted to 627 MSEK whereof 169 were short-term and 458 long-term. The average remaining lease term at the end of March 2020 was 34 months. The Group's right-of-use assets relate primarily to leased premises, vehicles, and other leases (e.g. leases of production equipment, office equipment, and other assets not considered individually significant). Depreciation on right-of-use assets is specified in note 8 Depreciation/amortisation. Interest expense on lease liabilities amounted to 8 MSEK in the financial year 2019/2020. In addition to the interest expense, the cash flow statement was affected by instalment on the lease liability, amounting to 162 MSEK. The effect from low-value and short-term leases is not included in these amounts.

Operating leases Addtech as lessee	Group 2018/2019	Parent Company 2019/2020	Parent Company 2018/2019
Lease payments			
Lease payments made during the financial year	169	6	5
of which variable payments	2	–	–
Future minimum lease payments under non-cancellable contracts fall due as follows:			
Within one year	148	1	5
Later than one year and within five years	369	0	3
5 years or later	102	–	–
Total	**619**	**1**	**8**

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

	Group 2019/2020
Transition from IAS 17 to IFRS 16	
Total future minimum lease payments 31 March 2019	619
Total future minimum lease payments 31 March 2019 Adjustment*	-55
Discount at incremental borrowing rate	-23
Less leases shorter than 12 months	-28
Less low-value leases	-3
Add extension option	60
Financial leses 31 March 2019	12
Other	-24
Add lease liability 1 April 2019	**558**

* Due to an extensive contract review in connection with the transition to IFRS 16, and after the figures were established in the annual report for 2018/2019, we noted that the operational leasing reported according to IAS 17 deviated from actual operational leasing for a number of companies. As a result, the figures have been adjusted compared with the previous year.

Group	2020-03-31 Buildings	Vehicles	Other	Total
Accumulated cost				
Opening balance (acc. to IAS 17)	–	–	–	–
Change in accounting principles	477	57	24	558
Acquisition of companies	40	0	1	41
Additional rights-of-use	144	33	8	185
Leases ended	-8	-2	-1	-11
This year's recalculation effect	4	1	0	5
Closing balance	**657**	**89**	**32**	**778**
Accumulated depreciation and impairment losses				
Opening balance (acc. to IAS 17)	–	–	–	–
Acquisition of companies	-6	0	0	-6
Amortisation	-114	-30	-7	-151
Leases ended	2	2	1	5
Translation effect for the year	0	0	0	0
Closing balance	**-118**	**-28**	**-6**	**-152**
Carrying amount at year-end	**539**	**61**	**26**	**626**
Carrying amount at start of year	**–**	**–**	**–**	**–**

	Group 2019/2020
Maturity structure, lease liabilities 31/30 2020	
Within one year	174
1–2 years	145
2–5 years	261
Later than 5 years	70
Total undiscounted lease payments	**650**
Reported amount	627

Note 17

Financial assets and liabilities

Receivables from Group companies	Parent Company 31 Mar 2020	31 Mar 2019
At beginning of year	1,984	1,692
Increase during the year	40	584
Decrease during the year	-220	-292
Carrying amount at end of year	**1,804**	**1,984**

Specification of participations in Group companies	Country	Number of shares	Quotient value	Holding, %	Carrying amount 31 Mar 2020	Carrying amount 31 Mar 2019
	Parent Company					
Addtech Nordic AB, 556236-3076, Stockholm	Sweden	1,750	100	100	1,004	1,004
Total					**1,004**	**1,004**

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

Participations in Group companies	Parent Company 31 Mar 2020	31 Mar 2019
Accumulated cost		
At beginning of year	1,119	1,119
At end of year	**1,119**	**1,119**
Accumulated impairment		
At beginning of year	-115	-115
At end of year	**-115**	**-115**
Carrying amount at end of year	**1,004**	**1,004**
Carrying amount at beginning of year	**1,004**	**1,004**

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

Group	31 Mar 2020 Measured at fair value through profit or loss	Equity instruments recognised at fair value through other comprehensive income	Measured at amortised cost	Total carrying amount
Other financial assets	–	4	–	4
Non-current receivables	–	–	19	19
Accounts receivable	–	–	2,003	2,003
Other receivables	11	–	117	128
Cash and cash equivalents	–	–	363	363
Non-current interest-bearing liabilities	46	–	2,108	2,154
Current interest-bearing liabilities	105	–	357	462
Accounts payable	–	–	1,028	1,028
Other liabilities	5	–	–	5

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

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

Financial instruments measured at fair value	31 March 2020 Carrying amount	Level 2	Level 3	31 March 2019 Carrying amount	Level 2	Level 3
Derivatives – fair value, hedging instruments	6	6	–	2	2	–
Derivatives – fair value through profit or loss	5	5	–	1	1	–
Total financial assets at fair value per level	**11**	**11**	**–**	**3**	**3**	**–**
Derivatives – fair value, hedging instruments	1	1	–	0	0	–
Derivatives – fair value through profit or loss	4	4	–	2	2	–
Contingent purchase considerations – fair value through profit or loss	151	–	151	198	–	198
Total financial liabilities at fair value per level	**156**	**5**	**151**	**200**	**2**	**198**

Fair value and carrying amount are recognised in the balance sheet in accordance with the above table.

Level 1 refers to when fair value is determined based on quoted prices in an active market. At the end of the reporting period, the Group had no items in this category.

Level 2 refers to when fair value is determined based on either directly or indirectly observable market data not included in level 1. This is done for foreign currency accounts and embedded derivatives.

Level 3 is not observable in the market. A cash flow-based valuation is carried out for the Group's contingent purchase considerations For the Group's other financial assets and liabilities, fair value is estimated to be equal to the carrying amount.

Contingent purchase considerations	2019/2020	2018/2019
Carrying amount, opening balance	198	215
Acquisitions during the year	63	84
Reversed through the income statement	-52	-8
Purchase considerations paid	-65	-105
Interest expenses	3	10
Exchange rate differences	4	2
Carrying amount, closing balance	**151**	**198**

Impact of financial instruments on net earnings	2019/2020	2018/2019
Assets and liabilities measured at fair value through the income statement	-5	-9
Equity instruments recognised at fair value through other comprehensive income	0	0
Measured at amortised cost	-35	-20
Total	**-40**	**-29**

Note 18

Inventories

Group	31 Mar 2020	31 Mar 2019
Raw materials and consumables	173	162
Work in progress	101	89
Finished goods	1,368	1,166
Total	**1,642**	**1,417**

The consolidated cost of sales includes impairment losses of SEK 15 million (13) on inventories. No significant reversals of prior impairment were made in 2019/2020 or 2018/2019.

Note 19

Prepaid expenses and accrued income

	Group		Parent Company	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
Rent	19	21	2	2
Insurance premiums	9	8	3	3
Pension costs	3	3	1	1
Lease fees	4	4	0	0
Other prepaid expenses	45	41	5	5
Other accrued income	48	19	0	0
Total	**128**	**96**	**11**	**11**

Note 20

Equity

GROUP

OTHER CONTRIBUTED CAPITAL

Refers to equity contributed by shareholders.

	Group	
Reserves[1]	2019/2020	2018/2019
Translation reserve		
Opening translation reserve	123	87
Translation effect for the year	56	36
Closing translation reserve	**179**	**123**
Hedging reserve[2]	**0**	**0**
Revaluations recognised in Other comprehensive income	9	0
Recognised in profit or loss on disposal (other operating income/expenses)	-7	0
Tax attributable to revaluations for the year	-2	0
Tax attributable to disposals	1	0
Closing hedge reserve	**1**	**0**
Total reserves	**180**	**123**

[1] Refers to reserves attributable to shareholders in the Parent Company.
[2] Refers to cash flow hedges, consisting of currency clauses in customer contracts.

TRANSLATION RESERVE

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

HEDGING RESERVE

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

RETAINED EARNINGS, INCLUDING PROFIT FOR THE YEAR

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

REPURCHASED SHARES

Repurchased shares includes the cost of treasury shares held by the Parent Company. At the end of the reporting period, the Group's holding of treasury shares was 1,049,918 (1,141,387).

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 28 August 2020.

Proposed allocation of earnings 2019/2020	
Retained earnings	SEK 228 million
Profit for the year	SEK 209 million
	SEK 437 million

The Board of Directors and the CEO propose that the funds available be allocated as follows:	
A dividend paid to shareholders of SEK 4.00 per share[1]	SEK 269 million
To be carried forward	SEK 168 million
	SEK 437 million

1) Calculated based on the number of shares outstanding at 30 June 2020. The total dividend payout may change if the number of repurchased treasury shares changes prior to the proposed dividend record date of 1 September 2020.

PARENT COMPANY

RESTRICTED RESERVES

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

STATUTORY RESERVE

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

RETAINED EARNINGS

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

NUMBER OF SHARES

The number of shares at 31 March 2020 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 1,049,918 Class B shares within the framework of the Company's ongoing repurchasing programme. After subtracting repurchased shares, the number of Class B shares is 63,919,078.

	31 Mar 2020		
Number of shares outstanding	Class A shares	Class B shares	All share classes
At beginning of year	3,229,500	63,827,609	67,057,109
Redemption of call options	–	241,469	241,469
Repurchases of treasury shares	–	-150,000	-150,000
Conversion of Class A shares to Class B shares	–	–	–
At end of year	**3,229,500**	**63,919,078**	**67,148,578**

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

Note 21

Untaxed reserves

Parent Company	31 Mar 2020	31 Mar 2019
Tax allocation reserve, 2013/2014	–	67
Tax allocation reserve, 2014/2015	–	75
Tax allocation reserve, 2015/2016	–	55
Tax allocation reserve, 2016/2017	–	91
Tax allocation reserve, 2017/2018	47	75
Tax allocation reserve, 2018/2019	84	84
Tax allocation reserve, 2019/2020	–	–
Accumulated excess depreciation/amortisation	0	0
At end of year	**131**	**447**

SEK 28 million of the Parent Company's total untaxed reserves of SEK 131 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, Switzerland and the UK. The plans cover a large number of employees. Subsidiaries in other countries have mainly defined-contribution pension plans. The Parent Company's data on pensions are reported in accordance with the Swedish Act on Safeguarding Pension Obligations.

DEFINED-CONTRIBUTION PLANS

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

Obligations for retirement pensions and family pensions for salaried employees in Sweden are secured by insurance in Alecta. According to statement UFR 3 of the Swedish Financial Reporting Board, this is a defined-benefit plan covering multiple employers. For the 2019/2020 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 31 million (30). Fees for the next financial year are considered to be in line with those for the year reported. The collective consolidation level for Alecta was 133 percent (144) in March 2020. The pension plan according to ITP1 is recognised as a defined-contribution plan.

DEFINED-BENEFIT PLANS

These pension plans primarily comprise retirement pensions. Each employer generally has an obligation to pay a lifelong pension and vesting is based on the number of years of employment. The employee must subscribe to the plan for a certain number of years to be fully entitled to retirement benefits. Each year increases the employee's entitlement to retirement benefits, which is recognised as pension earned during the period and as an increase in pension obligations. Both funded and unfunded pension plans apply in Sweden, Switzerland and the UK. The funded pension obligations are secured by plan assets that are managed by insurance companies. The Group estimates that SEK 4 million (1) will be paid in 2020/2021 to the funded defined-benefit plans. The total number of commitments of 963 (902) included in the obligation consists of 132 active (71), 488 paid-up policy holders (518) and 343 pensioners (313).

Obligations for employee benefits, defined-benefit pension plans

	Group		Parent Company	
Pension liability as per balance sheet	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
Pension liability PRI	270	250	15	15
Other pension obligations	62	10	–	–
Total cost of defined-benefit plans	**332**	**260**	**15**	**15**

	Group		Parent Company	
Obligations for defined-benefit plans and the value of plan assets	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
Funded obligations:				
Present value of funded defined-benefit obligations	255	53	–	–
Fair value of plan assets	-193	-43	–	–
Net debt, funded obligations	**62**	**10**	**–**	**–**
Present value of unfunded defined-benefit obligations	270	250	15	15
Net amount in the balance sheet (obligation +, asset –)	**332**	**260**	**15**	**15**
Pension obligations and plan assets per country:				
Sweden				
Pension obligations	303	281	15	15
Plan assets	-25	-23	–	–
Net amount in Sweden	**278**	**258**	**15**	**15**
Switzerland				
Pension obligations	200	–	–	–
Plan assets	-149	–	–	–
Net amount in Switzerland	**51**	**–**	**–**	**–**
UK				
Pension obligations	22	22	–	–
Plan assets	-19	-20	–	–
Net amount in the UK	**3**	**2**	**–**	**–**
Net amount in the balance sheet (obligation +, asset –)	**332**	**260**	**15**	**15**

	Group		Parent Company	
Reconciliation of net amount for pensions in the balance sheet	2019/2020	2018/2019	2019/2020	2018/2019
Opening balance	260	229	15	15
Cost of defined-benefit plans	13	8	1	1
Disbursements of benefits	-7	-7	-1	-1
Funds contributed by employer	-4	-1	–	–
Revaluations	12	31	–	–
Corporate acquisitions	54	–	–	–
Translation effect	4	0	–	–
Net amount in the balance sheet (obligation +, asset –)	**332**	**260**	**15**	**15**

	Group	
Changes in the obligation for defined-benefit plans recognised in the balance sheet	2019/2020	2018/2019
Opening balance	303	273
Pensions earned during the period	7	2
Interest on plan assets	7	7
Benefits paid	-5	-8
Funds contributed by employees	3	–
Revaluations:		
Gain (-)/loss (+) resulting from demographic assumptions	–	–
Gain (-)/loss (+) resulting from financial assumptions	20	25
Experienced-based gains (-)/losses (+)	-14	5
Corporate acquisitions	189	–
Translation effect	15	1
Gains and losses from settlements	–	-2
Present value of pension obligations	**525**	**303**

	Group	
Changes in plan assets	2019/2020	2018/2019
Opening balance	43	44
Funds contributed by employer	4	1
Funds contributed by employees	3	–
Benefits paid	2	-1
Interest income recognised in profit or loss	1	1
Return on plan assets, excluding interest income	-6	-1
Corporate acquisitions	135	–
Translation effect	11	1
Gains and losses from settlements	–	-2
Fair value of plan assets	**193**	**43**

NOTE 22 CONT.

Pension costs	Group 2019/2020	Group 2018/2019	Parent Company 2019/2020	Parent Company 2018/2019
Defined-benefit plans				
Cost for pensions earned during the year	7	2	1	–
Interest on plan assets	7	7	0	1
Interest income recognised in profit or loss	-1	-1	–	–
Total cost of defined-benefit plans	**13**	**8**	**1**	**1**
Total cost of defined-contribution plans	157	139	7	7
Social security costs on pension costs	19	17	1	1
Total cost of benefits after termination of employment	**189**	**164**	**9**	**9**

Allocation of pension costs in the income statement	Group 2019/2020	Group 2018/2019
Cost of sales	37	32
Selling and administrative expenses	146	126
Net financial items	6	6
Total pension costs	**189**	**164**

	2019/2020			2018/2019		
Actuarial assumptions	**Sweden**	**Switzerland**	**UK**	**Sweden**	**Switzerland**	**UK**
The following material actuarial assumptions were applied in calculating obligations:						
Discount rate, 1 April, %	2.10	–	2.86	2.55	–	3.08
Discount rate, 31 March, %	1.30	0.45	2.81	2.10	–	2.86
Future salary increases, %	2.25	1.00	–	2.75	–	–
Future increases in pensions, %	1.20	0.00	2.61	1.80	–	3.08
Personnel turnover, %	10.0	–	–	10.0	–	–
Mortality table	DUS14	BVG 2015 GT	S3PMA/S3PFA	DUS14	–	S2PMA/S2PFA

Sensitivity of pension obligations to changes in assumptions	Sweden	Switzerland	UK	Total
Defined-benefit pension obligations at 31 March 2020	303	200	22	525
The discount rate increases by 0.5%	-30	-18	-2	-50
The discount rate decreases by 0.5%	35	19	2	56
Life expectancy increases by 1 year	15	–	1	16
Life expectancy decreases by 1 year	-15	–	-1	-16

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

For Swedish pension liabilities, the interest rate for Swedish housing bonds is used as a basis and for pension liabilities in Switzerland and the UK, the interest rate for corporate bonds is used. The weighted average maturity for the commitment is around 18 years (18), which is used as a basis on which to determine the discount rate. Future increases in pensions are based on inflation assumptions. In Sweden, the remaining period of employment (life expectancy) is based on DUS 14, statistical tables prepared by Insurance Sweden and Försäkringssällskapet (the Insurance Society), in Switzerland on BVG 2015, and in the UK on S3PA, CMI 2019.

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	Premises	Personnel	Warranties	Other	Total
Carrying amount at beginning of period	1	9	26	11	47
Corporate acquisitions	–	–	2	–	2
Provisions made during the period	–	5	7	1	13
Amounts utilised during the period	0	-2	-7	-3	-12
Unutilised amounts reversed	–	–	0	-4	-4
Translation effect	0	0	0	0	0
Carrying amount at end of period	**1**	**12**	**28**	**5**	**46**

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

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

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

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

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

Note 24

Non-current interest-bearing liabilities

	Group	
	31 Mar 2020	31 Mar 2019
Liabilities to credit institutions:		
Maturing within 2 years	917	201
Maturing within 3-5 years	710	418
Maturing after 5 years or later	0	1
Total non-current liabilities to credit institutions	**1,627**	**620**
Leasing liability:		
Maturing within 2 years	141	–
Maturing within 3-5 years	251	–
Maturing after 5 years or later	66	–
Total leasing liability	**458**	**–**
Other interest-bearing liabilities:		
Maturing within 2 years	48	84
Maturing within 3 years	17	11
Maturing within 4-5 years	4	–
Maturing after 5 years or later	–	4
Total other non-current interest-bearing liabilities	**69**	**99**
Total	**2,154**	**719**

The non-current interest-bearing liabilities in the Parent Company at 31 March 2020 amounted to SEK 1,600 million (600). Other interest-bearing liabilities largely consist of additional contingent purchase considerations with estimated interest of 5.0 percent.

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

	31 Mar 2020		31 Mar 2019	
Currency	Local currency	SEK million	Local currency	SEK million
SEK	1,600	1,600	600	600
Other	3	27	0	0
Total		**1,627**		**600**

	Parent Company	
	31 Mar 2020	31 Mar 2019
Liabilities to credit institutions:		
Maturing within 2 years	900	200
Maturing within 3-5 years	700	400
Maturing after 5 years or later	–	–
Total non-current liabilities to credit institutions	**1,600**	**600**
Liabilities to Group companies	127	264
TOTAL	**1,727**	**864**

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

Note 25

Current interest-bearing liabilities

	Group		Parent Company	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
Credit facilities				
Approved bank overdraft facility	1,300	1,301	1,300	1,300
Approved other liabilities to credit institutions	1,201	400	1,200	400
Reclassifications	-300	-400	-300	-400
Unutilised portion	-2,044	-270	-2,044	-270
Credit amount utilised	**157**	**1,031**	**156**	**1,030**
Other liabilities to credit institutions	22	119	0	100
Leasing liability	169	–	–	–
Other interest-bearing liabilities	114	127	–	–
Total	**462**	**1,277**	**156**	**1,130**

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

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

	31 Mar 2020		31 Mar 2019	
Currency	Local currency	SEK million	Local currency	SEK million
SEK	–	–	100	100
CNY	10	15	8	11
Other	1	7	1	8
Total		**22**		**119**

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

Note 26

Accrued expenses and prepaid income

	Group		Parent Company	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
Other prepaid income	1	1	0	–
Salaries and holiday pay	331	286	14	14
Social security contributions and pensions	99	95	8	6
Other accrued expenses[1]	97	76	8	3
Total	**528**	**458**	**30**	**23**

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

Note 27

Pledged assets and contingent liabilities

	Group		Parent Company	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
Pledged assets for liabilities to credit institutions				
Real estate and site leasehold mortgages	38	35	–	–
Floating charges	41	13	–	–
Other pledged assets	1	1	–	–
Total	**80**	**49**	**–**	**–**
Contingent liabilities				
Guarantees and other contingent liabilities	122	25	46	0
Guarantees for subsidiaries[1]	–	–	136	131
Total	**122**	**25**	**182**	**131**

[1] Relates to PRI liabilities.

Note 28

Cash flow statement

Adjustment for items not included in cash flow	Group		Parent Company	
	2019/2020	2018/2019	2019/2020	2018/2019
Depreciation/amortisation	418	226	1	1
Revaluations of contingent purchase considerations	-52	-8	–	–
Gain/loss on sale of operations and non-current assets	-1	-6	–	–
Change in pension liability	2	0	2	2
Change in other provisions and accrued items	-4	14	–	–
Other	-9	3	-3	-3
Total	**354**	**229**	**0**	**0**

For the Group, interest received during the year totalled SEK 4 million (3), and interest paid was SEK 19 million (13). For the Parent Company, interest received during the year was SEK 27 million (25), and interest paid was SEK 17 million (13).

Acquisitions

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

	2019/2020	2018/2019
Non-current assets	440	689
Inventories	82	63
Receivables	110	185
Cash and cash equivalents	65	101
Total	**697**	**1,038**
Interest-bearing liabilities and provisions	-138	-150
Non-interest-bearing liabilities and provisions	-142	-241
Total	**-280**	**-391**
Total adjustments of assets and liabilities	**417**	**647**
Consideration paid, the year's acquisitions	-417	-647
Consideration paid, prior years' acquisitions	-79	-116
Cash and cash equivalents in acquired companies	65	101
Effect on consolidated cash and cash equivalents	**-431**	**-662**

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

Divestments

The following adjustments have been made as a result of the valuation of assets and liabilities in companies divested during the year:

	2019/2020	2018/2019
Non-current assets	0	8
Inventories	0	16
Receivables	1	18
Cash and cash equivalents	0	3
Interest-bearing liabilities and provisions	–	-8
Non-interest-bearing liabilities and provisions	0	-22
Divested net assets	**1**	**15**
Capital gains	0	5
Consideration received	1	20
Cash and cash equivalents in divested operations	0	-3
Effect on consolidated cash and cash equivalents	**1**	**17**

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

NOTE 28 CONT.

Reconciliation of debts arising from financing activities

Group	1 Apr 2019	Cash flows	Non-cash flow affecting changes: Acquisitions of subsidiaries	Adjustments via profit or loss	Exchange rate differences	New leases	Terminated leases	New accounting principle IFRS 16	31 Mar 2020
Bank overdraft facility	1,030	-873	–	–	0	–	–	–	157
Liabilities to credit institutions	739	897	10	–	3	–	–	–	1,649
Other interest-bearing liabilities	229	1	-4	-48	5	–	–	–	183
Leasing liability	–	-156	–	8	6	216	-5	558	627
Liabilities stemming from financing activities	**1,998**	**-131**	**6**	**-40**	**14**	**216**	**-5**	**558**	**2,616**

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

RECONCILIATION of debts arising from financing activities

Parent Company	1 Apr 2019	Cash flows	31 Mar 2020
Bank overdraft facility	1,030	-874	156
Liabilities to credit institutions	700	900	1,600
Liabilities stemming from financing activities	**1,730**	**26**	**1,756**

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

Note 29

Acquisitions of companies

Acquisitions completed as of the 2018/2019 financial year are distributed among the Group's business areas as follows:

Acquisition (divestment)	Country	Date of acquisition	Net sales, SEK million*	Number of employees*	Business area
Synthecs Group	Netherlands**	April, 2018	145	50	Automation
Xi Instrument AB	Sweden	April, 2018	13	2	Energy
KRV AS	Norway	April, 2018	55	27	Industrial Process
Scanwill Fluid Power ApS and Willtech ApS	Denmark	April, 2018	15	4	Components
Duelco A/S	Denmark	July, 2018	150	30	Energy
Prisma Teknik AB and Prisma Light AB	Sweden	July, 2018	70	27	Energy
Fibersystem AB	Sweden**	July, 2018	140	12	Automation
TLS Energimätning AB	Sweden	July, 2018	50	9	Industrial Process
Diamond Point International (Europe) Ltd	UK**	July, 2018	40	9	Automation
Power Technic ApS	Denmark	July, 2018	50	6	Power Solutions
(Solar Supply Sweden AB)	(Sweden)	(August, 2018)	(80)	(5)	(Power Solutions)
Nordautomation Oy	Finland	September, 2018	155	85	Industrial Process
Wood Recycling Sweden AB	Sweden	October, 2018	7	2	Industrial Process
Nylund Industrial Electronics (assets acquisition)	Finland	January, 2019	35	3	Components
Birepo A/S	Denmark	January, 2019	35	10	Components
Omni Ray AG	Switzerland	April, 2019	330	65	Automation
Thurne Teknik AB	Sweden	April, 2019	100	19	Industrial Process
AB N.O. Rönne	Sweden	April, 2019	8	4	Industrial Process
Best Seating Systems Walter Tausch GmbH	Austria	May, 2019	23	5	Power Solutions
Thiim A/S	Denmark	June, 2019	70	15	Automation
Profelec Oy	Finland	July, 2019	6	2	Energy
BKC Products Ltd.	UK	August, 2019	12	5	Industrial Process
Promector Oy	Finland	August, 2019	24	20	Automation
Wireco-NB Oy	Finland	February, 2020	23	6	Energy
Caligo Industria Oy	Finland	February, 2020	70	9	Industrial Process
DMC Digital Motor Control GmbH	Germany	March, 2020	30	10	Power Solutions
Q-tronic B.V	Netherlands	March, 2020	45	10	Power Solutions
Elkome Group Oy	Finland	April, 2020	85	38	Automation
Peter Andersson AB	Sweden	April, 2020	30	9	Energy
Valutec Group AB	Sweden	April, 2020	350	45	Industrial Process

* Refers to assessed condition at the time of acquisition or divestment on a full-year basis.
** Prior to 1 April 2019, the company belonged to the Components business area.

NOTE 29 CONT.

The value of assets and liabilities included in acquisitions from the 2018/2019 financial year have been determined conclusively. No significant adjustments have been
made to the calculations. According to the preliminary acquisition analyses, the assets and liabilities included in the acquisitions for the year were as follows:

	2019/2020			2018/2019		
	Carrying amount on acquisition date	Adjustment to fair value	Fair value	Carrying amount on acquisition date	Adjustment to fair value	Fair value
Intangible non-current assets	2	214	216	10	327	337
Other non-current assets	13	–	13	61	2	63
Inventories	82	–	82	68	–	68
Other current assets	175	–	175	281	–	281
Deferred tax liability/tax asset	0	-36	-36	-6	-69	-75
Other liabilities	-116	-52	-168	-222	-15	-237
Acquired net assets	**156**	**126**	**282**	**192**	**245**	**437**
Goodwill			211			306
Non-controlling interests			-3			–
Consideration[1]			**490**			**743**
Less: cash and cash equivalents in acquired operations			-65			-96
Less: consideration not yet paid			-73			-83
Effect on consolidated cash and cash equivalents			**352**			**564**

[1] The consideration is stated excluding acquisition expenses.

The combined consideration for the year's acquisition was SEK 490 million, of which SEK 427 million, according to preliminary acquisition analyses, was allocated to goodwill and other intangible assets. Had the acquisitions been completed on 1 April 2019, their impact would have been an estimated SEK 750 million on consolidated net sales, about SEK 40 million on operating profit and about SEK 20 million on profit after tax.

Addtech uses an acquisition structure with a base purchase price and contingent consideration. The outcome of contingent considerations is dependent on future results achieved in the companies and has a set maximum level. Of contingent considerations for acquisitions during the financial year that are yet to be paid, the discounted value amounts to SEK 67 million. The contingent considerations fall due within three years and the outcome may not exceed SEK 94 million. If the conditions are not met, the outcome may be in the range of SEK 0-94 million.

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

Revaluations of contingent considerations had a net positive impact of SEK 52 million (8) on the financial year. The impact on profits is recognised in other operating income and other operating expenses, respectively. No material changes in acquisition analyses were made in the financial year with regard to acquisitions carried out in the year or in previous years.

Consolidated goodwill at the time of the acquisition, regarding the expected future sales trend and profitability, is the amount by which the acquisition value exceeds the fair value of net assets acquired. Goodwill is motivated by the anticipated future sales trend and profitability, as well as the personnel included in the acquired companies.As of 31 March 2020 non-taxable goodwill amounted to SEK 1,997 million, to be compared with SEK 1,767 million as of 31 March 2019. The change is attributable to acquisitions and exchange differences. Consolidated goodwill is assessed annually for impairment, and no needs for impairment have been identified.

The values allocated to intangible non-current assets, such as supplier relationships, customer relationships, technology and trademarks, were assessed at the discounted value of future cash flows. The amortisation period is determined by estimating the annual decrease in sales attributable to each asset. Supplier relationships are generally amortised over a period of 5-10 years customer relationships and technology are amortised over 10 years. Trademarks are not amortised but are tested annually in accordance with IAS 36. Annual calculated amortisation regarding intangible non-current assets for the year's acquisitions amounts to about SEK 22 million.

Note 30

Earnings per share before and after dilution

	2019/2020	2018/2019
Earnings per share before and after dilution (SEK)		
Earnings per share before dilution	12.85	9.85
Earnings per share after dilution	12.80	9.80

See Note 1 for the method of calculation.

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

EARNINGS PER SHARE BEFORE DILUTION

The calculation of earnings per share for 2019/2020 is based on profit for the year attributable to Parent Company shareholders, totalling SEK 862 million (660), and a weighted average number of shares outstanding during 2019/2020 of 67,123 thousand (67,047). The two components were calculated in the following manner:

	2019/2020	2018/2019
Profit for the year attributable to the equity holders of the Parent Company, before dilution (SEK million)	862	660

WEIGHTED AVERAGE NUMBER OF SHARES DURING THE YEAR, BEFORE DILUTION

In thousands of shares	2019/2020	2018/2019
Total number of shares, 1 April	67,057	66,992
Effect of treasury shares held	66	55
Weighted average number of shares during the year, before dilution	**67,123**	**67,047**

EARNINGS PER SHARE AFTER DILUTION

The calculation of diluted earnings per share for 2019/2020 is based on profit attributable to Parent Company shareholders, totalling SEK 862 million (660), and a weighted average number of shares outstanding during 2019/2020 of 67,300 thousand (67,189). The two components were calculated in the following manner:

	2019/2020	2018/2019
Profit for the year attributable to Parent Company shareholders, after dilution (SEK million)	862	660

AVERAGE NUMBER OF SHARES OUTSTANDING, AFTER DILUTION

In thousands of shares	2019/2020	2018/2019
Weighted average number of shares during the year, before dilution	67,123	67,047
Effect of share options issued	177	142
Weighted average number of shares during the year, after dilution	**67,300**	**67,189**

Note 31

Disclosures regarding the Parent Company

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

Head office address:
Addtech AB (publ.)
Box 5112
SE-102 43 Stockholm. Sweden
Tel +46 8 470 49 00
www.addtech.com

Note 32

Related party disclosures

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

Note 33

Events after the balance sheet date

The breakout of the COVID-19 pandemic in the fourth quarter of the financial year initially had limited impact on the Group's operations. Addtech continues to monitor the recommendations issued by the appropriate authorities and is taking relevant health precautions to protect its personnel and to mitigate contagion in society. The pandemic is affecting the entire global market and will also have an impact on Addtech over the next financial year. Challenges are appearing in the supply chain and uncertainties prevail regarding our customers' prospects of keeping their operations running at full capacity. We continuously prepare and undertake measures to be able to respond quickly to address reduced sales. All companies in the Group have prepared action plans and cost-saving programmes ready to be executed to protect earnings, liquidity and cash flow.

At the time of writing, approximately 120 of the Group's total approximately 3,000 employees have been notified of redundancy and a further 800 employees are affected by short-term lay-offs. Sales in the first quarter of 2020/2021 is estimated to have been negatively affected by approximately 7 percent compared to sales in the first quarter previous year due to the current pandemic. Sales for the first quarter totaled SEK 2,805 million (2,934), a decrease of 4 percent of which 7 percent organically, with an operating margin of 8.7 percent (10.0).

On 1 April, Elkome Group Oy was acquired in Finland and joined the Automation business area. Elkome develops, integrates and delivers solutions for applications in industrial IoT, primarily targeting industrial production, smart solutions for sustainable cities and infrastructure. Solutions include customised computer systems, info kiosks, test systems, software, sensors and industrial communications. The company generates annual sales of approximately EUR 8 million and has 38 employees.

On 2 April, Peter Andersson AB was acquired in Sweden and joined the Energy business area. Andersson System provides electrical accessories for office and kitchen environments in Sweden and Norway, both as trade products and as products developed in-house. These products are sold via retailers in office furniture, office equipment, AV equipment, computer accessories and kitchen fittings. The company generates annual sales of approximately SEK 30 million and has nine employees.

On 8 April, the company Valutec Group AB was acquired in Sweden and joined the Industrial Process business area. Valutec is one of the world's leading manufacturers of wood dryers for the forest industry. The company generates annual sales of approximately SEK 350 million and has 45 employees.

According to the preliminary acquisition analyses, the assets and liabilities included in acquisitions following the end of the year were:

SEK million	Carrying amount on acquisition date	Adjustment to fair value	Fair value
Intangible non-current assets	22	504	526
Other non-current assets	23	–	23
Inventories	46	–	46
Other current assets	159	–	159
Deferred tax liability/tax asset	-2	-107	-109
Other liabilities	-90	–	-90
Acquired net assets	**158**	**397**	**555**
Goodwill			497
Non-controlling interests			-130
Consideration[1]			**922**
Less cash and cash equivalents in acquired operations			-107
Less considerations yet to be paid			-99
Effect on consolidated cash and cash equivalents			**716**

[1] With the acquisition of Valutec Group AB comes a commitment to acquire the remaining 14 percent of the company. This commitment is valued to SEK 98 million and will be reported as a non-current interest-bearing liability.

Assurance by the Board of Directors

The Board of Directors and the CEO consider the consolidated accounts and annual accounts to have been prepared in accordance with IFRS as adopted by the EU and in accordance with generally accepted accounting principles and give a true and fair view of the position and earnings of the Group and the Parent Company. The Administration Report for the Group and the Parent Company provides a true and fair view of the operations, position and earnings of the Group and the Parent Company and describes the significant risks and uncertainties faced by the Parent Company and the companies included in the Group. In other regards, the earnings and position of the Group and the Parent Company are presented in the Income Statements, Balance Sheets, Cash Flow Statements and appurtenant notes included in the Annual Report.

Stockholm, 13 July 2020

Anders Börjesson
CHAIRMAN OF THE BOARD

Eva Elmstedt
BOARD MEMBER

Kenth Eriksson
BOARD MEMBER

Henrik Hedelius
BOARD MEMBER

Ulf Mattsson
BOARD MEMBER

Malin Nordesjö
BOARD MEMBER

Johan Sjö
BOARD MEMBER

Niklas Stenberg
CEO

Our Audit Report was submitted on 13 July 2020.

KPMG AB

Joakim Thilstedt
AUTHORISED PUBLIC ACCOUNTANT
PRINCIPAL AUDITOR

Jonas Eriksson
AUTHORISED PUBLIC ACCOUNTANT

Auditor's report

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

Report on the annual accounts and consolidated accounts

OPINIONS

We have audited the annual accounts and consolidated accounts of Addtech AB for the financial year 2019-04-01—2020-03-31. The annual accounts and consolidated accounts of the company are included on pages 37-105 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 March 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 March 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act.

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

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

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

BASIS FOR OPINIONS

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

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

KEY AUDIT MATTERS

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

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

See disclosure 14 and 17 and accounting principles on pages 67-68 and 71 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The book value of acquired intangible assets, consisting of goodwill, supplier relationships, technology etc., amount to SEK 3,240 million as at 31 March 2020, representing 38 % of total assets.

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

The parent company's interests in group companies amount to SEK 1,004 million as at 31 March 2020. 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 valuation.

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.

Completeness in accounts following the Cyber-attack

Se the administration report page 37 in the annual accounts and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The group were during the financial year effected by a severe cyber-attack, where 80 of the group's companies were affected by harmful encryption code. A new IT-environment has been built and the infected data for the part of the financial year that was affected has been recreated. The recreation of the accounting records has been made for several different sources in the effected companies. Controls have been made by the companies to ensure that all transactions are included in the accounts.

Response in the audit

We have obtained the documentation from the companies for the recreation of accounting records from the different sources and assessed the controls made by the companies to ensure the completeness of the accounting records. We have also performed data analysis and tested that the recreated transactions have been recorded in order to ensure that the accounting records in all material aspects are complete.

Furthermore, we have read the information in the administration report and evaluated whether it gives a true and fair view of the incident.

OTHER INFORMATION THAN THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Detta dokument innehåller även annan information än årsredovisningen This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-36 and 109-120. 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.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

AUDITOR'S RESPONSIBILITY

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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.

AUDITOR'S REPORT

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 for the financial year 2019-04-01—2020-03-31 and the proposed appropriations of the company's profit or loss.

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

BASIS FOR OPINIONS

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

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

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

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

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

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

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

THE AUDITOR'S OPINION REGARDING THE STATUTORY SUSTAINABILITY REPORT

The Board of Directors is responsible for the sustainability report on pages 114-120, 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 by the general meeting of the shareholders on the 29 08 2019. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 1997.

Stockholm, July 13, 2020

KPMG AB
Joakim Thilstedt
AUTHORIZED PUBLIC ACCOUNTANT
Principal Auditor

Jonas Eriksson
AUTHORIZED PUBLIC ACCOUNTANT

Multi-year summary

SEK million, unless otherwise stated	2019/2020	2018/2019	2017/2018	2016/2017
Net sales	11,735	10,148	8,022	7,178
EBITDA	1,579	1,137	881	755
EBITA	1,364	1,085	838	715
Operating profit	1,161	910	701	604
Profit after financial items	1,105	865	665	580
Profit for the year	**873**	**672**	**526**	**450**
Intangible non-current assets	3,240	2,953	2,463	1,892
Property, plant and equipment and financial non-current assets	374	315	239	217
Right-of-use assets	626	-	-	-
Inventories	1,642	1,417	1,118	942
Current receivables	2,261	2,065	1,507	1,286
Cash and cash equivalents	363	295	192	178
TOTAL ASSETS	**8,506**	**7,045**	**5,519**	**4,515**
Equity attributable to shareholders	3,018	2,470	2,085	1,701
Non-controlling interests	58	50	46	40
Interest-bearing liabilities and provisions	2,948	2,256	1,598	1,189
Non-interest-bearing liabilities and provisions	2,482	2,269	1,790	1,585
TOTAL EQUITY AND LIABILITIES	**8,506**	**7,045**	**5,519**	**4,515**
Capital employed	6,023	4,775	3,728	2,930
Working capital	2,415	2,029	1,591	1,362
Financial net debt	2,585	1,960	1,405	1,011
Net debt excluding pensions	2,253	1,700	1,176	801
EBITA margin, %	11.6	10.7	10.5	10.0
Operating margin, %	9.9	9.0	8.7	8.4
Profit margin, %	9.4	8.5	8.3	8.1
Return on equity, %	32	29	28	28
Return on capital employed, %	21	21	22	23
Return on working capital (P/WC), %	56	53	53	53
Equity/assets ratio, %	36	36	39	39
Debt/equity ratio, multiple	0.8	0.8	0.7	0.6
Net debt/equity ratio, multiple	0.7	0.7	0.6	0.5
Interest coverage ratio, multiple	20.5	22.1	22.7	23.9
Financial net debt/EBITDA, multiple	1.6	1.7	1.6	1.3
Earnings per share, SEK	12.85	9.85	7.70	6.60
Earnings per share after dilution effect, SEK	12.80	9.80	7.65	6.55
Cash flow per share, SEK	16.65	7.80	8.05	8.25
Equity per share, SEK	44.95	36.80	31.10	25.45
Dividend per share, SEK	4.00 [1]	5.00	4.00	3.50
Average number of shares after repurchases (thousands)	67,123	67,047	66,950	66,824
Average number of shares after repurchases, adjusted for dilution (thousands)	67,300	67,189	67,178	67,008
Share price on 31 March, SEK	244.50	193.00	168.00	148.50
Cash flow from operating activities	1,117	524	539	551
Cash flow from investing activities	-532	-725	-520	-395
Cash flow from financing activities	-507	294	-12	-126
Cash flow for the year	78	93	7	30
Average number of employees	2,913	2,590	2,283	2,133
Number of employees at end of year	2,981	2,759	2,358	2,176

1) As proposed by the Board of Directors.

DEFINITIONS

Definitions

Acquired growth[1]
Changes in net sales attributable to business acquisitions compared with the same period last year.

Acquired growth is used as a component to describe the change in consolidated net sales in which acquired growth is distinguished from organic growth, divestments and exchange rate effects, see reconciliation table on the next pages.

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

Capital employed shows the size of the company's assets that have been lent to the company's owners or that have been lent out by lenders, see reconciliation table on the next pages.

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

This measure is used so investors can easily analyse the size of the surplus generated per share from operating activities.

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

A measure used to analyse financial risk.

Earnings per share (EPS)
Shareholders' share of profit for the period after tax, divided by the weighted average number of shares during the period. Performance measures under IFRS.

Earnings per share (EPS), diluted
Shareholders' share of profit for the period after tax, divided by the weighted average number of shares during the period, adjusted for the additional number of shares in the event of outstanding options being used.

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

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

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

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

EBITDA[1]
Operating profit before depreciation and amortisation.

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

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

The equity/assets ratio is used to analyse financial risk and show the percentage of assets that are funded with equity.

Equity per share[1]
Equity divided by number of shares outstanding at the reporting period's end.

This measures how much equity is attributable to each share and is published to make it easier for investors to conduct analyses and make decisions.

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

Net debt is used to monitor changes in debt, analyse the Group indebtedness and its ability to repay its debts using liquid funds generated from the Group's operating activities if all debt fell due for repayment today and any necessary refinancing.

Financial net debt/EBITDA[1]
Net financial debt divided by EBTIDA.

Net financial debt compared with EBITDA provides a performance measure for net debt in relation to cash- generating earnings in the business, i.e. it gives an indication of the business' ability to repay its debts. This measure is generally used by financial institutions to measure creditworthiness.

Financial items[1]
Finance income minus finance costs.

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

Interest coverage ratio[1]
Earnings after net financial items plus interest expense and bank charges divided by interest expense and bank charges.

This performance indicator measures the Group's capacity through its business operations and finance income to generate a sufficiently large surplus to cover its finance costs, see reconciliation table on the next pages.

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

A measure used to analyse financial risk, see reconciliation table on the next pages.

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

A measure used to analyse financial risk, see reconciliation table on the next pages.

Net investments in non-current assets[1]
Investments in non-current assets minus sales of non-current assets.

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

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

This measure is used to specify the percentage of sales that is left to cover interest and tax, and to provide a profit, after the company's costs have been paid.

Operating profit[1]
Operating income minus operating expenses.

Used to describe the Group's earnings before interest and tax.

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

Organic growth is used to analyse underlying sales growth driven a change in volumes, product range and price for similar products between different periods, see reconciliation table on the next pages.

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

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

Used to analyse the business' profitability including financial activities.

Return on capital employed[1]
Profit before tax plus financial expenses as a percentage of capital employed. The components are calculated as the average of the last 12 months.

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

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

Return on equity measures the return generated on owners' invested capital.

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

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

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

Working capital is used to analyse how much working capital is tied up in the business, see reconciliation table on the next pages.

[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.

RECONCILIATION TABLES, ALTERNATIVE KEY FINANCIAL INDICATORS

EBITA and EBITDA

Group, SEK million	2019/2020	2018/2019	2017/2018	2016/2017
Operating profit	1,161	910	701	604
Amortisation, intangible non-current assets (+)	203	175	137	111
EBITA	**1,364**	**1,085**	**838**	**715**
Depreciation, property, plant and equipment (+)	215	52	43	40
EBITDA	**1,579**	**1,137**	**881**	**755**

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

Group, SEK million	2019/2020	2018/2019	2017/2018	2016/2017
EBITA (rolling 12 months)	1,364	1,085	838	715
Inventories, annual average (+)	1,594	1,304	1,037	941
Accounts receivable, annual average (+)	1,854	1,542	1,231	1,043
Accounts payable, annual average (-)	1,033	817	677	622
Working capital (annual average)	**2,415**	**2,029**	**1,591**	**1,362**
Return on working capital (P/WC) (%)	**56%**	**53%**	**53%**	**53%**

Acquired growth and organic growth

Group	2019/2020	2018/2019	2017/2018	2016/2017
Acquired growth (SEK million, %)	**774 (8%)**	**999 (12%)**	**557 (8%)**	**574 (9%)**
Organic growth (SEK million, %)	**765 (8%)**	**903 (11%)**	**356 (5%)**	**403 (7%)**
Divestments (SEK million, %)	-59 (-1%)	-65 (-1%)	-115 (-2%)	-
Exchange rate effects (SEK million, %)	107 (1%)	289 (4%)	46 (1%)	46 (1%)
Total growth (SEK million, %)	**1,587 (16%)**	**2,126 (26%)**	**844 (12%)**	**1,023 (17%)**

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

Group	2019/2020	2018/2019	2017/2018	2016/2017
Financial net debt, SEK million	2,585	1,960	1,405	1,011
Pensions, SEK million (-)	-332	-260	-229	-210
Net debt excluding pensions, SEK million	**2,253**	**1,700**	**1,176**	**801**
Equity, SEK million	3,076	2,520	2,131	1,741
Net debt/equity ratio excluding pensions, multiple	**0.7**	**0.7**	**0.6**	**0.5**

Interest coverage ratio

Group	2019/2020	2018/2019	2017/2018	2016/2017
Profit after financial items, SEK million	1,105	865	665	580
Interest expenses and bank charges, SEK million (+)	57	41	31	25
Total	1,162	906	696	605
Interest coverage ratio, multiple	**20.5**	**22.1**	**22.7**	**23.9**

Capital employed and return on capital employed

Group, SEK million	2019/2020	2018/2019	2017/2018	2016/2017
Profit after financial items	1,105	865	665	580
Financial expenses (+)	79	62	71	39
Profit after financial items plus financial expenses	**1,184**	**927**	**736**	**619**
Total assets, annual average (+)	7,926	6,324	4,996	4,143
Non-interest-bearing liabilities, annual average (-)	-1,947	-1,604	-1,319	-1,167
Non-interest-bearing provisions, annual average (-)	-379	-378	-335	-268
Capital employed	**5,600**	**4,342**	**3,342**	**2,708**
Return on capital employed, %	**21%**	**21%**	**22%**	**23%**

Sustainability notes

ABOUT SUSTAINABILITY REPORTING

Addtech's sustainability efforts are a central and integrated part of our business, organisation and value chain. We have therefore also chosen to integrate the Sustainability Report into our Annual Report for the financial year from April 2019 to March 2020. This report covers Addtech AB company ID number 556302-9726 with associated subsidiaries.

In the reporting, Addtech has been inspired by the International Integrated Reporting Framework (IIRC). This is a framework that aims to report and create context around the factors that affect a company's possibility to create value in the short, median and long term. The reporting also pertains to the statutory reporting of sustainability according to the Annual Accounts Act 06:10-14. The UN's global goals were used as a framework for the materiality analysis, the stakeholder dialogue and our objectives. Key indicators are reported according to the Global Reporting Initiative (GRI) Standards, Greenhouse Gas Protocol and Addtech's own key indicators for sustainable development. The sustainability notes are examined by an external party, see statement on page 121.

On the following pages, supplementary sustainability information is presented, such as: governance, materiality analysis and material areas, stakeholder dialogue, sustainability targets, key indicators and calculation methods.

GOVERNANCE

Ultimately, the Group's Board of Directors is responsible, through Group Management, for Addtech's overall, long-term sustainability targets. These targets are supplemented by targets and action plans developed by each business area for its companies. Our operational sustainability work is therefore conducted in line with our well established corporate culture through a decentralised responsibility in our companies. Addtech practices active ownership through Board work and follow-up, but does not govern the companies at a detailed level. Every year, the companies report their own sustainability work. If deficiencies are identified, the companies apply appropriate measures with the support of the Group.

Addtech's Code of Conduct is a cornerstone of our sustainability work and an integrated part of the business. Our Code of Conduct, together with our core values, is the foundation of how we do business, behave and act in our daily work and in our relationships with the surrounding world. The Code includes human rights, working conditions, gender equality and diversity, anti-corruption and environmental responsibility and builds on the UN Global Compact, ILO's core conventions and on the OECD Guidelines for Multinational Enterprises. It encompasses all companies and employees. The Code of Conduct is reviewed by the Board of Directors annually. It is available on our website www.addtech.com together with our Code of Conduct for Suppliers. Any improprieties or irregularities that are in conflict with our Code of Conduct shall be reported to our whistle-blower function.

MATERIALITY ANALYSIS

In order to be able to work strategically and in a manner integrated with sustainable development, we updated our materiality analysis and stakeholder dialogue during the year, and defined targets for our long-term work. The materiality analysis was established in Group Management in November 2019.

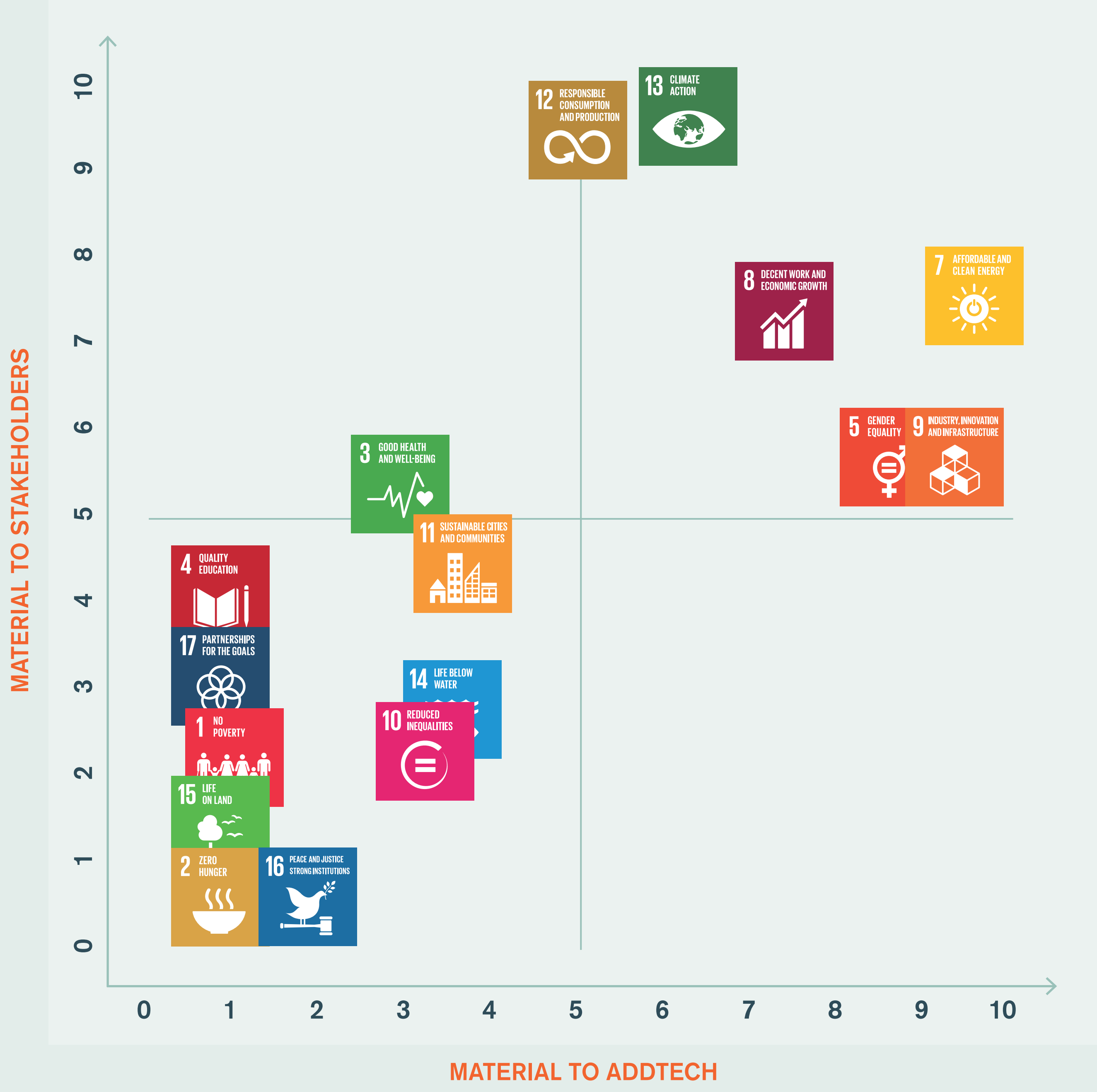
Material to stakeholders

In connection with the update of our materiality analysis, a stakeholder dialogue was held with prioritised stakeholder groups. The UN Global Sustainable Development Goals were used as a starting point for the dialogue. The dialogue consisted of in-depth interviews and surveys where the stakeholder groups responded to questions on what sustainability issues were important to them and what expectations they have of Addtech's continued sustainability strategy. They also had the opportunity to prioritise the global goals that were the most important to those with whom Addtech works. The results are reported in the Y axis of the materiality matrix: Material to Stakeholders.

Material to Addtech

In a survey, the Board of Directors and Management Group for Addtech AB prioritised the global goals according to what goals can constitute risks, as well as business opportunities for the Group. The responses were then presented at a workshop with the Management Group where the relation between Addtech's ambitions and stakeholder expectations were discussed. The results are reported in the X axis of the materiality matrix: Material to Addtech.

STAKEHOLDER GROUP	DIALOGUE METHOD	IMPORTANT ISSUES FOR THEM	PRIORITISED GLOBAL GOALS
Shareholders	In-depth interviews with a selection of our largest shareholders and analysts that follow the Addtech share, capital market day, Annual General Meeting, Annual Report, Interim Reports and website.	Earnings trend, human rights, anti-corruption, climate impact, sustainable business models and gender equality.	5 Gender equality; 8 Decent work and economic growth; 9 Industry, innovation and infrastructure; 13 Climate action
Employees	In-depth interviews with focus groups from every business area, sustainability surveys for selected employees, development interviews, courses and the intranet.	Gender equality, working conditions, skills development, responsible suppliers, sustainable business opportunities and climate impact.	5 Gender equality; 7 Affordable and clean energy; 8 Decent work and economic growth; 12 Responsible consumption and production; 13 Climate action
Customers	In-depth interviews with a selection of our largest customers, the companies' own channels and meetings and the website.	Innovation, human rights, responsible resource consumption, anti-corruption, working conditions and climate impact.	9 Industry, innovation and infrastructure; 12 Responsible consumption and production; 13 Climate action
Suppliers	In-depth interviews with a selection of our most important suppliers,the subsidiaries' own channels and meetings, supplier evaluations and visits.	Business ethics, customer satisfaction, collaboration and the climate impact.	7 Affordable and clean energy; 8 Decent work and economic growth; 9 Industry, innovation and infrastructure; 11 Sustainable cities and communities



Prioritisation

The table below presents Addtech's most material sustainability areas and their relation to the global goals. The questions are ranked according to the company's and the stakeholders' prioritisation. All of the global goals are of significance to Addtech, but to be able to focus and drive the work forward, a prioritisation is needed. Our material areas are followed up with GRI indicators and our own key indicators.

Priority	Global goal	Implication for Addtech	Area	KPI
		PRIORITISED AREAS		
1	7: Affordable and clean energy 7.2 Increase the share of renewable energy 7.3 Double the global rate of improvement in energy efficiency	That we increase the share of business that contributes to the transformation to renewable energy consumption and improve the efficiency of our own energy use. Also included in goals 9 and 13.	Energy consumption	GRI 302-1 Energy consumption GRI 302-3 Energy intensity GRI 302-4 Reduction of energy consumption
2	13: Climate action 13.3 Improve knowledge and capacity on climate change mitigation	That we map, set targets and reduce our emissions from transports, purchases and energy consumption.	Emissions of greenhouse gases	GRI 305-1 Scope 1 GRI 305-2 Scope 2 GRI 305-3 Scope 3 GRI 305-4 GHG emissions intensity GRI 305-5 Reduction of GHG emissions
3	9: Industries, innovation and infrastructure 9.4 Upgrade infrastructure and retrofit industries to make them sustainable	That we increase the share of business that offers technical solutions for the transformation to sustainable innovation, industries and infrastructure.	Economic value	GRI 201-1 Direct economic value generated and distributed Addtech KPI: The share of sales that contributes to sustainable development in total by business area and by global goal.
4	8: Decent work and economic growth 8.8 Protect labour rights and promote safe and secure work environments	That we ensure a long-term perspective in our growth without risking working conditions for our own employees and at our suppliers.	Employees Employment Training and development Social supplier evaluation	GRI 102-8 Number of employees and proportion of full-time and part-time employments. GRI 401-1 New employee hires and employee turnover GRI 404-1 Average hours of training per year per employee GRI 404-3 Percentage of employees receiving regular performance and career development reviews Addtech KPI: Percentage of purchasing volume evaluated based on the Code of Conduct
5	5: Gender equality 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decisionmaking.	That we have a gender equal and inclusive working environment that promotes female leadership.	Diversity and equal opportunity	GRI 405-1 Diversity of governance bodies and employees GRI 404-1 Average hours of training per year per employee, by gender Addtech KPI: Proportion of women, sales Addtech KPI: Number of reported whistle-blower cases
6	12: Responsible consumption and production 12.2 Sustainable management and efficient use of natural resources	That we have a product life cycle with efficient use of natural resources.	Environmental supplier evaluation	Addtech KPI: Percentage of purchasing volume evaluated based on the Code of Conduct
7	3: Good health and well-being 3.4 Reduce mortality from non-communicable diseases and promote mental health	That we work systematically to promote health and safety at our workplaces	Health and safety	GRI 403-1 Accidents and sick leave
		LESS PRIORITISED AREAS		
8	11: Sustainable cities and communities		Included in goal 9.	
9	14: Life below water		Included in goal 9.	
10	10: Reduced inequalities		Included in goal 5	
11	6: Clean water and sanitation		Included in goal 9.	
12	1: No poverty			
13	16: Peace, justice and strong institutions			
14	4: Quality education			
15	17: Partnerships for the goals			
16	15: Life on land			
17	2: Zero hunger			

VISIONS AND KEY PERFORMANCE INDICATORS

The materiality matrix has then be converted into a sustainability model consisting of five of the highest priority areas for both Addtech and stakeholders, with a breakdown into three strategic focus areas: the business, the organisation and the value chain. For each strategic focus area, there is a long-term vision that is measurable and limited in time to the year 2030 in accordance with the global goals. With a distinct direction, we want to clarify where we want to go and what value we want to create and using key performance indicators, we want to ensure that we develop in the right direction. Focus in the next year will be to establish priorities and visions throughout the Group to develop together a strategic plan of action and necessary activities for achieving our objectives.

BUSINESS	ORGANISATION	VALUE CHAIN
2030 the vision is that **100%** of sales will contribute to sustainable development	**2030** the vision is to have **40%** women in senior positions and reduce our carbon dioxide intensity by **50%**	**2030** the vision is to have evaluated **80%** of the purchase volume based on our Code of Conduct

KPI		2019/2020	2018/2019	2017/2018
THE BUSINESS				
Sustainable development				
Percentage of sales from business that contributes to sustainable development (%)*		40	–	–
Distribution by business area (%)	Energy:	32	–	–
	Industrial Process:	29	–	–
	Power Solutions:	19	–	–
	Automation:	12	–	–
	Components:	8	–	–
Distribution by global goal (SDG) (%)	SDG 3: Good health and well-being:	4	–	–
	SDG 6: Clean water and sanitation:	1	–	–
	SDG 7: Affordable and clean energy:	28	–	–
	SDG 9: Industry, innovation and infrastructure:	38	–	–
	SDG 11: Sustainable cities and communities:	9	–	–
	SDG 12: Responsible consumption and production:	2	–	–
	SDG 14: Life below water:	18		
Economic value				
Financial value generated (SEK million)		11,735	10,148	8,022
Financial value distributed (SEK million)		11,510	9,787	7,765
Of which, manufacturing costs (SEK million)		8,725	7,398	5,825
Of which, salaries and remunerations (salaries, pensions, payroll taxes, social security contributions) (SEK million)		2,114	1,840	1,496
Of which, disbursements to creditors (SEK million)		62	50	40
Of which, disbursements to shareholders (SEK million)		336	269	235
Of which, disbursements to governments (tax) (SEK million)		273	230	169
Remaining in the company (SEK million)		225	361	257

KPI	2019/2020	2018/2019	2017/2018
ORGANISATION (SOCIAL)			
Diversity & equal opportunity			
Proportion of women, management (%)*	14	11	12
Proportion of women, administration, finance & purchasing (%)	65	66	66
Proportion of women, sales (%)	14	14	14
Proportion of women, technical service, support, production, warehousing (%)	19	21	22
Proportion of women, total (%)	26	26	26
Proportion of employees who ever felt discriminated (%)* (Survey is done every two years)	–	1.8	–
Number of reported whistle-blower cases*	0	0	0
Employment			
Total number of employees	2,913	2,590	2,283
Percentage of permanent employees (%)	97	98	96
Percentage of full-time employees (%)	94	94	93
Personnel turnover (%)	10	12	12
Personnel turnover, women (%)	10	13	13
Personnel turnover, men (%)	10	11	12
Health & safety			
Absence due to illness (%)*	3	3	2
Number of accidents	32	32	29
Training & development			
Total number of invested training hours	24,137	22,585	22,556
Number of invested training hours/employee	8.29	8.72	9.88
Percentage of invested training hours per female employee, weighted gender distribution (%)	54	52	57
Percentage of invested training hours per male employee, weighted gender distribution (%)	46	48	43
Percentage of documented performance and development interviews (%)	63	63	62
ORGANISATION (ENVIRONMENT)			
Emissions of greenhouse gases*			
Carbon dioxide intensity (total emissions tonnes CO2e/net sales, SEK thousands)	2.2	2.2	2.2
Total emissions (tonnes CO2e)	25,312	22 265	17,600
SCOPE 1 (tonnes CO2e)	2,071	1,869	1,643
Emissions from own vehicle fleet (tonnes CO2e)	2,071	1,869	1,643
SCOPE 2 (tonnes CO2e)	2,494	2,318	2,134
Emissions, energy consumption (tonnes of CO2e)	2,494	2,318	2,134
SCOPE 3 (tonnes CO2e)	20,747	18,078	13,823
Upstream freight emissions (tonnes of CO2e)	10,581	9,892	8,134
Downstream freight emissions (tonnes of CO2e)	7,781	6,038	4,464
Business travel emissions, air travel (tonnes of CO2e)	2,385	2,148	1,225
Energy consumption			
Total energy consumption (MWh)	24,935	23,184	21,343
Of which electricity (MWh)	16,317	15,595	14,744
Of which heating (MWh)	8,618	7,589	6,599
Share of electricity from renewable sources (%)	59	59	54
Energy consumption in relation to net sales (%)	2.1	2.3	2.7

KPI	2019/2020	2018/2019	2017/2018
VALUE CHAIN			
Social & environmental supplier evaluation			
Percentage of purchasing volume evaluated based on the Code of Conduct (%)*	51	–	–

* See below for calculation methods and comments.

Calculation methods and comments on outcomes

PERCENTAGE OF SALES FROM BUSINESS THAT CONTRIBUTES TO SUSTAINABLE DEVELOPMENT

Addtech wants to be part of the transformation to a sustainable development and sees considerable opportunities in business that contributes positively to society and the environment. A self-assessment has been done based on each business area's existing product and service offering that addresses any of the sustainability challenges mentioned in the UN Global Sustainable Development Goals and their 169 targets. The revenue from these assignments are then estimated to be able to do a calculation of their share of total sales at a Group level, rounded to the nearest ten. The purpose of this key performance indicator is to identify a present situation to over time increase the share of our sales that contributes to a sustainable future and new business opportunities.

PROPORTION OF WOMEN, MANAGEMENT

The technology trading industry has historically been, and is still, male-dominated. Addtech wants to gradually increase the share of women and promotes female leadership. We therefore have an explicit vision to have gender equal management groups in the Group by 2030. The calculation of the share of women in management positions is done of the number of women who work in management groups at the Group and company level, in relation to the total number of employees that work in management groups. The purpose of the key performance indicator is to identify a present situation to be able to promote equal opportunities and increase participation of women in management and decision-making. During the year, we achieved an increase from 11 percent to 14 percent women in management positions. Read more about how we work with this on pages 28-29.

NUMBER OF REPORTED CASES OF DISCRIMINATION

Addtech endeavours to have no discrimination in the workplace. Every two years, an employee survey is done for all employees in the Group that includes questions about equal opportunity, diversity and discrimination. For the calculation of the share of employees who every felt discriminated, the number of responses of the nature "Do not agree" to the statement "I have never been discriminated against at work" is put in relation to the total number of employees. The work to promote an inclusive working environment without discrimination takes place decentralised through the companies' own systematic work environment efforts with the support of Group-wide guidelines.

NUMBER OF REPORTED WHISTLE-BLOWER CASES

The cause of the whistle blowing may relate to any kind of impropriety or irregularity that is in conflict with our Code of Conduct, which covers bribery and corruption, the working environment, discrimination and environmental responsibility. In 2019, the implementation was initiated of a new whistle-blower system in order for the handling and categorisation of the whistle-blower cases to be done by an external party.

HEALTH & SAFETY

We apply a zero vision regarding work-related accidents, illness and incidents and promote health and well-being among our employees. We therefore continuously follow up key performance indicators for health and safety.

For the calculation of the number of accidents, each company in the Group has reported the number of injuries that occurred due to or during the work, but not injuries caused during travel to and from work. The year was characterised by a continued low sickness absence.

EMISSIONS OF GREENHOUSE GASES

We want to conduct our business with the least possible impact on the climate. We therefore work to improve efficiency and reduce our resource consumption and emissions. Our carbon dioxide emissions are calculated according to the international standard Greenhouse Gas Protocol and are reported in three different scopes. The precautionary approach has been applied for all calculations.

- Scope 1 pertains to direct emissions from operations owned and controlled by us, including emissions from production and fuel consumption for vehicles where the operational control method has been used in the calculation and based on reported mileage and average emissions of 134 g Co2e/km from the Group's vehicle fleet. With a new car policy that was implemented during the year, we want to encourage the selection of more environmentally friendly cars with the aim of reducing our emissions in Scope 1.
- Scope 2 pertains to indirect emissions from purchased and consumed electricity, heating and cooling. The emissions in Scope 2 were reported in accordance with the GHG Protocol's guidelines for location-based emissions. The emissions factor for consumed electricity and heating is based on a high calculated average for Nordic electricity production and Swedish district heating production where 1 KWh is estimated to generate 0.1 kg CO2e. In the future, we intend to prepare location-specific emissions factors for electricity and heating consumption.
- Scope 3 pertains to indirect emissions from sources that are not owned or controlled by Addtech, and include among other things purchasing, logistics and business travel. The calculations are based on reports from transport providers and travel agencies. For upstream transports, all freight transports from suppliers to warehouse are calculated and with downstream transports, all freight transports from customer to warehouse are calculated. The transports that go directly from supplier to customer are counted as downstream. Our largest identified emissions in Scope 3 are within category 4: upstreams transport and distribution, category 9: downstream transport and distribution and 6: business travel (only air travel). The emissions from purchasing and use of our products have not been estimated in this phase.

During the year, the decision was made that we want to reduce our carbon dioxide intensity by 50 percent by 2030. With that vision, we want to grow in an even more climate-efficient manner. This work will continue in 2020/2021 with encouraging all companies in the group to set their own goals in line with the overall vision.

PERCENTAGE OF PURCHASING VOLUME EVALUATED BASED ON THE CODE OF CONDUCT

We have a large number of suppliers around the world and a majority of purchasing takes place from non-Nordic suppliers in Europe, the USA and Asia. The circumstance that production largely does not take place within our operations entails certain sustainability risks. At the same time, our supplier relations are often long and characterised by close cooperation on how the supplier's products can be used in different customer applications. This benefits quality, price, lead times and customer satisfaction at the same time that it gives us the opportunity to have a constructive dialogue on the supplier's sustainability risks and development. We are also constantly looking for new suppliers that can supplement or strengthen our business development. It is therefore important that both new and existing suppliers are evaluated in accordance with our Code of Conduct, an effort that is done decentralised at our companies. Our vision is to regularly review, evaluate and conduct a constructive dialogue with suppliers equivalent to 80 percent of our purchasing volume that is prioritised according to strategic importance and higher risk. With this, we seek to achieve positive economic, social and environmental changes in our supply chain.

Auditor's Independent Limited Assurance Report on the review of non-financial disclosures for Addtech AB: s annual report 2019/2020

To Addtech AB, org. no. 556302-9726

INTRODUCTION

I have been assigned by the Board of Directors for Addtech AB to perform a limited assurance engagement of Addtech AB: s non-financial disclosures in the annual report for the accounting year of 2019/2020. Addtech AB has defined the scope of the non-financial disclosures on pages 114-120 in the annual report.

RESPONSIBILITY OF THE BOARD OF DIRECTORS AND GROUP MANAGEMENT

It is the responsibility of the Board of Directors and Group Management to ensure the preparation of the reported data in accordance with the applicable criteria. The criteria are set out page 114 in the annual report, which are aligned with the relevant sections of the sustainability reporting frameworks issued by Global Reporting Initiative and Greenhouse Gas Protocol, as well as Addtech AB's own non-financial disclosures. This responsibility also includes the level of internal control that is necessary to prepare non-financial disclosures that does not contain material misstatements, whether due to fraud or errors.

AUDITOR'S RESPONSIBILITY

My responsibility is to express a conclusion on the specified non-financial disclosures based on my limited assurance.

I have performed a limited assurance engagement in accordance with the International Standard on Assurance Engagements (ISAE) 3000 *Assurance Engagements other than Audits and Reviews of Historical Financial Information*. A limited assurance consists of making inquiries to those responsible for the issuing of the non-financial disclosures, conduct analytical reviews and undertaking other review measures. A limited assurance has a different focus and a smaller scope compared to the focus and scope of an audit in accordance with IAASB's auditing standards and generally accepted auditing standards.

Grant Thornton Sweden AB applies ISQC 1 (International Standard on Quality Control) and thus has a comprehensive quality control system which includes documented guidelines and procedures regarding compliance with professional ethical requirements, standards of professional practice and applicable requirements in laws and regulations. I am independent in relation to Addtech AB in accordance with generally accepted auditing standards in Sweden and have fulfilled my professional ethical responsibilities in accordance with these requirements.

The auditing procedures performed in a limited assurance review do not enable me to obtain such assurance that I would become aware of all significant matters that might have been identified in an audit. The stated conclusion based on a limited assurance review therefore does not have the assurance that a stated conclusion based on an audit has.

My limited assurance of the non-financial disclosures is based on the criteria chosen by the Board of Directors and Company Management, as defined above. I believe these criteria are suitable for the preparation of the non-financial disclosures. I believe that the evidence I have obtained during my review is sufficient and appropriate for the purpose of providing a basis for my statements below.

Statements

Based on my limited assurance, no circumstances have occurred that gives me a reason to believe that the non-financial disclosures has not, in all material aspects, been prepared in accordance with the criteria stated above.

Stockholm, July 13, 2020

Grant Thornton Sweden AB

Markus Håkansson
Certified Public Accountant/Specialist member FAR