VALUE ADDING
TECH PROVIDER

GLOBAL NETWORK

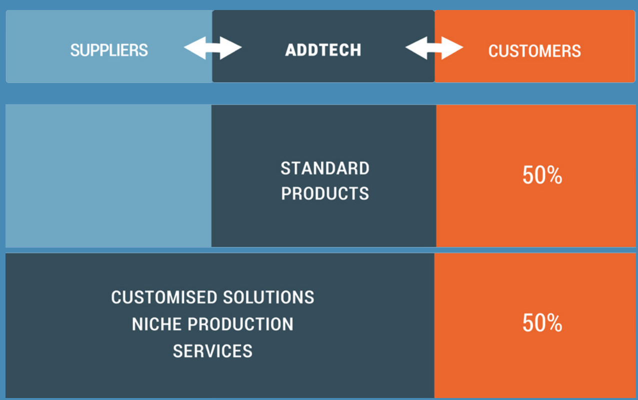
6,155 MILLION
IN NET SALES

ANNUAL REPORT 2015/2016

ADDTECH IN BRIEF

Addtech is a Swedish publicly listed technology trading group that provides both technological and economic value added in the link between manufacturers and customers. The business consists of about 120 independent companies that sell high-tech products and solutions to customers chiefly in the manufacturing and infrastructure sectors in around 20 countries. About half of sales are generated from standard products and solutions and half from specially adapted products. Addtech creates optimal conditions for the profitability and growth of subsidiaries.

Addtechs position in the value chain



Addtech's shareholder value is driven by:

- 120 subsidiaries' ability to generate profit growth
- Corporate governance that drives the subsidiaries and development to achieve even better results
- Acquisitions that bring new employees, customers and suppliers to Addtech

CONTENTS

The year in brief

PROFIT GROWTH AND FOCUSED CORE BUSINESS

For the 2015/2016 financial year the Group is reporting growth in both sales and profit, which is attributable mainly to completed acquisitions, but also from an increased focus on cost. The decline in investments in oil and gas in Norway heavily affected the Group's earnings while the business situation in markets outside the Nordic region has improved during the end of the year. During the financial year, the Group completed ten acquisitions, adding annual sales of about SEK 640 million. Cash Flow from operations amounted to SEK 474 million during the financial year.

Q1 VARYING BUT POSITIVE MARKET

During the first quarter business was relatively stable, but the market variations in terms of geography, customer segments and product segments prevail. One acquisition was made.

Q2 GROWTH THROUGH ACQUISITIONS

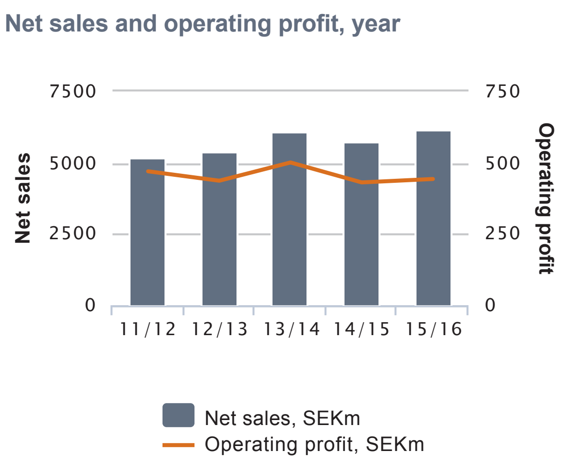
The demand decreased significantly in oil and gas in Norway, while the demand was good in markets outside the Nordic region. In Sweden and Denmark the demand was strong in several segments. Three acquisitions were made.

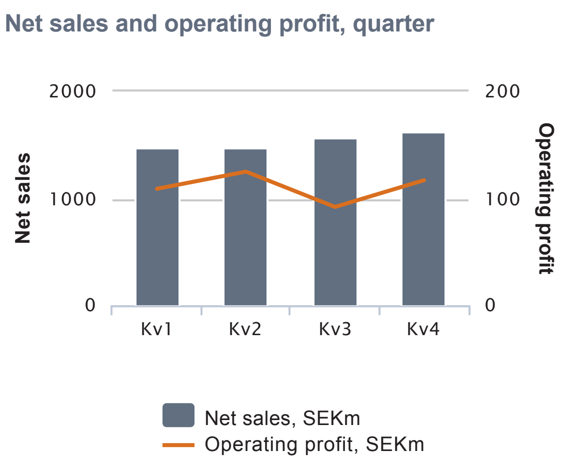
Q3 CONTINUED HIGH ACQUISITION PACE

During the third quarter, the business situation in the Nordics was more positive than outside, despite continued difficult market conditions in oil and gas in Norway. Four acquisitions were made.

Q4 FOCUSED CORE BUSINESS

The business situation outside the Nordic region improved, and in the Nordic countries sales were positive. Addtech's shareholdings in AddLife were distributed through an IPO on Nasdaq Stockholm. Two acquisitions were made.





	2015/2016	2014/2015	Change, %
Net sales, SEKm	6,155	5,719	8
EBITA	536	510	5
EBITA-margin, %	8.7	8.9	
Operating profit, SEKm	443	431	3
Cash flow from operations, SEKm	474	557	-15
Earnings per share, SEK	4.85	4.70	3
Shareholders' equity per share, SEK	22.10	22.60	-2
Return on working capital (P/WC), %	38	44	
Return on equity, %	20	28	
Equity ratio, %	40	40	

For definitions, see page 104.

All data in this report refer to continuing operations, excluding the distribution of AddLife, unless otherwise stated. All figures regarding the income statement refer to continuing operations retroactively from 1 April 2014. All figures regarding the balance sheet refer to continuing operations from 31 March 2016 without retroactivity for earlier periods.

Comments by the President and CEO

INCREASED FOCUS ON CORE BUSINESS

The 2015/2016 financial year has been very eventful for Addtech. Demand has varied greatly among the different markets, we distributed the Life Science business area to shareholders as the company AddLife and we made a number of interesting acquisitions.

PROFITABILITY MAINTAINED IN VARIED MARKET CLIMATE

Overall, the business situation during the year was relatively stable, though we experienced a large variation between our different markets. The Group was heavily affected by the decline in investments in oil and gas in Norway. The negative effect impact on profits was significant because these sales had a margin exceeding the Group average. While it is still too early to say when the market for oil and gas in Norway will recover, our companies operating there have experienced stabilising demand in the fourth quarter, albeit at a low level. The business situation in our other customer segments in the Norwegian market was relatively stable and some indications suggest that demand may increase in these segments.

In Sweden, the level of activity from manufacturing customers continued to be solid and demand in electricity infrastructure, building and installation increased. Market conditions are also good in Denmark, where we experienced positive sales growth. In Finland, we successfully maintained sales at a good level despite reduced demand in several market segments. In our markets outside the Nordic region the overall business situation improved towards the end of the year.

We continue to focus on increasing profitability and replacing decreased sales with new businesses that can contribute to our earnings growth. During the year, we initiated a number of cost rationalization projects, which had a limited effect during the financial year. We expect that these initiatives will have a progressively greater impact during the financial year 2016/2017.

NEW PLATFORM FOR PROFITABILITY AND DEVELOPMENT

We have been working for some time to create the conditions necessary to list the Life Science business area separately on Nasdaq Stockholm. The acquisition of Mediplast in June 2015 gave the Life Science business area, now AddLife, a sustainable size and in March 2016 we were proudly able to distribute AddLife to Addtech shareholders.

> **The streamlining initiative will increase focus on value-adding technology trading with industrial customers**

Both Addtech and AddLife gain greater visibility as a result of this streamlining initiative, allowing us to focus on our respective core markets and providing better conditions for continued long-term profitable growth. Addtech will now be able to increase its focus on value-adding technology trading with industrial customers as a result of the streamlining initiative. Greater concentration on the Company’s core markets will benefit our relationship with suppliers, customers and employees while increasing our ability to attract the right acquisition candidates. We also increased our potential for growth through acquisitions since we decreased our gearing ratio following the distribution of AddLife.

As a result of the distribution of AddLife the figures in this annual report represent our remaining operations for the 2015/2016 financial year.

The separate listing of AddLife has led to changes in our organisation. We formed a strong new management team consisting of our business area managers with extensive experience from Addtech, supplemented by Christina Kassberg, who was externally recruited to serve as CFO. Internal recruitment is an important tool for Addtech’s supply of managers and our three new internally recruited business area managers show that our efforts to train and promote talented employees produce results.

CONTINUED HIGH PACE OF ACQUISITIONS

Acquisitions play a key role in Addtech's strategy to maintain long-term profitable growth. The goal is to reach market-leading niche positions in our selected segments and geographic markets. Acquired companies are incorporated into Addtech, but continue to operate under their own established company names and brands. The subsidiaries have great freedom in how they run and develop their businesses, combined with support from Addtech's network and collective expertise. Our acquisitions are generally small, allowing us to spread our risks while simplifying integration of new companies into the Group. We also gain talented new entrepreneurs through these acquisitions, which promotes development in our organisation. All parts of the Group are constantly on the lookout for profitable companies that fit into Addtech.

For the financial year, I am pleased to note that our established acquisition strategy continues to be highly effective and our activity level was high. We completed ten acquisitions, which add annual sales of approximately SEK 640 million. In addition, we have completed four acquisitions in 2016/2017 to date, with annual sales of approximately SEK 200 million.

> **All parts of the Group are constantly on the lookout for profitable companies that fit into Addtech.**

SUSTAINABILITY FOCUS THAT CREATES VALUE

Our vision is to be the leading value-adding tech provider. The vision entails a long-term focus on developing the business by constantly being a value-adding knowledge provider. Global and local requirements to reduce emissions and increase sustainability in society are creating new business opportunities. Our subsidiaries are dedicated to meeting this demand by developing and offering solutions that increase our customers' energy efficiency and reduce their environmental impact. Our subsidiaries already provide technical value creation that reduces customers' energy consumption and makes them more sustainable. By continuing to develop sustainable solutions for our customers we increase our competitiveness while contributing to a sustainable society.

Addtech has long-standing and close relationships with its suppliers, and sustainability work has always been conducted at the subsidiary level based on market requirements, ethics and environmental consideration. During the year we also continued to work with our supplier audits, internal training and career development for our employees.

STRONG STARTING POSITION MOVING FORWARD

Despite the market situation being difficult to assess, we have a strong starting point and I am convinced that Addtech will prosper over the next few years. Both opportunities and challenges lie ahead, but with great commitment and understanding of our customers' business, we see continued growth potential. Through a continued focus on business skills and increased cooperation among our subsidiaries, we have great potential to succeed in increasing our margins and growth rate. In addition, our focus on profit/working capital provides a good cash flow and a strong financial position, which will allow us to maintain our high pace of acquisitions in order to achieve market-leading niche positions in a growing number of market segments.

As we leave this intensive year behind us, I would like to thank all of our employees for their important contributions. Your commitment and knowledge are crucial for the subsidiaries and thus for Addtech to continue to grow. This combination of commitment, expertise and business acumen is what makes us a world-class technology trading group.

Johan Sjö, President and CEO, Addtech AB

Vision, business concept, goals and strategies

VISION: LEADER IN VALUE-ADDING TECHNOLOGY TRADING

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

GOALS AND FOLLOW-UP

At Addtech, the requirements for growth, profitability and development determine the conditions for each individual business operation. We have set ourselves the goal of attaining 15 percent earnings growth per year. In practice this means that we double our earnings every five years. Obviously the economy affects our opportunities. Consequently our goal of averaging 15 percent in earnings growth per year should be viewed over a business cycle.

At Addtech we measure profitability as our operating profit (P) in relation to our working capital (WC). The profitability target for each subsidiary is a minimum of 45 percent. Everything that is done throughout the Group as part of daily business can be linked to the P/WC target and involves optimising the business. This P/WC ratio encourages high operating profit and low levels of tied-up capital. When combined with the growth target of 15 percent, this creates the possibility of positive cash flow and conditions for long-term profitable growth.

Viewed over a five-year period, Addtech has achieved its 45 percent target for P/WC. Viewed over the same period, the economy has had an impact on Addtech and earnings growth has been slightly below 15 percent.

STRATEGIES

MARKET-LEADING POSITIONS

Addtech aims to be the market leader and present in select niches with a high knowledge and technology content and where customers demand carefully selected products, solutions and subsystems, often in small and medium-sized volumes. A market-leading position is important for achieving stable growth and profitability.

OPERATING MOBILITY - FLEXIBLE AND ACTIVE OWNERSHIP

Addtech aims to be noted for its flexible organisation with solution-oriented, innovative employees who recognise new business opportunities. The Addtech Group aims to capitalise on the growth potential of each of its subsidiaries and product areas by dividing or merging operations, either in whole or in part. Operating mobility also involves Addtech having effective processes for integrating new operations.

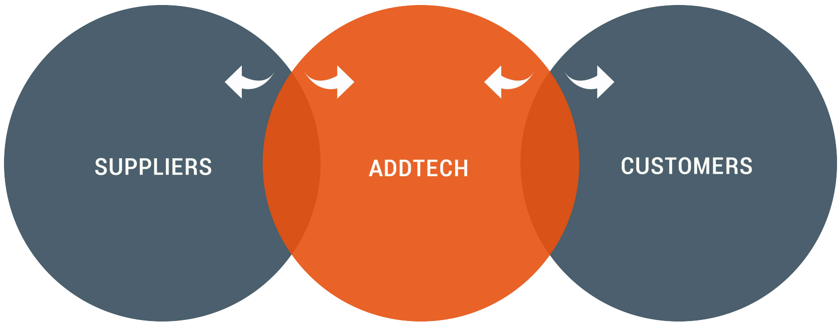
GROWTH THROUGH ACQUISITIONS

Addtech aims to continously strengthen its operations through small acquisitions, as well as expanding and bolstering its positions in chosen niches. Business operations are also to be acquired in new niches where the Group has the possibility of becoming the market leader. The ability to apply the Group's business model is a success factor in all acquisitions.

BUSINESS CONCEPT: PARTNER THAT CREATES TECHNICAL AND FINANCIAL ADDED VALUE

Addtech has fundamentally maintained the same mission for more than 100 years: to offer high-tech products and solutions to companies in the manufacturing and infrastructure sectors. We will add both technical and financial value by being a skilled and professional partner to both customers and manufacturers.

Our business model describes how we will cash in on our business concept and is based on the concept of serving as the link between customers and suppliers. At one end of the chain we have our customers, who need a technologically knowledgeable partner to help them find the right supplier and technology. At the other end we have the suppliers, where our subsidiaries will be the best choice for them to sell their products in our markets. Quite simply, by serving as the link we will add value, either by helping customers to produce their goods more efficiently, or by helping their products become more competitive.



SUCCESS FACTORS

Since becoming a listed company in 2001, Addtech has performed well both in terms of sales and profitability. Profitable growth is achieved through continuous business and organisational development. The following are the most important factors behind our successful business model.

COMPETENT EMPLOYEES

The business model is based on our people continuously developing existing and new business through their business skills, technical expertise and entrepreneurial approach. Employees who enjoy their tasks, develop their skills, and work hard to sell the products, solutions and sub-systems that add substantial value for our clients, are the most crucial factor behind the success of our business model.

DECENTRALISED ORGANISATION

The Addtech Group consists of about 120 subsidiaries which have a large measure of independence combined with responsibility, for both individuals and subsidiaries. Addtech combines the flexibility, efficiency and personal touch of a small enterprise with the resources, networks and long-term thinking of a large corporation. By taking a small-scale approach right across our operations we maximise the ability of a small business to achieve long-term growth and profitability.

CONSISTENCY AND STRONG BUSINESS CULTURE

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

WE LOOK FOR COMPANIES TO MAINTAIN AND DEVELOP

Acquisitions are an important part of Addtech's business concept. We are always looking for entrepreneurs and technology trading companies that can bolster existing operations or contribute new product or market segments where the conditions are right for taking leading positions.

Addtech acquires companies in order to maintain and evolve them in the long term. The new companies contribute with a presence on new sub-markets, supplementary agents and suppliers and, perhaps most importantly, skilled employees with a strong entrepreneurial spirit. On the other hand, Addtech is able to make a contribution as a financially robust, well-established and committed owner with clear goals for growth and profitability.

SPECIALISTS IN ACQUISITIONS

Over the years Addtech has acquired and integrated several companies in the Group, and through these experiences, a clear, successful process for integrating and evolving the companies acquired has emerged.

The route to a successful acquisition for both buyer and seller is rarely a rapid process. It can take several years, giving the parties time to become well acquainted with each other before the deal is finalised. This minimises the risk of misunderstandings or false expectations. It also creates trust and lays the foundations for the parties and employees to be satisfied with the outcome.

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

ADDTECH SEEKS COMPANIES WITH:

- Profitability and growth potential
- High knowledge and technology content
- Developed supplier relationships
- Niche market focus
- Relationship selling small-scale bolt-on acquisitions

WHY SELL TO ADDTECH?

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

Acquistions	2015/2016	2014/2015	2013/2014	2012/2013	2011/2012
Number of acquisitions	10	9	5	8	6
Acquired annual sales*	643	540	299	591	430
Number of employees	161	140	87	300	157

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

SUPPLEMENT AND DEVELOP WITHIN ADDTECH

Addtech comprises a number of niche business units within each business area. Entrepreneurs interested in selling their companies to Addtech often see a natural position for their companies within the Group. Future acquisitions will primarily be made within the framework of existing business areas. However, the market is constantly changing, providing opportunities for developing new business segments, and Addtech is gradually advancing its positions.

OUR MAIN REASONS FOR ACQUISITIONS:

- **Subsidiaries can make** small-scale bolt-on acquisitions in order to reinforce existing operations in their niche.
- **Business units** can expand and build market and/or product positions in selected market segments.
- **Business areas can** add new market segments in the areas where we see the right conditions for being able to become market leaders.

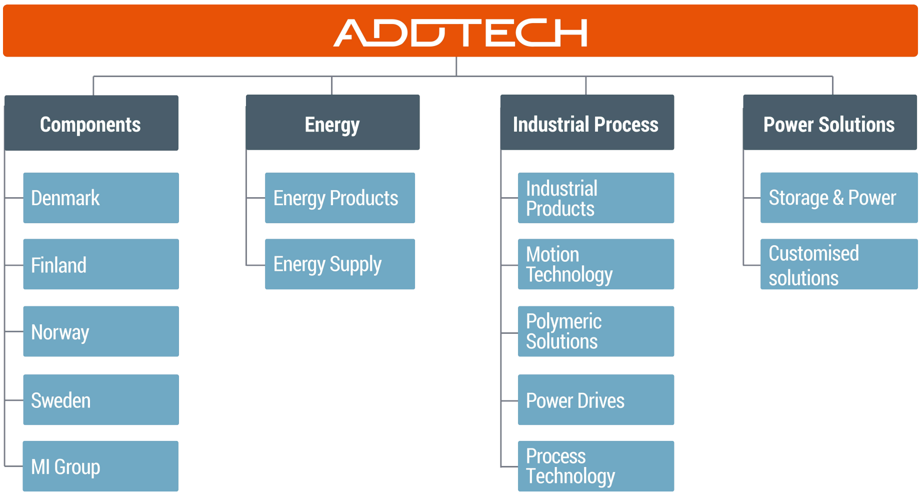
Organisation

SUCCESSFUL ENTREPRENEURIAL COMPANIES ON A LARGE SCALE

The Group has more than 2,000 employees in around 120 subsidiaries. Freedom with responsibility is the core principle that applies throughout Addtech's decentralised organisation as we are convinced that the best business decisions are made close to the customer and the market.

BUSINESS AREAS AND BUSINESS UNITS CREATE EFFICIENCY AND DEVELOPMENT

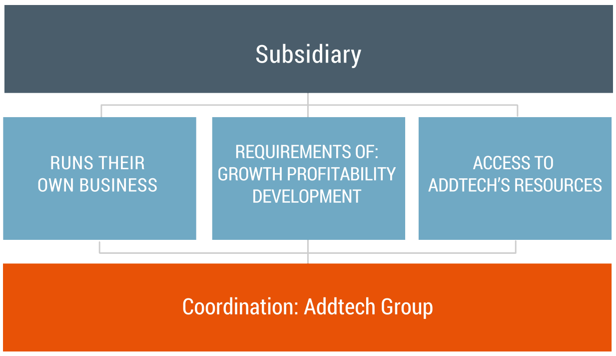
Addtech works actively to utilise the organisation as efficiently as possible and its companies cooperate to varying degrees with one another. The organisation is structured into four business areas: Components, Energy, Industrial Process and Power Solutions. Addtech's business areas consist of a number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



DEVELOPMENT OPPORTUNITIES FOR SUBSIDIARIES

The independence of the subsidiaries is crucial in recruiting talented employees and entrepreneurs. Each subsidiary has the opportunity to grow and develop its operations, provided that it follows Addtech's business model and framework. Addtech therefore does not micromanage its companies, and instead exercises active ownership. The parent company provides a range of tools that contribute to subsidiaries' efficiency and profitability. These tools are available in areas such as law, accounting and finance, training, quality management and IT systems as well as in framework agreements (master contracts) for the purchase of services.

MARKET LEADER IN SELECT NICHES



The common denominator of the subsidiaries' business concepts is that they market and sell technology products in select niches. Irrespective of whether the subsidiaries conduct technology trading or their own production operations, Addtech is a technology partner and specialist that helps its customers find the right technical solution and product. Acquisitions of new subsidiaries enable expansion to new markets and a broader range of niche products and services. The subsidiaries' technological capabilities, long-term customer relationships and a good understanding of customers' business have led to cooperation with world-leading companies including ABB, Ericsson, Nov Nordic, Sandvik, Tetra Pak and Volvo.

OUR BUSINESS AREAS

COMPONENTS

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

BUSINESS

Components focuses on traditional technology trading, based on suppliers' range of components. Companies in the business area strive continuously to increase the added value in their offering. For more complex customer needs, the subsidiaries offer solutions that may be a combination of components and subsystems.

MARKET

The business area holds a strong market position in the Nordics. A local base combined with high levels of technical expertise provide the companies with competitive advantages in their respective niche markets. Demand tracks developments in the manufacturing industry. Competition is tough for standard products in large volumes. Segments with lower volumes prioritise service, customisation and delivery capacity. Long-term relationships with leading global suppliers are essential and a high priority.

ENERGY

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

BUSINESS

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

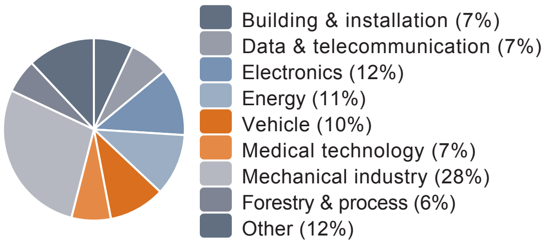
MARKET

Energy's companies hold leading market positions in their respective niche areas in electrical power products and electrical safety. In addition to trading, several companies also manufacture niche products under their own brands. Demand is relatively stable, but is affected negatively by low energy prices, which curb investments in the sector. However, the business area provides a large proportion of aftermarket services, which are driven by maintenance requirements.

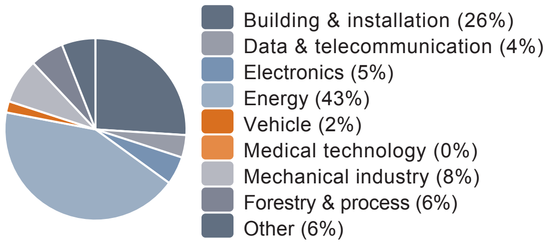
Components - Geographic market

Energy - Geographic market

Components - Customer segment



Energy - Customer segment



INDUSTRIAL PROCESS

Industrial Process markets and sells solutions, sub-systems and components that contribute to optimised industrial process flows. Customers are found in about 15 countries, with an emphasis on industry in **northern Europe.**

BUSINESS

Industrial Process focuses on developing customers' business benefits and offering service and product solutions that help streamline customers' solid, liquid or gaseous industrial process flows. The added value generated can involve more competitive products, reduced use of resources, positive environmental impact, time gains and other favourable outcomes that help improve quality and profitability for the customer.

MARKET

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

POWER SOLUTIONS

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

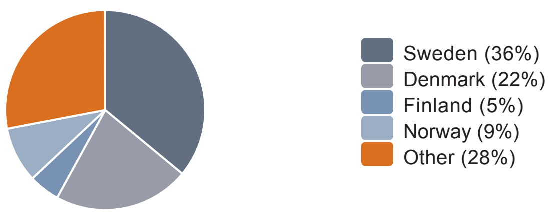
BUSINESS

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

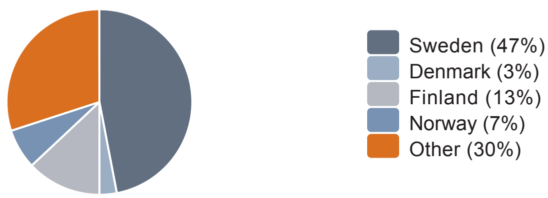
MARKET

The business area is the Nordic region's largest independent distributor of batteries and has agents for several leading global brands. The companies hold cutting-edge expertise and leading market positions in their respective niche areas. Demand depends on the development in the markets for vehicles, telecom, environmental technology and medical technology. Rapid technological development drives demand for technically skilled companies who can contribute in the products' design phase.

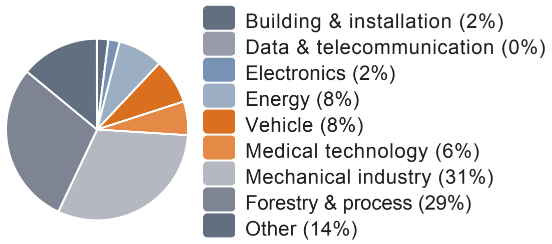
Industrial Process - Geographic market



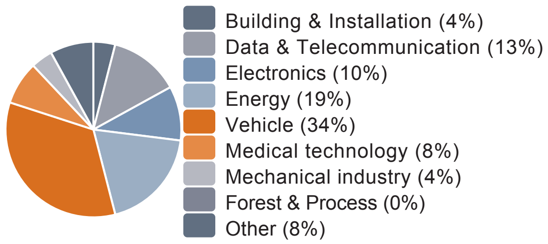
Power Solutions - Geographic market



Industrial Process - Customer segment



Power Solutions - Customer segment



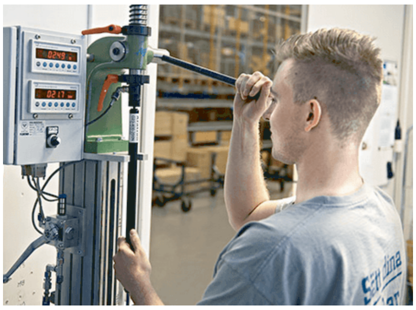
Corporate culture

BUSINESS SKILLS AND FREEDOM WITH RESPONSIBILITY

Addtech's well-established corporate culture is rooted in business skills with high levels of technical expertise, combined with individual freedom and a willingness to take personal responsibility.

To be able to live up to our vision of being the leading value-adding tech provider, we must comply with our core values, what we call our soul. This philosophy describes how employees should approach their tasks, customers, business partners, colleagues and the surrounding world. It helps us develop and ensures that all employees gain a tested, successful working method and business skills, regardless of where they are in the Group.

Freedom with responsibility has always been a central concept within the Group and is a key prerequisite that enables subsidiaries and employees to work closely with customers and suppliers. Our decentralised organisation is based on our conviction that decisions achieve the best results when they are taken close to the market. For this to work, our subsidiaries must have freedom with responsibility, but never freedom without responsibility, nor responsibility without freedom. Business acumen also implies an ability to secure your own company's long-term profitability and growth based on deals that work for all parties.



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

ROOM FOR PEOPLE TO GROW

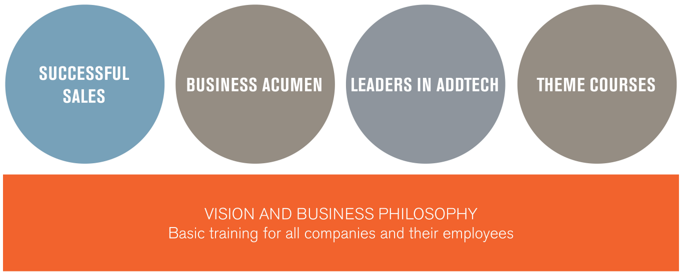
Our human capital is Addtech's most important competitive asset. Management and employees in the subsidiaries must therefore interact with each other in various ways that benefit the customer and the Group. It is also important that our organisation safeguards employees' interest in developing their capacity to assume increased responsibility in their own subsidiary or other parts of the Group.

Addtech's decentralised organisation, high level of transparency and proactive cross-pollination are necessary for employees to grow in their professional roles and internal recruitment is an important tool for the supply of managers. Several of the Group's senior managers began their careers in sales in one of the subsidiaries.

THE TRANSFER OF EXPERIENCE AND KNOW-HOW DEVELOPS ADDTECH

The transfer of experience and know-how benefits growth in the Group and in the individual companies. Examples of internal networks that strengthen the corporate culture and skills levels include our own Business School, managing directors' meetings and cooperation between subsidiaries, our business areas and the various business units.

The overall aim of the training provided is to educate and motivate staff to become committed, successful employees in the Group. Affärsskolan's various courses offer employees training adapted to their experience and duties, and are aimed at both new employees and senior executives in Group companies.



We work closely with our suppliers and within the framework of partnerships with them, a great deal of knowledge is transferred between the employees of both parties. Key personnel at Addtech also regularly spend time with suppliers in Europe, Asia and the USA. These relationships are important in terms of maintaining a high level of technical expertise in the respective market areas of the subsidiaries.

Market Drivers

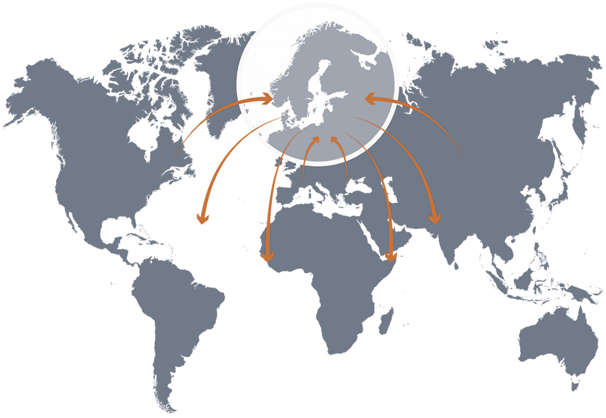
GLOBALISATION AND TECHNOLOGICAL DEVELOPMENT

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

THE NORTHERN EUROPEAN MARKET

Addtech is based in Nordic industry, but operates internationally. The emphasis is on the Nordic region, but we have performed well in markets outside the Nordic countries and these have increased in significance. Besides having its own operations in around 15 countries outside the Nordic region, Addtech also exports to a further 20 or so countries. Many of Addtech’s products are incorporated into the end products of globally exporting customers. Addtech often continues to supply its parts to these customers when they relocate their manufacturing operations abroad.

MACROTRENDS



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

MARKET DEVELOPMENT

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

The supplier market is becoming increasingly complex and customers have a growing need for partners who help them select the right supplier and technology. When we can provide a range of market-leading products, combined with our own technological and market knowledge alongside flexible customisation options, we become an attractive partner for customers.Our goal is to always be a value-adding company, which means that we can add value to our customers’ products and processes through our expertise, understanding and resources.

GROWTH AND PROFITABILITY

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

WE PROMOTE SUSTAINABLE TECHNOLOGICAL DEVELOPMENT

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

The Group's sustainability work involves Addtech taking long-term responsibility for the sustainable development of employees, the environment and profitability. Global and local requirements to reduce emissions and increase sustainability in society are turning sustainable products and solutions into a means of competition in the technology trading market. Addtech strives to be a better choice than the competitors and actively works to meet this demand. We do so through our subsidiaries, which are dedicated to meeting this demand by developing and offering solutions that increase our customers' energy efficiency and reduce their environmental impact. Our subsidiaries already provide technical value creation that reduces customers' energy consumption and makes them more sustainable. By continuing to develop sustainable solutions for our customers we increase our competitiveness while also contributing to a sustainable society.

Addtech's subsidiaries have extensive experience with meeting market requirements regarding quality and environmental certifications, and sustainability is a strategic issue within the Group. Addtech has a dedicated Corporate Social Responsibility (CSR) Council composed of representatives from its different business areas. The purpose of the Council is to plan and decide on activities that contribute to strategic sustainability thinking in areas concerning working conditions, the environment and ethics.

As part of the Group's sustainability efforts, all subsidiaries have adopted our Code of Conduct, and Addtech publishes an annual sustainability report according to Global Reporting Initiative (GRI) guidelines application level C and requires supplier audits. A Group-wide employee survey has been implemented, which in turn led to the introduction of regular employee performance appraisals and leadership adapted to the situation.

Addtech's corporate structure and operations, with over 120 subsidiaries, present a challenge in terms of achieving rapid results in sustainability work, since many units have to introduce completely or partially new processes. The work paves the way for more attractive customer offerings, greater cost reductions and improved quality and HR measures.

SUSTAINABLE DEVELOPMENT THAT CREATES VALUE

Addtech's aim is to create value for its five stakeholders: customers, suppliers, employees, shareholders and society. The Company's stakeholder analysis showed that the highest priority issues were financial performance, business ethics, occupational health and safety and energy consumption. We pursue our sustainability initiatives based on these areas and classify them into three categories: financial, social and environmental value.

- **Added financial value.** Financial strength is a cornerstone of our ability to invest in sustainable development, and Addtech is dedicated to ensuring that we are both competitive and cost-efficient.

- **Added social value.** A key factor in Addtech's sustainable development is that we take account of all the people affected by our business. This includes our customers, suppliers, employees, business partners and the communities in which we operate. Addtech's Code of Conduct provides guidance for our employees, and our suppliers are encouraged to work in line with it.
- **Added environmental value.** Nearly half of the electricity used in the Group comes from renewable sources. Addtech's goal is to constantly increase this proportion. The Group's companies are primarily involved in technology trading, and therefore our operations have a limited direct environmental impact. The Group continuously works to make improvements in those areas where we can make a difference.

CODE OF CONDUCT

Addtech's sustainability work is based on the Group's Code of Conduct. The central concepts of our Code of Conduct are the environment, ethics and a moral approach and these have long been part of the Group's operations. The Code applies not only to all employees in our own operations but also to our relationship with our suppliers of products and services. We aim for our subsidiaries to work with suppliers towards achieving positive change. The Addtech Group's Code of Conduct is based on the UN's Global Compact, ILO's Core Conventions, and the OECD Guidelines for Multinational Enterprises.

Read more at www.addtech.com

SUSTAINABILITY REPORT

The sustainability report is an important part of the sustainability work of the Addtech Group as it focuses on these issues so that employees, shareholders and other stakeholders are given the opportunity to take part of the development of the CSR work. The reports are the basis for the Group's further development in CSR. Some of the topics presented are the Group's energy consumption, carbon footprint, employee turnover, and employee occupational health and safety. This year's sustainability report meets the Global Reporting Initiative (GRI) requirements at application level C of the GRI G3. During the year 2016/2017, the transition to the GRI G4 has begun.

EVENTS DURING THE YEAR

- Addtech employees are absolutely crucial for our success. A good corporate culture lays the foundation for job satisfaction, low absence, good relationships and low staff turnover. Addtech is, and should be, a company where work and private life can be balanced. Employee surveys are conducted regularly to ensure a favourable work environment. Group Management and managers attach great importance to the information from the employee survey and are working on making changes based on the results. Addtech strives to achieve a working environment that promotes health and wellness. Based on the most recent employee survey, the Group has identified areas for improvement and carried out initiatives where there was potential to improve working conditions or the work environment, both in the individual subsidiaries and at the Group level. Additional employee surveys and initiatives in this area will be carried out in 2016.
- Suppliers are an important stakeholder group in Addtech's sustainability efforts. An analysis of suppliers' sustainability and relationship to Addtech's Code of Conduct has continued during the year and efforts to obtain more responses continue. No significant inadequacies have emerged among the suppliers to date. During the year more companies participated in the supplier evaluation and additional companies will be channelled into this evaluation during the financial year 2016/2017. The goal is that the dialogue with suppliers will strengthen their sustainability work and motivate them to integrate it into their business models so that we can add value together in the same direction.

Read more in the sustainability report for 2015/2016 at www.addtech.com

ADMINISTRATION REPORT

1 APRIL 2015 - 31 MARCH 2016

The Board of Directors and the CEO of Addtech AB, company ID number 556302-9726, hereby submit the annual accounts and consolidated financial statements for the 2015/2016 financial year.

All data in this report refer to continuing operations, excluding the distribution of AddLife, unless otherwise stated. All figures regarding the income statement refer to continuing operations retroactively from 1 April 2014. All figures regarding the balance sheet refer to continuing operations from 31 March 2016 without retroactivity for earlier periods.

MARKET TREND DURING THE YEAR

Overall, the business situation during the year was relatively stable, though we experienced a large variation between our different markets. The Group was heavily affected by the decline in investments in oil and gas in Norway. The negative impact on profits was significant because these sales had a margin exceeding the Group average. While it is still too early to say when the market for oil and gas in Norway will recover, our companies operating there have experienced stabilising demand in the fourth quarter, albeit at a low level. The business situation in our other customer segments in the Norwegian market was relatively stable and some indications suggest that demand may increase in these segments.

In Sweden, the level of activity from manufacturing customers continued to be solid and demand in electricity infrastructure, building and installation increased. Market conditions were also good in Denmark, where we experienced positive sales growth. In Finland, we successfully maintained sales at a good level despite reduced demand in several market segments. In our markets outside the Nordic region the business situation improved overall towards the end of the year.

KEY EVENTS DURING THE YEAR

The 2015/2016 financial year has been very eventful for Addtech. The Group continued to actively work on measures that affected the costs and working capital of those operations that experienced a weaker business situation. At the same time we actively invested resources in boosting other operations in the Group. There was a focus on further developing the various operations and carrying out acquisitions in selected segments and niches. Ten acquisitions were implemented in our business areas during the year. A small increase in earnings was reported for the full year as a result of both the many acquisitions and the Company’s focus on costs.

In the fourth quarter Addtech’s shareholdings in AddLife were distributed through an IPO on Nasdaq Stockholm. Both Addtech and AddLife have gained greater visibility as a result of this streamlining initiative, allowing them to focus on their respective core markets and providing better conditions for continued profitable growth.

PERFORMANCE BY QUARTER

- **First quarter.** During the first quarter business was relatively stable on the whole, but market variations in terms of geography, customer segments and product segments persisted. Demand for production components from Nordic manufacturing companies increased slightly in Denmark and Sweden, and remained stable in Finland despite some uncertainty in the market. The Norwegian market for production components declined in oil and gas while it was more stable in the marine segment and for land-based industry. Several industrial aftermarket customers had robust demand during the quarter and the business climate was unchanged for products in building and installation. Investments by some customers in the electrical energy sector remained at low levels.

- **Second quarter.** The Group’s growth in sales and operating earnings is attributable to previously completed acquisitions, while underlying demand overall was stable. As a result of lower investments in the Norwegian oil and gas segment, demand declined considerably in that area. This trend mainly affected the Components and Energy business areas, but also other business areas, albeit to a lesser extent. Demand was good for those Group companies that operate in markets outside the Nordic region. Industrial aftermarket customers in general encountered robust demand and the business climate improved somewhat for products in building and installation. Investment by customers remained at low levels in the electrical energy sector but rose in the special vehicle industry.

- **Third quarter.** Overall, the quarter was relatively stable, though with underlying variations such as a more favourable business climate in the Nordic countries compared with operations outside that area. Demand for production components from Nordic manufacturing companies rose in Denmark and remained stable in Finland. Underlying demand in the Swedish market was robust, though several of our customers reduced their purchases prior to the turn of the year. The Norwegian market for production components declined substantially in oil and gas, while it was more stable in the marine segment and for land-based industry. The trend in Norway continues to have a negative impact primarily on the Components and Energy business areas. Investments by certain customers in electrical energy remained at low levels, while the business situation was favourable for products in building and installation, as well as from customers in the special vehicle industry.

- **Fourth quarter.** Overall, the business situation during the quarter was relatively stable, although there was great variation between different customer segments. The companies in oil and gas in Norway experienced stabilising demand, albeit at a low level. The business situation in our other customer segments in the Norwegian market was relatively stable and some indications suggest that demand may increase in these segments. In Sweden, the level of activity from manufacturing customers continued to be solid and demand in electricity infrastructure, building and installation increased. Market conditions were also good in Denmark, with positive sales growth. In Finland, sales also continued at a good level despite reduced demand in several market segments. In markets outside the Nordic region the business situation improved overall towards the end of the year.

ACQUISITIONS

Addtech is constantly on the lookout for companies to acquire and is engaged in discussions with a number of possible companies. This financial year Addtech completed ten acquisitions in the continuing operations that came into effect during the year. Nine companies were acquired in the previous year. The year's acquisitions were carried out in all business areas and are diverse both in terms of the markets and products covered. Since becoming a listed company in 2001, Addtech has acquired around 100 companies. The following companies were acquired during the year:

- **Dafine Engineering OY.** On 1 April 2015 Dafine Engineering OY was acquired to become part of the Energy business area. Dafine is a technology trading company that markets and sells equipment for cable harness manufacturing sucha as machines, accessories and testing systems. The company has 4 employees and sales of about EUR 2.5 million.

- **Mediplast AB.** On 1 July Addtech aquired all shares in Mediplast AB to become part of the, now distributed, Life Science business area. Mediplast AB is the parent company of the Mediplast Group and is a leading Nordic supplier of medical technology equipment and consumables. The company has 120 employees and sales of about SEK 465 million.

- **Fenno Medical OY.** On 1 July, now distributed Life Science, Addtech acquired all shares in Fenno Medical OY via Mediplast AB. Fenno Medical is a leading medtech actor in the Finnish market, marketing a broad range of medical equipment and consumables from world-leading suppliers. The company has 35 employees and sales of approximately EUR 20 million.

- **EB Elektro RE AS.** EB Elektro RE AS was acquired on 10 July to become part of the Energy business area. EB Elektro is a well-established producer of electrotechnical products for electricity distribution, electrical transmission and railways on the Norwegian market, as well as representing world-leading agencies within its product area. The company has 20 employees and sales of around NOK 80 million.

- **CTM Lyng AS.** On 18 August, Addtech acquired all shares in CTM Lyng AS to join the Energy business area. CTM Lyng is a well-established manufacturer and supplier of products for improving energy efficiency, as well as lighting and heating control products ("the smart house") for the building and installation market in Norway. The company has 55 employees and annual sales of approximately NOK 130 million.

- **Partco OY.** On 1 September, Partco OY was acquired by the Components business area. Partco is a technology trading company that supplies components in the field of electronics and electromechanics in the Finnish market. The company has 10 employees and sales of about EUR 2 million.

- **RECAB Embedded Computers AB.** On 1 October, RECAB Embedded Computers AB was acquired to become part of the Components business area. RECAB develops, manufactures and markets innovative embedded computer systems for demanding applications to OEM customers in the Nordic market. The company has 18 employees and sales of about SEK 100 million.

- **Kretsteknik Nordic AB.** On 14 October, Addtech acquired the business of Kretsteknik Nordic AB and incorporated it into the Components business area. Kretsteknik markets production equipment and materials for mounting and soldering of PCBs for the electronics industry. The business reports sales of around SEK 25 million.
- **Enöque Svenska AB.** On 14 October, Enöque Svenska AB was acquired and incorporated into the Energy business area. Enöque markets products for improving energy efficiency, as well as lighting and heating control products for the building and installation market in Sweden. The company has sales of around SEK 6 million.
- **Powermec AB.** On 13 November, Powermec AB was acquired and incorporated into the Power Solutions business area. Powermec develops and markets customized solutions within power supplies, electrical motors and electro mechanical components, primarily to OEM customers. Powermec has 26 employees and sales of around SEK 150 million.
- **Goodtech Products AS.** On 1 February, Addtech acquired Goodtech Products AS to become part of the Components business area. Goodtech Products delivers products, solutions and services in the field of automation to Norwegian industry and the public sector. Goodtech has 23 employees and sales of around NOK 85 million.
- **INL System AB.** On 1 March, INL System AB was acquired to become part of the Components business area. INL System, based in the Swedish town of Köping, is a technology trading company that provides a wide range of products for industrial data communication, such as routers and switches, wireless WLAN, fiber optic converters and cloud services. The company has two employees and sales of around SEK 12 million.

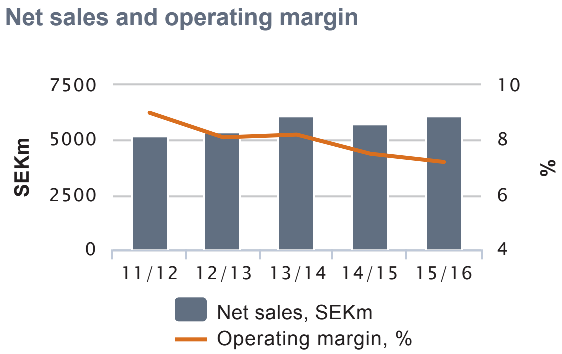
The total purchase consideration, excluding issue in kind, for the financial year's acquisitions was SEK 716 million.

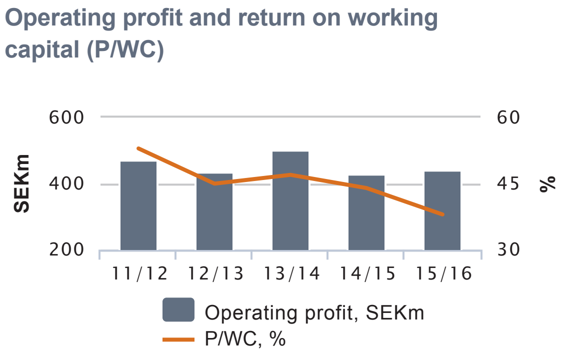
The combined effect of the acquisitions during the financial year on the Addtech Group's net sales was SEK 270 milion, on operating profit it was SEK 17 million and on profit after tax for the year it was SEK 14 million. Had the acquisitions been completed on 1 April 2015, their impact would have been an estimated SEK 570 million on Group net sales, about SEK 40 million on operating profit and about SEK 30 million on profit after tax for the financial year. During the financial year, the acquisitions in continuing operations increased the number of employees with 161.

FINANCIAL DEVELOPMENT

NET SALES AND PROFIT

Net sales in the Addtech Group rose by 8 percent during the financial year to SEK 6,155 million (5,719). The organic growth increased marginally and acquired growth totalled 8 percent. Exchange rate changes had a marginally negative effect on net sales, corresponding to SEK 20 million, and a marginally positive effect on operating profit, corresponding to SEK 3 million. Operating profit increased during the financial year by 3 percent to SEK 443 million (431) and the operating margin stood at 7.2 percent (7.5). Net financial items were SEK -20 million (-21) and profit after financial items increased by 3 percent to SEK 423 million (410). Profit after tax for the financial year rose by 4 percent to SEK 333 million (321) and the effective tax rate was 21 percent (22). EPS before and after dilution for the financial year amounted to SEK 4.85 (4.70).





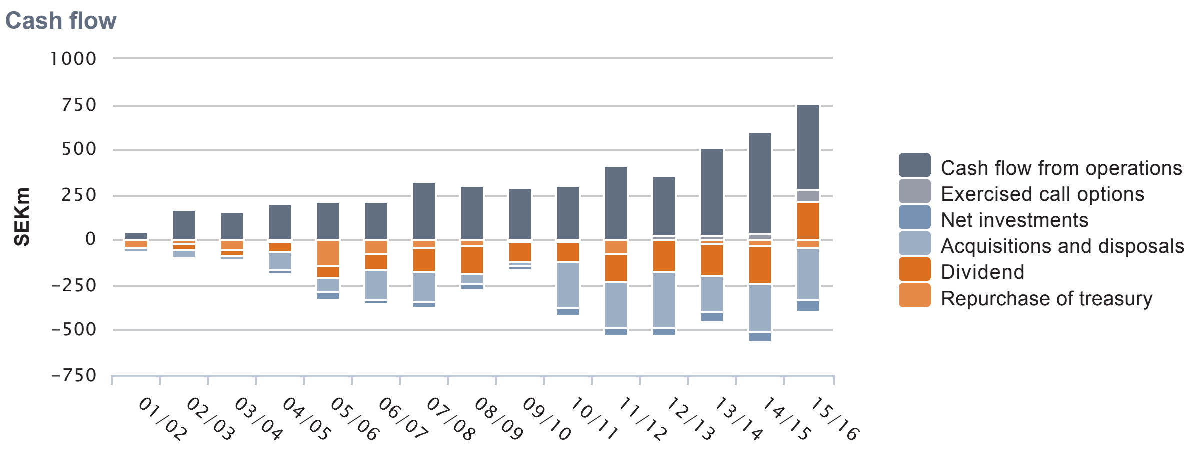
Profitability, financial position and cash flow

The return on equity at the end of the financial year was 20 percent (28), and return on capital employed was 16 percent (23). Return on working capital P/WC (operating profit in relation to working capital) amounted to 38 percent (44).

At the end of the financial year the equity ratio stood at 40 percent (40). Equity per share, excluding non-controlling interest, totalled SEK 22.10 (22.60). The Group's net debt at the end of the year stood at SEK 623 million (510), excluding pension liabilities of SEK 199 million (318). The net debt/equity ratio, calculated on the basis of net debt excluding provisions for pensions, totalled 0.4 (0.3).

Cash and cash equivalents, consisting of cash and bank balances together with approved but non-utilised credit facilities, totalled SEK 754 million (676) at 31 March 2016.

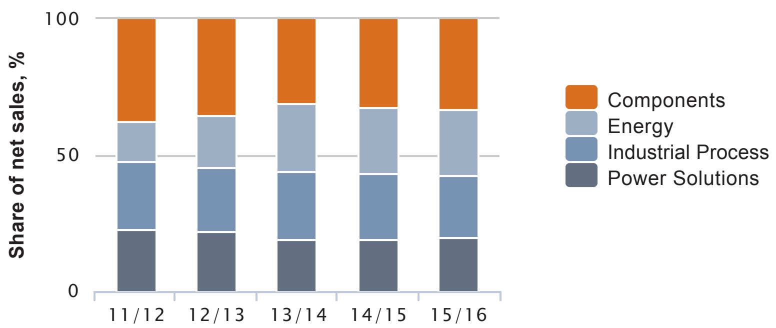
Cash flow from operating activities reached SEK 474 million (557) during the financial year. Company acquisitions and disposals including settlement of additional purchase consideration regarding acquisitions implemented in previous years amounted to SEK 623 million (268). Investments in non-current assets totalled SEK 90 million (61) and disposal of non-current assets totalled SEK 24 million (6). Dividend for the year totalled SEK 217 million (200), the repurchase of treasury shares amounted to SEK 45 million (35) and exercised and issued call options totalled SEK 61 million (41).



BUSINESS AREAS

The division into business areas reflects Addtech's internal organisation and reporting system. Addtech reports its business areas as operating segments. As of 1 April 2015, Addtech's operating companies have been organised in the five business areas Components, Energy, Industrial Process, Power Solutions and Life Science/AddLife. In March 2016 the Group's shareholdings in AddLife were distributed through an IPO on Nasdaq Stockholm, after which four business areas remain.

Revenue by business area



COMPONENTS

Demand for production components from Nordic manufacturing companies was stable at the end of the year. The business situation in Sweden and Denmark was sound and sales climbed somewhat in the Swedish operation. The will to invest in oil and gas in Norway was at a substantially lower level than the previous year. When considered over the year, this trend had a negative impact on our performance, for which reason we are now focusing on cost-saving measures. In Finland, demand for our operations was relatively sound despite the persistently challenging business climate. During the year Partco Oy, RECAB Embedded Computers AB, Kretsteknik Nordic AB, Goodtech Products AS and INL System AB were acquired.

Key financial indicators	2015/2016	2014/2015
Net sales, SEKm	2,029	1,889
Operating profit, SEKm	122	129
Operating margin, %	6.0	6.9
Return on working capital, %	30	36
Average number of employees	510	476
Acquired annual sales*	242	215

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

ENERGY

Overall, underlying demand improved at the end of the year. The business situation for electrical installation and electrical safety products was positive in Sweden, Denmark and Finland, but weaker in Norway. Lower demand for oil and gas in Norway is a challenge for several operations, for which reason they are implementing cost-saving measures. Infrastructure investments in electricity transmission rose for smaller projects and sales of niche products in electrical power distribution were stable. Four acquisitions were made during the year: Dafine Engineering Oy, EB Elektro AS, CTM Lyng AS and Enöque Svenska AB.

Key financial indicators	2015/2016	2014/2015
Net sales, SEKm	1,487	1,346
Operating profit, SEKm	115	114
Operating margin, %	7.7	8.4
Return on working capital, %	42	48
Average number of employees	576	568
Acquired annual sales*	251	250

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

INDUSTRIAL PROCESS

Overall, demand in the Nordic region remained unchanged during the last quarter of the year, while it rose in the rest of Europe. Sales slowed somewhat at the end compared with the same quarter the previous year and the business situation varied among the different customer and product segments. Customers in energy and the Nordic process industry, including oil and gas, reduced their investments, while demand from machinery manufacturers was stable. In the markets for vehicles and medical devices, however, the business situation improved during the last quarter.

Key financial indicators	2015/2016	2014/2015
Net sales, SEKm	1,423	1,403
Operating profit, SEKm	101	77
Operating margin, %	7.1	5.5
Return on working capital, %	31	25
Average number of employees	631	635
Acquired annual sales*	-	50

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

POWER SOLUTIONS

Underlying sales remained unchanged compared with the previous year, while demand increased during the last quarter. The operating margin is impacted by higher deliveries of battery products in particular, with lower margins and streamlining measures. Demand for solutions with new battery technology and power supply solutions in the Nordic markets has continued to improve. The business situation for customers in energy and telecom was unchanged while demand for products to the special vehicle industry continued to increase at the end of the financial year. The business area made one acquisition during the year, Powermec AB.

Key financial indicators	2015/2016	2014/2015
Net sales, SEKm	1,226	1,088
Operating profit, SEKm	122	123
Operating margin, %	10.0	11.4
Return on working capital, %	57	67
Average number of employees	273	215
Acquired annual sales*	150	25

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

RISKS AND UNCERTAINTIES

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

Addtech works with risk management on both a strategic and operational level. Risk management involves identifying and measuring risks and preventing them from occurring, as well as continually making improvements to reduce future risks. The Addtech Group has guidelines and policies to identify deviations that could develop into risks. The level of risk in the operations is systematically followed up at Board meetings and in monthly reports, in which deviations or risks are identified and remedied. Addtech's most significant risks are the state of the economy combined with structural changes and competition. Addtech is also affected by financial risks such as transaction exposure, translation exposure, financing and interest rate risk, as well as credit and counterparty risk. See Note 3 for a more detailed description of how Addtech manages financial risks.

RISK/DESCRIPTION	ADDTECH'S RISK MANAGEMENT
ECONOMY AND MARKET TRENDS	
Demand for Addtech's services is greatly influenced by macroeconomic factors beyond its control, such as trends in the production industry, the state of the economy in general and conditions in the global capital market.	With a focus on different niche markets and upselling of technical service, support and consumables, the Company is less sensitive to economic fluctuations in individual sectors, industries and geographical areas. Addtech also continuously strives to develop operations that are less dependent on one specific market.
STRUCTURAL CHANGES	
Globalisation, digitalisation and rapid technological development drive structural change in customers' operations. The trend can increase demand for Addtech's advanced services, but it can also result in Addtech's customers disappearing through mergers, closures and relocations to low-cost countries.	Addtech's clear and unique added value services with high technological content, specialisation in advanced technical advisory services, outstanding service and strong presence on niche markets offset price competition, while increasing competitiveness and generating opportunities to deliver beyond the immediate geographic area. The Group is exposed to a large number of industries with no single customer accounting for more than two percent of sales, constitute protection adverse impact on profit.
COMPETITIVE SITUATION	
Change and consolidation among companies in the technology trading industry affect competition. There is a risk that suppliers will switch from cooperating with Addtech to establishing their own sales, or that large customers will bypass the middleman. Economies of scale could lead to pricing pressure and rapid technological development could erode our offering.	Addtech strives to offer products and services for which price is not the sole determining factor. By working closely with both suppliers and customers, we continually develop our know-how and our competitiveness. Our extensive technical knowledge, delivery reliability, service and availability add value, which limits the risk that the customer will choose to bypass the middleman. To reduce the risk of competition from suppliers, Addtech continually strives to ensure that cooperation with the Group is the most profitable sales strategy.
ENVIRONMENT	
Changed environmental legislation could affect product sales, goods transports and the way in which our customers use the products. There is also a risk that one of the Group's subsidiaries, through its corporate ID number, could be linked to a historical responsibility under the Swedish Environmental Code.	Addtech's subsidiaries are primarily engaged in commerce and business that has a limited direct environmental impact. The Group conducts in limited production. The Group monitors operations and environmental risks with its sustainability report and all companies comply with the Group's Code of Conduct. In conjunction with acquisitions, Addtech conducts an analysis of the prospective object's corporate ID number to counter the risk of being liable for historical environmental issues.
ABILITY TO RECCRUIT AND RETAIN STAFF	
Addtech is highly dependent on its employees. The ability to recruit and retain qualified managers and employees is of utmost importance to ensure the level of expertise in the Company. Acquisitions are also associated with the risk that expertise could be lost.	Addtech prioritises internal recruitment and creates conditions to promote personnel development among the subsidiaries and to encourage their employees to pursue careers within the Group. The acquisition strategy includes providing good motivation for key employees in the companies to independently continue running the company as part of the Group. Addtech's Business School, which is aimed at both new employees and senior management, increases internal knowledge transfer, provides skills development for employees and refines the corporate culture. The Group conducts regular employee surveys to find out how employees view their employers and working situation, as well as areas for improvement and development.

RISK/DESCRIPTION	ADDTECH'S RISK MANAGEMENT
ACQUISITIONS AND GOODWILL	
Costs attributable to acquisitions may be higher than expected, and positive impacts on profits may take longer time to realise than expected. Goodwill risk arises when a business unit under-performs in relation to the assumptions that applied at the time of the valuation and impairment, if any, could have a negative impact on the Group's financial performance. Additional risks associated with acquisitions are integration risks and exposure to unknown liabilities.	Addtech has many years of solid experience in acquiring and pricing companies. All potential acquisitions and their operations are carefully examined before completing the acquisition. There are well-established procedures and structures for pricing and implementing the acquisition, as well as for integrating the acquired companies. An effort is made in the agreements to obtain the necessary guarantees to limit the risk of unknown liabilities. The large number of companies acquired entails a significant distribution of risk.
FINANCIAL	
The business operations are associated with various financial risks such as transaction exposure and translation exposure of foreign currency, as well as credit risks relating to customers. In addition the Group as a whole faces other financial risks, such as financing risk, interest rate risk and credit and counterparty risk.	Addtech strives for structured and efficient management of the financial risks that arise in operations, in accordance with the financial policy adopted by the Board of Directors. The financial policy expresses the goal of identifying, minimising and controlling financial risks, as well as how the responsibility for managing these risks is divided within the organisation.
SUPPLIERS	
As the link between supplier and customer, AddLife depends on external suppliers who must meet the terms of agreements regarding matters such as volume, quality and delivery date in order for Addtech to deliver to customers as promised. There is a risk that problems with the supplier could affect Addtech's deliveries to customers and, ultimately, both its reputation and future sales.	Addtech's long-term close relationships with reliable suppliers reduce the risk of not being able to deliver as promised. Addtech always signs agreements with its suppliers and is not dependent on any single supplier in the long term.
ORGANISATION	
Addtech's decentralised organisation is based on subsidiaries having a large responsibility for their own operations, which sets high standards for financial reporting and monitoring; shortcomings in this area could lead to inadequate control of the operations.	Addtech controls its subsidiaries through board work, a Group-wide framework for overarching policies and financial reporting. By continuously monitoring the development of its subsidiaries and being active owners, risks at the subsidiary level and potential deficiencies in operations or reporting can quickly be identified and addressed in accordance with the Group's internal guidelines.
SEASONAL EFFECTS	
There is a risk that Addtech's operations, earnings and cash flow could be affected by strong seasonal effects driven by customer demand.	No significant seasonal effects are associated with Addtech's sales of high-tech products and solutions to companies in the manufacturing and infrastructure sectors. However, the number of production days, customer demand and the will to invest may vary from one quarter to another.

EMPLOYEES AND DEVELOPMENT

EMPLOYEES

The average number of employees, inclusive the discontinued operations, in the latest 12-month period was 2,386 (2,224). At the end of the financial year, the number of employees was 2,076, compared to 2,286 at the beginning of the financial year. During the financial year implemented acquisitions in continuing operations increased the number of employees by 161. The distribution of AddLife has reduced the number of employees by 285, without taking account of the year's acquisitions, which added 155 employees. Continuing operations, excluding acquisitions, reduced the number of employees by 86.

	2015/2016	2014/2015	2013/2014
Average number of employees	2,386	2,224	2,100
proportion of men	75%	74%	75%
proportion of women	25%	26%	25%
Age distribution			
-up to 29 years old	10%	10%	11%
30-49 years	54%	54%	55%
50 and older	36%	36%	34%
Average age	45 years	45 years	45 years
Personnel turnover	14%	13%	11%
Average length of employment	about 10 years	about 10 years	about 10 years

RESEARCH AND DEVELOPMENT

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

PRINCIPLES FOR REMUNERATION TO SENIOR MANAGEMENT

The Board has decided to propose that the Annual General Meeting in August 2016 to approve the same guidelines as in the preceding year:

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

Addtech seeks to offer a reasonable and competitive total remuneration package capable of attracting and retaining skilled individuals. The size of the overall package varies in relation to the performance of the employee and the Group and may comprise the different elements stated below.

A fixed salary forms the foundation of the total remuneration. The salary should be competitive and reflect the responsibilities of the position. Fixed salaries are reviewed annually. Variable pay can be based on factors such as the Group's earnings growth, profitability and cash flow. Annual variable remuneration can be at most 40 percent of the fixed salary. Retirement pension, sickness and healthcare benefits should be structured in accordance with applicable rules and market norms. The pensions should be based on defined contribution plans where possible. Other benefits may be provided to individual or all members of Group management and are structured to reflect market norms. These benefits may not account for a material portion of an individual's total remuneration package.

The Board of Directors will evaluate on an annual basis whether or not a long-term incentive programme shall be proposed to the Annual General Meeting and, if such is the case, whether or not the proposed long-term incentive programme shall include a transfer of shares in the Company.

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

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

The remuneration committee appointed by the Board prepares and submits proposals for the remuneration of the CEO to the Board, which decides on the matter. The remuneration committee sets the remuneration of other members of Group management based on proposals from the CEO. The Board is informed of the remuneration committee's decisions.

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

PARENT COMPANY

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

Parent Company net sales totalled SEK 58 million (54) and profit after financial items was SEK 200 million (263). This amount includes revenues of SEK 190 million (253) from shares in Group companies. Net investments in non-current assets totalled SEK 2 million (0). The Parent Company's net financial asset was SEK 21 million, compared to SEK 104 million at the beginning of the financial year.

ADDTECH SHARES

SHARE CAPITAL

At 31 March 2016, Parent Company share capital stood at SEK 51,148,872, distributed over the following number of shares with a quotient 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	3,237,672	32,376,720	4.7	33.3
Class B shares, 1 vote per share	64,960,824	64,960,824	95.3	66.7
Total	**68,198,496**	**97,337,544**	**100.0**	**100.0**

Chapter 6, Section 2a of the Swedish Annual Accounts Act requires listed companies to disclose specific circumstances that may affect the prospects for acquiring the Company via a public share offer. In the event of the Company being delisted from Nasdaq OMX Stockholm or a party other than the present principal shareholder attaining an ownership holding exceeding 50 percent of the capital or votes, the granted credit line in terms of contractual credit facilities of SEK 300 million and overdraft facilities of SEK 800 million can be terminated.

REPURCHASE OF TREASURY SHARES AND INCENTIVE PROGRAMMES

The Annual General Meeting in August 2015 authorised the Board of Directors to repurchase a maximum of ten percent of all shares in the Company during the period until the Annual General Meeting in 2016.

Repurchased shares are intended to cover the Company's commitment to outstanding call options programmes. During the financial year Addtech repurchased 350,000 of its own Class B shares. The average number of treasury shares held during the year was 1,495,117 (1,910,322). At year-end the number of treasury shares was 1,240,000 (1,742,300), with an average purchase price of SEK 68.83 (54.65). These shares correspond to 1.8 percent (2.6) of the number of shares issued and 1.3 percent (1.8) of the votes.

Addtech has four outstanding call option programmes totalling 1,240,000 Class B shares. The programme from 2015 comprises 350,000 shares with an exercise price of SEK 154.50 and an expiration period from 17 September 2018 until 3 June 2019 inclusive. The programme from 2014 comprises 350,000 shares with an exercise price of SEK 116.70 and an expiration period from 17 September 2017 until 1 June 2018 inclusive. The programme from 2013 comprises 540,000 shares with an exercise price of SEK 106.13 and an expiration period from 19 September 2016 until 2 June 2017 inclusive. The programme from 2012 comprises 600,000 shares with an exercise price of SEK 71.50 and an expiration period from 14 September 2015 until 3 June 2016 inclusive. During the period 14 September until 31 December 2015 inclusive, 200,000 options were exercised, corresponding to 600,000 shares.

The Board intends to propose that the Annual General Meeting in August 2016 approve an incentive programme according to the same, or an essentially similar, model as decided at the 2009-2015 AGMs.

Ongoing incentive programmes

Year	Options corresponding to number of shares	Percentage of total number of shares, %	Redemption price, SEK	Expiration period
2015	350,000	0.5%	154.50	17 sept 2018 - 3 june 2019
2014	350,000	0.5%	116.70	17 sept 2017 - 1 june 2018
2013	540,000	0.8%	106.13	19 sept 2016 - 2 june 2017
2012*	600,000	0.9%	71.50	14 sept 2015 - 3 june 2016

Total number of B shares 64,960,824

* As of 31 May 2016 all options were exercised.

DIVIDEND

The ambition of the Board of Directors is a pay-out ratio exceeding 50 percent of consolidated average profit after tax over a business cycle. Since the share was listed, the pay-out ratio, including the dividend proposed for the year, has averaged around 60 percent.

The Board has decided to propose at the Annual General Meeting in August 2016, a dividend of SEK 3.25 (3.25) per share. The total dividend amounts to SEK 218 million (216).

SHARE PRICE TREND AND RETURN

The Addtech shares are listed on Nasdaq OMX Stockholm. Since their listing in September 2001 until 31 April 2016, the total return on the shares until 31 March 2016 has averaged 17 percent per year.

The Addtech share declined 3 percent (+14) in value during the financial year. Taking into account the value of the distribution of AddLife AB, which was traded on opening day, 16 March 2016, at an average price of SEK 115.00, the increase was 21 percent. The OMX Stockholm index on the Nasdaq OMX Stockholm Exchange decreased by 11 percent (+23) in the corresponding period. The highest price paid during the year was SEK 146.00 and was quoted on 3 December 2015. The lowest was SEK 104.75 on 7 May 2015. The final price paid before the end of the financial year was SEK 112.00, corresponding to a market value of SEK 7.3 billion (7.5).

During the period 1 April 2015 - 31 March 2016, 8 million (16) shares were traded with an aggregate value of approximately SEK 1 billion (2 billion). Relative to the average number of Class B shares outstanding, this is equivalent to a turnover rate of 13 percent (24). Broken down by trading day, an average of 33,295 (63,200) Addtech shares were traded at an average value of about SEK 4 million (7).

OWNERSHIP STRUCTURE

The total number of shareholders on 31 March 2016 was 4,266 (3,932), including 2,929 (2,602) owners who held stakes of 1,000 shares or less. The 15 largest shareholders accounted for 57.8 (58.5) percent of the total number of shares and 68.2 (68.7) percent of the total votes. Anders Börjesson (with family interests) is the largest owner in terms of votes; he owns shares corresponding to 15.4 percent, followed by Tom Hedelius, who owns shares corresponding to 14.9 percent. The proportion of foreign owners was 28 percent (23) of total capital.

ADDITIONAL INFORMATION

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

KEY INDICATORS

	2015/2016		2014/2015	2013/2014
Earnings per share (EPS), SEK	4.85		4.70	5.50
Shareholders' equity per share, SEK	22.10		22.60	20.10
Price/earnings ratio	23		25	18
Dividend per share, SEK	3.25	1)	3.25	3.00
Payout ratio, %	55		55	55
Dividend yield, %	2.9		2.8	3.1
Last price paid, SEK	112.00		115.75	101.75
Price/equity, multiple	5.1		5.1	5.1
Market capitalisation, SEKm	7,276		7,519	6,608
Average number of shares outstanding	66,703,379		66,288,174	66,003,348
Number of shares outstanding at year-end	66,958,496	2)	66,456,196	66,135,096
Number of shareholders at year-end	4,266		3,932	3,557

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: 1,240,000 Class B shares at 31 mars 2016.

ADDTECH'S LARGEST SHAREHOLDERS, 31 MARCH 2016

			Proportion of	
Shareholder	**Class A shares**	**Class B shares**	**capital, %**	**votes, %**
Anders Börjesson (family)	1,490,760	121,050	2.4	15.4
Tom Hedelius	1,445,760	16,200	2.1	14.9
Lannebo Fonder	0	7,770,820	11.4	8.0
Swedbank Robur Fonder	0	6,283,916	9.2	6.5
SEB Investment Management	0	5,495,409	8.1	5.6
AMF - Försäkring och Fonder	0	2,250,000	3.3	2.3
Livförsäkringsbolaget Skandia	0	2,123,780	3.1	2.2
Säve family	60,000	1,240,000	1.9	1.9
Sandrew AB	0	1,800,000	2.6	1.8
State Street Bank And Trust Com. Boston	0	1,761,408	2.6	1.8
Odin Fonder	0	1,681,448	2.5	1.7
State Street Bank And Trust Client	0	1,609,653	2.4	1.6
Handelsbankens Fonder AB RE JPMEL	0	1,441,384	2.1	1.5
Didner & Gerge Fonder Aktiebolag	0	1,422,855	2.1	1.5
Enter Fonder	0	1,407,592	2.1	1.4
Total 15 largest owners 3)	**2,996,520**	**36,425,515**	**57.8**	**68.1**

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

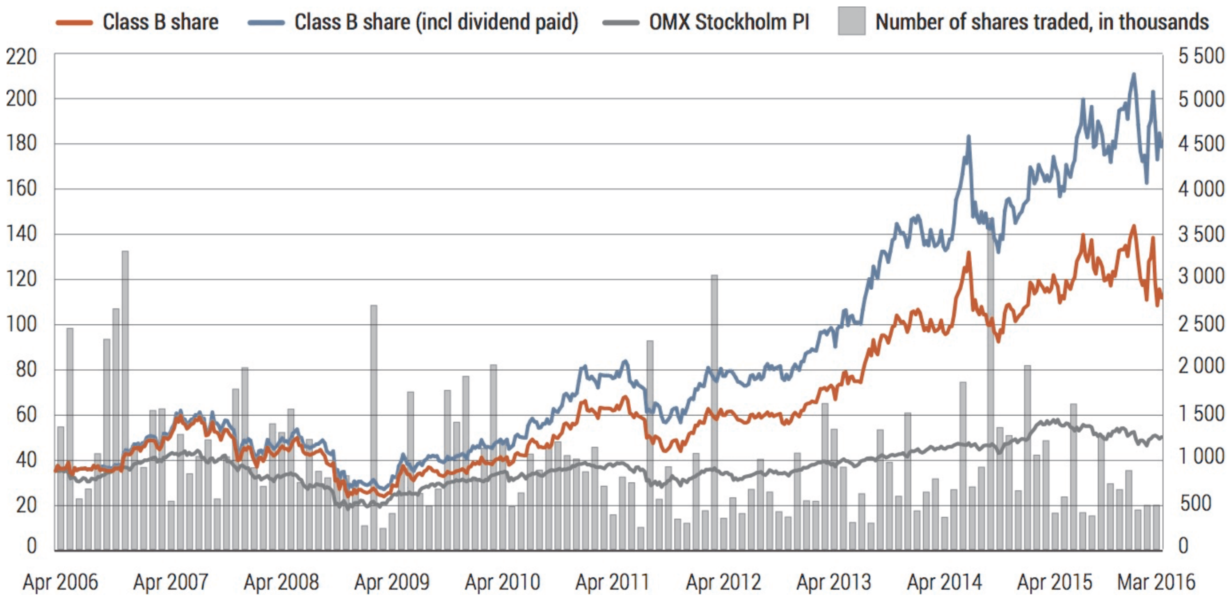
SIZE CLASSES

Number of shares	**% of share capital**	**Number of shareholders**	**% of number of shareholders**
1 - 500	1	2,303	54
501 - 1 000	1	616	14
1 001 - 5 000	3	901	21
5 001 - 10 000	2	182	4
10 001 - 15 000	1	62	2
15 001 - 20 000	1	29	1
20 001 -	92	173	4
Total	**100**	**4,266**	**100**

HOLDINGS BY CATEGORY

	2015/2016		2014/2015	
	Number of shareholders	Proportion of capital, %	Number of shareholders	Proportion of capital, %
Swedish owners	4,020	73	3,700	77
Foreign owners	246	27	232	23
Total	**4,266**	**100**	**3,932**	**100**
Legal entities	517	76	456	76
Natural persons	3,749	24	3,476	24
Total	**4,266**	**100**	**3,932**	**100**

SHARE PERFORMANCE CHART



FUTURE PROSPECTS AND EVENTS AFTER THE REPORTING PERIOD

FUTURE PROSPECTS

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

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

EVENTS AFTER THE REPORTING PERIOD

On 1 April 2016 Hans Andersén became the new head of the Energy business area and a member of Addtech’s Group management. He succeeds Åke Darfeldt, who is retiring after many years of valuable contributions. Hans Andersén joined the Group in 2006 as managing director of an acquired company, and since 2010 he has worked in the Energy business area as business unit manager of Energy Supply.

One of Addtech's strategies to attain continued long-term profitable growth is to strengthen the Group's positions in selected niches by acquiring companies. The acquisitions are recognised in the Group's balance sheet among other things as intangible non-current assets and are distributed over goodwill and other intangible non-current assets. Goodwill is assessed annually for impairment, and other intangible non-current assets are amortised to profit over the estimated useful life. The amortisation of the intangible non-current assets does not affect cash flow and does not therefore affect the underlying ability to generate a profitable increase in operating profit. In light of this, and like several other acquisition-intensive companies, Addtech will also report operating profit for the Group and per business area before amortisation of intangible non-current assets, i.e. at EBITA level (Earnings Before Interest, Tax and Amortisation). This will take full effect as of the first quarter 2016/2017.

Four company acquisition took place after the end of the reporting period:

On 1 April, Addtech acquired Sammet Dampers Oy to become part of the Industrial Process business area. Sammet Dampers is a leading developer and supplier of industrial dampers in Northern Europe. The company has 12 employees and sales of around EUR 5 million.

On 5 April, Addtech acquired Poryan China Company Ltd to become part of the Power Solutions business area. Poryan China Company Ltd provide component solutions and subsystems in circuit protection primarily to the train and signaling market in China. The company has 22 employees and sales of around SEK 50 million.

On 5 April, Addtech acquired ETS Cable Components to become part of the Energy business area. ETS Cable Components supplies products, systems and services in the field of cable accessories for power cable installation, including cable cleats brackets, cable glands, cable lugs, flexible conduits, cable ties and cable tooling above all for the UK market. The company has 35 employees and sales of around GBP 8.5 million.

On 2 May, 100 percent of the shares in Elektro-Tukku Oy, Finland, were acquired to become part of the Components business area. Elektro-Tukku Oy sells measuring and control instruments to industry, OEMs and the public sector. The company has 3 employees and sales of around SEK 8 million. The operation will be part of an existing company.

The acquisition analyses are not yet complete and will be presented in the next interim report.

PROPOSED ALLOCATION OF EARNINGS

The following amounts are available for distribution by the Annual General Meeting of Addtech AB:	
Retained earnings	625 SEKm
Profit for the year	142 SEKm
	767 SEKm
The Board of Directors and the CEO propose that the funds available for distribution be allocated as follows:	
A dividend paid to shareholders of SEK 3.25 per share 1)	218 SEKm
To be carried forward	549 SEKm
	767 SEKm

1) Based on the number of shares outstanding at 31 May 2016. The total dividend payout may change if the number of treasury shares repurchased changes prior to the proposed dividend record date of 2 September 2016.

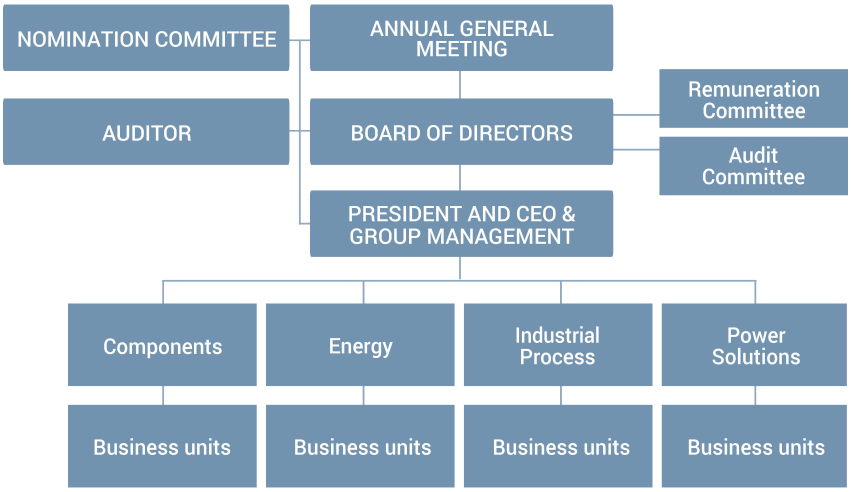
The Board of Directors deems the proposed dividend justifiable in the context of the demands on Group equity made by the Group's operations, size and risks, and in the context of the Group's need for a strong balance sheet, liquidity and overall financial position.

At the end of the reporting period, equity in the Parent Company included SEK -5 million (-3) resulting from financial assets and liabilities being measured at fair value in accordance with the Swedish Annual Accounts Act (Chapter 4, Section 14a).

CORPORATE GOVERNANCE

PRINCIPLES FOR CORPORATE GOVERNANCE

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



COMPLIANCE WITH THE SWEDISH CODE OF CORPORATE GOVERNANCE

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

COMPLIANCE WITH APPLICABLE RULES FOR TRADING

No violations of any applicable stock exchange rules occurred in 2015/2016 and Addtech's operations were conducted in accordance with good practices in the stock market.

SHARES AND SHAREHOLDERS

The Addtech AB share register is maintained by Euroclear Sweden AB. As of 31 March 2016 Addtech had 4,266 shareholders according to the shareholder register and the total number of shares was 68,198,496 divided among 3,237,672 A shares, each carrying 10 votes, and 64,960,824 B shares, each carrying one vote. The total number of voting rights was 97,337,544. More information about the Addtech share and shareholders can be found in the annual report under the section the Share.

KEY EVENTS IN 2015/2016

On 1 April 2015 Addtech reorganised, forming a fifth business area and appointing two new business area managers, Johan Dyberg and Niklas Stenberg. The aim of the organisational change was to increase the potential for growth and efficiency in the companies. The five business areas are Components, Energy, Industrial Process, Power Solutions and Life Science.

On 6 April 2015 it was announced that preparations had begun for a separate listing on Nasdaq Stockholm through a distribution of shares in Life Science's operations among Addtech's shareholders.

On 27 August 2015 Addtech's Annual General Meeting resolved to approve a dividend of SEK 3.25 per share, which was a payout ratio of 55 percent, equivalent to SEK 216 million.

On 23 September 2015 it was announced that the share-related incentive scheme aimed at 25 senior executives for a maximum of 350,000 call options was fully subscribed.

On 23 October 2015 Addtech announced the appointment of its chief financial officer, Kristina Willgård, to serve as chief executive officer of AddLife AB. Mats Lönnqvist was appointed acting CFO of Addtech for the interim period until a replacement was hired.

On 13 November Addtech announced that Christina Kassberg was appointed to serve as its new CFO. She took over her new position on 4 February 2016.

On 9 March 2016, the Extraordinary General Meeting resolved on the distribution of all Addtech shares in AddLife AB to the shareholders of Addtech. The first day of trading of AddLife's Class B shares on Nasdaq Stockholm was 16 March 2016.

350,000 treasury shares were repurchased during the year. Repurchased shares are intended to cover the Company's commitment to outstanding call options programmes.

During the financial year 10 acquisitions made by the Group have taken effect, adding annual sales of about SEK 640 million.

ARTICLES OF ASSOCIATION

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

ANNUAL GENERAL MEETING

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

2015 ANNUAL GENERAL MEETING

Addtech's Annual General Meeting was held on Thursday, 27 August 2015 in Stockholm. In all, 74 shareholders were present at the AGM, in person or by proxy, representing 67.50 percent of votes and 55.31 percent of capital. Chairman of the Board Anders Börjesson was elected to serve as chairman of the AGM. The meeting was attended by all members of the Board and Group Management. Authorised public accountant George Pettersson, principal auditor for Addtech, and Jonas Eriksson were also present at the meeting, along with other representatives of Addtech's selected auditors at KPMG.

The 2015 AGM resolved that the dividend would amount to SEK 3.25 per share. Moreover, the AGM resolved to re-elect directors Anders Börjesson, Eva Elmstedt, Tom Hedelius, Ulf Mattsson, Johan Sjö and Lars Spongberg. Malin Nordesjö was elected to serve on the Board of Directors. Anders Börjesson was elected Chairman of the Board. At the subsequent first meeting of the new Board following its election, Tom Hedelius was reappointed Vice Chairman of the Board. In addition, the registered firm KPMG was re-elected for a period of one year. The other resolutions of the AGM can be seen in the complete agenda from the AGM, which is available along with other information about the 2015 AGM at www.addtech.com.

2016 EXTRAORDINARY GENERAL MEETING

The Extraordinary General Meeting was held on Wednesday, 9 March 2016 in Stockholm. In all, 24 shareholders were present, in person or by proxy, representing 58.05 percent of votes and 42.90 percent of capital. Chairman of the Board Anders Börjesson was elected to serve as chairman of the EGM. The meeting was attended by members of the Board and Group Management.

Authorised public accountant Jonas Eriksson, co-responsible auditor for Addtech, was present at the meeting as the representative of Addtech's selected auditors at KPMG. The Extraordinary General Meeting resolved to authorise a distribution of all of the Company's shares in AddLife AB to Addtech's shareholders. The resolutions of the EGM can be seen in the complete agenda, which along with other information about the meeting are available at www.addtech.com.

2016 ANNUAL GENERAL MEETING

Addtech 2016 Annual General Meeting will be held Wednesday 31 August at IVA in Stockholm. For additional information about the 2016 AGM please see the section called "Welcome to the Annual General Meeting" in the annual report, as well as Addtech's website www.addtech.com.

NOMINATION COMMITTEE DUTIES

The Nomination Committee's mandate from the Annual General Meeting is to evaluate the composition and work of the Board of Directors as well as to submit proposals to the AGM for the Chairman of the AGM, Directors and Chairman of the Board, remuneration to directors who are not employed by the company, election, where appropriate, of a registered auditing firm and auditors' fees, as well as principles for election of members to the Nomination Committee. The members of the Nomination Committee receive no remuneration from the Company for their work on the committee. The committee had three meetings at which minutes were taken prior to the 2016 AGM. The complete proposals of the Nomination Committee to the AGM are presented in the notice to attend the meeting and on the Company's website.

COMPOSITION OF THE NOMINATION COMMITTEE

The meeting decided that the following principles will apply until further notice. Consequently, the Annual General Meeting does not decide on these principles and the Nomination Committee assignments annually, unless the principles or the assignments are to be changed. The Nomination Committee consists of representatives of the five largest known shareholders by vote at year-end (grouped by shareholdings on 31 December) and the Chairman of the Board of Directors, who was also tasked with convening the first meeting of the Nomination Committee. The Nomination Committee will appoint a Chairman among its members. The composition of the Nomination Committee shall be announced not later than six months before the 2016 Annual General Meeting.

The following were thus chosen as of 31 December 2015: Åsa Nisell (representing Swedbank Robur), Martin Wallin (representing Lannebo Fonder), Johan Strandberg (representing SEB fonder), and Tom Hedelius and Anders Börjesson, Chairman of the Board. The composition of the Nomination Committee was disclosed in conjunction with the presentation of the interim report for the third quarter on 9 February 2016.

Two Nomination Committee members are Board members and are not independent of the Company's major shareholders, which deviates from the Code's rules 2.4 on composition of the Nomination Committee. If more than one Board member is included on the Nomination Committee, no more than one of them may be in a position of dependence in relation to the Company's major shareholders. The composition of the committee follows the principles set by the AGM. Anders Börjesson is chairman of the Nomination Committee and Board Chairman. This deviates from the Code's rules 2.4, which state that the chairperson of the Nomination Committee shall not be a Board member of the Company. In conjunction with its first meeting, the Nomination Committee also deemed it suitable that the committee chairperson should be the member who represents the largest group of shareholders and who has good knowledge of both the company and other shareholders.

BOARD DUTIES

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

COMPOSITION OF THE BOARD OF DIRECTORS

In accordance with the Articles of Association, the Board is to consist of at least three and at most nine members. The directors shall serve from the end of the AGM when they are elected until the end of the next AGM. There is no limit to the number of consecutive terms a director may serve on the Board. The 2015 AGM re-elected directors Anders Börjesson, Eva Elmstedt, Tom Hedelius, Ulf Mattsson, Johan Sjö and Lars Spongberg and elected director Malin Nordesjö. Anders Börjesson was elected Chairman of the Board.

At the subsequent first meeting of the new Board following its election, Tom Hedelius was reappointed Vice Chairman of the Board. The members of the Board of Directors are presented in the Board of Directors and Management section of the annual report and on the Company’s website.

Independence of the Board of Directors

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

Rules of procedure

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

Duties of the Chairman of the Board

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

Work of the Board of Directors in 2015

According to the Board's rules of procedure, the Board is to meet in conjunction with presentation of the interim reports, at an annual strategy meeting and at the first post-election meeting of the new Board per year as well as on other occasions if required. The Board held ten meetings in 2015, seven of which were before the 2015 AGM and three after the AGM.

The following table shows attendance at Board meetings:

Board member	Elected	Born	Attendance (total number of meetings) Board	Remuneration committee	Audit committee	Independent in relation to the Company	Independent in relation to major shareholders	Total compensation, SEK
Anders Börjesson (Chairman)	2001	1948	10 (10)	1 (1)	1 (1)	Yes	No	500,000
Eva Elmstedt	2005	1960	10 (10)		1 (1)	Yes	Yes	250,000
Tom Hedelius (Vice Chairman)	2001	1939	10 (10)	1 (1)	1 (1)	Yes	No	380,000
Ulf Mattsson	2012	1964	10 (10)		1 (1)	Yes	Yes	250,000
Malin Nordesjö 1)	2015	1976	3 (3)		1 (1)	Yes	No	250,000
Johan Sjö 2)	2008	1967	10 (10)			No	Yes	-
Lars Spongberg	2001	1945	10 (10)		1 (1)	Yes	Yes	250,000

1) Took over at 2015 Annual General Meeting

2) No fee is paid to directors who are employed at Addtech

All meetings followed an agenda, which was provided to members prior to Board meetings along with documentation for each item on the agenda. Regular board meetings usually last half a day to allow time for presentations and discussions. The Chief Executive Officer or his designee presents all matters relating to the operations of the Company and the Group. Other salaried employees in the Company take part in Board meetings to present certain issues or when otherwise deemed suitable. The Company's CFO is the Board Secretary and the secretary of the Nomination Committee. The Board discussed the following matters at its meetings:

- Strategic direction and significant goals
- Significant issues related to optimisation of capital structure, dividends, share repurchases, investments, acquisitions and divestments
- Monitoring and control of operations, disclosure of information and organisational issues, including evaluation of the Group's operational management
- Interim reports, year-end report and annual report
- Overarching responsibility for establishing policies

Evaluation of the work of the Board

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

Remuneration committee

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

Audit committee

The Board has appointed an audit committee consisting of the Board members who are not employed by the Company, in other words, Anders Börjesson, Tom Hedelius, Eva Elmstedt, Ulf Mattsson and Lars Spongberg. The audit committee's tasks were integrated into Board work at the Board's regular meetings, so the Board Chairman also acted as Chairman of the audit committee. The committee Chairman has accounting and auditing knowledge.

Eva Elmstedt, Ulf Mattsson and Lars Spongberg are also independent of the Company's major shareholders and have accounting knowledge.

Without affecting the Board's responsibility and tasks in other respects, the audit committee shall monitor the Company's financial reporting; monitor the effectiveness of the Company's internal control and risk management regarding the financial reporting; stay informed about the audit of the annual accounts and the consolidated financial statements; assess and monitor the impartiality and independence of the auditor and in doing so shall pay particular attention to whether the auditor provides the Company with other services besides auditing services; and assist in drawing up proposals for the AGM's decision on selection of an auditor.

In conjunction with the adoption of the 2015/2016 annual accounts, the Board held discussions with the Company's external auditors and received their reporting. The Board also discussed matters with the auditors at this meeting, which was not attended by the CEO or other members of Company management.

AUDITOR

The Articles of Association stipulate that a registered auditing firm must be selected as auditor. The 2015 Annual General Meeting elected KPMG to serve as the Company's auditor until the close of the 2016 Annual General Meeting. George Pettersson is the Auditor in charge, assisted by Jonas Eriksson. KPMG audits Addtech AB and practically all its subsidiaries.

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

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

Quarterly review by auditors

Addtech's six-month or nine-month reports were not reviewed by Addtech's external auditors during the 2015/2016 financial year, which deviates from the rules of the Code 7.6. Among other things, after consultation with the Company's external auditors, the Board has so far judged that the benefit and additional cost to the Company of extended quarterly reviewing by the auditors cannot be justified.

Chosen auditors

GEORGE PETTERSSON
KPMG

Auditor in charge: George Pettersson, Authorised Public Accountant, Stockholm. Born in 1964. George Pettersson has been in charge of auditing the Addtech Group since 2013/2014 and is also in charge of auditing AddLife AB, Lagercrantz Group AB, Nobia AB and Sandvik AB.

JONAS ERIKSSON
KPMG

Assistant auditor: Jonas Eriksson, Authorised Public Accountant, Stockholm. Born in 1974. Jonas Eriksson has been the assistant auditor for the audit of the Addtech Group since 2013/2014 and is also involved in auditing companies including AddLife AB and Sandvik AB. Jonas is also in charge of auditing numerous medium-size companies, including Carglass Sweden AB, Brand Factory Group and the Silva Group.

CHIEF EXECUTIVE OFFICER AND GROUP MANAGEMENT

The Chief Executive Officer, Johan Sjö, heads the operations in accordance with requirements of the Swedish Companies Act and the frameworks set by the Board. In consultation with the Board Chairman, the CEO prepares requisite documentation for information and decisions prior to Board meetings, gives presentations and motivates proposals for decisions. The Chief Executive Officer leads the work of the Group Executive Board and makes decisions in consultation with other members of Group Management. At the end of 2015/2016, in addition to Johan Sjö, Group Management included Anders Claeson, Åke Darfeldt, Johan Dyberg, Christina Kassberg and Niklas Stenberg. Group management regularly reviews operations in meetings chaired by the CEO. The Chief Executive Officer is presented in more detail in the Board and Management section of the annual report and on the Company's website. At the close of the financial year Hans Andersén replaced Åke Darfeldt, who retired.

REMUNERATION TO SENIOR MANAGEMENT

Principles for remuneration to senior management at Addtech are adopted by the Annual General Meeting. Senior management consists of the CEO and other people in Group Management. The 2015 AGM adopted the recommendations of the Nomination Committee regarding remuneration guidelines for senior executives. These guidelines are essentially consistent with the principles previously applied.

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

For more details regarding remuneration to senior management, please see note 6 of the Annual Report. In 2015 the Company complied with the principles for remuneration to senior management as approved by the AGM and the principles proposed to the 2016 AGM are unchanged. Please see the Administration Report of the annual report for the Board's complete proposals to the 2016 Annual General Meeting.

LONG-TERM INCENTIVE SCHEMES

Addtech has four outstanding call option programmes totalling 1,240,000 B shares. The purpose of long-term incentive schemes is to give management personnel within the Addtech Group the opportunity to learn about and work towards an increase in the value of the Company's shares through their own investment. The schemes are also expected to create improved conditions for retaining and recruiting skilled personnel for the Addtech Group, to provide competitive remuneration and to unite the interests of the shareholders and the management personnel. The intention of the schemes is to contribute towards senior executives increasing their shareholdings in Addtech in the long term. Those members of management personnel included in the schemes are the group who, in an otherwise heavily decentralised organisation, are able to have a positive impact on profits through cooperation between the Group's subsidiaries. The share-related incentive schemes approved by the AGM do not involve any net charge to the Company's equity.

REMUNERATION TO THE BOARD OF DIRECTORS AND AUDITOR

The AGM of Addtech AB resolves each year regarding guidelines for remuneration to the Board of Directors and the auditor. According to the resolution of the 2015 Annual General Meeting, Board fees for each director will remain unchanged from the previous year. The fees are as follows: SEK 500,000 to the Chairman of the Board, SEK 380,000 to the Vice Chairman of the Board and SEK 250,000 to each other director appointed by the AGM who is not employed by the Company. Total Board fees amount to SEK 1,880,000. No fee is paid for work on committees.

Audit fees will be paid according to approved invoice. For more details regarding audit fees and fees for nonauditing services please refer to the Note 7 of the annual report.

OPERATING ORGANISATION AND MANAGEMENT

As of 1 April 2015, Addtech's operating companies have been organised in the five business areas Components, Energy, Industrial Process, Power Solutions and Life Science/AddLife. In March 2016 the Group's shareholdings in AddLife were distributed through an IPO on Nasdaq Stockholm, after which four business areas remain.

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

Each operating company has a board of directors in which the company's managing director and employees in managerial positions from business areas or business units are represented. Within each business area the companies are organised in business units linked to product or market concepts. Each company's chief executive officer 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 of Addtech AB and the managers of the business areas, respectively.

BOARD OF DIRECTORS

The information about shareholdings and call options is as per 31 May 2016.

ANDERS BÖRJESSON

M.Sc. Econ.

Born in 1948. Board Chairman since 2001. Other board assignments: Chairman of B&B TOOLS, Tisenhultgruppen and Lagercrantz Group. Director of Bostad Direkt, Futuraskolan, Inomec, Ventilationsgrossisten Nordic and Swedish Cable Trolleys. Professional experience: President and CEO of Bergman & Beving. Ownership (family): 1,492,726 Class A shares and 121,050 Class B shares.

EVA ELMSTEDT

Bachelor of Economics and Computer Science

Born in 1960. Director since 2005. Other board assignments: Director of Proact IT, Gunnebo, Know IT, Syntavia and Axíell Group. Professional experience: Senior management at NSN, Nokia Networks, Ericsson, 3, Semcon and IBM. Ownership (own and company): 10,000 Class B shares.

TOM HEDELIUS

M.Sc. Econ., Hon. Dr. of Economics.

Born in 1939. Vice Chairman since 2001. Other board assignments: Honorary Chairman of Svenska Handelsbanken. Chairman of Anders Sandrews Stiftelse and Jan Wallanders and Tom Hedelius Stiftelse. Vice Chairman of Lagercrantz Group. Professional experience: Senior management at Svenska Handelsbanken and Industrivärden. Ownership: 1,447,776 Class A shares and 16,200 Class B shares.

ULF MATTSSON

M.Sc. Econ.

Born in 1964. Director since 2012. Industrial advisor at EQT. Other board assignments: Chairman of AcadeMedia, itslearning, Granngården, Evidensia Djursjukvård, Musti Ja Mirri Oy and Crem International. Director of Oras Invest Oy. Professional experience: Senior management at Tarkett, CEO of Domco, Mölnycke Health Care, Capio and Gambro. Ownership: 8,000 Class B-shares.

MALIN NORDESJÖ

M.Sc. Econ.

Born in 1976. Director since 2015. Other board assignments: Chairman of Futuraskolan. Director of Tisenhultgruppen, Ventilationsgrossisten Nordic and Bostad Direkt. Professional experience: Senior management at Bostad Direkt, Futuraskolan and Tritech Technology. Ownership: 11,502 Class B shares.

LARS SPONGBERG

M.Sc. Econ., LL M.

Born in 1945. Director since 2001. Other board assignments: Director of Bikuben and Valedo Capital Partners Fund 1. Professional experience: Senior management at Spectra Physics, Autoliv, Svenska Handelsbanken, Electrolux and Swedish Match. Ownership: 1,500 Class B shares.

JOHAN SJÖ

M.Sc. Econ.

Born in 1967. Director, President and CEO. Director since 2008. Other board assignments: Chairman of AddLife and director of BUFAB. Professional experience: Senior management at B&B TOOLS, Alfred Berg/ABN Amro. Ownership: 10,080 Class A shares and 173,000 Class B shares. Call options corresponding to 110,500 shares.

GROUP MANAGEMENT

The information about shareholdings and call options is as per 31 May 2016.

JOHAN SJÖ

M.Sc. Econ.

Born in 1967. Director, President and CEO. Employed in the Group since 2007. Other board assignments: Chairman of AddLife and director of BUFAB. Professional experience: Senior management at B&B TOOLS, Alfred Berg/ABN Amro. Ownership: 10,080 Class A shares and 173,000 Class B shares. Call options corresponding to 110,500 shares.

CHRISTINA KASSBERG

B. Sc. Business Administration

Born in 1968. Chief Financial Officer. Employed in the Group since 2016. Professional experience: CFO Stim, EVP Finance and Administration Medivir, controller Medivir and accountant Öhrling PricewaterhouseCoopers. Ownership: 1,600 Class B shares.

ANDERS CLAESON

M.Eng.

Born in 1956. Executive Vice President and Business Area Manager, Addtech Components. Employed in the Group since 1982. Professional experience: Various managerial positions at Bergman & Beving. Ownership: 233,897 Class B shares. Call options corresponding to 109,000 shares.

HANS ANDERSÉN

Electric Power Engineer

Born in 1961. Business Area Manager of Addtech Energy. Employed in the Group since 2006. Professional experience: CEO and owner of AB Gevea and Business Unit Manager Energy Supply. Ownership: 37,700 Class B shares. Call options corresponding to 45,800 shares.

JOHAN DYBERG

M.Sc Mechanical eng.

Born in 1967. Business Area Manager of Addtech Industrial Process. Employed in the Group since 2012. Professional experience: Leading positions at small entrepreneur-driven companies as well as at large service and product companies including Electrolux and Husqvarna. Ownership: 24,000 Class B shares. Call options corresponding to 41,600 shares.

NIKLAS STENBERG

Bachelor of Laws

Born in 1974. Business Area Manager of Addtech Power Solutions. Employed in the Group since 2010. Professional experience: Leading positions at B&B TOOLS, prior to which he was an attorney-at-law. Ownership: 15,000 Class B shares. Call options corresponding to 30,800 shares.

SYSTEM FOR INTERNAL CONTROL AND RISK MANAGEMENT IN FINANCIAL REPORTING

Internal control

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

Control environment

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

Risk assessment

Addtech has set procedures for managing the risks that the Board and Company management deem pertinent to internal control of financial reporting. The Group's exposure to several market and customer segments and the fact that operations are run in approximately 120 companies constitute a substantial distribution of risks. Risk assessments begin with the Group's income statement and balance sheet to identify the risk of material errors. For the Addtech Group as a whole, the greatest risks are linked to inventories and carrying amounts of intangible non-current assets related to business acquisitions.

Control activities

Control activities include transaction-related controls such as authorisation and investment rules and clear payment procedures, but also analytical controls performed by the Group controller function and the central finance and accounting function. Controllers and financial managers at all levels of the Group play a key role in creating the right environment for transparent and accurate financial reporting. This role places great demands on integrity, expertise and the capabilities of individuals.

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

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

In addition to the 'self-evaluation' work, a more in-depth analysis of the internal control in about 25 operating companies takes place each year. This is classed as 'internal auditing' and is performed at the companies by business area controllers and employees from the Parent Company's central finance and accounting function. This audit work involves charting and testing the companies' key processes and control points in such processes. The external auditors study the records kept of the internal audits in conjunction with their audit of the companies. The process provides a good foundation on which to chart and assess the internal control in the Group. KPMG also performs an annual review and assessment of the Group's internal control process.

Information and communication

Governance guidelines, policies and instructions are available on the Group intranet. The documents are regularly updated as needed. Changes are communicated separately via email and at meetings for controllers and financial managers.

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

Follow-up

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

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

Internal auditing

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

FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

SEKm	Notes	2015/2016	2014/2015
Continuing operations			
Net sales	4, 5	6,155	5,719
Cost of sales		-4,244	-3,946
GROSS PROFIT		**1,911**	**1,773**
Selling expenses		-1,100	-1,013
Administrative expenses		-384	-352
Other operating income	9	29	27
Other operating expenses	9	-13	-4
OPERATING PROFIT	**3-10,16**	**443**	**431**
Finance income	11	2	3
Finance costs	11	-22	-24
NET FINANCIAL ITEMS		**-20**	**-21**
PROFIT BEFORE TAX		**423**	**410**
Income tax expense	13	-90	-89
PROFIT FOR THE YEAR, CONTINUING OPERATIONS		**333**	**321**
Discontinued operations			
Net profit from discontinued operations		1,636	79
PROFIT FOR THE YEAR, DISCONTINUED OPERATIONS	**34**	**1,636**	**79**
PROFIT FOR THE YEAR		**1,969**	**400**
Attributable to:			
Equity holders of the Parent Company		1,950	392
Non-controlling interests		19	8
Earnings per share before and after dilution (EPS), (SEK)	30		
Continuing operations		4.85	4.70
Discontinued operations		24.35	1.20
Total earnings per share before and after dilution		29.20	5.90
Average number of shares after repurchases ('000s)		66,703	66,288
Number of shares at end of period after repurchases ('000s)		66,958	66,456

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEKm	2015/2016	2014/2015
Profit for the year	1,969	400
Components that will be reclassified to profit of the year		
Cash flow hedges	-2	1
Foreign currency translation differences for the period	-58	27
Tax attributable to items that can later be reversed in profit or loss	0	0
Components that will not be reclassified to profit of the year		
Revaluations of defined benefit pension plans	44	-63
Tax attributable to items not to be reversed in profit or loss	-10	14
OTHER COMPREHENSIVE INCOME	**-26**	**-21**
Comprehensive income for the year	**1,943**	**379**
Attributable to:		
Equity holders of the Parent Company	1,925	369
Non-controlling interests	18	10

CONSOLIDATED BALANCE SHEET

SEKm	Notes	2016-03-31	2015-03-31
ASSETS			
NON-CURRENT ASSETS			
Intangible non-current assets	14	1,498	1,543
Property, plant and equipment	15	168	198
Deferred tax assets	13	6	4
Other financial assets	17	21	20
TOTAL NON-CURRENT ASSETS		**1,693**	**1,765**
CURRENT ASSETS			
Inventories	18	874	849
Tax assets		24	14
Accounts receivable	3	972	1,043
Prepaid expenses and accrued income	19	74	64
Other receivables		28	35
Cash and cash equivalents		140	83
TOTAL CURRENT ASSETS		**2,112**	**2,088**
TOTAL ASSETS		**3,805**	**3,853**
EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY	**20**		
Share capital		51	51
Other contributed capital		344	344
Reserves		-77	-18
Retained earnings, including profit for the year		1,161	1,127
Equity attributable to equity holders of the Parent Company		**1,479**	**1,504**
Non-controlling interests		35	35
TOTAL SHAREHOLDERS' EQUITY		**1,514**	**1,539**
LIABILITIES			
NON-CURRENT LIABILITIES			
Non-current interest-bearing liabilities	24	41	20
Provisions for pensions	22	199	318
Deferred tax liabilities	13	242	217
Total non-current liabilities		**482**	**555**
CURRENT LIABILITIES			
Current interest-bearing liabilities	25	721	573
Accounts payable		570	619
Tax liabilities		23	40
Other liabilities		190	211
Accrued expenses and deferred income	26	292	305
Provisions	23	13	11
Total current liabilities		**1,809**	**1,759**
TOTAL LIABILITIES		**2,291**	**2,314**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**3,805**	**3,853**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEKm	Share capital	Other contributed capital	Reserves	Retained earnings, including profit for the year	Total, equity holders of the Parent Company	Non-controlling interests	Total equity
EQUITY, OPENING BALANCE 2015-04-01	**51**	**344**	**-18**	**1,127**	**1,504**	**35**	**1,539**
Profit for the year	**–**	**–**	**–**	**1,950**	**1,950**	**19**	**1,969**
Cash flow hedges	–	–	-2	–	-2	–	-2
Foreign currency translation differences for the period	–	–	-57	–	-57	-1	-58
Revaluations of defined benefit pension plans	–	–	–	44	44	–	44
Tax attributable to other comprehensive income	–	–	0	-10	-10	–	-10
Other comprehensive income	**–**	**–**	**-59**	**34**	**-25**	**-1**	**-26**
Total comprehensive income	**–**	**–**	**-59**	**1,984**	**1,925**	**18**	**1,943**
Call options issued	–	–	–	3	3	–	3
Call options exercised	–	–	–	58	58	–	58
Repurchase of treasury shares	–	–	–	-45	-45	–	-45
Issue in kind	–	–	–	234	234	–	234
Dividend	–	–	–	-219	-219	-8	-227
Distribution of AddLife	–	–	–	-1,927	-1,927	-63	-1,990
Change in non-controlling interests	–	–	–	-54	-54	53	-1
EQUITY, CLOSING BALANCE 2016-03-31	**51**	**344**	**-77**	**1,161**	**1,479**	**35**	**1,514**

SEKm	Share capital	Other contributed capital	Reserves	Retained earnings, including profit for the year	Total, equity holders of the Parent Company	Non-controlling interests	Total equity
EQUITY, OPENING BALANCE 2014-04-01	**51**	**344**	**-44**	**979**	**1,330**	**19**	**1,349**
Profit for the year	**–**	**–**	**–**	**392**	**392**	**8**	**400**
Cash flow hedges	–	–	1	–	1	–	1
Foreign currency translation differences for the period	–	–	25	–	25	2	27
Revaluations of defined benefit pension plans	–	–	–	-63	-63	–	-63
Tax attributable to other comprehensive income	–	–	0	14	14	–	14
Other comprehensive income	**–**	**–**	**26**	**-49**	**-23**	**2**	**-21**
Total comprehensive income	**–**	**–**	**26**	**343**	**369**	**10**	**379**
Call options issued	–	–	–	2	2	–	2
Call options exercised	–	–	–	39	39	–	39
Repurchase of treasury shares	–	–	–	-35	-35	–	-35
Dividend	–	–	–	-200	-200	-4	-204
Change in non-controlling interests	–	–	–	-1	-1	10	9
EQUITY, CLOSING BALANCE 2015-03-31	**51**	**344**	**-18**	**1,127**	**1,504**	**35**	**1,539**

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

SEK	2015/2016	2014/2015
Dividend per share	3,25 1)	3,25

1) As proposed by the Board of Directors.

CONSOLIDATED CASH FLOW STATEMENT

SEKm	Notes	2015/2016	2014/2015
OPERATING ACTIVITIES			
Profit after financial items		423	410
Profit from discontinued operations after financial items		1,658	103
Adjustment for items not included in cash flow	28	-1,413	126
Income tax paid		-160	-100
Cash flow from operating activities before changes in working capital		508	539
Cash flow from changes in working capital			
Changes in inventories		-53	-67
Changes in operating receivables		-36	56
Changes in operating liabilities		55	29
CASH FLOW FROM OPERATING ACTIVITIES		**474**	**557**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		-70	-52
Disposal of property, plant and equipment		9	6
Acquisition of intangible non-current assets		-19	-9
Disposal of intangible non-current assets		14	-
Acquisition of operations, net liquidity effect	28	-629	-268
Disposal of operations, net liquidity effect		6	-
Disposal of discontinued operations, net liquidity effect		337	-
CASH FLOW FROM INVESTING ACTIVITIES		**-352**	**-323**
FINANCING ACTIVITIES			
Repurchase of treasury shares		-45	-35
Exercised and issued call options		61	41
Borrowings		164	135
Repayments on loans		6	-168
Other financing		-13	-
Dividend paid to equity holders of the Parent Company		-217	-200
Dividend paid to non-controlling interests		-8	-4
CASH FLOW FROM FINANCING ACTIVITIES		**-52**	**-231**
Cash flow for the year		**70**	**3**
Cash and cash equivalents at beginning of year		83	69
Exchange differences on cash and cash equivalents		-13	11
Cash and cash equivalents at year-end		**140**	**83**

PARENT COMPANY INCOME STATEMENT

SEKm	Notes	2015/2016	2014/2015
Net sales		58	54
Administrative expenses		-69	-62
OPERATING PROFIT/LOSS	**6–9, 16**	**-11**	**-8**
Profit from interests in Group companies	11	190	253
Profit from non-current financial assets	11	27	32
Interest income and similar items	11	10	8
Interest expense and similar items	11	-16	-22
PROFIT AFTER FINANCIAL ITEMS		**200**	**263**
Year-end appropriations	12	-20	-18
PROFIT BEFORE TAX		**180**	**245**
Income tax expense	13	-38	-50
PROFIT FOR THE YEAR		**142**	**195**
OTHER COMPREHENSIVE INCOME		**–**	**–**
Total comprehensive income for the year		**142**	**195**

PARENT COMPANY BALANCE SHEET

SEKm	Notes	2016-03-31	2015-03-31
ASSETS			
NON-CURRENT ASSETS			
Intangible non-current assets	14	0	0
Property, plant and equipment	15	4	4
Non-current financial assets			
Interests in Group companies	17	1,004	1,004
Receivables from Group companies	17	1,442	1,489
Total non-current financial assets		**2,446**	**2,493**
TOTAL NON-CURRENT ASSETS		**2,450**	**2,497**
CURRENT ASSETS			
Receivables from Group companies		283	354
Tax assets		9	–
Other receivables		5	2
Prepaid expenses and accrued income	19	7	7
Total current receivables		**304**	**363**
Cash and bank balances		–	–
TOTAL CURRENT ASSETS		**304**	**363**
TOTAL ASSETS		**2,754**	**2,860**
EQUITY AND LIABILITIES	20		
SHAREHOLDERS' EQUITY			
Restricted equity			
Share capital (3 237 672 A shares, 64 960 824 B shares)		51	51
Legal reserve		18	18
Unrestricted equity			
Retained earnings		625	710
Profit for the year		142	195
TOTAL SHAREHOLDERS' EQUITY		**836**	**974**
UNTAXED RESERVES	21	375	355
PROVISIONS			
Provisions for pensions and similar obligations	22	16	16
LIABILITIES			
Liabilities to Group companies	24	390	533
Total non-current liabilities		**390**	**533**
Liabilities to credit institutions	25	687	509
Accounts payable		8	2
Liabilities to Group companies		422	447
Tax liabilities		0	5
Other liabilities		3	5
Accrued expenses and deferred income	26	17	14
Total current liabilities		**1,137**	**982**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**2,754**	**2,860**
Pledged assets	27	–	–
Contingent liabilities	27	119	157

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEKm	Restricted equity		Unrestricted equity	
	Share capital	Legal reserve	Retained earnings, including profit for the year	Total equity
EQUITY, OPENING BALANCE 1 APR 15	**51**	**18**	**905**	**974**
Profit for the year	**–**	**–**	**142**	**142**
Comprehensive income for the year	**–**	**–**	**142**	**142**
Dividend	–	–	-217	-217
Distribution of AddLife	–	–	-79	-79
Call options issued	–	–	3	3
Call options exercised	–	–	58	58
Repurchase of treasury shares	–	–	-45	-45
EQUITY, CLOSING BALANCE 31 MAR 16	**51**	**18**	**767**	**836**

SEKm	Restricted equity		Unrestricted equity	
	Share capital	Legal reserve	Retained earnings, including profit for the year	Total equity
EQUITY, OPENING BALANCE 1 APR 14	**51**	**18**	**903**	**972**
Profit for the year	**–**	**–**	**195**	**195**
Other comprehensive income	**–**	**–**	**–**	**–**
Comprehensive income for the year	**–**	**–**	**195**	**195**
Dividend	–	–	-199	-199
Call options issued	–	–	2	2
Call options exercised	–	–	39	39
Repurchase of treasury shares	–	–	-35	-35
EQUITY, CLOSING BALANCE 31 MAR 15	**51**	**18**	**905**	**974**

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

PARENT COMPANY CASH FLOW STATEMENT

SEKm	Notes	2015/2016	2014/2015
OPERATING ACTIVITIES			
Profit after financial items		200	263
Adjustment for items not included in cash flow	28	-192	-228
Income tax paid		-51	-37
Cash flow from operating activities before changes in working capital		**-43**	**-2**
Cash flow from changes in working capital			
Changes in operating receivables		-2	1
Changes in operating liabilities		10	-2
CASH FLOW FROM OPERATING ACTIVITIES		**-35**	**-3**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangible non-current assets		-2	0
Acquisition of financial non-current assets		0	-1
Rights issue AddLife		-67	-
CASH FLOW FROM INVESTING ACTIVITIES		**-69**	**-1**
FINANCING ACTIVITIES			
Repurchase of treasury shares		-45	-35
Exercised and issued call options		61	41
Change in loans		200	50
Repayment of loans		-21	-52
Change in receivables from Group companies		76	-134
Change in liabilities to Group companies		-168	138
Dividend paid		-217	-199
Group contributions		230	195
Other financing activities		-12	-
CASH FLOW FROM FINANCING ACTIVITIES		**104**	**4**
Cash flow for the year		0	0
Cash and cash equivalents at beginning of year		0	0
Cash and cash equivalents at year-end		**0**	**0**

NOTE 1 ACCOUNTING AND VALUATION POLICIES

GENERAL ACCOUNTING POLICIES

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

The annual accounts of the Parent Company were prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and recommendation RFR 2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board.

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

The Board approved the Parent Company's annual report and the Group's consolidated financial statements for publication on 23 June 2016. The Parent Company's and Group's respective income statements and balance sheets will be submitted for adoption to the Annual General Meeting on 31 August 2016.

PRESENTATION OF THE ANNUAL REPORT

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

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

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

Assets are divided into current assets and non-current assets. An asset is considered current if it is expected to be realised within 12 months of the end of the reporting period or within the Company's operating cycle. 'Operating cycle' refers to the time elapsed from the start of production until the Company receives payment for goods or services delivered. The Group's operating cycle is judged to be less than one year.

If an asset does not fulfil the current asset criterion, it is classified as a non-current asset.

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

Liabilities are divided into current liabilities and non-current liabilities. Current liabilities are liabilities to be paid within 12 months of the end of the reporting period or, in the case of operating liabilities only, that are expected to be paid within the operating cycle. As this takes into account the operating cycle, no non-interest-bearing liabilities, such as accounts payable or accrued staff costs, are recognised as non-current liabilities.

New or revised IFRSs applied during the 2015/2016 financial year

There are no new IFRSs or IFRICs that have a material effect on the Group's or Parent Company's financial statements, besides the above mentioned standards.

New or revised IFRSs applied from the 2016/2017 financial year

No new or revised IFRSs or IFRICs that come into force during the coming 2016/2017 financial year are judged to have any material effect on Addtech's financial statements.

No newly IFRSs or interpretations were applied in advance.

New or amended IFRSs issued but not yet in force

IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement. Through IFRS 9, the IASB has completed an entire package of changes regarding reporting of financial instruments. The package includes revised guidance for classification and measurement of financial instruments, a forward-looking expected loss impairment model and simplified requirements for hedge accounting. IFRS 9 becomes effective on 1 January 2018. The Group is assessing the potential impact of IFRS 9, but preliminary assessment suggests that IFRS 9 will not have any material impact on the consolidated financial statements.

IFRS 15 "Revenue from Contracts with Customers" is a new standard for recognition of revenue. The purpose of the new revenue recognition standard is to have a single principle-based standard for all industries that replaces existing standards and statements about revenue. The Group is assessing the impact of IFRS 15 and it has not yet been determined whether and how reporting could be affected. IFRS 15 states that the standard must be applied for financial years beginning on or after 1 January 2018, which is also the date that is expected to apply in the EU.

IFRS 16 Leases is a new standard relating to reporting of leases. Lessees will no longer have the option of classification under IAS 17 of finance and operating leases, which will be replaced with on-balance sheet recognition of assets and liabilities for all leases. There are two exemptions to the requirements for recognition on the balance sheet: leases of low value items or short-term leases of 12 months or less. In the income statement, depreciation is reported separately from interest expense attributable to the lease liability. IFRS 16 will be applied for the first time in financial year 2019/2020. The Group is assessing the impact of IFRS 16; consequently the degree of impact is unknown. For further information about existing leasing contracts please see Note 16.

The Group does not plan to adopt any of the newly issued or revised IFRSs in advance.

CONSOLIDATED FINANCIAL STATEMENTS

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

Contingent considerations are measured at fair value at the time of the transaction and are subsequently revalued on each reporting occasion. Effects of the revaluation are recognised as income or expense in consolidated profit or loss. In the Parent Company, a change in liability for an additional consideration affects the value of interests in subsidiaries. Transaction costs in conjunction with acquisitions are expensed; capitalisation only takes place in the Parent Company. It is now possible for a holding that is not a controlling interest to be measured at fair value upon acquisition, which means that goodwill is included in non-controlling interests. Alternatively, non-controlling interests constitute part of net assets. The choice is determined individually for each acquisition.

Intra-Group receivables and liabilities and transactions between companies in the Group, as well as related unrealised gains, are wholly eliminated. Unrealised losses are eliminated in the same way as unrealised gains, except in the case of impairment.

EXCHANGE RATE EFFECTS

Translation of the financial reports of foreign Group companies

Assets and liabilities in foreign operations, including goodwill and other surpluses and deficits on consolidation, are converted to Swedish kronor using the exchange rate prevailing at the end of the reporting period. Income and expenses in foreign businesses are converted to Swedish kronor using the average rate, which is an approximation of the rates prevailing at the time of each transaction. Translation differences resulting from the conversion of foreign operations' accounts are recognised through other comprehensive income in the foreign currency translation reserve in equity. This reserve contains translation differences accumulated from 1 April 2004, when IFRS were adopted.

Transactions denominated in foreign currencies

A transaction denominated in a foreign currency is converted to the functional currency at the rate of exchange on the transaction date. Monetary assets and liabilities in foreign currency are converted to the functional currency using the rate prevailing at the end of the reporting period. Non-monetary assets and liabilities recognised at historical cost are converted using the exchange rate at the time of the transaction. Exchange differences that arise in conversion are recognised in profit or loss. Exchange differences on operating receivables and operating liabilities are included in operating profit or loss, while exchange differences on financial receivables and liabilities are recognised among financial items. The Group uses forward foreign exchange contracts to a certain extent to reduce its exposure to exchange rate fluctuations. Forward foreign exchange contracts are recognised at fair value at the end of the reporting period.

FINANCIAL ASSETS AND LIABILITIES, RECOGNITION AND DERECOGNITION

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

FINANCIAL ASSETS AND LIABILITIES, MEASUREMENT AND CLASSIFICATION

A financial instrument that is not a derivative is initially recognised at cost, equivalent to the instrument's fair value plus transaction costs; this applies to all financial instruments except those in the category of financial assets measured at fair value through profit or loss. At initial recognition, a financial instrument is classified based on the purpose for which it was acquired. The classification determines how the financial instrument is measured after initial recognition, as described below.

Financial instruments measured at fair value are classified in a hierarchy based on the origin of the inputs used in the evaluation. At level 1 are financial instruments with a price quoted in an active market. Level 2 comprises financial instruments whose value is determined based on observable market data, though not prices quoted in an active market. Level 3 includes using inputs, such as cash flow analyses, not based on observable market data.

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

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

Accounts receivable and loan receivables

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

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

Cash and cash equivalents

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

Unlisted equity instruments carried at cost

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

Other financial liabilities

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

Derivatives and hedge accounting

Derivative instruments include currency clauses, forward foreign exchange contracts, currency options and currency swaps used to cover the risk of foreign exchange rate fluctuations. An embedded derivative, for example a currency clause, is disclosed separately unless closely related to its host contract. Derivatives are initially recognised at fair value, so transaction costs are charged to profit or loss for the period. After the initial recognition, the derivative instrument is measured at fair value according to the following: changes in value of derivative instruments are recognised in profit or loss based on purpose of the holding. When a derivative is used in hedge accounting, changes in a derivative's value are recognised in profit or loss on the same line and at the same time as the item it is hedging.

Hedge accounting is not applied to currency forward contracts and swaps. Increases and decreases in the value of such derivatives are recognised as income and expense, respectively, in operating profit or loss or in net financial items, based on the intended use of the derivative and whether or not its use is related to an operating item or a financial item.

In hedge accounting for currency clauses, the ineffective portion is recognised in the same way as changes in the value of derivatives not used for hedge accounting.

Transaction exposure cash flow hedges

Foreign currency exposure related to future contractual and forecasted flows is hedged either with currency clauses in customer and supplier contracts or by forward foreign exchange contracts or currency options. These derivatives, which protect the forecasted flow, are recognised in the balance sheet at fair value. Where hedge accounting applies, changes in value are recognised through other comprehensive income in the hedging reserve until the hedged flow enters the income statement, whereupon the accumulated changes in value of the hedging instrument are transferred to the income statement, where they will meet and match the impact of the hedged transaction on earnings.

Net investments in foreign subsidiaries

Investments in foreign subsidiaries (net assets including goodwill) are currently not hedged.

ASSETS AND LIABILITIES, CLASSIFICATION

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

DISCONTINUED OPERATIONS

The Group's discontinued operations consist of a separate major line of business (AddLife). The operation was classified as discontinued from the time of the divestment. Profit/loss after tax from discontinued operations is reported on a separate line in the income statement. The income statement for the comparative year has been adjusted so that it is reported as though the discontinued operation had been discontinued at the beginning of the comparative year. The balance sheets for the current and previous years have not been amended accordingly.

PROPERTY, PLANT AND EQUIPMENT

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

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

Additional expenditure for an item of property, plant and equipment is only added to the cost if it increases the future economic benefits. All other expenditure, such as expenditure for repair and maintenance, is expensed on a current basis. A decisive factor as to when an incremental expenditure should be added to the cost is whether the expenditure refers to the replacement of identified components or parts thereof, in which case the expenditure is capitalised. Also, if a new component has been created, the expenditure is added to the cost. Any undepreciated carrying amounts for replaced components, or parts of components, are retired and expensed in conjunction with the replacement.

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

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

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

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

LEASES

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

Significant finance leases are recognised as non-current assets, initially valued at the present value of the minimum lease payments when the agreement was entered into. On the liabilities side, the present value of remaining future lease payments is recognised as interest-bearing non-current and current liabilities. The asset is depreciated over its useful life, usually corresponding to the lease period, taking into account any residual value at the end of the period. Impairment is tested in accordance with IAS 36 Impairment of Assets.

Lease payments are divided into interest and amortisation of the liability. Other lease obligations are recognised as per rules for operating leases, such that lease payments are charged as an operating expense on a straight-line basis during the lease period.

INTANGIBLE NON-CURRENT ASSETS

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

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

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

For acquisitions completed before 1 April 2004, goodwill has been recognised, after testing for impairment, at a cost corresponding to the carrying amount as per previous accounting policies. The classification and accounting treatment of business combinations that occurred before 1 April 2004 were not reassessed based on IFRS 3 when the Group's opening balance as of 1 April 2004 was calculated in accordance with IFRS.

Goodwill and intangible non-current assets with indefinable useful lives are measured at cost, less any accumulated impairment losses. Goodwill and intangible non-current assets with indefinable useful lives are allocated among cash-generating units and are not amortised but are tested for impairment on an annual basis.

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

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

Amortisation is charged on a straight-line basis and is based on the useful lives of the assets, which are reviewed on an annual basis. An asset's useful life is based on historical experience of use of similar assets, areas of application and other specific features of the asset.

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

Expenditure for development, in which the results of research or other knowledge are applied to achieve new or improved products or processes, is recognised as an asset in the balance sheet if the product is technically and commercially viable and the Company has sufficient resources to complete development and subsequently use or sell the intangible asset. Other development expenditure is expensed as it is incurred.

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

Intangible non-current assets	Useful life
Capitalised development projects	3-5 years
Customer relationships	5–10 years
Supplier relationships	5–33 years
Software for IT operations	3–5 years
Technology	5–15 years
Trademarks	indeterminable

IMPAIRMENT LOSSES

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

The carrying amounts of Group assets are tested as soon as there is an indication that the asset in question has decreased in value. If such indication exists, impairment is determined after calculating the recoverable amount of the asset, which is the higher of an asset's value in use and its fair value. Impairment loss is recognised if the recoverable amount is less than the carrying amount. The value in use is calculated as the present value of future payments that the Company is expected to receive by using the asset. The estimated residual value at the end of the useful life is included in the value in use. If the recoverable amount of an individual asset cannot be determined, the recoverable amount is set at the recoverable amount for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest group of assets that give rise to continuous payment surpluses independent of other assets or groups of assets. Goodwill on consolidation is attributable to the cash-generating unit to which the goodwill is linked. Impairment losses are reversed when the impairment, wholly or partly, no longer exists. However, this does not apply to goodwill or intangible non-current assets with indefinable useful lives. For goodwill and other intangible assets with indefinable useful lives and for intangible assets not yet ready for use, the recoverable amount is calculated annually.

Financial assets

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

INVENTORIES

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

In the case of finished and semi-finished goods manufactured in-house, the cost consists of direct manufacturing costs and a reasonable portion of indirect manufacturing costs. Normal capacity utilisation is taken into account in valuation.

CAPITAL

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

Shareholders' equity

Addtech's dividend policy involves a pay-out ratio exceeding 50 percent of consolidated average profit after tax over a business cycle.

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

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

EMPLOYEE BENEFITS

Employee benefits after termination of employment, pension obligations

Addtech has defined benefit pension plans in Sweden and Norway. In these plans, a pension is determined mainly by the salary received at the time of retirement. The plans cover many employees, but some defined contribution plans also apply. Subsidiaries in other countries in the Group mainly have defined contribution pension plans.

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

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

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

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

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

A portion of the Group's defined benefit pension obligations has been financed through premiums to Alecta. The required information cannot be obtained from Alecta, so these pension obligations are reported as a defined contribution pension plan.

The special employer's contribution constitutes part of the actuarial assumptions and is therefore recognised as part of the net obligation/asset. To make it simpler, the part of the special employer's contribution that is calculated based on the Swedish Act on Safeguarding Pension Obligations in legal entities is recognised as an accrued expense instead of as part of the net obligation/asset.

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

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

Benefits upon termination of employment

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

Short-term benefits

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

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

Share-based incentive programmes

The Group's share-based incentive programmes make it possible for Group management to purchase shares in the Company. The employees have paid a market premium for call options on Class B shares. The programme includes a subsidy so that the employee receives the same sum as the option premium paid in the form of cash payment, i.e. salary. This subsidy shall be paid two years after the issue decision, providing that the option holder is still employed in the Group and owns call options at that time. The subsidy, and related social security costs, is distributed as employee benefits expense over the vesting period. Addtech has no obligation to repurchase the options when an employee terminates employment. The holder can redeem the options irrespective of future employment at the Group. See also Note 6.

PROVISIONS AND CONTINGENT LIABILITIES

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

Provisions are made for future costs resulting from warranty undertakings. The calculation is based on expenditure during the financial year for similar undertakings or the estimated costs for each undertaking.

Provisions for restructuring costs are recognised when a detailed restructuring plan has been adopted and the restructuring has either begun or been announced.

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

REVENUE RECOGNITION

Sales revenue and revenue from projects in progress are recognised as per IAS 18 Revenue. The fair value of what has been received, or what will be received, is recognised as sales revenue. Deductions are made for value-added tax, returns, discounts and price reductions. Revenue from sales of goods is recognised when certain requirements have been met. These requirements are that material risks and benefits associated with ownership of the goods have been transferred to the purchaser, that the selling company does not retain any involvement in ongoing administration nor does it exert any real control over the goods sold, that the revenue can be calculated reliably, that it is likely that the economic benefits that the Company will obtain from the transaction will accrue to the Company, and that the expenses that have arisen or are expected to arise as a result of the transaction can be calculated reliably.

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

Lease revenue is recognised on a straight-line basis in profit or loss based on the terms of the lease.

FINANCE INCOME AND EXPENSES

Interest income on receivables and interest expense on liabilities are computed using the effective interest method. The effective rate is the interest rate that makes the present value of all future receipts and payments during the period of fixed interest equal to the carrying amount of the receivable or liability. Interest income includes accrued rebates, premiums and other differences between the original value of the receivable and the amount received upon maturity. Interest and dividends are recognised as income when it is probable that the economic benefits associated with the transaction will accrue to the Company and that the income can be calculated reliably.

INCOME TAXES

Income tax is recognised as per IAS 12 Income Taxes. Tax is recognised in profit or loss, except when the underlying transaction is recognised in other comprehensive income or directly in equity, in which case the associated tax effect is also recognised in other comprehensive income or equity. Current tax refers to tax that is to be paid or refunded for the current year. This also includes adjustments of current tax attributable to prior periods.

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

SEGMENT REPORTING

The Group's operations are described in accordance with IFRS 8 Operating Segments. Assets and liabilities as well as income and expenses are attributed to the segment where they are used, earned and consumed, respectively. The operating segment's earnings are monitored by the highest executive decision-maker, i.e. the CEO of Addtech.

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

EARNINGS PER SHARE

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

CASH FLOW STATEMENT

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

EVENTS AFTER THE REPORTING PERIOD

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

RELATED PARTY DISCLOSURES

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

CHANGES IN ACCOUNTING POLICIES

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

GOVERNMENT GRANTS

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

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

PERSONNEL INFORMATION

The Swedish Annual Accounts Act requires more information than IFRS, including information about the gender of the Board of Directors and Group management.

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

ACCOUNTING POLICIES OF THE PARENT COMPANY

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

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

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

Dividends received are recognised as income.

Instead of IAS 19, the Swedish Act on Safeguarding Pension Obligations is applied in the Parent Company when calculating defined benefit pension plans. The most significant differences compared to IAS 19 are the method for determining the discount rate, that the defined benefit obligation is calculated based on current salaries without assuming future salary increases and that all actuarial gains and losses are recognised in profit or loss as they occur.

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

Group contributions are recognised in the Parent Company in accordance with the main principle. A Group contribution received from a subsidiary is recognised in the Parent Company as financial income, while a Group contribution paid from a Parent Company to a subsidiary is recognised as an increase in interests in a subsidiary. Shareholder contributions are recognised directly in the equity of the recipient and are capitalised in the contributor's shares and interests, insofar as no impairment is required. Because the Parent Company Addtech AB already recognised received Group contributions in the same way as dividends, this does not involve any change from the existing application.

The Company has chosen, in accordance with the option in RFR 2, not to apply IAS 39 for financial guarantee contracts.

NOTE 2 CRITICAL ESTIMATES AND ASSUMPTIONS

The carrying amounts of certain assets and liabilities are based in part on estimates and assumptions. This applies particularly to impairment testing of goodwill (Note 14) and to defined benefit pension obligations (Note 22). Assumptions and estimates are continually evaluated and are based on historical experience and expectations regarding future events deemed reasonable under prevailing circumstances.

Tests are performed each year to determine if goodwill is impaired. The recoverable amount for cash-generating units has been determined by calculating values in use. For these calculations, certain estimates must be made.

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

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

NOTE 3 FINANCIAL RISKS AND RISK MANAGEMENT

GOALS AND POLICY FOR RISK MANAGEMENT

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

CURRENCY RISKS

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

The Group applies decentralised responsibility for currency risk management. This involves risk identification and risk hedging occurring at subsidiary level. It is important to capitalise on the size of the Group and natural circumstances to match flows, and the subsidiaries shall therefore hedge their risk with the Parent Company which, in turn, hedges the net risk of the Group 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 2015/2016		Currency flows, net	
SEKm	Inflows	Outflows	2015/2016	2014/2015
EUR	1,240	1,745	-505	-708
USD	482	493	-11	-202
NOK	38	22	16	41
JPY	12	53	-41	-20
DKK	36	72	-36	-32
GBP	51	97	-46	-68
CHF	11	81	-70	-100

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

Of Group net sales, currency clauses cover about 11 percent (14) and sales in the purchasing currency make up about 33 percent (31). 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 171 million (180), of which EUR equalled SEK 107 million (115), JPY SEK 15 million (10), USD SEK 27 million (47), CHF SEK 4 million (8), PLN SEK 16 million (0) and GBP SEK 2 million (0). Out of the total contracts, SEK 135 million (148) matures within six months, SEK 34 million (32) within 12 months and SEK 2 million (0) withing 18 months. Hedge accounting does not apply to forward foreign exchange contracts and they are classified as a financial asset measured at fair value held for trading. Hedge accounting applies to embedded derivatives consisting of currency clauses, and they are classified as derivatives used in hedge accounting. The cash flow effect from embedded derivatives normally occurs within six months.

The Group has a net exposure in several currencies. If each separate currency pair changes by 5 percent, the aggregate effect on profit would total about SEK 34 million (40), 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 16		31 Mar 15	
Net investments	SEKm	Sensitivity analysis 1)	SEKm	Sensitivity analysis 2)
NOK	679.0	34.0	560.8	28.0
EUR	357.0	17.9	422.1	21.1
DKK	357.0	17.9	385.1	19.3
PLZ	53.0	2.7	52.9	2.6
TTD	25.0	1.3	28.8	1.4
GBP	21.0	1.1	20.5	1.0
HKD	9.0	0.5	13.7	0.7

1) Impact of +/−5% in exchange rate on Group equity

2) Circumstances in the previous year

When translating the income statement of units with a functional currency other than SEK, a translation effect arises when exchange rates vary. With the present distribution of Group companies' different functional currencies, a change of 1 percentage point in the exchange rates would have an effect of SEK +/- 34 million (31) on net sales and SEK +/- 2 million (2) on operating profit.

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

	Average rate		Closing day rate	
Exchange rate	2015/2016	2014/2015	2016-03-31	2015-03-31
CHF 1	8.70	7.87	8.44	8.88
CNY 100	133.15	118.24	125.50	139.26
DKK 100	125.18	123.83	123.80	124.37
EUR 1	9.34	9.23	9.23	9.29
GBP 1	12.77	11.77	11.66	12.77
HKD 1	1.09	0.94	1.05	1.11
JPY 1000	70.50	66.60	72.00	72.00
LTL 1	-	2.66	-	2.72
NOK 100	102.33	109.29	98.00	106.74
PLZ 1	2.21	2.20	2.17	2.27
TRY 1	2.98	3.25	2.87	3.30
TTD 1	1.33	1.18	1.25	1.37
TWD 1	0.26	0.24	0.25	0.28
USD 1	8.47	7.33	8.10	8.63

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 shall be secured through an active and professional borrowing procedure comprising overdraft and credit facilities. Raising external financing is centralised at Addtech AB. Satisfactory payment capacity shall be achieved through contractual credit facilities. Surplus liquidity is primarily used to pay down outstanding loans. Temporary surpluses in liquid funds are invested at optimum return. Credit, interest rate and liquidity risks shall be minimised when investing liquid funds. The fixed interest term and the period during which capital is tied up may not exceed six months. Only counterparties with high credit ratings are permitted. At 31 March 2016 there were current investments of SEK 0 million (0). 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. It is clarified there that the Group's non-current interest bearing liabilities all mature within 3 years.

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 commences nine months at the latest before the credit facility matures. At 31 March 2016, the Group's bank overdraft facilities amounted to SEK 1,002 million (800) and contractual credit facilities to SEK 315 million (314). During the year the overdraft facility increased by SEK 202 million (99) and agreed credit commitments increased by SEK 1 million (-13). At 31 March 2016, the Group had utilised SEK 387 million (430) of the bank overdraft facilities and SEK 313 million (113) of the credit commitments. Unutilised bank overdraft facilities and credit facilities amounted to SEK 617 million. SEK 300 million of contractually binding credit facilities and SEK 800 million of overdraft facilities are contingent upon loan covenants. For covenants, Addtech uses two ratios: EBITDA/net financial items and equity/assets. Addtech meets its present covenants by a margin.

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 2016 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 762 million (593).

With the current net financial debt, the impact on the Group's net financial items is SEK +/- 5 million if interest rates change by 1 percentage point.

ISSUER/BORROWER RISK AND CREDIT RISK

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

Addtech's financial function at the Parent Company is responsible for assessing and managing issuer/borrower risk. The financial policy prescribes that surplus liquidity only be invested with counterparties that have a very high credit rating. As in prior years, in 2015/2016 surplus funds were not invested with any counterparties other than Swedish banks, aside from the Group's normal bank contacts.

To utilise its subsidiaries' detailed knowledge of Addtech's customers and suppliers, Addtech has each company assess the credit risk in its commercial transactions. New customers are assessed before credit is granted, and credit limits set are strictly enforced. Short credit periods are the goal, and avoiding excessive concentration of business with individual customers and with specific sectors helps minimise risks. No individual customer accounts for more than 2 percent (2) of total credit exposure during a one-year period. The equivalent figure for the ten largest customers is about 12 percent (12). Exposure per customer segment and geographic market is presented in Note 5. Bad debt losses totalled SEK 1 million (1) during the year, equal to 0 percent (0) of net sales.

Accounts receivable, SEKm	2016-03-31	2015-03-31
Carrying amount	972	1,043
Impairment losses	5	4
Cost	**977**	**1,047**

Change in impaired accounts receivable	2015/2016	2014/2015
Amount at start of year	-4	-3
Corporate acquisitions	-1	0
Year's impairment losses/reversals	-1	-1
Settled impairment losses	1	0
Translation effects	0	0
Total	**-5**	**-4**

Time analysis of accounts receivable that are overdue but not impaired	2016-03-31	2015-03-31
< = 30 days	97	88
31–60 days	26	6
> 60 days	13	9
Total	**136**	**103**

NOTE 4 NET SALES BY REVENUE TYPE

Group	2015/2016	2014/2015
OEM		
Components	3,608	3,264
Products for end users		
Components	2,000	1,935
Machinery/Instruments	312	263
Materials	162	173
Services	73	84
Total	**6,155**	**5,719**

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

Components	2015/2016	2014/2015
OEM		
Components	1,492	1,376
Products for end users		
Components	403	387
Machinery/Instruments	63	56
Materials	56	54
Services	15	16
Total	**2,029**	**1,889**

Energy	2015/2016	2014/2015
OEM		
Components	637	515
Products for end users		
Components	768	781
Machinery/Instruments	60	32
Materials	16	12
Services	6	6
Total	**1,487**	**1,346**

Industrial Process	2015/2016	2014/2015
OEM		
Components	566	585
Products for end users		
Components	551	504
Machinery/Instruments	186	176
Materials	75	85
Services	45	53
Total	**1,423**	**1,403**

Power Solutions	2015/2016	2014/2015
OEM		
Components	924	799
Products for end users		
Components	280	260
Machinery/Instruments	1	0
Materials	14	22
Services	7	7
Total	**1,226**	**1,088**

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. As of 1 April 2015, Addtech's operating companies have been organised in the five business areas Components, Energy, Industrial Process, Power Solutions and Life Science/AddLife. In March 2016 the Group's shareholdings in AddLife were distributed through an IPO on Nasdaq Stockholm, after which four business areas remain:

Components

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

Energy

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

Industrial Process

Industrial Process markets and sells solutions, sub-systems and components (often under own brand) which help to optimise industrial processes and flows. Its customers mainly operate in the North European manufacturing industry.

Power Solutions

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

Data by operating segment	2015/2016			2014/2015		
Net sales	**External**	**Internal**	**Total**	**External**	**Internal**	**Total**
Components	2,027	2	2,029	1,888	1	1,889
Energy	1,486	1	1,487	1,346	0	1,346
Industrial Process	1,418	5	1,423	1,398	5	1,403
Power Solutions	1,224	2	1,226	1,087	1	1,088
Parent Company and Group items	0	-10	-10	0	-7	-7
Total	**6,155**	**0**	**6,155**	**5,719**	**0**	**5,719**

	2015/2016			2014/2015		
Operating profit/loss, assets and liabilities	**Operating profit /loss**	**Assets 1)**	**Liabilities 1)**	**Operating profit /loss**	**Assets 1)**	**Liabilities 1)**
Components	122	1,086	339	129	971	322
Energy	115	997	246	114	809	250
Industrial Process	101	706	236	77	733	231
Power Solutions	122	680	209	123	540	191
Parent Company and Group items	-17	336	1,261	-12	260	1,139
Discontinued Operations	–	–	–	–	540	181
Operating profit/loss, assets and liabilities	**443**	**3,805**	**2,291**	**431**	**3,853**	**2,314**
Finance income and expenses	-20			-21		
Profit after financial items	**423**			**410**		

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

Investments in non-current assets	2015/2016 Intangible 1)	Property, plant and equipment 1)	Total	2014/2015 Intangible 1)	Property, plant and equipment 1)	Total
Components	3	6	9	2	9	11
Energy	0	10	10	0	10	10
Industrial Solutions	1	13	14	3	13	16
Power Solutions	1	6	7	0	4	4
Discontinued operations	1	33	34	1	15	16
Parent Company and Group Items	13	2	15	3	1	4
Total	**19**	**70**	**89**	**9**	**52**	**61**

1) The amounts do not include the effects from acquisitions.

Depreciation/amortisation of non-current assets	2015/2016 Intangible	Property, plant and equipment	Total	2014/2015 Intangible	Property, plant and equipment	Total
Components	-28	-8	-36	-25	-7	-32
Energy	-35	-9	-44	-27	-6	-33
Industrial Solutions	-13	-11	-24	-14	-10	-24
Power Solutions	-14	-5	-19	-11	-5	-16
Discontinued operations	-26	-13	-39	-13	-10	-23
Parent Company and Group Items	-3	-2	-5	-2	-3	-5
Total	**-119**	**-48**	**-167**	**-92**	**-41**	**-133**

Significant profit or loss items, other than depreciation or amortisation, not matched by payments in 2015/2016	Capital gains	Change in pension liability	Other items	Total
Components	1	-25	-6	-30
Energy	0	-6	-5	-11
Industrial Solutions	0	0	-3	-3
Power Solutions	0	-5	4	-1
Discontinued operations	-1,569	1	2	-1,566
Parent Company and Group Items	0	35	-3	32
Total	**-1,568**	**0**	**-11**	**-1,579**

Data by country	2015/2016			2014/2015		
	Net sales, external	Assets 1)	Of which non-current assets	Net sales, external	Assets 1)	Of which non-current assets
Sweden	2,324	1,717	764	2,244	1,862	888
Denmark	978	543	210	801	597	232
Finland	750	422	169	695	465	199
Norway	837	756	456	870	644	354
Other countries	1,266	201	59	1,109	214	56
Parent Company, Group items and unallocated assets	–	166	8	–	71	12
Total	**6,155**	**3,805**	**1,666**	**5,719**	**3,853**	**1,741**

1) Does not include Group account balances and financial assets. External net sales are based on the customers' location, and the carrying amounts of assets are based on where the assets are located.

	2015/2016			2014/2015		
Investments in non-current assets	Intangible	Property, plant and equipent	Total	Intangible	Property, plant and equipent	Total
Sweden	17	12	29	5	16	21
Denmark	1	4	5	1	3	4
Finland	0	5	5	2	5	7
Norway	–	3	3	0	2	2
Other countries	0	13	13	0	11	11
Discontinued operations	1	33	34	1	15	16
Total	**19**	**70**	**89**	**9**	**52**	**61**

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

NOTE 6 EMPLOYEES AND EMPLOYEE BENEFITS EXPENSE

	2015/2016			2014/2015		
Average number of employees	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Sweden						
Parent Company	7	6	13	6	5	11
Other companies	688	255	943	643	213	856
Denmark	238	161	399	233	130	363
Finland	220	118	338	182	94	276
Norway	325	27	352	205	56	261
Other countries	273	68	341	380	77	457
Total	**1,751**	**635**	**2,386**	**1,649**	**575**	**2,224**
Of which discontinued operations	208	224	432	158	125	283

	2015/2016			2014/2015		
Salaries and remuneration	**Senior management**	**of which profit-related remune-ration**	**Other employees**	**Senior management**	**of which profit-related remune-ration**	**Other employees**
Sweden						
Parent Company	22	4	7	20	4	3
Other companies	60	6	404	52	7	370
Denmark	26	3	227	27	4	203
Finland	23	3	135	24	3	112
Norway	22	2	184	27	1	154
Other countries	13	2	69	13	2	59
Total	**166**	**20**	**1,026**	**163**	**21**	**901**
Of which discontinued operations	24	3	196	23	4	150

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

	Group		Parent Company	
Salaries, remuneration and social security costs	**2015/2016**	**2014/2015**	**2015/2016**	**2014/2015**
Salaries and other remuneration	1,193	1,065	30	23
Contractually agreed pensions for senior management	24	23	4	4
Contractual pensions to others	128	86	2	1
Other social security costs	197	206	10	9
Total	**1,542**	**1,380**	**46**	**37**
Of which discontinued operations	336	224	-	-

At year-end, outstanding pension commitments to senior management totalled SEK 9 million (11) for the Group and SEK 2 million (2) for the Parent Company. Different accounting policies are applied to pension costs in the Parent Company and the Group (see Note 1 Accounting Policies).

	Group		Parent Company	
Proportion of women	**2016-03-31**	**2015-03-31**	**2016-03-31**	**2015-03-31**
Board of Directors (not including alternates)	4%	4%	29%	17%
Other members of senior management	16%	18%	17%	17%

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

The guidelines applied in the 2015/2016 financial year for remuneration to senior management correspond to those in the proposal for the coming year included in the administration report. The principle for remuneration to the Board of Directors, Chief Executive Officer (CEO) and Group management is that remuneration should be competitive. The nomination committee proposes Board fees to the Annual General Meeting (AGM). Board fees are paid based on a resolution of the AGM. No separate fees are paid for committee work. For remuneration to the CEO, members of Group management and other members of senior management in the Group, the Board of Directors has appointed a remuneration committee consisting of the Chairman and Vice Chairman of the Board, with the CEO as the reporting member. A fixed salary, variable remuneration and conventional employment benefits are paid to the CEO, Group management and other members of senior management. In addition, pension benefits and incentive programmes apply, as described below. The remuneration committee adheres to the guidelines for remuneration to senior management approved by Addtech AB's AGM.

PERSONNEL OPTIONS FOR MEMBERS OF SENIOR MANAGEMENT

The 2015 AGM resolved to approve an incentive scheme for senior management and a selected number of senior executives of the Addtech Group who are directly able to have an impact on the Group’s financial performance. The scheme consists of call options for shares repurchased by Addtech, where each call option carries the right to acquire a repurchased Class B share. Members of the Board of Directors have not had the right to purchase call options, with the exception of the CEO.

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

Similar call option schemes for senior management and a selected number of senior executives in the Addtech Group were resolved by the AGMs from 2009 to 2014.

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

The options carry the right to the purchase of repurchased Class B shares between 17 September 2018 and 3 June 2019. The purchase price for shares on exercising options will correspond to 120 percent of the volume-weighted average of the price paid for the Company’s B shares on NASDAQ Stockholm between 31 August 2015 and 11 September 2015. The premium for the call options will correspond to the market value of the call options as per an external independent valuation, in accordance with the Black & Scholes model. The measuring period for calculating the option premium will be based on the volume-weighted average of the price paid for the Company’s Class B shares on NASDAQ Stockholm between 7 August 2015 and 11 September 2015.

The strike price for the call options was set at SEK 154.50. The market value of the call options was set at SEK 10.20. According to terms resolved by the Annual General Meeting, the scheme will be recalculated following the Group’s distribution of AddLife.

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

The allotment as resolved by the 2014 Annual General Meeting for 2014 included 25 people and a total of 350,000 call options, corresponding to approximately 0.5 percent of the total number of shares and approximately 0.4 percent of the total number of votes in the Company. The allotment varied between 3,900 – 30,000 options per person. The Chief Executive Officer acquired 30,000 and the others in Group Management 140,000.

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

The strike price for the call options was set at SEK 116.70. The market value of the call options was set at SEK 6.40. According to terms resolved by the Annual General Meeting, the scheme will be recalculated following the Group's distribution of AddLife.

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

The allotment as resolved by the 2013 Annual General Meeting for 2013 included 25 senior executives for a total of 180,000 call options, corresponding to approximately 0.8 percent of the total number of shares and approximately 0.6 percent of the total number of votes in the Company. The allotment varied between 4,000 – 26,550 options per person. The Chief Executive Officer acquired 26,550 and the others in Group Management 89,000.

The options carry the right to the purchase of repurchased Class B shares between 19 September 2016 and 2 June 2017. The purchase price for shares on exercising options will correspond to 120 percent of the volume-weighted average of the price paid for the Company's B shares on NASDAQ Stockholm between 30 August and 12 September 2013. The premium for the call options will correspond to the market value of the call options as per an external independent valuation, in accordance with the Black & Scholes model. The measuring period for calculating the option premium will be based on the volume-weighted average of the price paid for the Company's Class B shares on NASDAQ Stockholm between 6 August 2013 and 12 September 2013.

The strike price for the call options was set at SEK 106.13. The market value of the call options was set at SEK 5.73. According to terms resolved by the Annual General Meeting, the scheme will be recalculated following the Group's distribution of AddLife, whereby each call option entitles the holder to 3.70 shares with an exercise price of SEK 85.50. In June 2016, 77,568 options were repurchased under current market conditions as of 13 June 2016, based on an independent external valuation using the Black & Scholes model.

The costs of the scheme consist of the subsidy paid in 2015 including social security charges, which totalled approximately SEK 3 million after corporation tax. The subsidy corresponds to the option premium that the Company receives on transferring the call options. The personnel cost accrues the vesting period.

The allotment as resolved by the 2012 Annual General Meeting for 2012 included 25 senior executives and a total of 200,000 call options, corresponding to 0.9 percent of the total number of shares and approximately 0.6 percent of the total number of votes in the Company. The allotment varied between 1,000 – 17,000 options per person. The Chief Executive Officer acquired 15,000 and the others in Group Management 97,000.

The options carry the right to the purchase of repurchased Class B shares between 14 September 2015 and 3 June 2016. The purchase price for shares on exercising options will correspond to 120 percent of the volume-weighted average of the price paid for the Company's B shares on NASDAQ Stockholm between 31 August and 13 September 2012. The premium for the call options will correspond to the market value of the call options as per an external independent valuation, in accordance with the Black & Scholes model. The measuring period for calculating the option premium will be based on the volume-weighted average of the price paid for the Company's Class B shares on NASDAQ Stockholm between 7 August 2013 and 13 September 2013.

The strike price for the call options was set at SEK 71.50. The market value of the call options was set at SEK 4.00. According to terms resolved by the Annual General Meeting, the scheme has been recalculated following the share split, whereby each option entitles the holder to 4.0 shares. Between 14 September and 31 December 2015, all 200,000 options were exercised, corresponding to 600,000 shares.

The costs of the scheme consist of the subsidy paid in 2014 including social security charges, which totalled approximately SEK 2 million after corporation tax. The subsidy corresponds to the option premium that the Company receives on transferring the call options. The personnel cost accrues the vesting period.

BOARD OF DIRECTORS

The Board fees of SEK 1,880 thousand (1,630) set by the AGM are distributed, as per the AGM's decision, among those Board Directors who are not employed by the Parent Company.

PARENT COMPANY'S CEO

Johan Sjö, Parent Company CEO, received a fixed salary of SEK 4,196 thousand (4,030) and SEK 2,097 thousand (1,406) in variable pay. Variable remuneration includes SEK 271 thousand regarding the year’s cost for a subsidy for participation in the Group’s incentive programme. Taxable benefits totalling SEK 92 thousand (222) are additional. From age 65, the CEO is covered by a defined contribution pension, the size of which depends on the outcome of pension insurance agreements. During 2015/2016, a total of SEK 1,350 thousand (1,251) in pension premiums, determined annually by the remuneration committee, were paid for the CEO. Variable salary is not pensionable income.

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

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

OTHER MEMBERS OF GROUP MANAGEMENT

Other members of Group management were paid a total of SEK 10,769 thousand (8,915) in fixed salaries and SEK 3,205 thousand (3,684) in variable remuneration. Variable remuneration includes SEK 572 thousand (1,384) regarding the year’s cost for a subsidy for participation in the Group’s incentive programme. This variable remuneration was expensed during the 2015/2016 financial year and was paid during 2016/2017. Taxable benefits totalling SEK 570 thousand (620) are additional. Persons in Group management are covered from age 65 by pension entitlements based on individual agreements. Existing pension schemes consist of defined contribution schemes, in which the pension amount depends on the outcome of pension insurance agreements, as well as defined benefit schemes.

The cost of the defined benefit pensions and the defined contribution schemes is basically equivalent to the ITP plan (supplementary pension scheme for salaried employees).During 2015/2016, a total of SEK 2,934 thousand (3,176) in pension premiums was paid for the group 'Other members of Group management'.

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

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

Remuneration and other benefits 2015/2016	Basic salary/ Board fees	Variable remuneration 1)	Other benefits	Pension costs	Total
Chairman of the Board	0.5	–	–	–	0.5
Other members of the Board	1.4	–	–	–	1.4
Chief Executive Officer	4.2	2.1	0.1	1.4	7.8
Other members of Group management 2)	10.8	3.2	0.6	2.9	17.5
Total	**16.9**	**5.3**	**0.7**	**4.3**	**27.2**

1) Including remuneration to group management participating in incentive programmes.

2) At the beginning of the year, other members of Group Management consisted of six people, including one woman and five men. At the end of the year, other members of Group Management consisted of five people, including one woman and four men.

Remuneration and other benefits 2014/2015	Basic salary/ Board fees	Variable remuneration 1)	Other benefits	Pension costs	Total
Chairman of the Board	0.5	–	–	–	0.5
Other members of the Board	1.1	–	–	–	1.1
Chief Executive Officer	4.0	1.4	0.2	1.3	6.9
Other members of Group management 2)	8.9	3.7	0.6	3.2	16.4
Total	**14.5**	**5.1**	**0.8**	**4.5**	**24.9**

1) Including remuneration to group management participating in incentive programmes.

2) During the year, other members of Group Management consisted of five people, including one woman and four men.

Board fees, SEK '000s		2015/2016	2014/2015
Name	**Position**	**Fee**	**Fee**
Anders Börjesson	Chairman of the Board	500	500
Tom Hedelius	Vice Chairman of the Board	380	380
Eva Elmstedt	Director	250	250
Ulf Mattsson	Director	250	250
Johan Sjö	Director	–	–
Lars Spongberg	Director	250	250
Malin Nordesjö	Director	250	–
Total		**1,880**	**1,630**

NOTE 7 REMUNERATION TO AUDITORS

	Group		Parent Company	
	2015/2016	2014/2015	2015/2016	2014/2015
KPMG				
Audit assignment	5	6	0	0
Tax consultation	0	0	0	0
Other assignments	2	1	0	0
TOTAL REMUNERATION TO KPMG	**7**	**7**	**0**	**0**
Other auditors				
Audit assignment	1	1	–	–
Tax consultation	0	0	–	–
Other assignments	0	0	–	–
TOTAL REMUNERATION TO OTHER AUDITORS	**1**	**1**	**–**	**–**
Total remuneration to auditors	**8**	**8**	**0**	**0**

NOTE 8 DEPRECIATION AND AMORTISATION

	Group		Parent Company	
Depreciation and amortisation, by function	**2015/2016**	**2014/2015**	**2015/2016**	**2014/2015**
Cost of sales	-20	-18	–	–
Selling expenses	-98	-83	–	–
Administrative expenses	-10	-9	-1	-1
Discontinued operations	-39	-23	–	–
Total	**-167**	**-133**	**-1**	**-1**

	Group		Parent Company	
Depreciation and amortisation, by type of asset	**2015/2016**	**2014/2015**	**2015/2016**	**2014/2015**
Intangible assets	-119	-92	0	0
Buildings and land	-4	-3	–	–
Leasehold improvements	-2	-2	-1	-1
Machinery	-15	-12	–	–
Equipment	-27	-24	0	0
Total	**-167**	**-133**	**-1**	**-1**
Of which discontinued operations	-39	-23		

NOTE 9 OTHER OPERATING INCOME AND EXPENSES

Group	2015/2016	2014/2015
Other operating income		
Rental revenue	1	1
Gain on sale of operations and non-current assets	2	2
Change in value of derivatives	-	1
Exchange gains, net	-	3
Revaluation of contingent considerations	14	13
Other	12	7
Total	**29**	**27**
Other operating expenses		
Property costs	-1	-1
Loss on sale of operations and non-current assets	-2	0
Change in value of derivatives	-1	-
Exchange losses, net	-2	-
Revaluation of contingent considerations	-4	-1
Other	-3	-2
Total	**-13**	**-4**

NOTE 10 OPERATING EXPENSES

Group	2015/2016	2014/2015
Inventories, raw materials and consumables	3,772	3,521
Employee benefits expense	1,296	1,197
Depreciation/amortisation	128	110
Impairment of inventories	14	14
Impairment of doubtful accounts receivable	1	1
Other operating expenses	519	472
Total	**5,730**	**5,315**

NOTE 11 FINANCE INCOME AND COSTS

Group	2015/2016	2014/2015
Interest income on bank balances	2	2
Dividends	0	0
Exchange rate changes, net	0	–
Changes in value from revaluation of financial assets/liabilities, net	–	0
Other finance income	0	1
FINANCE INCOME	**2**	**3**
Interest expense on financial liabilities measured at amortised cost	-7	-8
Interest expense on financial liabilities measured at fair value	-2	-1
Interest expense on pension liability	-5	-7
Exchange rate changes, net	–	-1
Changes in value from revaluation of financial assets/liabilities, net	-1	–
Other finance costs	-7	-7
FINANCE COSTS	**-22**	**-24**
Net financial items	**-20**	**-21**

Parent Company	2015/2016	2014/2015
Dividend income	–	23
Group contribution	190	230
PROFIT FROM INTERESTS IN GROUP COMPANIES	**190**	**253**
Interest income:		
Group companies	27	32
PROFIT FROM NON–CURRENT FINANCIAL ASSETS	**27**	**32**
Interest income, etc:		
Group companies	2	1
Other interest income, change in value of derivatives and exchange rate differences	8	7
INTEREST INCOME AND SIMILAR ITEMS	**10**	**8**
Interest expense, etc:		
Group companies	-1	-3
Other interest expense, change in value of derivatives and banking fees	-15	-19
INTEREST EXPENSE AND SIMILAR ITEMS	**-16**	**-22**
Finance income and costs	**211**	**271**

NOTE 12 YEAR-END APPROPRIATIONS - PARENT COMPANY

	2015/2016	2014/2015
Reversal of tax allocation reserve	35	57
Provision made to tax allocation reserve	-55	-75
Excess amortisation/depreciation	0	0
Total	**-20**	**-18**

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 4 million (4).

NOTE 13 TAXES

	Group		Parent Company	
	2015/2016	2014/2015	2015/2016	2014/2015
Current tax for the period	-109.3	-105.9	-37.0	-49.9
Adjustment from previous years	0.6	-1.2	–	–
Total current tax expense	**-108.7**	**-107.1**	**-37.0**	**-49.9**
Deferred tax	18.9	17.9	-1.0	0.3
Total recognised tax expense	**-89.8**	**-89.2**	**-38.0**	**-49.6**

Group	2015/2016	%	2014/2015	%
Profit before tax	422.5		410.1	
Weighted average tax based on national tax rates	-89.7	21.2	-89.4	21.8
Tax effects of				
Non-deductible costs	-6.2	1.5	-12.0	2.9
Non-taxable income	1.3	-0.3	4.5	-1.1
Transaction costs, revaluation contingent considerations acquisitions	2.0	-0.5	4.4	-1.1
Standard interest on tax allocation reserves	-0.4	0.1	-0.6	0.1
Changed tax rate	-0.2	0.0	1.4	-0.3
Adjustments from previous years	0.6	-0.1	-1.2	0.3
Other	2.8	-0.7	3.7	-0.9
Recognised tax expense	**-89.8**	**21.3**	**-89.2**	**21.8**

Parent Company	2015/2016	%	2014/2015	%
Profit before tax	180.0		245.1	
Tax based on current tax rate for parent company	-39.6	22.0	-53.9	22.0
Tax effects of				
Standard interest on tax allocation reserves	-0.3	0.2	-0.5	0.2
Non-deductible costs				
Other	-0.4	0.2	-0.4	0.2
Non-taxable income				
Dividends from subsidiaries	–	–	5.1	-2.1
Other	2.7	-1.5	0.1	0.0
Adjustments from previous years	–	–	–	–
Recognised tax expense	**-37.6**	**20.9**	**-49.6**	**20.2**

Deferred taxes, net, at year-end	2016-03-31			2015-03-31		
Group	Assets	Liabilities	Net	Assets	Liabilities	Net
Non-current assets	1.0	-156.0	-155.0	3.8	-155.9	-152.1
Untaxed reserves	–	-102.0	-102.0	–	-95.6	-95.6
Pension provisions	14.0	0.0	14.0	32.7	-0.5	32.2
Other	8.0	-1.0	7.0	4.8	-2.5	2.3
Net recognised	-17.0	17.0	0.0	-37.5	37.5	0.0
Deferred taxes, net, at year–end	**6.0**	**-242.0**	**-236.0**	**3.8**	**-217.0**	**-213.2**

	2016-03-31						
Group	Amount at start of year including discontinued operations	Recognised in profit or loss	Discontinued operations	Acquisitions and disposals	Recognised in other comprehensive income	Translation effects	Amount at year-end
Non-current assets	-152.1	20.1	20.3	-47.1	0.7	3.2	-154.9
Untaxed reserves	-95.6	-6.2	-3.0	0.0	–	2.0	-102.8
Pension provisions	32.2	-0.5	-7.7	0.0	-9.8	-0.3	13.9
Other	2.3	5.5	5.5	-3.2	0.0	-2.0	8.1
Deferred taxes, net	**-213.2**	**18.9**	**15.1**	**-50.3**	**-9.1**	**2.9**	**-235.7**

	2015-03-31						
Group	Amount at start of year	Recognised in profit or loss	Discontinued operations	Acquisitions and disposals	Recognised in other comprehensive income	Translation effects	Amount at year-end
Non-current assets	-136.8	21.1	–	-36.4	–	0.0	-152.1
Untaxed reserves	-94.7	0.0	–	-0.9	–	–	-95.6
Pension provisions	17.2	0.6	–	–	14.2	0.2	32.2
Other	2.9	-0.2	–	–	-0.2	-0.2	2.3
Deferred taxes, net	**-211.4**	**21.5**	**–**	**-37.3**	**14.0**	**0.0**	**-213.2**

	2016-03-31			2015-03-31		
Parent Company	Amount at start of year	Recognised in profit or loss	Amount at year-end	Amount at start of year	Recognised in profit or loss	Amount at year-end
Financial instruments	0.5	-0.6	-0.1	0.2	0.3	0.5
Deferred taxes, net	**0.5**	**-0.6**	**-0.1**	**0.2**	**0.3**	**0.5**

The Group has tax loss carryforwards of SEK 0.4 (0) that have not been capitalised because it is not likely that the companies will generate profits within the foreseeable future.

NOTE 14 INTANGIBLE NON-CURRENT ASSETS

	2016-03-31							
	Intangible assets acquired						Intangible assets developed in the Group	
Group	Goodwill	Supplier relationships, customer relationships and technology	Trademarks	Capitalised R&D expenses	Leases (rental) and similar rights	Software	Software	Total
Accumulated cost								
Opening balance	903	983	23	16	1	67	4	1,997
Acquisition of companies	515	394	–	1	–	10	–	920
Investments	–	2	–	1	1	15	–	19
Discontinued operations	-543	-354	-1	–	–	-14	–	-912
Disposals and retirement of assets	–	0	–	0	–	-17	–	-17
Translation effect for the year	-19	-24	–	-1	0	0	–	-44
Closing balance	**856**	**1,001**	**22**	**17**	**2**	**61**	**4**	**1,963**
Accumulated amortisation								
Opening balance	–	-379	0	-13	-1	-57	-4	-454
Acquisition of companies	–	-8	–	–	–	-3	–	-11
Amortisation	–	-111	0	-2	0	-6	–	-119
Discontinued operations	–	101	–	–	–	7	–	108
Disposals and retirement of assets	–	0	–	0	–	3	–	3
Translation effect for the year	–	7	–	1	0	0	–	8
Closing balance	**–**	**-390**	**0**	**-14**	**-1**	**-56**	**-4**	**-465**
Carrying amount at year-end	**856**	**611**	**22**	**3**	**1**	**5**	**0**	**1,498**
Carrying amount at start of year	**903**	**604**	**23**	**3**	**0**	**10**	**0**	**1,543**

Group	2015-03-31							
	Intangible assets acquired						Intangible assets developed in the Group	
	Goodwill	Supplier relationships, customer relationships and technology	Trademarks	Capitalised R&D expenses	Leases (rental) and similar rights	Software	Software	Total
Accumulated cost								
Opening balance	785	813	23	16	1	60	4	1,702
Acquisition of companies	113	166	–	–	–	–	–	279
Investments	2	1	–	0	0	6	–	9
Reclassifications	–	–	–	–	–	1	–	1
Translation effect for the year	3	3	–	0	0	0	–	6
Closing balance	**903**	**983**	**23**	**16**	**1**	**67**	**4**	**1,997**
Accumulated amortisation								
Opening balance	–	-290	0	-11	-1	-54	-4	-360
Amortisation	–	-87	0	-2	0	-3	–	-92
Translation effect for the year	–	-2	–	0	0	0	–	-2
Closing balance	**–**	**-379**	**0**	**-13**	**-1**	**-57**	**-4**	**-454**
Carrying amount at year-end	**903**	**604**	**23**	**3**	**0**	**10**	**0**	**1,543**
Carrying amount at start of year	**785**	**523**	**23**	**5**	**0**	**6**	**0**	**1,342**

Parent Company	2016-03-31		2015-03-31	
	Software	Total	Software	Total
Accumulated cost				
Opening balance	2.8	2.8	2.8	2.8
Investments	–	–	–	–
Closing balance	**2.8**	**2.8**	**2.8**	**2.8**
Accumulated amortisation				
Opening balance	-2.7	-2.7	-2.5	-2.5
Amortisation	-0.1	-0.1	-0.2	-0.2
Closing balance	**-2.8**	**-2.8**	**-2.7**	**-2.7**
Carrying amount at year-end	**0.0**	**0.0**	**0.1**	**0.1**
Carrying amount at start of year	**0.1**	**0.1**	**0.3**	**0.3**

Goodwill distributed by business area	Group	
	2016-03-31	2015-03-31
Components	288	252
Energy	307	251
Industrial Process	114	117
Power Solutions	147	96
Discontinued Operations	–	187
Total	**856**	**903**

Impairment testing of goodwill

The Group's recognised goodwill amounts to SEK 856 million (903). Having adopted IFRS, the Company no longer amortises goodwill but rather tests goodwill annually in accordance with IAS 36. The latest test took place in March 2016.

The Group has carried out over 100 acquisitions since 2001. Goodwill in each individual acquisition is not material for the Group. Goodwill is therefore allocated among cash-generating units, which correspond to the business units. Impairment testing takes place at business unit level, because the acquired business is also integrated with another Addtech business to such an extent that it is not possible to separate assets and cash flows attributable to the acquired company. Goodwill is not assessed at a higher level than segment level.

The recoverable amount was calculated based on value in use and applies a current estimate of cash flows for the coming five-year period. The profit forecast for the next financial year 2016/2017 is based on previous results and experiences. The forecast is prepared based on orders, the economy, the market situation, current wage agreements and assumptions about revenue growth, gross margins, overhead costs, working capital needs and investment needs based on past experience.An annual growth rate of 2 percent (2) was assumed for the remainder of the five-year period. For cash flows beyond the five-year period, the growth rate was assumed to correspond to growth during the fifth year. Cash flows were discounted using a weighted cost of capital corresponding to roughly 10 percent (10) before tax. These calculations show that value in use significantly exceeds the carrying amount. Consequently, impairment testing indicated no need for impairment. Impairment testing shows that no reasonable possible changes in key assumptions are expected to lead to impairment.

Other impairment testing

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

NOTE 15 PROPERTY, PLANT AND EQUIPMENT

	2016-03-31					
Group	**Buildings and land**	**Leasehold improvements**	**Machinery**	**Equipment**	**Construction in progress**	**Total**
Accumulated cost						
Opening balance	132	32	231	354	5	754
Acquisition of companies	11	–	31	27	–	69
Investments	2	4	11	48	5	70
Disposals and retirement of assets	-17	-2	-8	-24	–	-51
Discontinued operations	-11	-9	-31	-157	0	-208
Reclassifications	5	–	2	0	-7	0
Translation effect for the year	-1	0	-4	-4	0	-9
Closing balance	**121**	**25**	**232**	**244**	**3**	**625**
Accumulated depreciation and impairment losses						
Opening balance	-63	-23	-179	-290	-1	-556
Acquisition of companies	-4	–	-20	-12	–	-36
Depreciation	-4	-2	-15	-27	–	-48
Disposals and retirement of assets	8	1	8	22	–	39
Discontinued operations	5	5	23	105	–	138
Reclassifications	–	–	0	0	–	0
Translation effect for the year	0	0	3	3	0	6
Closing balance	**-58**	**-19**	**-180**	**-199**	**-1**	**-457**
Carrying amount at year-end	**63**	**6**	**52**	**45**	**2**	**168**
Carrying amount at start of year	**69**	**9**	**52**	**64**	**4**	**198**

	2015-03-31					
Group	**Buildings and land**	**Leasehold improvements**	**Machinery**	**Equipment**	**Construction in progress**	**Total**
Accumulated cost						
Opening balance	130	21	213	333	2	699
Acquisition of companies	–	8	–	6	0	14
Investments	0	2	14	31	5	52
Disposals and retirement of assets	–	0	-5	-21	–	-26
Reclassifications	–	0	1	0	-2	-1
Translation effect for the year	2	1	8	5	0	16
Closing balance	**132**	**32**	**231**	**354**	**5**	**754**
Accumulated depreciation and impairment losses						
Opening balance	-59	-12	-165	-275	-1	-512
Acquisition of companies	–	-8	–	-5	–	-13
Depreciation	-3	-2	-12	-24	–	-41
Disposals and retirement of assets	–	0	5	16	–	21
Reclassifications	–	–	-1	1	–	0
Translation effect for the year	-1	-1	-6	-3	0	-11
Closing balance	**-63**	**-23**	**-179**	**-290**	**-1**	**-556**
Carrying amount at year-end	**69**	**9**	**52**	**64**	**4**	**198**
Carrying amount at start of year	**71**	**9**	**48**	**58**	**1**	**187**

Parent Company	2016-03-31 Leasehold improvements	Equipment	Total	2015-03-31 Leasehold improvments	Equipment	Total
Accumulated cost						
Opening balance	3	2	5	3	2	5
Investments	1	1	2	0	0	0
Disposals and retirement of assets	–	0	0	–	0	0
Closing balance	**4**	**3**	**7**	**3**	**2**	**5**
Accumulated depreciation according to plan						
Opening balance	-1	-1	-2	0	-1	-1
Depreciation	-1	0	-1	-1	0	-1
Disposals and retirement of assets	–	0	0	–	0	0
Closing balance	**-2**	**-1**	**-3**	**-1**	**-1**	**-2**
Carrying amount at year-end	**2**	**2**	**4**	**2**	**1**	**3**
Carrying amount at start of year	**2**	**1**	**3**	**3**	**1**	**4**

NOTE 16 LEASING

Operating leases	Group		Parent Company	
Addtech as leasee	2015/2016	2014/2015	2015/2016	2014/2015
Lease payments				
Lease payments made during the financial year	104	124	4	4
of which variable payments	0	1	–	–
Future minimum lease payments under non-cancellable contracts fall due as follows:				
Within one year	93	96	2	3
Later than one year and within five years	151	179	5	12
Five years or later	21	10	–	–
Total	**265**	**285**	**7**	**15**

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

Addtech as lessor

Addtech received a total of SEK 0 million (1) in lease revenue during the financial year. SEK 0 million (1) remains to be received within one year, and thereafter a total of SEK 0 million (2) is receivable within five years or later. Most operating leases for which Group companies are lessors concern the rental of technical equipment to customers.

Finance leases

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

NOTE 17 FINANCIAL ASSETS AND LIABILITIES

	2016-03-31			2015-03-31		
Group	**Financial assets 1)**	**Non-current receivables**	**Total**	**Financial assets 1)**	**Non-current receivables**	**Total**
Accumulated cost						
Opening balance	15	5	20	13	4	17
Acquisition of companies	6	2	8	0	0	0
Deductions of assets	-5	-3	-8	–	0	0
Additions of assets	1	0	1	1	1	2
Translation effect for the year	0	0	0	1	0	1
Closing balance	**17**	**4**	**21**	**15**	**5**	**20**
Accumulated impairment losses						
Opening balance	0	0	0	0	0	0
Deduction of depreciation/amortisation	–	0	0	–	0	0
Closing balance	**0**	**0**	**0**	**0**	**0**	**0**
Carrying amount at year-end	**17**	**4**	**21**	**15**	**5**	**20**

1) Financial assets primarily consist of shares in associated companies and housing corporations.

	Parent Company	
Receivables from Group companies	**2016-03-31**	**2015-03-31**
Opening balance	1,489	1,217
Increase during the year	99	326
Decrease during the year	-146	-54
Carrying amount at year-end	**1,442**	**1,489**

	Parent Company					
					Carrying amount	**Carrying amount**
Specification of interests in Group companies	**Country**	**Number of shares**	**Quotient value**	**Holding %**	**2016-03-31**	**2015-03-31**
Addtech Nordic AB, 556236-3076, Stockholm	Sweden	1,750	100	100	1,004	1,004
Addtech Holding AB, 556995-8126, Stockholm	Sweden	500,000	1	100	-	0
Total					**1,004**	**1,004**

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

	Parent Company	
Interests in Group companies	**2016-03-31**	**2015-03-31**
Accumulated cost		
Opening balance	1,119	1,266
New investment	–	0
Intra-Group restructuring (disposal of subsidiaries)	0	-147
Closing balance	**1,119**	**1,119**
Accumulated impairment losses		
Opening balance	-115	-115
Closing balance	**-115**	**-115**
Carrying amount at year-end	**1,004**	**1,004**
Carrying amount at start of year	**1,004**	**1,151**

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

2016-03-31

Group	Measured at fair value through profit	Derivatives used in hedge accounting	Unlisted equity instruments reported at cost	Accounts receivable and loan receivables	Other liabilities	Total carrying amount
Other financial assets	–	–	7	–	–	7
Non-current receivables	–	–	–	4	–	4
Accounts receivable	–	–	–	972	–	972
Other receivables	2	1	–	25	–	28
Cash and cash equivalents	–	–	–	140	–	140
Non-current interest-bearing liabilities	35	–	–	–	6	41
Current interest-bearing liabilities	20	–	–	–	701	721
Accounts payable	–	–	–	–	570	570
Other liabilities	2	3	–	–	–	5
Total	**59**	**4**	**7**	**1,141**	**1,277**	**2,488**

2015-03-31

Group	Measured at fair value through profit	Derivatives used in hedge accounting	Unlisted equity instruments reported at cost	Accounts receivable and loan receivables	Other liabilities	Total carrying amount
Other financial assets	–	–	10	–	–	10
Non-current receivables	–	–	–	5	–	5
Accounts receivable	–	–	–	1,043	–	1,043
Other receivables	3	3	–	29	–	35
Cash and cash equivalents	–	–	–	83	–	83
Non-current interest-bearing liabilities	13	–	–	–	7	20
Current interest-bearing liabilities	18	–	–	–	555	573
Accounts payable	–	–	–	–	619	619
Other liabilities	5	1	–	–	–	6
Total	39	4	10	1,160	1,181	2,394

Current and non-current loans are carried at amortised cost. The difference between carrying amount and fair value is marginal for these items. The same applies to other financial instrument for larger amounts, since maturity is short.

Financial instruments, SEKm	31 Mar 16			31 Mar 15		
	Carrying amount	Level 2	Level 3	Carrying amount	Level 2	Level 3
Derivatives used in hedge accounting	1	1	–	3	3	–
Derivatives held for trading purposes	2	2	–	3	3	–
Total financial assets at fair value per level	**3**	**3**	**–**	**6**	**6**	**–**
Derivatives used in hedge accounting	3	3	–	1	1	–
Derivatives held for trading purposes	2	2	–	5	5	–
Contingent considerations	55	–	55	31	–	31
Total financial liabilities at fair value per level	**60**	**5**	**55**	**37**	**6**	**31**

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

Contingent considerations	2015/2016	2014/2015
Carrying amount, opening balance	31	27
Acquisitions during the year	54	31
Reversed through profit or loss	-10	-13
Consideration paid	-21	-17
Interest expenses	2	1
Exchange differences	-1	2
Carrying amount, closing balance	**55**	**31**

Impact of financial instruments on net earnings	2015/2016	2014/2015
Assets and liabilities measured at fair value through profit or loss	-3	-1
Derivatives used in hedge accounting	-3	-1
Accounts receivable and loan receivables	-3	-1
Available-for-sale financial assets	–	–
Other liabilities	-8	-8
Total	**-17**	**-11**

NOTE 18 INVENTORIES

Group	2016-03-31	2015-03-31
Raw materials and consumables	84	64
Work in progress	42	41
Finished goods	748	744
Total	**874**	**849**

The cost of sales for the Group includes impairment losses of SEK 16 million (18) on inventories. No significant reversals of prior impairment losses were made in 2015/2016 or 2014/2015.

NOTE 19 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	2016-03-31	2015-03-31	2016-03-31	2015-03-31
Rent	15	16	1	1
Insurance premiums	7	8	2	2
Pension costs	9	5	0	1
Lease payments	3	3	0	0
Other prepaid expenses	26	25	4	3
Other accrued income	14	7	0	0
Total	**74**	**64**	**7**	**7**

NOTE 20 SHAREHOLDERS' EQUITY

GROUP

Other contributed capital

Refers to equity contributed by shareholders.

	Group	
Reserves 1)	2015/2016	2014/2015
Foreign currency translation reserve		
Opening translation reserve	-19	-44
Translation effect for the year	-57	25
Closing translation reserve	**-76**	**-19**
Hedging reserve 2)		
Opening hedging reserve	1	0
Revaluations recognised via other comprehensive income	-1	4
Recognised in profit or loss upon disposal (other operating income/expenses)	-2	-3
Taxes attributable to the year's revaluations	0	-1
Taxes attributable to disposals	1	1
Closing hedging reserve	**-1**	**1**
Total reserves	**-77**	**-18**

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

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

Foreign currency translation reserve

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

Hedging reserve

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

Retained earnings, including profit for the year

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

Repurchased shares

Repurchased shares includes the acquisition cost of own shares held in treasury by the Parent Company (known as treasury shares). At the end of the reporting period, the Group's holding of treasury shares was 1,240,000 (1,742,300).

Dividend

After the reporting period, the Board of Directors proposed a dividend of SEK 3.25 per share. The dividend is subject to approval by the Annual General Meeting on 31 August 2016.

PARENT COMPANY

Restricted reserves

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

Statutory reserve

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

Retained earnings

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

Number of shares

The number of shares at 31 March 2016 consisted of 3,237,672 Class A shares, entitling the holders to 10 votes per share, and 64,960,824 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 1,240,000 Class B shares, in the framework of the Company's ongoing repurchase programme. After subtracting repurchased shares, the number of Class B shares is 63,720,824.

Number of shares outstanding 2016-03-31	Class A shares	Class B shares	All share classes
At start of year	3,241,704	63,214,492	66,456,196
Exercised call options	–	852,300	852,300
Repurchase of treasury shares	–	-350,000	-350,000
Conversion of Class A shares to Class B shares	-4,032	4,032	–
At year-end	**3,237,672**	**63,720,824**	**66,958,496**

Number of shares outstanding 2015-03-31	Class A shares	Class B shares	All share classes
At start of year	3,253,800	62,881,296	66,135,096
Exercised call options	–	671,100	671,100
Repurchase of treasury shares	–	-350,000	-350,000
Conversion of Class A shares to Class B shares	-12,096	12,096	–
At year-end	**3,241,704**	**63,214,492**	**66,456,196**

NOTE 21 UNTAXED RESERVES

Parent Company	2016-03-31	2015-03-31
Tax allocation reserve, allocation for tax assessment 2011	-	35
Tax allocation reserve, allocation for tax assessment 2012	49	49
Tax allocation reserve, allocation for tax assessment 2013	61	61
Tax allocation reserve, allocation for tax assessment 2014	67	67
Tax allocation reserve, allocation for tax assessment 2015	67	67
Tax allocation reserve, allocation for tax assessment 2016	75	75
Tax allocation reserve, allocation for tax assessment 2017	55	-
Accumulated excess depreciation/amortisation	1	1
Closing balance	**375**	**355**

SEK 83 million of the Parent Company's total untaxed reserves of SEK 375 million represent deferred tax included in the deferred tax line item in the consolidated balance sheet.

NOTE 22 PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

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

DEFINED CONTRIBUTIONS

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

Obligations for retirement pensions and family pensions for salaried employees in Sweden are secured by insurance in Alecta. According to statement UFR 3 of the Swedish Financial Reporting Board, this is a defined benefit plan covering multiple employers. For the 2015/2016 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 22 million (25). Fees for the next financial year are considered to be in line with those for the latest year. The collective consolidation level for Alecta was 144 percent (148) in March 2016. The pension plan according to ITP1 is recognised as a defined-contribution plan.

DEFINED BENEFIT PLANS

The revised IAS 19, Employee benefits, is applicable as of 1 April 2013. 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 Norway and Sweden. The funded pension obligations are secured by plan assets that are managed by insurance companies. The Group estimates that SEK 2 million (4) will be paid in 2016/2017 to the funded defined-benefit plans. The total number of commitments of 874 (810) included in the obligation consists of 104 active (133), 493 paid-up policy holders (432) and 277 pensioners (245).

Obligations for employee benefits, defined benefit pension plans

	Group		Parent Company	
Pension liability as per balance sheet	**2016-03-31**	**2015-03-31**	**2016-03-31**	**2015-03-31**
Pension liability PRI	189	280	16	16
Other pension obligations	10	38	–	–
Total cost of defined benefit plans	**199**	**318**	**16**	**16**

Obligations for defined benefits and the value of plan assets	Group		Parent Company	
	2016-03-31	2015-03-31	2016-03-31	2015-03-31
Funded obligations:				
Present value of funded defined benefit obligations	48	92	–	–
Fair value of plan assets	-38	-57	–	–
Net debt, funded obligations	**10**	**35**	**–**	**–**
Present value of unfunded defined benefit obligations	189	283	16	16
Net amount in the balance sheet (obligation +, asset –)	**199**	**318**	**16**	**16**
Pension obligations and plan assets per country:				
Sweden				
Pension obligations	213	313	16	16
Plan assets	-22	-20	–	–
Net amount in Sweden	**191**	**293**	**16**	**16**
Norway				
Pension obligations	24	62	–	–
Plan assets	-16	-36	–	–
Net amount in Norway	**8**	**25**	**–**	**–**
Net amount in the balance sheet (obligation +, asset –)	**199**	**318**	**16**	**16**

Reconciliation of net amount for pensions in the balance sheet	Group		Parent Company	
	2015/2016	2014/2015	2015/2016	2014/2015
Opening balance	318	252	16	17
Cost defined benefit plans	14	17	1	0
Payment of pension benefits	-7	-7	-1	-1
Funds contributed by employer	-7	-7	–	–
Discontinued operations	-74	–	–	–
Translation effects	-1	-1	–	–
Reclassification of plan assets	–	1	–	–
Revaluations	-44	63	–	–
Gains and losses from settlements	–	0	–	–
Net amount in balance sheet (obligation +, asset -)	**199**	**318**	**16**	**16**

Changes in the obligation for defined benefit plans recognised in the balance sheet	Group	
	2015/2016	2014/2015
Opening balance	375	304
Pensions earned during the period	10	9
Pensions earned prior periods, vested	-2	–
Interest on plan assets	7	11
Benefits paid	-8	-8
Revaluations:		
Gain (-)/loss (+) resulting from financial assumptions	-43	64
Experienced-based gains (-)/losses (+)	0	0
Discontinued operations	-92	–
Translation effects	-3	-1
Gains and losses from settlements	-7	-4
Present value of pension obligations	**237**	**375**

Changes in plan assets	Group	
	2015/2016	2014/2015
Opening balance	57	52
Funds contributed by employer	7	7
Benefits paid	-1	-1
Interest income recognised in profit or loss	1	2
Return on plan assets, excluding interest income	1	1
Discontinued operations	-18	–
Translation effects	-2	-1
Reclassification of plan assets	–	0
Gains and losses from settlements	-7	-3
Fair value of plan assets	**38**	**57**

Pension costs	Group		Parent Company	
	2015/2016	2014/2015	2015/2016	2014/2015
Defined-benefit pension plans				
Cost for pensions earned during the year	10	8	–	–
Revenue for pensions earned in prior periods	-2	–	–	–
Interest on obligations	7	11	1	1
Interest income recognised in profit or loss	-1	-2	–	–
Total cost of defined benefit plans	**14**	**17**	**1**	**1**
Total cost of defined contribution plans	115	101	6	5
Social security costs on pension costs	16	16	1	1
Total cost of benefits after termination of employment	**145**	**134**	**8**	**7**

Allocation of pension costs in the income statement	Group	
	2015/2016	2014/2015
Cost of sales	19	21
Selling and administrative expenses	90	104
Net financial items	5	9
Discontinued operations	31	–
Total pension costs	**145**	**134**

Actuarial assumptions	2015/2016		2014/2015	
	Sweden	Norway	Sweden	Norway
The following material actuarial assumptions were applied in calculating obligations:				
Discount rate, 1 April, %	2.30	2.30	3.80	3.60
Discount rate, 31 March, %	2.70	2.40	2.30	2.30
Future salary increases, %	3.00	2.50	1.50-3.00	2.75
Future increases in pensions (change in income base amount), %	2.50	–	2.50	–
Employee turnover, %	10.00	2.00-5.00	10.00	2.00-5.00
Expected 'G regulation', %	–	2.25	–	2.50
Mortality table	FFFS 2007:24	K2013 B.E	FFFS 2007:31	K2013 B.E

Sensitivity of pension obligations to changes in assumptions	Sweden	Norway	Total
Defined benefit pension obligations at 31 March 2016	213	24	237
The discount rate increases by 0.5%	-22	-3	-25
The discount rate decreases by 0.5%	24	2	26
Expected life expectancy increases by 1 year	9	0	9
Expected life expectancy decreases by 1 year	-10	-1	-11

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. Future increases in pensions are based on inflation assumptions. The weighted average maturity of the obligation is approximately 18 years (19) and is based on statistical tables prepared by Finansinspektionen (Sweden's Financial Supervisory Authority) and the Insurance Society, in Sweden FFFS 2007:24 and in Norway K2013 B.E. Expected G regulation is used in the calculations in Norway and corresponds to Sweden’s income base amounts.

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 2015/2016	Premises	Personnel	Warranties	Other	Total
Carrying amount at start of period	3	2	1	5	11
Provisions made during the period	1	4	1	10	16
Amounts utilised during the period	-4	-2	0	-3	-9
Unutilised amounts reversed	0	-3	0	-1	-4
Translation effects	0	0	0	-1	-1
Carrying amount at end of period	**0**	**1**	**2**	**10**	**13**

Group 2014/2015	Premises	Personnel	Warranties	Other	Total
Carrying amount at start of period	0	0	1	6	7
Acquisitions	–	–	0	–	0
Provisions made during the period	3	2	1	3	9
Amounts utilised during the period	0	–	-1	-4	-5
Unutilised amounts reversed	–	0	0	0	0
Translation effects	0	0	0	-	0
Carrying amount at end of period	**3**	**2**	**1**	**5**	**11**

PREMISES

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

PERSONNEL

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

WARRANTIES

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

OTHER

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

NOTE 24 NON-CURRENT INTEREST-BEARING LIABILITIES

	Group	
	2016-03-31	2015-03-31
Liabilities to credit institutions:		
Maturing within 2 years	1	0
Maturing within 3-5 years	–	–
Maturing in five years or later	–	–
TOTAL NON-CURRENT LIABILITIES TO CREDIT INSTITUTIONS	**1**	**0**
Other interest-bearing liabilities:		
Maturing within 2 years	22	17
Maturing within 3 years	18	3
Maturing within 4-5 years	–	–
Maturing in five years or later	–	–
TOTAL OTHER NON-CURRENT INTEREST-BEARING LIABILITIES	**40**	**20**
Total	**41**	**20**

There were no non-current interest-bearing liabilities in the Parent Company at 31 March 2016(-). Other interest-bearing liabilities largely consist of additional contingent considerations with estimated interest of 5.0 percent and undiscounted amount of a total of SEK 35 million.

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

	2016-03-31		2015-03-31	
Currency	**Local currency**	**SEKm**	**Local currency**	**SEKm**
EUR	–	–	0	0
SEK	1	1	–	–
NOK	–	–	0	0
Total		**1**		**0**

	Parent Company	
	2016-03-31	2015-03-31
Liabilities to Group companies	390	533
Total	**390**	**533**

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

NOTE 25 CURRENT INTEREST-BEARING LIABILITIES

	Group		Parent Company	
	2016-03-31	2015-03-31	2016-03-31	2015-03-31
Bank overdraft facility				
Approved credit limit	1,002	800	1,000	800
Unutilised portion	-615	-391	-613	-391
Credit amount utilised	**387**	**409**	**387**	**409**
Other liabilities to credit institutions	313	112	300	100
Other interest-bearing liabilities	21	52	–	–
Total	**721**	**573**	**687**	**509**

Other interest-bearing liabilities largely consist of additional contingent considerations with estimated interest of 5.0 percent and undiscounted amount of a total of SEK 24 million.

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

	2016-03-31		2015-03-31	
Currency	**Local currency**	**SEKm**	**Local currency**	**SEKm**
SEK	301	301	100	100
CNY	8	10	9	12
NOK	2	2	0	0
PLN	–	–	–	–
EUR	–	–	0	0
TTD	–	–	0	0
Total		**313**		**112**

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

The Parent Company's bank overdraft facility at 31 March 2016 varies from 0.30 to 1.81 percent interest depending on what currency utilised credit amount consists of.

The Parent Company's loans in SEK carry a fixed interest rate, which was 0.80 percent at 31 March 2016.

Loans in CNY carry a variable interest rate, which was 4.92 percent at 31 March 2016.

Loans in NOK carry a fixed interest rate, which was 5.75 percent at 31 March 2016.

NOTE 26 ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
	2016-03-31	2015-03-31	2016-03-31	2015-03-31
Rental revenue	0	1	–	–
Other deferred income	1	2	–	–
Salaries and holiday pay	180	194	7	8
Social security costs and pensions	65	72	7	5
Other accrued expenses 1)	46	36	3	1
Total	**292**	**305**	**17**	**14**

1) Other accrued expenses mainly consist of overhead accruals.

NOTE 27 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent Company	
	2016-03-31	2015-03-31	2016-03-31	2015-03-31
Pledged assets for liabilities to credit institutions				
Real estate and site leasehold mortgages	23	21	–	–
Floating charges	42	38	–	–
Other pledged assets	4	17	–	–
Total	**69**	**76**	**–**	**–**
Contingent liabilities				
Guarantees and other contingent liabilities	18	22	0	0
Guarantees for subsidiaries 1)	–	–	119	156
Total	**18**	**22**	**119**	**156**

1) Relates to PRI liabilities.

NOTE 28 CASH FLOW STATEMENT

	Group		Parent Company	
Adjustment for items not included in cash flow	2015/2016	2014/2015	2015/2016	2014/2015
Depreciation/amortisation	167	133	1	1
Gain/loss on sale of operations and non-current assets	-7	-2	–	–
Change in pension liability	0	4	0	0
Group contributions/dividends not paid	–	–	-190	-230
Change in other provisions and accrued items	0	6	–	–
Net profit from distribution of AddLife	-1,562	–	–	–
Other	-11	-15	-3	1
Total	**-1,413**	**126**	**-192**	**-228**

For the Group, interest received during the year totalled SEK 2 million (2), and interest paid was SEK 9 million (8). For the Parent Company, interest received during the year was SEK 29 million (33), and interest paid was SEK 6 million (8).

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:

	2015/2016	2014/2015
Non-current assets	953	281
Inventories	185	51
Receivables	191	107
Cash and cash equivalents	82	46
Total	**1,411**	**485**
Interest-bearing liabilities and provisions	-234	-40
Non-interest-bearing liabilities and provisions	-282	-126
Total	**-516**	**-166**
Consideration paid incl. contingent consideration 1)	-711	-314
Cash and cash equivalents in acquired companies	82	46
Effect on the Group's cash and cash equivalents	**-629**	**-268**

1) The consideration paid includes a contingent consideration charged to the income statement in the amount of SEK 10 million. The consideration excludes an issue in kind of SEK 234 million.

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

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

NOTE 29 ACQUISITIONS OF COMPANIES

Acquisitions completed as of the 2014/2015 financial year are distributed among the Group's business areas as follows:

Acquisitions	Country	Date of acquisition	Net sales, SEKm*	Number of employees*	Business area
GigaCom AB	Sweden	April, 2014	30	6	Components
Solar Supply Sweden AB	Sweden	May, 2014	15	3	Power Solutions
Hans Følsgaard A/S	Denmark	July, 2014	360	65	Components/Energy
Frameco AB	Sweden	July, 2014	10	5	Power Solutions
Tampereen Sähköpalvelu Oy	Finland	July, 2014	70	25	Energy
Flow-Teknikk AS	Norway	August, 2014	35	6	Industrial Process
Amestec Oy	Finland	September, 2014	5	2	Components
Scandinavian Friction AB	Sweden	September, 2014	15	3	Industrial Process
Celltech China Ltd	Hong Kong	February, 2015	20**	25	Power Solutions
Dafine Engineering Oy	Finland	April, 2015	25	4	Energy
EB Elektro RE AS	Norway	July, 2015	85	20	Energy
CTM Lyng AS	Norway	September, 2015	135	55	Energy
Partco Oy	Finland	September, 2015	20	10	Components
RECAB Embedded Computers AB	Sweden	October, 2015	100	18	Components
Kretsteknik Nordic AB (assets and liabilities)	Sweden	October, 2015	25	1	Components
Enöque Svenska AB	Sweden	October, 2015	6	2	Energy
Powermec AB	Sweden	November, 2015	150	26	Power Solutions
Goodtech Products AS	Norway	February, 2016	85	23	Components
INL System AB	Sweden	March, 2016	12	2	Components
Sammet Dampers Oy	Finland	April, 2016	45	12	Industrial Process
Poryan China Company Ltd	China	April, 2016	50	22	Power Solutions
E.T.S. Portsmouth Limited	Great Britain	April, 2016	100	35	Energy
Elektro-Tukku Oy	Finland	May, 2016	8	3	Components

* Refers to conditions at the time of acquisition on a full-year basis.
** The majority of net sales is internal within the Group.

Assets and liabilities included in the acquisitions were as follows:

	2015/2016			2014/2015		
	Carrying amount at acquisition date	Adjustment to fair value	Fair value	Carrying amount at acquisition date	Adjustment to fair value	Fair value
Intangible non-current assets	10	386	396	–	166	166
Other non-current assets	37	5	42	2	–	2
Inventories	185	–	185	51	–	51
Other current assets	273	–	273	153	–	153
Deferred tax liability/tax asset	-7	-88	-95	0	-37	-37
Other liabilities	-366	–	-366	-97	–	-97
Acquired net assets	**132**	**303**	**435**	**109**	**129**	**238**
Goodwill			515			113
Non-controlling interests			–			-10
Consideration 1)			**950**			**341**
Less: cash and cash equivalents in acquired businesses			-82			-46
Issue in kind			-234			–
Less: consideration not yet paid			-55			-32
Effect on the Group's cash and cash equivalents			**579**			**263**

1) The consideration is stated excluding acquisition expenses.

The combined consideration for the year's acquisition was SEK 950 million, of which SEK 911 million, according to preliminary acquisition analyses, was allocated to goodwill and other intangible assets. The purchase price includes an issue in kind of SEK 234 million, remaining consists of cash payments and additional consideration. The combined effect of the acquisitions on the Addtech Group's net sales was SEK 270 milion, on operating profit it was SEK 17 million and on profit after tax for the year it was SEK 14 million. Had the acquisitions been completed on 1 April 2015, their impact would have been an estimated SEK 570 million on Group net sales, about SEK 40 million on operating profit and about SEK 30 million on profit after tax.

The outcome of contingent consideration depends on future results achieved in the companies, and the estimated outcome from the year's acquisitions amounts to SEK 59 million. The contingent consideration is payable within 1–3 years and is estimated to total a maximum of SEK 62 million.

Of the consideration not yet paid for acquisitions during the year, estimated fair value of contingent consideration amounts to SEK 51 million. The outcome depends on the results achieved in the companies.

For acquisitions that resulted in ownership transfer during the financial year, transaction costs totalled SEK 3 million (4) and are recognised in selling expenses.

During the financial year, SEK 4 million (-2) was recognised under other operating expenses, because estimated contingent considerations, regarding previous acquisitions, deviated from actual outcomes. Revaluation of liabilities for contingent, not yet paid, consideration added income of SEK 14 million (11) during the financial year, which is recognised under other operating income. No material changes in acquisition analyses were made in the financial year with regard to acquisitions carried out in the year or in previous years.

The Group's goodwill at the time of the acquisition, regarding the expected future sales trend and profitability, is the amount by which the acquisition value exceeds the fair value of net assets acquired. As of 31 March 2016 goodwill, non-taxable, amounted to SEK 856 million, to be compared with SEK 903 million as of 31 March 2015. The change is attributable to acquisitions, the distribution of AddLife and exchange differences. The change is attributable to acquisitions, the distribution of AddLife and exchange rate differences. The Group's goodwill is assessed annually for impairment, and no needs for impairment have been identified.

The values allocated to intangible non-current assets, such as supplier relationships, customer relationships, technology and trademarks, were assessed at the discounted value of future cash flows. The amortisation period is determined by estimating the annual decrease in sales attributable to each asset. Supplier relationships are generally amortised over a period of 5-33 years; customer relationships and technology are amortised over 5-15 years. Trademarks are not amortised but are tested annually (for impairment) as per IAS 36. Annual calculated amortisation regarding intangible non-current assets for the year's acquisitions amounts to about SEK 13 million.

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

	2015/2016	2014/2015
Earnings per share before and after dilution (EPS), SEK*		
Continuing operations	4.85	4.70
Discontinued operations	24.35	1.20
Total earnings per share before dilution	29.20	5.90

See Note 1 for the method of calculation.

The numerators and denominators used to calculate the above EPS are derived as stated below.

EARNINGS PER SHARE BEFORE DILUTION

The calculation of earnings per share for 2015/2016 is based on profit for the year attributable to Parent Company shareholders, totalling SEK 1,950 million (392), and a weighted average number of shares outstanding during 2015/2016 of 66,703 thousand (66,288). The two components were calculated in the following manner:

	2015/2016	2014/2015
Profit for the year attributable to the equity holders of the Parent Company, before dilution (SEKm)	1,950	392

Weighted average number of shares outstanding, before dilution		
In thousands of shares	**2015/2016**	**2014/2015**
Total number of shares 1 April	66,456	66,135
Effect of treasury shares held	247	153
Weighted average number of shares during the year, before dilution	**66,703**	**66,288**

EARNINGS PER SHARE AFTER DILUTION

The calculation of diluted EPS for 2015/2016 is based on profit attributable to Parent Company shareholders, totalling SEK 1,950 million (392), and a weighted average number of shares outstanding during 2015/2016 of 66,809 thousand (66,615). The two components were calculated in the following manner:

	2015/2016	2014/2015
Profit for the year attributable to the equity holders of the Parent Company, after dilution (SEKm)	1,950	392

Weighted average number of shares outstanding, after dilution		
In thousands of shares	**2015/2016**	**2014/2015**
Weighted average number of shares during the year, before dilution	66,703	66,288
Effect of share options issued	106	327
Weighted average number of shares during the year, after dilution	**66,809**	**66,615**

NOTE 31 DISCLOSURES ABOUT PARENT COMPANY

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

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

NOTE 32 RELATED PARTY DISCLOSURES

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

NOTE 33 EVENTS AFTER THE REPORTING PERIOD

Management change

On 1 April 2016 Hans Andersén became the new head of the Energy business area and a member of Addtech's Group management. He succeeds Åke Darfeldt, who is retiring after many years of valuable contributions. Hans Andersén joined the Group in 2006 as managing director of an acquired company, and since 2010 he has worked in the Energy business area as business unit manager of Energy Supply.

Financial reporting, EBITA

One of Addtech's strategies to attain continued long-term profitable growth is to strengthen the Group's positions in selected niches by acquiring companies. The acquisitions are recognised in the Group's balance sheet among other things as intangible non-current assets and are distributed over goodwill and other intangible non-current assets. Goodwill is assessed annually for impairment, and other intangible non-current assets are amortised to profit over the estimated useful life. The amortisation of the intangible non-current assets does not affect cash flow and does not therefore affect the underlying ability to generate a profitable increase in operating profit. In light of this, and like several other acquisition-intensive companies, Addtech will also report operating profit for the Group and per business area before amortisation of intangible non-current assets, i.e. at EBITA level (Earnings Before Interest, Tax and Amortisation). This will take full effect as of the first quarter 2016/2017.

Acquistions

Four company acquisition took place after the end of the reporting period:

On 1 April, Addtech acquired Sammet Dampers Oy to become part of the Industrial Process business area. Sammet Dampers is a leading developer and supplier of industrial dampers in Northern Europe. The company has 12 employees and sales of around EUR 5 million.

On 5 April, Addtech acquired Poryan China Company Ltd to become part of the Power Solutions business area. Poryan China Company Ltd provide component solutions and subsystems in circuit protection primarily to the train and signaling market in China. The company has 22 employees and sales of around SEK 50 million.

On 5 April, Addtech acquired ETS Cable Components to become part of the Energy business area. ETS Cable Components supplies products, systems and services in the field of cable accessories for power cable installation, including cable cleats brackets, cable glands, cable lugs, flexible conduits, cable ties and cable tooling above all for the UK market. The company has 35 employees and sales of around GBP 8.5 million.

On 2 May, 100 percent of the shares in Elektro-Tukku Oy, Finland, were acquired to become part of the Components business area. Elektro-Tukku Oy sells measuring and control instruments to industry, OEMs and the public sector. The company has 3 employees and sales of around SEK 8 million.

The acquisition analyses are not yet complete and will be presented in the next interim report.

NOTE 34 DISCONTINUED OPERATIONS

On 9 March 2016, the Extraordinary General Meeting resolved on the distribution of all Addtech shares in AddLife AB to the shareholders of Addtech. The first day of trading of AddLife's Class B shares on Nasdaq Stockholm was 16 March 2016.

The distribution resulted in a non-recurring non-cash gain of SEK 1,562 million, which is the difference between the market value of AddLife's shares (based on the average trading price on the first trading day) of SEK 1,927 million and the consolidated value as of 29 February 2016 of SEK 365 million. The consolidated value of AddLife mainly related to goodwill and other current assets. The gain also includes transaction costs and foreign exchange gains totalling SEK 12 million.

Profit after tax from the distributed operation through 29 February 2016 amounted to SEK 1,636 million.

Total cash from the distribution of AddLife AB was SEK -81 million.

The divestment has been reported separately as discontinued operations in the income statement in accordance with IFRS 5. A discontinued operation is recognised separately from continuing operations in the income statement with retroactive effect for earlier periods. AddLife is recognised as a discontinued operation below.

Profit for discontinued operations for the period, SEKm	2015/2016	2014/2015
Operting income	1,402	1,057
Operating expenses	-1,303	-952
OPERATING PROFIT	**99**	**105**
Profit from disposal operations	1,562	-
Financial items	-3	-2
PROFIT BEFORE TAX	**1,658**	**103**
Income tax expense	-22	-24
Profit after tax	**1,636**	**79**

Cash flow attributable to discontinued operations, SEKm	2015/2016	2014/2015
Cash flow from operating activities	109	120
Cash flow from investing activities	-266	-15
Cash flow from financing activities	76	-100
Cash flow for the period	**-81**	**5**

Assets of discontinued operations as of the disposal date, SEKm	
Goodwill	543
Intangible non-current assets	261
Property, plant and equipment	70
Non-current financial assets	10
Inventories	224
Other current assets	325
Total assets	**1,433**

Liabilities of discontinued operations as of the disposal date, SEKm	
Deferred tax liabilities	58
Non-current liabilities	611
Current liabilities	348
Total liabilities	**1,017**

Assurance of the Board of Directors

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

Stockholm, 23 June 2016

Anders Börjesson
Chairman of the Board

Tom Hedelius
Vice Chairman of the Board

Eva Elmstedt
Director

Ulf Mattsson
Director

Malin Nordesjö
Director

Lars Spongberg
Director

Johan Sjö
Director *and CEO*

We submitted our auditor's report on 23 June 2016

KPMG AB

George Pettersson
Authorised Public Accountant
Auditor in charge

KPMG AB

Jonas Eriksson
Authorised Public Accountant

AUDITOR'S REPORT

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

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

We have audited the annual accounts and consolidated accounts of Addtech AB (publ.) for the financial year 1 April 2015 – 31 March 2016. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 14-99.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director 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.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

Opinions

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 2016 and of its financial performance and its cash flows 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 2016 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, 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.

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

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration by the Board of Directors and the Managing Director of Addtech AB (publ.) for the financial year 1 April 2015 – 31 March 2016.

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, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

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.

As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Opinions

We recommend to the annual 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.

Stockholm, 23 June 2016

KPMG AB

George Pettersson
Authorised Public Accountant
Auditor in Charge

KPMG AB

Jonas Eriksson
Authorised Public Accountant

MULTI-YEAR SUMMARY

SEKm, unless stated otherwise	2015/2016	2014/2015	2013/2014	2012/2013*	2011/2012*
Net sales	6,155	5,719	6,089	5,403	5,200
Operating profit	443	431	501	437	470
Finance income and costs	-20	-21	-26	-29	-23
Profit after financial items	423	410	475	408	447
Profit for the year	333	321	369	323	327
Intangible non-current assets	1,498	1,543	1,343	1,192	1,012
Property, plant and equipment	168	198	187	166	156
Non-current financial assets	27	24	20	14	14
Inventories	874	849	709	675	650
Current receivables	1,098	1,156	1,137	943	850
Cash and cash equivalents	140	83	69	72	50
Total assets	**3,805**	**3,853**	**3,465**	**3,062**	**2,732**
Shareholders' equity	1,479	1,504	1,330	1,097	971
Non-controlling interests	35	35	19	16	13
Interest-bearing liabilities and provisions	962	911	846	835	633
Non-interest-bearing liabilities and provisions	1,329	1,403	1,270	1,114	1,115
Total shareholders' equity and liabilities	**3,805**	**3,853**	**3,465**	**3,062**	**2,732**
Capital employed	2,476	2,450	2,195	1,948	1,617
Working capital, year average	1,278	1,211	1,075	969	890
Financial net liabilities	822	828	776	763	584
Net liabilities, excl. pensions	623	510	524	523	339
Operating margin, %	7.2	7.5	8.2	8.1	9.0
Profit margin, %	6.9	7.6	7.8	7.6	8.6
Return on equity, %	20	28	30	31	34
Return on capital employes, %	16	23	24	25	32
Return on working capital (P/WC), %	38	44	47	45	53
Equity ratio, %	40	40	39	36	36
Debt/equity ratio, multiple	0.6	0.6	0.6	0.7	0.6
Net debt/equity ratio, multiple	0.4	0.3	0.4	0.5	0.3
Interest coverage ratio, multiple	20.3	21.9	17.5	14.2	15.8
Financial net liabilities/EBITDA, multiple	1.4	1.2	1.2	1.4	1.0
Earnings per share (EPS), SEK	4.85	4.70	5.50	4.85	4.90
EPS, after dilution, SEK	4.85	4.70	5.45	4.85	4.85
Cash flow per share, SEK	7.10	8.40	7.25	5.20	6.30
Shareholders' equity per share, SEK	22.10	22.60	20.10	16.70	14.90
Dividend per share, SEK	3,25 1)	3.25	3.00	2.67	2.67
Average number of shares after repurchases, '000s	66,703	66,288	66,003	65,394	65,832
Average number of shares adjusted for dilution, '000s	66,809	66,615	66,457	65,533	66,000
Market price of share at 31 March, SEK	112.00	115.75	101.75	72.33	60.67
Turnover rate of the share, %	13	24	13	12	17
Cash flow from operating activities	474	557	479	339	415
Cash flow from investing activities	-352	-323	-259	-351	-296
Cash flow from financing activities	-52	-231	-229	45	-119
Cash flow for the year	70	3	-9	33	0
Average number of employees	2,386	2,224	2,100	1,815	1,612
Number of employees at year-end	2,076	2,286	2,150	2,011	1,700

1) As proposed by the Board of Directors.

* Comparative figures for the financial years 2011/2012 and 2012/2013 have been recalculated due to the change of IAS 19.
**All figures regarding the income statement refer to continuing operations, excluding the distriubtion of AddLife, retroactively from 1 April 2014. All figures regarding the balance sheet refer to continuing operations from 31 March 2016 without retroactivity for earlier periods.

WELCOME TO THE ANNUAL GENERAL MEETING

The Annual General Meeting (AGM) of Addtech AB (publ.) will be held at 4.00 p.m. on 31 August 2016 at IVA, Grev Turegatan 16, Stockholm.

NOTICE OF PARTICIPATION

Shareholders who wish to participate in the Annual General Meeting must

- be entered in the shareholders' register held by Euroclear Sweden AB on Thursday, 25 August 2016,
- and provide the Company with notification of their attendance by 3.00 p.m. Thursday, 25 August 2016 at the latest: by contacting Addtech AB (publ), Box 5112, 102 43 Stockholm, Sweden; by calling +46 (0)8-470 49 00; by faxing +46 (0)8-470 49 01; through the Company's website www.addtech.com/investors; or by e-mailing info@addtech.com. Such notice must contain the shareholder's name, personal identification number (or corporate ID number), address, telephone number and the number of shares represented as well as advisors/assistance (a maximum of two). The data submitted in such notification will be processed and used for the 2016 AGM.

Shareholders whose shares are held in trust must temporarily register their shares in their own name in order to exercise their voting rights at the AGM. Such changes in registration must be completed no later than Thursday, 25 August 2016. If a shareholder intends to participate by representation through a proxy, the original of the proxy notice as well as any documents for authorisation must be sent to the Company well before the AGM. Representatives of a legal entity must also submit a certified copy of the registration certificate or equivalent documents for authorisation that demonstrate that they are entitled to represent the legal entity. The Company provides a proxy form for shareholders which is available from the head office or from the Company's website www.addtech.com/arsstamma no later than 15 July 2016.

PAYMENT OF DIVIDEND

The dividend resolution adopted by the AGM will specify the date on which shareholders must be recorded in the share register maintained by Euroclear Sweden AB to be entitled to receive the dividend. The record date proposed by the Board is Friday, 2 September 2016 for dividend payment. Provided the AGM adopts the proposal, the dividend is expected to be paid through Euroclear Sweden AB on Wednesday, 7 September 2016, to shareholders entered in the share register at the record date.

CHANGE OF ADDRESS OR BANK ACCOUNT

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

PROPOSALS TO THE ANNUAL GENERAL MEETING

- **Dividend.** The Board of Directors proposes a dividend of SEK 3.25 (3.25) per share. The dividend amounts to SEK 218 million (216).
- **Incentive scheme.** The Board of Directors has decided to propose that the Annual General Meeting should pass a resolution to adopt a long-term incentive scheme. Under the scheme, which is proposed to include 25 members of management within the Addtech Group, participants will be given the opportunity to acquire, at market price, call options relating to Class B shares in Addtech AB ('the Company') repurchased by the Company and participants will receive a certain subsidy on premiums paid for the options after two years. The proposal also involves the Annual General Meeting approving that the Company, in deviation from the shareholders' preferential rights, transfers up to 400,000 of the Company's repurchased Class B shares to the option holders at the agreed redemption price in connection with any exercise of the call options. If the options are fully exercised, the number of B shares outstanding will increase by 400,000, equivalent to 0.6 percent of the total number of shares outstanding and 0.4 percent of the votes.
- **Extension of repurchase mandate.** The Board of Directors has decided to propose to the AGM that the mandate to repurchase treasury shares be renewed. The proposed mandate would entitle the Board of Directors, during the period until the next AGM, to purchase shares such that the Company's holding at no time exceeds ten percent of the total number of shares in the Company. Repurchases shall be made in the stock market. The proposed mandate would also allow use of repurchased shares as payment for acquisitions or disposal of the repurchased shares outside the stock market to finance acquisitions.

DEFINITIONS

Share turnover rate
Total trading volume divided by the average number of Class B shares outstanding during the financial year.

Return on equity
Profit after tax attributable to shareholders, as a percentage of shareholders' proportion of average equity.

Return on working capital (P/WC)
Operating profit in relation to average working capital.

Return on capital employed
Profit after net financial items, plus interest expenses +/- exchange differences, as a percentage of average capital employed.

EBITDA
Operating profit before depreciation and amortisation of intangible assets and property, plant and equipment.

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

Financial net liabilities
Interest-bearing liabilities and interest-bearing provisions, less cash and cash equivalents.

Net debt/EBITDA
Financial net liabilities divided by EBITDA.

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

Net Debt/Equity ratio
Interest-bearing liabilities and interest-bearing provisions, excluding pension provisions, in relation to shareholders' equity.

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

Interest coverage ratio
Profit after net financial items, plus interest expense, +/- exchange differences in relation to interest expense.

Working capital
Sum of inventories and accounts receivable, less accounts payable. Average working capital for the year is used to calculate return on working capital (P/WC).

Operating margin
Operating profit as a percentage of net sales.

Equity ratio
Equity as a percentage of total assets.

Debt/equity ratio
Financial net liabilities in relation to shareholder's equity.

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

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

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

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

Profit margin
Profit after net financial items as a percentage of net sales.