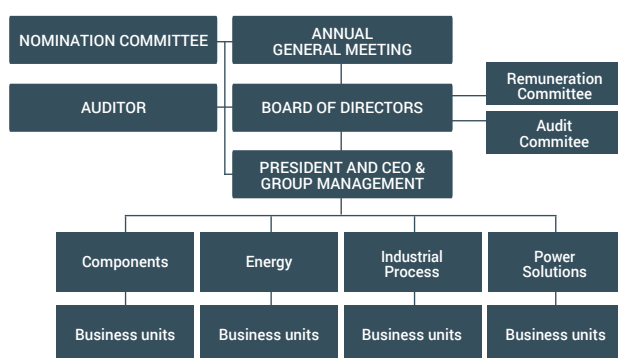


CORPORATE GOVERNANCE

PRINCIPLES FOR CORPORATE GOVERNANCE

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



COMPLIANCE WITH THE SWEDISH CODE OF CORPORATE GOVERNANCE

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

COMPLIANCE WITH APPLICABLE RULES FOR TRADING

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

SHARES AND SHAREHOLDERS

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

KEY EVENTS IN 2017/2018

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

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

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

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

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

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

ARTICLES OF ASSOCIATION

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

ANNUAL GENERAL MEETING

Shareholder influence in the Company is exercised by the Annual General Meeting (AGM) or, where appropriate, an Extraordinary General Meeting, which is Addtech's highest decision-making body. The AGM must be held in Stockholm within six months of the end of the financial year. The items on the agenda of the AGM for resolution include the election of the Board of Directors and the Chairman of the Board, the appointment of an auditor, the adoption of the income statement and balance sheet, the appropriation of the Company's unappropriated earnings, the discharge from liability for the Members of the Board and the CEO, the Nomination Committee and its work, and remuneration guidelines for senior executives. Details of the company's previous AGMs can be found on Addtech's website, which also includes information on share-

holders' entitlement to raise matters for consideration at the AGM, and on when such requests for consideration should be received by Addtech. No special arrangements regarding the function of the AGM, due to any provisions in the Articles of Association or as far as is known to the Company due to shareholder agreements, apply in the Company. Most decisions at shareholders' meetings are taken with a simple majority and for elections the candidate who receives the most votes in an election is considered to be elected. Certain decisions, however, such as amendments to the Articles of Association, require a qualified majority.

2017 ANNUAL GENERAL MEETING

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

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

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

2018 ANNUAL GENERAL MEETING

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

NOMINATION COMMITTEE DUTIES

The Nomination Committee's mandate from the Annual General Meeting is to evaluate the composition and work of the Board of Directors as well as to submit proposals to the AGM for the Chairman of the AGM, Directors and Chairman of the Board, remuneration to directors who are not employed by the company, election, where appropriate, of a registered auditing firm and auditors' fees, as well as principles for election of members to the Nomination Committee. The members of the Nomination Committee receive

no remuneration from the Company for their work on the committee. The committee had three meetings at which minutes were taken prior to the 2018 AGM. The complete proposals of the Nomination Committee to the AGM are presented in the notice to attend the meeting and on the Company's website.

COMPOSITION OF THE NOMINATION COMMITTEE

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

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

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

Members of Nomination Committee

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

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

BOARD DUTIES

The primary duty of the Board of Directors is to manage the Group's operations on behalf of the owners in such a way that the owners' interests in a long-term return on capital are optimally protected. The Board of Directors holds overall responsibility for Addtech's organisation and management of Addtech's business. It

is responsible for the Group's long-term development and strategy, for continuously monitoring and assessing the Group's operations, and for any other task conferred by the Swedish Companies Act.

Composition of the board of directors

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

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

Independence of the Board of Directors

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

the requirement that at least two of the members who are independent of the Company are also independent of major shareholders.

Rules of procedure

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

Duties of the Chairman of the Board

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

Work of the Board of Directors 2017/2018

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

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

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

¹⁾ Took over at 2017 Annual General Meeting

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

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

The Chief Executive Officer or his designee presents all matters relating to the operations of the Company and the Group. Other salaried employees in the Company take part in Board meetings to present certain issues or when otherwise deemed

suitable. The Company's CFO is the Board Secretary and the secretary of the Nomination Committee. The Board discussed the following matters at its meetings:

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

Evaluation of the work of the Board

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

Remuneration committee

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

Audit committee

The tasks of the Audit Committee are performed by the Board and conducted as an integral part of the Board's work at its regular meetings. The Committee's Chairman and Malin Nordesjö has knowledge of accounting and auditing. The role of the Audit Committee is to monitor the Company's financial reporting; to monitor the effectiveness of

the Company's internal control and risk management regarding the financial reporting; to stay informed about the audit of the annual accounts and the consolidated financial statements; to assess and monitor the impartiality and independence of the auditor and in doing so to pay particular attention to whether the auditor provides the Company with other services besides auditing services; and to assist in drawing up proposals for the AGM's decision on selection of an auditor.

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

AUDITOR

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

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

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

Quarterly review by auditors

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

Chosen auditors KPMG AB

JOAKIM THILSTEDT

Auditor in charge

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

JONAS ERIKSSON

Assistant auditor

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

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

CHIEF EXECUTIVE OFFICER AND GROUP MANAGEMENT

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

REMUNERATION TO SENIOR MANAGEMENT

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

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

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

Long-term incentive schemes

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

Remuneration to the board of directors and auditor

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

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

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

OPERATING ORGANISATION AND MANAGEMENT

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

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

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



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

BOARD OF DIRECTORS

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

1. ANDERS BÖRJESSON

M.Sc. Econ.

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

2. EVA ELMSTEDT

Bachelor of Economics and Computer Science

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

3. KENTH ERIKSSON

M. Eng. and MBA

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

4. HENRIK HEDELIUS

M.Sc. Econ.

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

5. ULF MATTSSON

M.Sc. Econ.

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

6. MALIN NORDESJÖ

M.Sc. Econ.

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

7. JOHAN SJÖ

M.Sc. Econ.

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



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

GROUP MANAGEMENT

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

1. JOHAN SJÖ

M.Sc. Econ.

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

2. MALIN ENARSON*

M.Sc. Econ.

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

3. PATRIK KLERCK

M.Sc Mechanical eng.

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

4. HANS ANDERSÉN

Electric Power Engineer

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

5. ANDERS CLAESON

M.Eng.

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

6. NIKLAS STENBERG

Bachelor of Laws

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

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

SYSTEMS FOR INTERNAL CONTROL AND RISK MANAGEMENT IN FINANCIAL REPORTING

INTERNAL CONTROL

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

CONTROL ENVIRONMENT

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

RISK ASSESSMENT

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

CONTROL ACTIVITIES

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

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

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

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

INFORMATION AND COMMUNICATION

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

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

ASSESSMENT

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

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

INTERNAL AUDITING

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