

**BERGMAN & BEVING**

**ANNUAL REPORT**  
**2017/2018**

**17 & 18**



# Contents

- 1** President's statement
- 2–3** Vision, business concept, objectives and strategies
- 4** Acquisitions
- 5** Division: Building Materials
- 6–7** Division: Workplace Safety
- 8** Division: Tools & Consumables
- 9–12** Sustainability Report
- 13–14** The share
- 15–23** Administration Report with Corporate Governance Report
  - 24** Consolidated income statement
  - 24** Consolidated statement of comprehensive income
  - 25** Consolidated balance sheet
  - 26** Consolidated statement of changes in equity
  - 27** Consolidated cash-flow statement
  - 28** Parent Company income statement
  - 28** Parent Company statement of comprehensive income
  - 29** Parent Company balance sheet
  - 30** Parent Company statement of changes in equity
  - 30** Parent Company cash-flow statement
- 31–32** The Group's risks and uncertainties
- 33–66** Notes
  - 67** Proposed appropriation of profit
- 68–70** Auditor's report
  - 71** Auditor's opinion regarding the statutory sustainability report
  - 72** Board of Directors
  - 73** Group management and auditors
- 74–75** Ten-year summary
  - 76** Calculation of performance measures and definitions
  - 77** Definitions

This Annual Report describes the operations of Bergman & Beving AB and the financial results for 2017/2018, and includes a Corporate Governance Report and Sustainability Report. The statutory Annual Report comprises pages 16-67. Comparisons given in brackets pertain to the corresponding amount from the preceding year. The statutory Sustainability Report in accordance with the Swedish Annual Accounts Act can be found on pages 9-12.

This Annual Report is in all respect a translation of the Swedish original Annual Report. In the event of any differences between this translation and the Swedish original, the latter shall prevail.

REVENUE AMOUNTED TO

**MSEK**  
**3,833**

EBITA  
AMOUNTED TO

**MSEK**  
**224**

RETURN ON  
WORKING CAPITAL

**20%**

EARNINGS PER SHARE  
AMOUNTED TO

**SEK**  
**5.70**

NO. OF EMPLOYEES

**1,028**

PROPOSED  
DIVIDEND PER SHARE

**SEK**  
**2.50**

# President's statement

After a weak beginning, the trend turned in the second half of the year, with strengthened operating margins in the last two quarters. The Group had an eventful year with major changes, and we are now aiming for improved earnings.

## An eventful year, with a new strategic direction

We noted varying signals from our main markets during the year. Demand from industrial customers in the Nordic region remained favourable, while the construction market slowed, mainly due to a decline in new residential construction. Nevertheless, we maintained our market share and strong position. As expected, sales to the TOOLS chain declined following the implementation of changes in our supplier agreements for goods for resale, which were previously invoiced through Bergman & Beving. Sales to other industry-related customers developed positively. The phase-out of volumes with lower margins and a steady increase in the share of strong proprietary product brands created the necessary conditions to improve our margins. Sales of proprietary product brands currently account to more than 60 percent of the Group's total revenue.

It is particularly satisfying to note that the Workplace Safety division is developing positively, achieving better earnings than in the preceding year with a gradual strengthening of its operating margin during the year.

Momentum Group was distributed to the shareholders during the first quarter, and at the same time the work on restructuring the distribution business intensified in order to adapt the operations to the new conditions as an independent company. These measures were supplemented with efficiency-enhancement initiatives in other parts of the operations to restore profitability as quickly as possible. The development of the Group in accordance with our strategy of focusing on strong product brands has begun, and several units with independent brands were established during the year. At the same time, our portfolio of proprietary brands was strengthened through initiatives related to product development, marketing and sales. The logistics operations of our subsidiary Luna were outsourced to an external logistics partner. This new, automated logistics solution creates the conditions for improved efficiency and better quality.

The strategy of growing through acquisitions continued during the year, with four completed acquisitions, where of two after the end of the financial year. Together, these acquisitions contributed a business volume of approximately MSEK 400 and added about 200 employees.

After an eventful year with a new strategic direction and significant restructuring, we have created good conditions for continued development. A natural next step is to further enhance our corporate culture and value base which emanate from responsibility, freedom and simplicity. We continue to think long-term regarding investments in innovation, sales and new markets.

## The future

Our portfolio of product brands is strong, and the sales and marketing initiatives of our leading brands are positively received in the market. Improved profitability remains high on the agenda, and by continuing to work on increasing our share of proprietary product brands, we are creating the right conditions for improved margins. Our long-term goal is to achieve 70 percent proprietary



product brands. Another example of our efforts to increase our business strength and improve our profitability is to reduce the complexity by continued work to divide the operations into several independent, specialised and profitable units. In the same time, our strong financial position means we can continue to pursue an active acquisition agenda. All in all, the situation gives me a strong sense of faith in the future.

In conclusion, I would like to take this opportunity to extend my sincere thanks to all of our dedicated employees for your hard work and handling of the changes during the year. I would also like to thank our customers and business partners for continuing to believe in us. I look forward to an exciting new operating year together with you all, with many interesting business opportunities ahead of us in 2018/19.

**STOCKHOLM  
JUNE 2018**

A handwritten signature in blue ink, consisting of stylized initials 'P' and 'B' followed by a long horizontal line.

**Pontus Boman , CEO**

# Vision, business concept, objectives and strategies

Responsibility, freedom and simplicity are important concepts in Bergman & Beving's values. Based on these values, our aim is to build a company marked by a willingness to change and faith in the future.

## Vision

Our vision is to be – and be perceived – as northern Europe's leading supplier of brands to the construction and manufacturing sectors.

For us, "leading" entails both a strong market position and an ability to deliver a high level of growth and profitability. For our brands, this vision means that their market position is to be among the top three in their selected niche in their main markets.

## Business concept

Bergman & Beving develops, acquires and provides strong brands for the manufacturing and construction sectors.

## Financial targets

Bergman & Beving's financial targets are to achieve average earnings growth of more than 15 percent per year over a business cycle and a performance measure for returns in which operating profit (P) in relation to working capital (WC) exceeds 45 percent (P/WC). These targets provide the conditions for each individual profit unit, and in practice mean that we double our earnings every five years. The performance measure for returns means that we aim to achieve both a high level of earnings and a low level of tied-up capital, which will provide us with strong opportunities for a positive cash flow and long-term profitable growth.

## Strategies

### Brands and innovation

Bergman & Beving is built on companies with strong individual brands that differentiate themselves through a high brand recognition and preference among selected target groups. Innovations and products with a high level of quality are important components in this strategy, as is owning proprietary product specifications, certificates and approvals. We focus on both new production innovations and continual improvements of existing concepts

in order to best meet the needs of our target groups. Through these initiatives, we gradually increase the share of sales generated by products launched less than five years ago.

## Sales and marketing

Bergman & Beving is a product and innovation-driven company with a strong focus on sales and marketing. We also have a relatively high share of our employees working in these fields. We work in close proximity to our resellers and end users in order to better understand their needs so as to find new solutions that create clear value for them. Proximity to our customers thus yields a higher rate of return on our development initiatives.

## Acquisitions

Bergman & Beving achieves its growth targets through both organic improvements and acquisitions. Our divisions are expected to expand and advance their market or product positions in selected segments where we see opportunities to achieve a sustainable leading market position. We also carry out smaller supplementary acquisitions that can further strengthen the market positions of our existing companies. We endeavour to acquire product and brand-owning companies that have strong earning capacity.

## Corporate culture

Bergman & Beving's values and culture are based on genuine entrepreneurship and business acumen. We work to develop strong brands, find new solutions and build long-term relationships with both customers and suppliers. Our shared values are based on responsibility, freedom and simplicity in our work. In practice, this means a large measure of decentralisation in our various profit units, in which employees prioritise initiatives and take decisions as close to their customers and market as possible. Our employees and their competence are an important precondition for continuing to develop new and existing business. By continually focusing





## VALUE CHAIN



on our competence provision, we ensure that our employees have a high level of competence in their fields of operation.

**Our values and corporate culture can be summarised through the key phrases:**

- Responsibility and freedom
- Simplicity and efficiency
- Openness and willingness to change

**Business model**

Simply put, the value chain in the industry consists of three parts: suppliers, resellers, and direct and indirect end customers. Bergman & Beving acts as a supplier in the value chain, offering products and solutions in collaboration with various reseller channels to the end customers, primarily professional users within the construction and manufacturing sectors. Bergman & Beving has a small share of own production, and thus mainly collaborates with external producers.

As a supplier, Bergman & Beving offers a portfolio of strong brands in which the share of proprietary product brands currently accounts for approximately 60 percent of total sales. The offering consists of high-quality innovative products supplemented with a high degree of skill and various types of product information. The share of sales conducted through digital channels is steadily increasing, which is why we continuously develop our product information and digital interface so as to support our various business partners and simplify the use of our products for end customers. To support and simplify in-store sales, Bergman & Beving offers training, technical sales support and store concepts.

The subsidiaries in Bergman & Beving work pro-actively with marketing in contact with end users. These initiatives increase brand strength, thereby supporting sales through reseller channels. Our employees maintain a close dialogue and relationships with various professional groups among our end users, and provide active advice concerning our solutions and areas of application.



# Acquisitions

Acquisitions are a crucial component of Bergman & Beving's strategy. We are always looking for companies interested in developing with us.

We continuously keep our eyes open for entrepreneurs, business leaders and owners of companies with strong premium brands, successful production concepts or other strong elements of product ownership where there is potential to take leading positions. We also carry out smaller supplementary acquisitions that can further strengthen the market positions of our existing companies. Bergman & Beving is a long-term owner with the strength and experience to persevere in further developing the companies we acquire.

Newly acquired companies bring us into new product markets and add various strategic advantages. Perhaps most important of all is that they provide us with competent employees with a strong sense of entrepreneurship. Bergman & Beving is a financially strong, well-established and committed owner with clear objectives and tools for promoting the sustainable development and profitability of the companies we believe in.

## Each acquisition is unique

Through the years, Bergman & Beving has acquired and integrated numerous companies. Each time, we put together a team that analyses the acquisition target based on a range of operational, financial and legal criteria. One part of the process, which should not be underestimated, is to establish mutual trust between the seller and us as the buyer. The goal of all acquisitions is for the new company to contribute to the Group's short and long-term profitability and to offer healthy growth prospects.

## Why sell to Bergman & Beving?

We firmly believe that business decisions should be taken as closely to the operations as possible. One consequence of this is that the management of each company has considerable freedom but also bears a large responsibility to continue to independently develop the company. In practice, this means that our subsidiaries are driven by clear objectives with a high degree of independent decision-making and flexibility. Acquired companies can thus retain their independent identity and their business acumen, while Bergman & Beving adds financial strength, financial governance models and support in certain niche areas, such as finance, law and marketing.

Our experience is that many privately owned companies are attracted by our model and think it is an excellent combination of the advantages of an independent company with those of a large corporate group.

## We are looking for companies with:

- Profitability and growth potential
- Strong brands with clear product ownership
- High competence and technological content
- A proven business model



## DIVISION **Building Materials**

### Market leader in fastening technology and fire sealing.

The Building Materials division primarily develops input products for the construction sector. The division contains two independent brands: ESSVE and FireSeal, both with leading positions in their respective home markets. Together, the product brands account for approximately 90 percent of the division's total revenue.



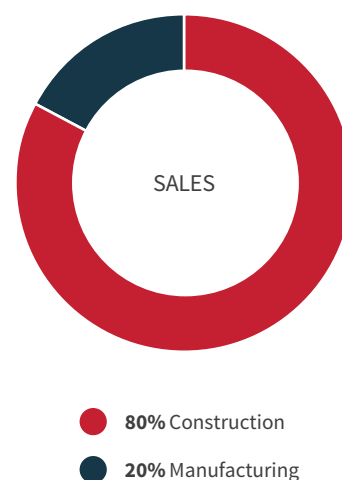
### FIGURES FOR 17/18

REVENUE  
**MSEK 1,009**

EBITA MARGIN\*  
**9.3 %**

EBITA\*  
**MSEK 94**

NO. OF EMPLOYEES  
**196**



#### ESSVE

ESSVE has the industry's broadest range of fastening products for the construction market, and customised fastening solutions for the manufacturing industry. For customers in construction, ESSVE has a comprehensive product offering of construction fasteners as well as services such as technical consulting, training, dimensioning support and logistics. When it comes to the manufacturing industry, product development takes place in close collaboration with the customer, which results in a complete and customised product solution that includes automated integration into customers' manufacturing processes.

The ESSVE brand is closely associated with innovation. Product and service development are pursued based on insight into customer needs and behaviours, and daily development work is characterised by collaboration among the company's engineers, end users, external institutes and consultants.

**Revenue:** approximately MSEK 950

**Primary markets:** Nordics, Baltics, Poland and China

#### FireSeal

FireSeal was founded just over 40 years ago, with a focus on fire sealing for Swedish nuclear power plants. From this platform, the company has developed successful operations over the years. FireSeal offers soft fire sealing systems for penetrations of piping and cables, targeted at customers in the marine and offshore sectors as well as the construction sector.

FireSeal operates globally in the marine and offshore sectors, offering system solutions for various kinds of fire sealing needs, construction materials and types of penetrations. In the construction sector, FireSeal has a leading position in the Swedish market, and is also established in several northern European markets.

**Revenue:** approximately MSEK 50

**Primary markets:** Northern Europe, China, South Korea and the US



\* Excluding items affecting comparability.



## DIVISION **Workplace Safety**

### Industry experts in workplace safety.

The Workplace Safety division develops products and services in workplace safety, and is one of the Nordic region's leading suppliers to the manufacturing and construction sectors. The division contains five independent product brands that account for approximately 70 percent of the division's total revenue. The brands are specialised in various areas of workplace safety; together, they offer comprehensive protection solutions for the user.



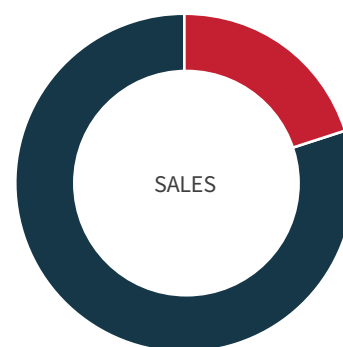
### FIGURES FOR 17/18

REVENUE  
**MSEK 1,317**

EBITA MARGIN\*  
**8.1 %**

EBITA\*  
**MSEK 107**

NO. OF EMPLOYEES  
**322**



- 20% Construction
- 80% Manufacturing

The division's geographic market is primarily the Nordic region and northern Europe. The division has operations in more than 15 countries. The companies in the division determine which markets have the greatest potential for growth based on their respective product offerings.

#### Guide

Guide, a market leader in the Nordic countries in protective and work gloves for the manufacturing and construction sectors, specialises in developing, selling and marketing a complete range of flexible, high-quality gloves. Guide develops its product and service offering in close collaboration with the end users. This ensures that the products meet the requirements for safety, protection, function, economy, environmental impact and ergonomics.

**Revenue:** approximately MSEK 300

**Primary markets:** Nordics, Poland, Germany, the Netherlands, Belgium and Baltics

#### Arbesko

Arbesko is a leading supplier of protective and work shoes for the manufacturing and construction sectors. The products represent excellent quality, with the strictest possible requirements for comfort and ergonomics. Arbesko carries out research, development and manufacturing in Kumla, Sweden. This is because Swedish customers, owing to many years of workplace protection legislation, place the strictest possible requirements on the company and its products. With its 180-year history, Arbesko is uniquely positioned to continue developing Swedish shoemaking traditions and innovative products.

**Revenue:** approximately MSEK 200

**Primary markets:** Sweden, Norway, the Netherlands and Belgium



**ARBESKO**  
Skomakare sedan 1839



\* Excluding items affecting comparability.



**Cresto**

Cresto is a market leader in the Nordic region, developing fall protection solutions for professionals working at heights in the energy, manufacturing and construction sectors. Since industrial climbers use Cresto's products at heights in extreme environments as part of their daily work, the company's fall protection is subject to much stricter requirements than simply being able to withstand a load. Cresto's solutions provide users with the best safety, ergonomics and flexibility. The company is defined by a passion for work at heights, and many of its employees have a background as active climbers. A significant portion of its operations comprises services such as training, maintenance and installation.

**Revenue:** approximately MSEK 150

**Primary markets:** Nordics

**Zekler**

Zekler develops innovative, high-quality technical solutions for eye protection, hearing protection and respiratory protection. Zekler's product range consists of protective eyewear, hearing protection and respiratory protection equipment. The company devotes considerable focus to fit, user friendliness and modern design in order to ensure that daily use of technical protection functions as well as possible for professional users.

**Revenue:** approximately MSEK 100

**Primary markets:** Nordics

**L.Brador**

L.Brador develops designer premium clothing for craftsmen. With a strong focus on innovation in terms of function, fit and design, L.Brador challenges the traditional workwear brands. L.Brador has attracted considerable interest as an innovative newcomer to the industry, having revolutionised the construction sector in 2012 by offering stretch material in its work trousers. In its development process, the company always looks for the best, most innovative material and collaborates with premium suppliers such as 3M, Cordura and DuPont.

**Revenue:** approximately MSEK 200

**Primary markets:** Sweden, Norway, the Netherlands and Belgium

**Skydda**

Through Skydda, the Nordic region's leading knowledge company in workplace safety, companies and users in the manufacturing and construction sectors are offered comprehensive solutions to fulfil their work environment responsibilities easily and safely. With in-depth knowledge of workplace safety combined with services, training and a selection of premium products from leading brands, the company creates market-leading comprehensive solutions that make the customer's daily work easier, safer and more profitable.

**Revenue:** approximately MSEK 650

**Primary markets:** Sweden, Norway and Finland



## DIVISION **Tools & Consumables**

### A complete toolbox for professionals.

Tools & Consumables is the Nordic region's leading supplier of high-quality tools and machinery. The division contains the independent Teng Tools brand of hand tools, the Limit measuring tools brand and the distributor Luna, with its broad product and brand portfolio. The share of proprietary product brands totals 30 percent.



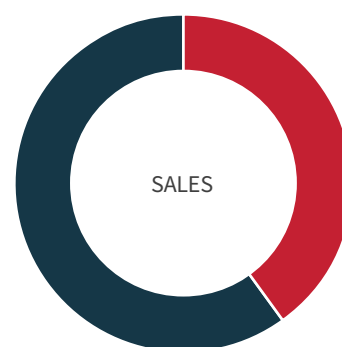
### FIGURES FOR 17/18

REVENUE  
**MSEK 1,504**

EBITA MARGIN\*  
**1.9 %**

EBITA\*  
**MSEK 29**

NO. OF EMPLOYEES  
**322**



● 40% Construction  
● 60% Manufacturing

#### Teng Tools

Teng Tools offers premium hand tools in stationary and mobile storage solutions, with a focus on efficient organisation and order. The product range is continually being developed to meet users' needs and increased demands for quality and efficiency. The target groups are industrial workers in light industry and mechanics in car repair shops and engineering workshops that perform construction or repair work.

**Revenue:** approximately MSEK 250

**Primary markets:** Nordics, the UK, Benelux and New Zealand

#### Limit

Limit offers a complete product range of measuring tools for professional users in climate, workshop and inspection. Currently, Limit is the only brand on the market that has products in all categories of measurement technology: industry, electricity, climate, environment, laser, scales and inspection. Its offering is characterised by a focus on product usability based on operator needs.

**Revenue:** approximately MSEK 50

**Primary markets:** Nordics, Poland and Spain

#### Luna

Luna offers the market's broadest product range of tools and machinery for professional users in industry, construction and public sector operations. As a value-creating link between suppliers and resellers, Luna offers a high degree of availability with an offering that includes over 100,000 products from 500 strong brands. Leading brands are supplemented with proprietary products in selected niches, such as workplace lighting with the Mareld brand and electric hand tool accessories with the Luna brand.

**Revenue:** approximately MSEK 1,200

**Primary markets:** Nordics, Poland and Baltics



\*Excluding items affecting comparability.



# Sustainability – corporate responsibility

Bergman & Beving has prepared a Sustainability Report for the 2017/2018 financial year covering the Parent Company, Bergman & Beving AB (publ), Corporate Registration Number 556034–8590, and its subsidiaries. Bergman & Beving aims to assume corporate responsibility and for all of its brands to promote a sustainable environment. The Group's work to achieve this goal is presented in this Sustainability Report. At the time of signing the annual report for 2017/2018, the Board has also approved the Sustainability Report.

During the year, Bergman & Beving increased its focus on sustainability and how its operations can promote a safe and sustainable environment throughout the supply chain, from product development to a satisfied customer using its products. For Bergman & Beving, corporate responsibility means that its products are to enable growth and development among its customers, employees, suppliers and owners.

Based on its business model, the Group has conducted a stakeholder analysis to define the sustainability goals where the Group is deemed to have the greatest possibility of implementing development initiatives and impacting outcomes. A selection of customers, suppliers and employees were asked to describe the areas they thought should be prioritised. The aggregate results from the stakeholders' and management's priorities form the basis for the materiality analysis. Based on the analysis and strategic priorities, management has formulated the Group's sustainability goals and structured a framework with focus areas deemed to be of material significance to the Group's long-term success and growth. The focus areas apply across the entire Group, and the respective divisions can implement unit-specific goals in addition to the Group-wide focus areas. The section "The Group's risks and uncertainties" provides an overview of how the Group manages identified risks.

Bergman & Beving has analysed how the UN's Agenda 2030 Sustainable Development Goals can be linked to its operations, and has identified which goals are most relevant for the Group. Group management has selected Gender equality, Decent work and economic growth, Responsible consumption and production and Climate action as the most relevant sustainability goals based on the UN's definitions.

## Framework for the focus areas

Bergman & Beving has established a framework to achieve the strategic goal of offering leading brands for a safe and sustainable environment.

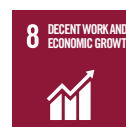
## FACTS

### GLOBAL SUSTAINABILITY GOALS

Bergman & Beving has analysed how the UN's Agenda 2030 Sustainable Development Goals can be linked to its operations, and has identified which goals are most relevant for the Group.



Bergman & Beving operates in a male-dominated industry, and can therefore make a major difference with respect to diversity and equality.



The Group's operations and products promote positive working conditions and economic growth.



Production has a negative impact on the environment. Through active work in requirement specifications and production, we can reduce this impact on the environment.



The climate is one of the most decisive issues of our time. Through smart transportation and energy solutions, we can drastically reduce this impact.



**FOCUS AREAS FOR ACTION****GOALS****EMPLOYEES**

Attract and develop employees. The well-being of employees is important, and everyone should feel good at work. Work environment with the highest possible level of safety. Employee skills development is important for profitable growth.

**SUSTAINABLE VALUE CHAIN**

Responsible purchasing that complies with the Group's values with respect to business ethics, human rights, prohibitions on child and forced labour, and equitable working conditions.

**MATERIALS AND WASTE**

Recycling and/or reuse of material and raw materials processing. Resource efficiency and circular flows.

**EQUALITY AND DIVERSITY**

An inclusive work climate where differences are utilised and where all employees have equal opportunities. Diversity enriches us.

**PRODUCT PORTFOLIO**

Customers should be able to choose sustainable and safe products. Innovative product development helps to create a sustainable product portfolio in terms of design, materials selection, manufacturing and use. Products are safe to use and correctly labelled.

**ENVIRONMENT**

Minimize emissions from transport and increase the share of renewable energy in properties.

**Employees**

Bergman & Beving's greatest asset is its employees and their expertise, whose commitment and actions are an important prerequisite for continuing to develop new and existing business. The Group makes use of its employees' interest in their own professional development within the operations, which also promotes an internal leadership supply. The Group takes a positive view toward internal recruitment, and the majority of employees with managerial responsibilities in the Group began their career in one of the subsidiaries. Commitment and employee satisfaction are monitored through regular employee surveys.

Through these surveys, the Group gains an understanding of its employees' attitudes towards their tasks as well as creating a link between employees' well-being, attitudes and values and the requirements for earnings performance from our owners.

Bergman & Beving's employee philosophy focuses on being an attractive employer with a workplace where people enjoy working, feel they are involved and can develop. Bergman & Beving wants its employees to feel that their work allows them to develop and is enjoyable, and that going to work is a pleasure. We have chosen to monitor the employee index (EI), which is a measure of commitment. Some of the EI's indicators are the balance between management and employees, involvement in the development of operations, and whether there is a work climate in which everyone has the same opportunities to contribute to a profitable, healthy and successful organisation. Bergman & Beving's goal is to have an EI of over 75 percent, where an EI of over 70 percent is an acceptable level.

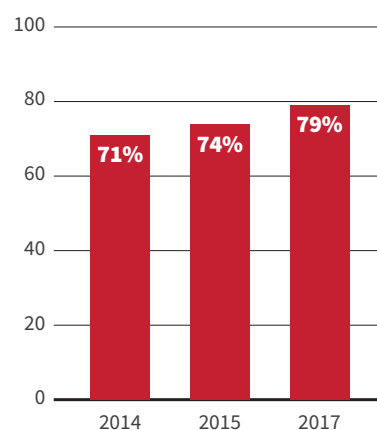
The EI for 2014 and 2015 refer to the former B&B TOOLS AB, while 2017 refers to Bergman & Beving AB, although the latter is limited to the Building Materials and Workplace Safety Nordic divisions. The split of the Group and listing of Momentum Group means that Tools & Consumables and Logistics have undergone necessary restructuring and were therefore not included in the EI measurement. Certain definitions were refined between the 2014 and 2017 measurements in order to monitor the development of the operations. The 2017 results, with an EI of 79 percent, indicate an increase in all index areas, with the higher score for management setting the tone.

**Sustainable value chain**

Having a sustainable value chain involves responsible purchasing that complies with the Group's values in terms of business ethics, human rights, prohibitions on child and forced labour, and equitable working conditions.

To achieve the Group's environmental, financial and social goals, a Supplier Code of Conduct has been developed and implemented. The Code imposes requirements on suppliers to respect fundamental human rights and to treat their labour force fairly and with respect. The suppliers must also ensure that their sub-suppliers, contractors and agents act in accordance with Bergman & Beving's Code of Conduct and assess their performance in relation to this Code. It is important to the Group that its business partners meet its expectations, and that every supplier signs and confirms that they will observe Bergman & Beving's Code of Conduct. Audits are conducted regularly, by both external consultants and internal personnel, to ensure that the Group's suppliers are meeting its expectations. The Group conducted 146 audits during the operating year, spread among the various divisions.

EMPLOYEE INDEX, %





### Example: Life cycle of protective and work shoes

Arbesko is one of the strongest brands in the market for premium protective and work shoes for professional users. Customers demand a shoe that offers safety, protection, a user experience and ergonomics. Arbesko conducts its own product development; the shoes are Swedish-made in Kumla, at Sweden's only shoe factory. Arbesko has chosen to own its manufacturing unit so as to have control over production, work environment and quality.



### Materials and waste

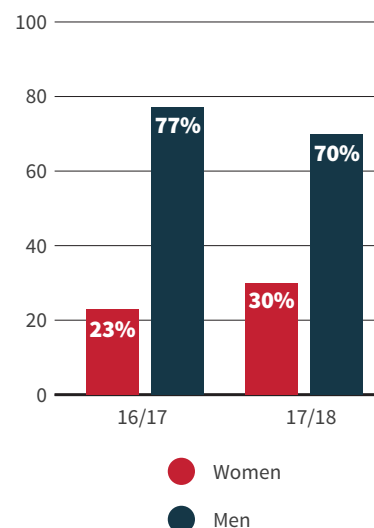
Bergman & Beving works to limit the environmental impact of its operations. The focus in this area is increased resource efficiency, circular flows, and recycling and reusing more material and raw material. A new KPI has been developed to measure consumption of packaging and packing materials, and will be reported next year.

### Equality and diversity

Bergman & Beving aims to offer an inclusive work climate where all employees have equal opportunities, differences are utilised and the attitude is that diversity enriches us. To provide customers with the best service possible, it is important to build competent teams and have leadership that reflects the values of both the Group and society.

Bergman & Beving operates in a male-dominated industry, and the share of women employees totals 30 percent; the Group aims to achieve a better balance in this respect. From the 2016/2017 operating year, which relates to B&B TOOLS, to the 2017/2018 operating year, which relates to Bergman & Beving, the relative share of women in the Group has increased. Bergman & Beving has set as its initial goal that the proportion of women managers is to reflect the proportion of women employees in the Group. The first measurement, taken in March 2018, showed that the proportion of women executives in Sweden totalled 18 percent, with the proportion of women executives among various

SHARE OF WOMEN/MEN,  
TOTAL NO. EMPLOYEES



companies ranging between 0 and 44 percent. Going forward, this measurement will be expanded to apply to the entire Group.

A number of initiatives are being taken to increase the proportion of women in the Group. These initiatives are also expected to impact the proportion of women executives, who can be recruited both internally and externally. The initiatives include, for example, formulating job announcements and including a woman among the final candidates during recruitment.

Bergman & Beving takes a firm stance against sexual harassment; during the year, the Group took measures to increase awareness of its values and policies among all employees.

### Product portfolio

Bergman & Beving's customers should be able to choose safe, sustainable products, and the Group is able to offer a broad portfolio of premium brands. The Group's innovative product development helps to create a sustainable product portfolio in terms of design, materials selection, manufacturing and use. Products should be safe to use and correctly labelled. The development and positioning of the proprietary product and brand portfolio is expected to fuel growth and profitability in the future. The goal is that 20 percent of revenue should come from new product launches.

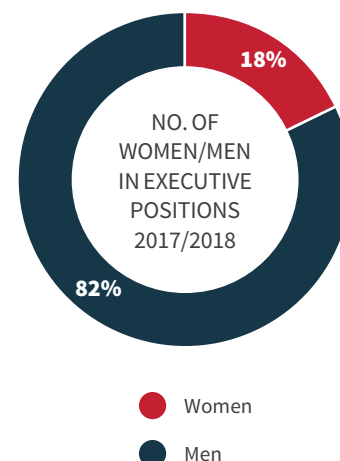
The share of revenue from products launched over the last three years has changed from 7.5 percent in 2015/16 to 12.9 percent in 2017/18. Product development enabled an increase in revenue from proprietary brands within Bergman & Beving. Proprietary brands represent a large share of revenue, totalling approximately 60 percent during the latest operating year. The goal is that 70 percent of total revenue should come from proprietary brands.

### Environment

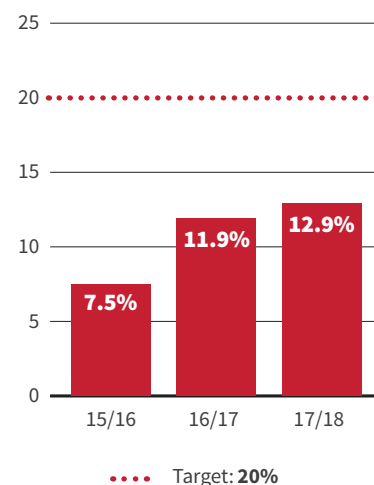
Bergman & Beving's operations are built on a large share of purchasing occurring in Asia, which is then shipped to the Group's central warehouses in Sweden and from there on to the customers. Efficient transport solutions therefore have a major effect on the Group's total emissions. The Group has selected ships as the means of transport between continents. The containers loaded onto the ships should achieve a certain coefficient of fullness in order to be efficient, as regards both costs and reducing emissions. The Group's coefficient of fullness for incoming freight amounts to a yearly average of 72 percent. In a comparative study with 11 comparable operations, the units with the lowest average outcome had a coefficient of fullness of 67 percent, and the units with the highest outcome 84 percent. Bergman & Beving's goal for its purchasing structure and product mix is to have a coefficient of fullness of 80 percent. L.Brador, for example, improved its coefficient of fullness during the year. By consolidating production to fewer suppliers, the company could increase its volumes and thereby its coefficient of fullness. The company is also developing partnerships with its suppliers, for example, by waiting a few days to bundle different orders that are completed at different points in time.

The coefficient of fullness is also measured on all transports leaving the Group's central warehouse in Ulricehamn, where deliveries to customers go by truck. Currently, there is a monitoring target of 57 percent coefficient of fullness for outgoing freight, which pertains to all aggregate deliveries leaving Ulricehamn. The outcome for the 2017/18 operating year was 57 percent.

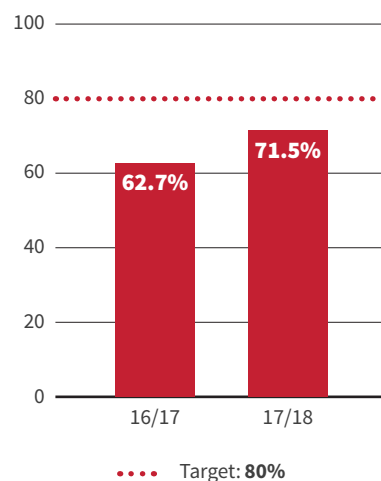
The Group is able to influence the environmental impact of its own premises by choosing renewable energy from suppliers as well as through specific activities that reduce consumption. Since 1 January 2018, the electricity in the Group's Swedish properties has come from renewable sources. The work on reducing electricity consumption is continuing.



SHARE OF REVENUE FROM NEW PRODUCTS, %



COEFFICIENT OF FULLNESS, INCOMING FREIGHT





# The Bergman & Beving share

The Bergman & Beving Class B share has been listed on the Stockholm Stock Exchange since 1976. The Company's market capitalisation as of 31 March 2018 was MSEK 2,409.

Bergman & Beving's Class B share is currently listed on the Mid Cap list under the ticker BERG-B. During the year, the share fell 41 percent after the distribution of Momentum Group to the shareholders; at the end of the operating year, Bergman & Beving had a market capitalisation of MSEK 2,409.

## Trends in 2017/2018

During the operating year, Bergman & Beving distributed the shares in Momentum Group to its shareholders. The first trading day for Bergman & Beving (excluding Momentum Group) was 21 June, and the closing price was SEK 143.75. The closing price on 31 March 2018 was SEK 84.70.

## Share capital

As of 31 March 2018, the share capital amounted to MSEK 57. The total number of shares was 28,436,416, of which 1,062,436 were Class A shares and 27,373,980 were Class B shares. Each Class A share entitles the holder to ten votes and each Class B share to one vote. Only the Class B share is listed on the Stockholm Stock Exchange.

The total number of shares remained unchanged during operating year 2017/2018.

## Repurchase of own shares

Bergman & Beving's Class B shares held in treasury as of 31 March 2018 amounted to 1,426,706 (184,300), corresponding to 5.0 percent of the total number of shares and 3.8 percent of the total number of votes. Of the total number of shares held in treasury, 329,000 Class B shares are reserved to cover the Company's obligations to the holders of call options for repurchased Class B shares issued by Bergman & Beving.

As of 31 March 2018, Bergman & Beving had two outstanding call option programmes totalling 329,000 Class B shares. The pro-

grammes are targeted at some 15 senior managers in the Group. The redemption price for call options issued in connection with the share-based incentive programme for 2014 was SEK 104.10 and the redemption period was from 9 September 2017 until 8 June 2018, inclusive.

The redemption price for call options issued in connection with the share-based incentive programme for 2017 is SEK 118.10 and the redemption period is from 14 September 2020 until 11 June 2021, inclusive.

For further information regarding the terms of the share-based incentive programmes, refer to Note 5 on page 41-43.

## Dividend

The Board of Directors' proposal for the dividend for the 2017/2018 operating year is SEK 2.50 (5.00\*) per share, corresponding to a total of MSEK 71 (141\*). The pay-out ratio is 44 percent (60) of earnings per share. Over the past ten years (since 2008/2009), the average pay-out ratio, including the proposed dividend for the year, amounted to approximately 41 percent of earnings per share.

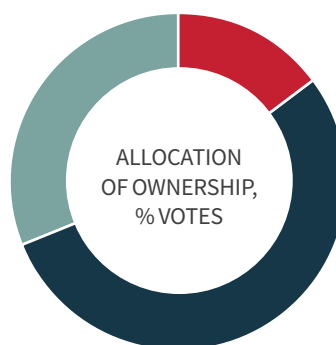
## Ownership structure

As of 31 March 2018, Bergman & Beving had 6,316 shareholders (5,452). Institutional investors, such as mutual funds, insurance companies and pension funds in Sweden and abroad, own approximately 77 percent (79) of the total number of shares. The proportion of foreign ownership is approximately 20 percent (31) of the total number of shares. The table below shows the ownership structure on 31 March 2018.

\* Dividend for the 2016/2017 financial year refer to the former B&B TOOLS, where both Bergman & Beving and Momentum Group's operations were included. In addition to the cash dividend the Momentum Group AB was distributed to the shareholders.

## SHARE DATA

Listing:	Nasdaq Mid Cap list
Ticker:	Berg B
Sector classification:	Industrial Goods & Services
ISIN Code:	SE0000101362



- 14.8% Foreign owners
- 54.3% Swedish private individuals and companies
- 30.9% Swedish institutions

Classes of shares as of 31 March 2018<sup>1)</sup>

	No. shares	Proportion of	
		capital	votes
Class A shares	1,062,436	3.9%	29.1%
Class B shares	27,947,274	96.1%	70.9%
	<b>27,009,710</b>	<b>100%</b>	<b>100%</b>
Repurchased Class B shares	1,426,706		
<b>Total number of shares outstanding</b>	<b>28,436,416</b>		

1) Source: Euroclear Sweden.

Ownership structure as of 31 March 2018<sup>1)</sup>

Holding	Owners		Shares	
	Number	% of total	Number	% of total
1– 500	4,714	74.6%	608,317	2.1%
501–1,000	677	10.7%	557,583	2.0%
1,001–5,000	602	9.5%	1,372,430	4.8%
5,001–10,000	117	1.9%	862,189	3.0%
10,001–50,000	136	2.2%	2,869,826	10.1%
50,001–100,000	23	0.4%	1,821,975	6.4%
100,001–	47	0.7%	20,344,096	71.5%
<b>Total</b>	<b>6,316</b>	<b>100.0%</b>	<b>28,436,416.0</b>	<b>100.0%</b>

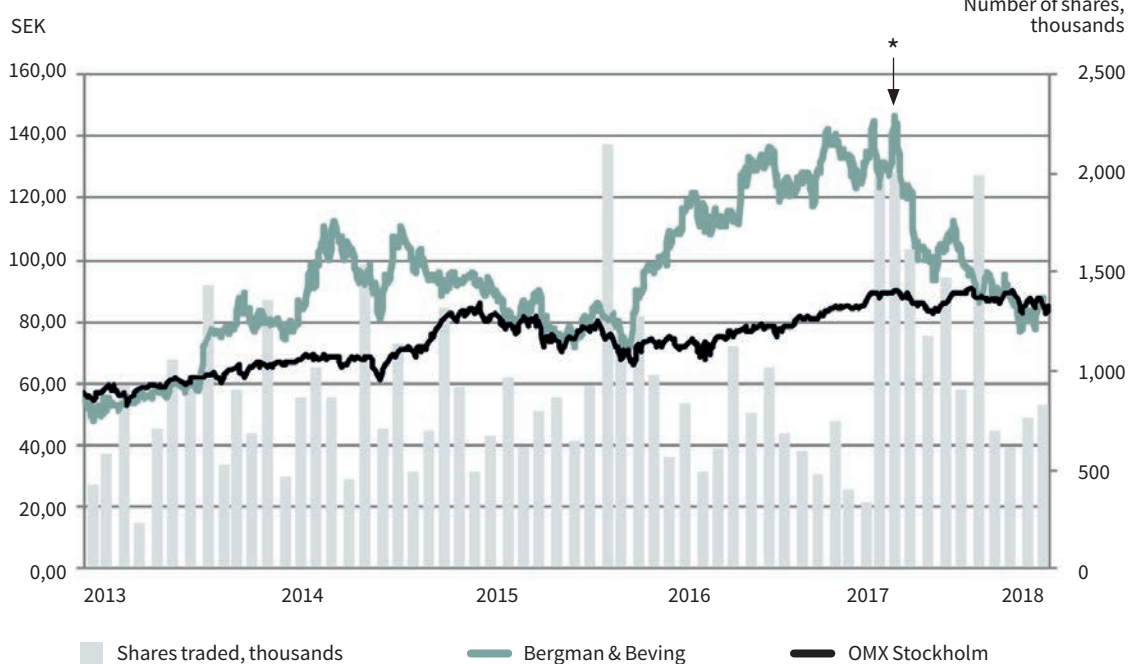
1) Source: Euroclear Sweden.

Major shareholders as of 31 March 2018<sup>1)</sup>

	No. of		% of	
	Class A shares	Class B shares	Capital	Votes
Anders Börjesson (with family/companies)	487,110	1,066,843	5.8%	16.2%
Hedelius, Tom	484,386	0	1.8%	13.2%
Swedbank Robur Funds		2,971,496	11.0%	8.1%
SEB Investment Management		1,609,234	6.0%	4.4%
Handelsbanken Pensionsstiftelse & Pensionskassa		1,500,000	5.6%	4.1%
Handelsbanken Funds		1,405,000	5.2%	3.8%
Fourth AP Fund		1,391,290	5.5%	3.8%
Sandrew Aktiebolag		800,000	3.0%	2.2%
Fidelity		625,315	2.3%	1.7%
MSIL IPB Client Account		540,254	2.0%	1.5%
Third AP Fund		535,150	2.0%	1.5%
SSB Client Omnibus Ac Om07 (15 Pct)		478,941	1.8%	1.3%
Cbny-Dfa-Int Sml Cap V		451,283	1.7%	1.2%
Nordenvall, Björn		435,000	1.6%	1.2%
Other	90,940	12,137,468	45.3%	35.7%
	<b>1,062,436</b>	<b>25,947,274</b>	<b>100.0%</b>	<b>100.0%</b>
Additional: Repurchased Class B shares		1,426,706	–	–
<b>Total</b>	<b>1,062,436</b>	<b>27,373,980</b>	<b>100%</b>	<b>100%</b>

1) Source: Euroclear Sweden.

## SHARE PRICE DEVELOPMENT 2013–2018



\* Distribution of Momentum Group AB to the shareholders.



# ANNUAL REPORT

<b>16–23</b>	Administration Report with Corporate Governance Report
<b>24</b>	Consolidated income statement
<b>24</b>	Consolidated statement of comprehensive income
<b>25</b>	Consolidated balance sheet
<b>26</b>	Consolidated statement of changes in equity
<b>27</b>	Consolidated cash-flow statement
<b>28</b>	Parent Company income statement
<b>28</b>	Parent Company statement of comprehensive income
<b>29</b>	Parent Company balance sheet
<b>30</b>	Parent Company statement of changes in equity
<b>30</b>	Parent Company cash-flow statement
<b>31–32</b>	The Group's risks and uncertainties
<b>33–66</b>	Notes
<b>67</b>	Proposed appropriation of profit
<b>68–70</b>	Auditor's report
<b>71</b>	Auditor's opinion regarding the statutory sustainability report

17/18

# Administration report

## with Corporate Governance Report 1 April 2017 – 31 March 2018

The Board of Directors and President & CEO of Bergman & Beving AB (publ), Corporate Registration Number 556034-8590, hereby submit the Annual Report and consolidated financial statements for the 1 April 2017–31 March 2018 financial year. The following Corporate Governance Report, income statements, balance sheets, statements of comprehensive income, statements of changes in equity, cash-flow statements and notes constitute an integrated part of the Annual Report and have been reviewed by the Company's auditors. The statutory Sustainability Report in accordance with the Swedish Annual Accounts Act can be found on pages 9–12.

Bergman & Beving is a Swedish listed group that develops, acquires and provides strong brands for professional users in the manufacturing and construction sectors. Bergman & Beving has approximately 50 independent subsidiaries in 14 countries. The Group's revenue amounts to approximately SEK 4 billion, with about 60 percent attributable to proprietary products and 40 percent to goods for resale. During 2017/2018, the Company was organised into three divisions: Building Materials, Workplace Safety and Tools & Consumables.

### PROFIT AND REVENUE PROFIT Profit

Revenue amounted to MSEK 3,833 (3,834). Measured in local currency and adjusted for the number of trading days, revenue rose by 3 percent. Revenue for comparable units, measured in local currency and adjusted for the number of trading days, decreased by -5 percent. Apart from the expected decrease in onward invoicing to the TOOLS chain, sales have increased.

### Revenue

The Bergman & Beving Group's operating profit amounted to MSEK 216 (258) for the financial year, corresponding to an operating margin of 5.6 percent (6.7). Adjusted for items affecting comparability, operating profit totalled MSEK 214 (258). The decline in earnings was mainly attributable to the change in the distributor operations and selective initiatives to strengthen the position of our leading brands.

Items affecting comparability attributable to the first quarter pertained to a reversal of the reserve for intra-Group gains of MSEK +75, restructuring expenses of MSEK -70 and distribution and listing expenses of MSEK -3. Operating profit was charged with depreciation and impairment losses of MSEK -14 (-11) on tangible non-current assets and amortisation and impairment losses of MSEK -11 (-6) on intangible non-current assets. Exchange-rate translation effects had an impact of MSEK +1 (+2) on operating profit. Net financial items amounted to MSEK -24 (-5) and

profit after financial items to MSEK 192 (253). Net profit totalled MSEK 158 (195), corresponding to earnings per share of SEK 5.70 (6.95).

### OPERATIONS

The year ended with additional steps in the right direction, resulting in a further improvement in earnings in the fourth quarter compared with the preceding year. The past year has been extremely eventful, with major changes, restructuring and a positive trend with respect to the operating margin for the two most recent quarters.

The year was characterised by varying signals from the Company's main markets during the quarter. Demand from industrial customers in the Nordic region remained favourable, while the construction market slowed toward the end of the year, mainly due to a decline in new residential construction. Demand for the Group's products is expected to remain stable since the decline in new residential construction has been offset by increases in other segments. As planned, demand from the manufacturing sector was impacted by lower sales to the TOOLS chain, where the Group is implementing a change in supplier agreements for goods for resale, which were previously invoiced onward via Bergman & Beving. Sales to other industry-related customers developed positively.

Overall, the share of proprietary brands continued to increase during the year and now amounts to 60 percent. The phaseout of products with low margins and a steady increase in the share of proprietary product brands created the necessary conditions for an improved margin. Following a weak first quarter, the Workplace Safety division reported a positive trend. Building Materials experienced declining demand during the third quarter, with a recovery noted in the final quarter of the year. The restructuring of Tools & Consumables continued, and the outsourcing of the subsidiary Luna's logistics was completed according to plan. Although delivery problems experienced in connection with the adjustment of the new logistics solution impacted the final quarter of the year negatively,

the situation improved considerably toward the end of the quarter. The restructuring work carried out during the year improved the overall conditions in the operations and is expected to have a positive impact on profitability during the next financial year.

The Group is continuing to pursue an active acquisition agenda and has good potential to carry out further transactions. The Workplace Safety division acquired Arbesko Gruppen AB (Arbesko). With its own product development and production operations in Sweden, Arbesko is one of the strongest brands of safety and work footwear in the Nordic region. In July, the Tools & Consumables division acquired UVECO AB, which markets a comprehensive range of tools for construction and ventilation sheet-metal workers. BVS Brannvernssystemer AS and Belano Maskin AB were acquired after the end of the quarter. The Building Materials division thus strengthened its position in passive fire protection, while Tools & Consumables improved its position in the attractive niche of construction and ventilation sheet-metal workers.

### Building Materials

The Building Materials division primarily develops input products for the construction sector. The division contains two independent brands: ESSVE and FireSeal, both with leading positions in their respective home markets.

Revenue for the full year amounted to MSEK 1,009 (1,004) and EBITA to MSEK 92 (119). Profit for the full year was impacted negatively by items affecting comparability of approximately MSEK -2.

### Workplace Safety

The Workplace Safety division develops products and services in workplace safety, and is one of the Nordic region's leading suppliers to the manufacturing and construction sectors. The division contains six independent brands that represent approximately 70 percent of the division's total revenue. The brands are specialised in various areas of workplace safety; together,



they offer comprehensive protection solutions for the user.

Revenue for the full year amounted to MSEK 1,317 (1,287) and EBITA to MSEK 103 (108). Profit for the full year was impacted negatively in an amount of approximately MSEK -9 due to items affecting comparability related to the restructuring of the operations.

### Tools & Consumables

Tools & Consumables is the Nordic region's leading supplier of high-quality tools and machinery. The division contains the independent Teng Tools brand of hand tools, the Limit measuring tools brand and the distributor Luna, with its broad product and brand portfolio.

Revenue for the full year declined by -3 percent to amounted to MSEK 1,504 (1,548) and EBITA amounted to MSEK 22 (66). Profit for the full year was impacted negatively in an amount of approximately MSEK -12 due to items affecting comparability related to the restructuring of the operations.

### Group-wide and eliminations

Group-wide expenses for the full year amounted to MSEK -7 (-33). The previously announced reserve for intra-Group gains was reversed during the first quarter and amounts to approximately MSEK +75. During the first quarter, a restructuring reserve of MSEK -48 and distribution and listing expenses of MSEK -3 were recognised in Group-wide. The reserve mainly pertained to the restructuring of the operations in the logistics unit as a result of Luna's agreement with an external logistics partner as well as a provision for unutilised premises. As a result of Luna's outsourcing to an external logistics partner, approximately 100 positions are being eliminated at the logistics unit in Ulricehamn. Most of the individuals concerned left the company during the year.

### Parent Company

The Parent Company's revenue amounted to MSEK 25 (40) and profit after financial items to MSEK 17 (95). These results include Group contributions, intra-Group dividends and corresponding items totalling MSEK -24 (96).

The Parent Company's balance-sheet total amounted to MSEK 2,863 (3,636), with equity accounting for 47 percent (61) of total assets. At year-end, cash and cash equivalents amounted to MSEK 0 (1) and interest-bearing liabilities excluding pension liabilities to MSEK 437 (382), of which MSEK 0 (60) comprised intra-Group loans.

### CORPORATE ACQUISITIONS

During April, the Workplace Safety division acquired all shares in Arbesko Gruppen AB (Arbesko). With its own product development and production operations in Sweden, Arbesko is one of the strongest brands of safety and work footwear in the Nordic region. Arbesko generates annual revenue of approximately MSEK 200 and has approximately 120 employees. In July, the Tools & Consumables division acquired

red UVECO AB, which markets a comprehensive range of tools for the attractive niche of construction and ventilation sheet-metal workers. UVECO generates revenue of approximately MSEK 25 and has three employees.

### Profitability, cash flow and financial position

The Group's profitability, measured as the return on working capital, P/WC (operating profit in relation to working capital), declined to 20 percent (25) for the financial year. The return on capital employed was 8 percent (8 at the beginning of the year) and the return on equity was 9 percent (7 at the beginning of the year).

Cash flow from operating activities for the period amounted to MSEK 109 (406), with cash flow for the year-earlier period including discontinued operations. Funds tied up in working capital decreased by MSEK 10. During the year, inventories decreased by MSEK 24 and operating receivables by MSEK 90. Operating liabilities declined by MSEK 104.

Cash flow for the financial year was also impacted in an amount of MSEK -5 (-84) pertaining to investments and divestments of non-current assets and an amount of MSEK -191 (-213) pertaining to the acquisition and divestment of operations. The Group repurchased shares for a total of MSEK 118 during the period.

The Group's operational net loan liability at the end of the period amounted to MSEK 370 (260), excluding pension obligations of MSEK 623 (582). Cash and cash equivalents, including unutilised granted credit facilities, totalled MSEK 530 (841). Liabilities to credit institutions amounted to MSEK 437 (323). Maturity periods and interest rates are presented in Note 25 Financial risk management.

The equity/assets ratio at the end of the reporting period was 43 percent, compared with 49 percent at the beginning of the year.

Equity per share totalled SEK 56.10 at the end of the financial year, compared with SEK 96.80 at the beginning of the year, which included Momentum Group. Equity per share after dilution totalled SEK 56.15 at the end of the financial year, compared with SEK 96.80 at the beginning of the year.

The Swedish tax rate, which also applies to the Parent Company, was 22 percent during the financial year. The Group's normalised tax rate, with its current geographic mix, is approximately 21 percent.

### EMPLOYEES

At the end of the financial year, the number of employees in the Group amounted to 1,028, compared with 2,638 at the beginning of the year. Excluding discontinued operations, the number of employees at the beginning of the year totalled 1,018. The average number of employees during the year was 1,458 (2,641), of which 380 (1,575) were in discontinued operations.

Employees	2017/18*	2016/17	2015/16
Average no. of employees	1,458	2,641	2,674
Percentage women	28%	23%	23%
Percentage men	72%	77%	77%
<b>Distribution by age</b>			
29 years or younger	10%	9%	9%
30–39 years	26%	23%	23%
40–49 years	31%	30%	30%
50–59 years	23%	27%	27%
60 years or older	10%	11%	11%
<b>Length of employment</b>			
Less than 2 years	28%	16%	15%
2–5 years	21%	27%	29%
6–10 years	18%	21%	21%
11–15 years	13%	12%	12%
16 years or more	20%	24%	23%

\* Includes Momentum Group until 21 June 2018.

### ENVIRONMENTAL IMPACT

During the financial year, the Group conducted operations subject to permit and reporting requirements in one of its Swedish subsidiaries related to trading in certain chemical products. No Group companies are involved in any environmentally related disputes.

### RESEARCH AND DEVELOPMENT

With the aim of strengthening and developing Bergman & Beving's position as one of the leading suppliers of strong brands to the manufacturing and construction sectors in the Nordic region, the Group primarily invests its resources in the continued development of proprietary product brands and various concepts and service solutions for its customers and partners. Activities implemented during 2017/2018 included continued product development within the framework of the Company's proprietary brands, the development of various service concepts and customer solutions, the development of logistics and e-commerce solutions for resellers and end customers, and training for end users.

### FINANCIAL AND BUSINESS RISKS

Efficient and systematic risk assessment of financial and business risks is important for the Bergman & Beving Group. The Group's Financial Policy establishes guidelines and goals for managing financial risks in the Group and regulates the distribution of responsibility between the Board of Directors of Bergman & Beving AB, the President & CEO and the CFO as well as the presidents and CFOs of the subsidiaries. All foreign-currency management and granting of credit to customers are handled within the framework of the established policy. For a detailed

account of financial and business risks and the Group's management thereof, refer to page 31-32 and Note 25 Financial risk management on pages 58-61.

### FUTURE DEVELOPMENT

Market trends in 2018/2019 will be carefully monitored by the Group's businesses. Bergman & Beving has good potential to continue improving its profitability in many areas. During the year, the focus will be on volume growth, a continued reduction in costs through increased efficiency and a reduction in funds tied up in working capital in the Group. The Group companies will continue developing services and proprietary product brands, which have accounted for an increased portion of the Group's total sales in recent years.

The Group's strong balance sheet has created the right conditions for interesting corporate acquisitions.

The Group's goal is for its earnings growth over a business cycle to amount to at least 15 percent annually.

### DISTRIBUTION OF MOMENTUM GROUP

Bergman & Beving distributed the shares in Momentum Group to the shareholders in Bergman & Beving on a proportional basis (1:1), meaning that for each Class A share in Bergman & Beving the shareholders received one Class A share in Momentum Group and for each Class B share in Bergman & Beving the shareholders received one Class B share in Momentum Group. The first day of trading in Momentum Group shares on Nasdaq Stockholm took place on 21 June and the closing price was SEK 74, corresponding to a market capitalisation of SEK 2.1 billion.

### TRANSACTIONS WITH RELATED PARTIES

Other than the aforementioned distribution of Momentum Group, no transactions having a material impact on the Group's position or earnings occurred between Bergman & Beving and its related parties during the financial year.

### DIVIDEND

The Board proposes a dividend of SEK 2.50 (5.00\*) per share. The proposed dividend corresponds to 44 percent of the Group's earnings per share for the 2017/2018 financial year.

The Board of Directors has assessed the Company's and the Group's financial position and the Company's and the Group's ability to meet their short and long-term obligations. A total of approximately MSEK 68 is required for the proposed dividend payment, which means that, all other things being equal, the Group's equity/assets ratio would decrease 1.9 percentage points as of 31 March 2018. After payment of

the proposed dividend and taking into consideration the prevailing market conditions, the Company's and the Group's equity/assets ratio is deemed to meet the demands placed on the operations conducted by the Group.

The Board's assessment is that the proposed dividend is well balanced taking into account the demands placed on the size of the Company's and the Group's equity and liquidity due to the type of business conducted, its scope and relative risks.

### Proposed appropriation of profit

The Board's and the CEO's proposed appropriation of profit is presented on page 67.

### EVENTS AFTER THE END OF THE FINANCIAL YEAR

#### Election Committee proposes Johan Sjö be elected as new Chairman

Bergman & Beving's Election Committee proposes that Johan Sjö be elected as the new Chairman of Bergman & Beving. Johan Sjö previously served as a Director of Bergman & Beving. Johan Sjö is also the retiring President & CEO of Addtech AB, a Director of Addtech AB and Chairman of Addlife AB and OptiGroup AB.

#### Acquisition of BVS

In early April, the Building Materials division acquired all shares in BVS Brannvernssystemer A/S. BVS is a provider of passive fire protection solutions focusing on fire curtains, smoke ventilation and inspection hatches under its own brand names Flammatex and Inspecto. The business is primarily aimed at the Norwegian market, but the company also has a sales company in Sweden and own production in Hungary. The company, based in Stavanger, generates annual revenue of approximately MNOK 21 and has 15 employees. The acquisition is expected to have a marginally positive impact on Bergman & Beving's earnings per share for the 2018/2019 operating year.

#### Acquisition of Belano Maskin

In early May, Tools & Consumables, a division of the Bergman & Beving Group, acquired all shares in Belano Maskin AB.

Belano is a leading supplier of machinery, spare parts and service focused on the attractive niche of construction and ventilation sheet-metal workers. The business is primarily aimed at the Swedish market. The company, based in Alingsås, generates annual revenue of approximately MSEK 65 and has ten employees. The acquisition is expected to have a marginally positive impact on Bergman & Beving's earnings per share for the 2018/2019 operating year.

No other significant events affecting the Group have occurred since the end of the financial year.

\* Dividend for the 2016/2017 financial year refer to the former B&B TOOLS, where both Bergman & Beving and Momentum Group's operations were included. In addition to the cash dividend the Momentum Group AB was distributed to the shareholders.

# Corporate Governance Report

## THE SWEDISH CORPORATE GOVERNANCE CODE AND BERGMAN & BEVING'S CORPORATE GOVERNANCE REPORT

Bergman & Beving applies the Swedish Corporate Governance Code (the "Code"). The Code is part of the self-regulation system of Swedish trade and industry, and is based on the "comply or explain" principle. This means that a company that applies the Code may deviate from individual rules, but is required to provide an explanation for each deviation.

This Corporate Governance Report for the 2017/2018 financial year was prepared in accordance with the recommendations of the Code. The report also contains an account of the work of the Election Committee in preparation for the 2018 Annual General Meeting. Bergman & Beving deviates from the recommendations of the Code in two areas: the Chairman of the Election Committee and the auditors' review of the Company's six-month or nine-month interim reports. These deviations from the Code are reported in further detail in the relevant sections below. The Corporate Governance Report constitutes a part of the

formal annual accounts and has been reviewed by the Company's auditors.

## DISTRIBUTION OF RESPONSIBILITY AND ARTICLES OF ASSOCIATION

The purpose of the Company's corporate governance structure is to establish a clear distribution of roles and responsibilities between the owners, Board of Directors, Board committees and executive management. Bergman & Beving AB primarily applies the Swedish Companies Act and the rules that apply since the Company's Class B share is listed on Nasdaq Stockholm ("Stockholm Stock Exchange") as well as best practice in the stock market. The Code is part of the regulations of the Stockholm Stock Exchange. In the course of its operations, Bergman & Beving also complies with the regulations stipulated in Bergman & Beving's Articles of Association.

According to the Articles of Association, the registered name of the Company is Bergman & Beving Aktiebolag. The Company is a public limited liability company and the financial year is from 1 April to 31 March. The appointment of directors

and amendments to the Articles of Association occur in accordance with the Swedish Companies Act.

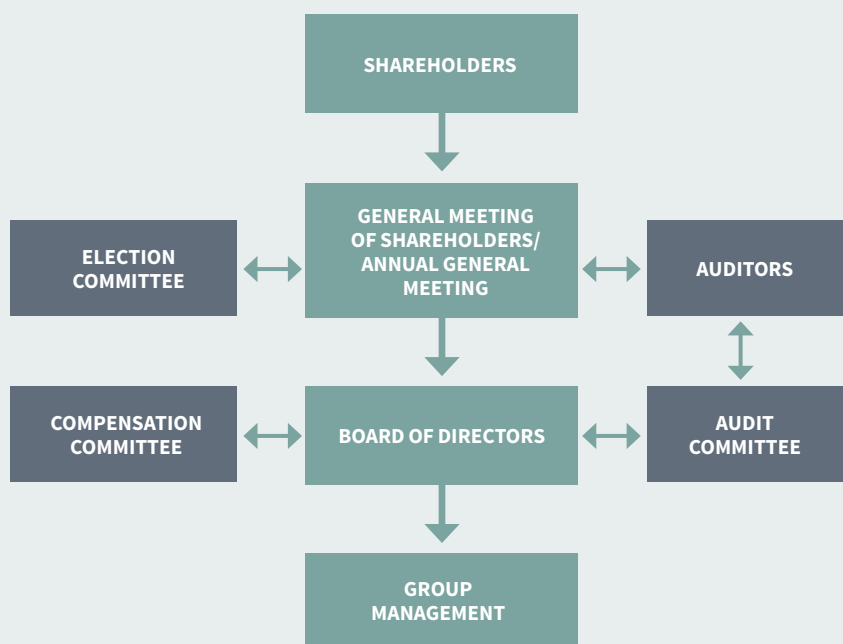
The Articles of Association are available in full on the Company's website at [www.bergmanbeving.com](http://www.bergmanbeving.com).

## SHARE STRUCTURE, SHAREHOLDERS AND REPURCHASE OF OWN SHARES

As of 31 March 2018, Bergman & Beving AB had approximately 6,316 shareholders. The share capital amounted to approximately MSEK 57. The distribution by class of share is as follows:

Class of share	As of 31 March 2018
Class A shares	1,062,436
Class B shares	27,373,980
<b>Total number of shares before repurchasing</b>	<b>28,436,416</b>
Less: Repurchased Class B shares	-1,426,706
<b>Total number of shares after repurchasing</b>	<b>27,009,710</b>

## Bergman & Beving's corporate governance structure



The General Meeting of Shareholders is the Company's highest decision-making body. The Board of Directors and its Chairman as well as the auditors, where applicable, are appointed by the Annual General Meeting.

The Election Committee drafts motions to the Annual General Meeting regarding the composition of the Board of Directors.

By order of the Annual General Meeting, it is the duty of the appointed **auditors** to examine the financial statements and the administration of the Board of Directors and the President & CEO during the financial year.

**The Board of Directors** is ultimately responsible for the Company's organisation and administration. It is also the duty of the Board to ensure that all shareholders' interests in Bergman & Beving are provided for. The Board of Directors appoints the President & CEO and the executive vice presidents.

**The Audit Committee** examines the procedures for risk management, governance, control and financial reporting.

**The Compensation Committee** prepares motions concerning remuneration levels for the President & CEO as well as general incentive programmes – subject to the approval of the Board – and decides on remuneration levels for other senior management.

The President & CEO and other members of **Group management** are responsible for the day-to-day management of Bergman & Beving.



All shares carry equal rights to Bergman & Beving AB's assets and earnings. The Company's Class A shares entitle the holder to ten votes each and each Class B share entitles the holder to one vote. The Articles of Association contain no limitations concerning how many votes each shareholder may cast at the General Meeting of Shareholders. For repurchased shares held in treasury, all rights are waived until such time as the shares are reissued. The Board of Directors is not authorized to make decisions regarding new share issues.

According to Chapter 6, Section 2a of the Swedish Annual Accounts Act, listed companies are required to submit information concerning certain circumstances that may affect opportunities to take over the Company through a public takeover bid for the shares in the Company. The Company's lenders are entitled to cancel approved committed credit facilities if the Company's shares are delisted from the Stockholm Stock Exchange or in connection with public takeover bids if the bidder secures a shareholding of more than 50 percent of the number of shares in the Company or controls at least 50 percent of the votes in the Company. Otherwise the Company has not entered into any significant agreements with suppliers or employees that would be affected, change, expire or stipulate the payment of financial remuneration should control of the Company change as a result of a public takeover bid for the shares in the Company.

As of 31 March 2018, Anders Börjesson (with companies) held 16.2 percent and Tom Hedelius held 13.2 percent of the total number of votes in the Company. No other shareholders had direct or indirect shareholdings in the Company representing more than one-tenth of the total number of votes.

Further information regarding Bergman & Beving's shares and ownership structure is presented in the section on Bergman & Beving's share on pages 13-14.

### Repurchase of own shares and incentive programmes

As of 31 March 2017, the number of Class B shares held in treasury totalled 184,300. During the financial year, a total of 13,300 treasury shares were conveyed in connection with the exercise of call options and a total of 1,255,706 shares were repurchased. Accordingly, the number of Class B shares held in treasury as of 31 March 2018 amounted to 1,426,706, corresponding to 5.0 percent of the total number of shares and 3.8 percent of the total number of votes. The quotient value of this holding amounted to SEK 2,853,412 as of 31 March 2018.

Of the total number of shares held in treasury, 287,300 Class B shares are reserved to cover the Company's obligations in the call option programme issued by Bergman & Beving AB in September 2014, which extends through 8 June 2018. The redemption price for the call options in this programme was SEK 104.10. After the end of the financial year, this programme fell due with

hout redemption taking place.

Of the total number of shares held in treasury, 160,000 Class B shares are also reserved to cover the Company's obligations in the call option programme issued by Bergman & Beving AB in September 2017, which extends through 11 June 2021. The redemption price for the call options in this programme is SEK 118.10.

The Board has decided to propose that the Annual General Meeting in August 2018 resolve to authorise a repurchase of own shares. In brief, this motion entails that the Annual General Meeting would authorise the Board, during the period until the next Annual General Meeting, to repurchase a maximum number of own shares through Nasdaq Stockholm so that the Company's holding of treasury shares at no time exceeds 10 percent of the total number of shares in the Company. This authorisation would enable the Board to use repurchased shares to pay for acquisitions or to sell the shares in a manner other than through Nasdaq Stockholm in order to finance acquisitions and to fulfil the Company's obligations in connection with its share-based incentive programmes for senior management.

### GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the Company's highest decision-making body where shareholders exercise their voting rights. At the Annual General Meeting, decisions are made concerning the Annual Report, dividends, the election of the directors and auditors, directors' and auditors' fees, and other matters in accordance with the Swedish Companies Act and the Articles of Association. The Company does not apply any special arrangements with respect to the function of the General Meeting of Shareholders due to the provisions of the Articles of Association or due to any shareholders' agreement known to the Company.

### Annual General Meeting 2017

The Annual General Meeting of Bergman & Beving AB was held on 24 August 2017 in Stockholm, Sweden. The notice of the Annual General Meeting and the supporting documentation for the Meeting were published in accordance with the Company's Articles of Association. The Meeting was held in Swedish and, based on the composition of the shareholder base, interpreters to other languages were deemed unnecessary. The notice of the Meeting and other materials were available in Swedish and English. A total of 188 shareholders participated in the Meeting, representing a combined total of 54 percent of the votes in the Company.

All six regular directors and the Company's auditors attended the Meeting. Among other decisions, the Annual General Meeting resolved to pay a dividend of SEK 5.00 per share. The Company's President & CEO Pontus Boman commented on the Group's operations, the 2016/2017 financial year, the Group's perfor-

mance in the first quarter of the new financial year and the Group's future prospects. Anders Börjesson, Roger Bergqvist, Johan Sjö, Malin Nordesjö, Henrik Hedelius and Louise Undén were re-elected to the Board of Directors. Anders Börjesson was re-elected Chairman of the Board.

The minutes from the Annual General Meeting were made available at B&B Bergman & Beving and on the Company's website two weeks after the Meeting. The minutes are available in Swedish and English.

### ELECTION COMMITTEE

The Annual General Meeting in August 2017 resolved to authorise the Chairman of the Board to contact the largest shareholders, in terms of votes, not later than 31 January 2018 and request that they appoint four members who, together with the Chairman of the Board, will constitute an Election Committee to prepare motions to the 2018 Annual General Meeting. The Election Committee is to prepare motions regarding the Chairman of the Annual General Meeting, the number of directors, the election of directors, the Chairman of the Board and auditors, fees to be paid to each director and the auditors, and any changes to the selection criteria and principles for appointing the next Election Committee (in accordance with a resolution passed by the 2012 Annual General Meeting).

In accordance with this authorisation, the Election Committee for the Annual General Meeting in August 2018 comprises Chairman of the Board Anders Börjesson, Marianne Flink (appointed by Swedbank Robur Fonder), Tom Hedelius, Stefan Nilsson (appointed by Handelsbankens Pensionskassa & Pensionsstiftelse) and Per Trygg (appointed by SEB Fonder).

The other members appointed Anders Börjesson as Chairman of the Election Committee. Marianne Flink was appointed spokesperson for the Election Committee at the upcoming Annual General Meeting. The composition of the Election Committee was presented in conjunction with the publication of the Interim Report on 9 February 2018.

The election of the Chairman of the Election Committee deviates from the rules of the Code, which state that the Chairman of the Election Committee should not be a director of the Company. The reason for this deviation is that the other members of the Election Committee feel it is important that the Chairman of the Election Committee has a good understanding of the work and composition of the present Board of Directors and can clearly identify any need for complementary skills. The Election Committee has also deemed it appropriate that the Chairman of the Election Committee is the member representing the largest group of shareholders.

The Election Committee's motion regarding the Board of Directors was published on 26 April 2018 and the motion regarding auditors will be presented in the notice of the 2018 Annual General Meeting and on the Company's website.

The Election Committee will present and motivate its motion regarding the Board of Directors and auditors on the Company's website in conjunction with the publication of the notice of the Meeting and at the Annual General Meeting itself.

No separate remuneration was paid for work on the Election Committee during the year.

## THE BOARD OF DIRECTORS 2017/2018

In accordance with Bergman & Beving's Articles of Association, the Board of Directors is to comprise not fewer than five and not more than eight regular directors.

### Directors

The Board of Directors of Bergman & Beving AB currently comprises six regular directors elected by the Annual General Meeting on 24 August 2017: Anders Börjesson (Chairman), Roger Bergqvist, Johan Sjö, Malin Nordesjö, Henrik Hedelius and Louise Undén.

A detailed presentation of these directors, including information on other assignments and work experience, is available on page 72 and on the Company's website. All directors are independent in relation to the Company and senior management. Three directors are dependent in relation to the Company's major shareholders.

Accordingly, the Board of Directors meets the requirement that at least two of the directors who are independent in relation to the Company also be independent in relation to major shareholders.

According to the resolution of the Annual General Meeting, each director elected by the Annual General Meeting is to receive a fee of SEK 260,000. The Chairman of the Board is to receive a fee of SEK 520,000. Accordingly, the total fee to be paid in accordance with the resolution of the Annual General Meeting amounts to SEK 1,820,000. The Meeting resolved that the following additional fees are to be paid for committee work: SEK 50,000 to each member of the Compensation Committee and SEK 50,000 to the Chairman of the Audit Committee. Refer to

the table below for a summary of the members of the Board, their participation in committees, attendance at Board meetings, dependency and fees. The Board also includes two employee representatives: Lillemor Svensson and Anette Swanemar.

### Chairman of the Board

The Chairman of the Board is responsible for ensuring that the work of the Board is well organised and conducted efficiently and that the Board performs its duties. In particular, the Chairman is responsible for organising and leading the work of the Board in a manner that creates the best possible conditions for the Board to conduct its work. It is the Chairman's task to ensure that a new director receives the required introductory training and any other training deemed appropriate by the Chairman and the director, to ensure that the Board continuously updates and deepens its knowledge about the Company, to ensure that the Board holds meetings as required and receives sufficient information and supporting data for its work, to propose an agenda for Board meetings in consultation with the President & CEO, to ensure that the decisions of the Board are carried out and to ensure that the work of the Board is evaluated annually. The Chairman is responsible for all contact with the owners regarding ownership matters and for conveying feedback from the owners to the Board.

### Duties of the Board

The Board of Directors is ultimately responsible for the Company's organisation and administration. Based on its analysis of the Company's operating environment, the Board is also responsible for deciding on strategic matters. Each year, the Board adopts written rules of procedure that regulate the work of the Board and its internal distribution of responsibility, including its committees, the procedure for resolutions within the Board, the agendas of Board meetings and the duties of the Chairman. The Board also issues

instructions to the President & CEO, which grant the authority to make decisions regarding investments, corporate acquisitions and sales as well as financing issues. The Board has also adopted a number of policies for the Group's operations, including a Financial Policy, Environmental Policy and Code of Conduct. The Board of Directors oversees the work of the President & CEO through continuous monitoring of the operations during the year and is responsible for ensuring that the organisation and management as well as the guidelines for administration of the Company are appropriate and that the Company has adequate internal control and effective systems in place for monitoring and controlling the Company's operations and compliance with legislation and regulations applicable to the Company's operations. The Board is also responsible for establishing, developing and monitoring the Company's goals and strategies, decisions regarding acquisitions and divestments of operations, major investments, repurchases of own shares, and appointment and remuneration of Group management. The Board and the President & CEO present the annual accounts to the Annual General Meeting. The work of the Board is evaluated annually under the supervision of the Chairman of the Board. The Election Committee is informed of the results of this evaluation. The Board evaluates the work of the President & CEO on an ongoing basis. This issue is also specifically addressed each year at a Board meeting, without the presence of any member of Group management. The Board also evaluates and comments on any significant assignments, if any, performed by the President & CEO outside the Company.

### Work of the Board

The work of the Board of Directors follows an annual plan. In addition to the statutory meeting, which is held in conjunction with the Annual General Meeting, the Board of Directors normally convenes on four occasions each year (scheduled meetings) in connection with the

## Board composition, attendance, dependency conditions and fees for 2017/2018

	Year of election	Position	No. of meetings attended			Dependent in relation to <sup>1)</sup>		
			Board of Directors	Audit Committee	Compensation Committee	Bergman & Beving	Major shareholders	Fee, SEK
<b>Regular directors <sup>2)</sup></b>								
<b>No. of meetings</b>			12	3	1			
Anders Börjesson	1990	Chairman	12	3	1	No	Yes	520,000
Roger Bergqvist	2012	Director	12	3	1	No	No	260,000
Henrik Hedelius	2015	Director	12	3		No	Yes	260,000
Malin Nordesjö	2017	Director	9(9)	2(2)		No	Yes	260,000 <sup>2)</sup>
Johan Sjö	2017	Director	8(9)	1(2)		No	No	260,000 <sup>2)</sup>
Louise Undén	2017	Director	9(9)	2(2)		No	No	260,000 <sup>2)</sup>

1) According to the definitions in the Swedish Corporate Governance Code.

2) The following changes were made to the composition of the Board of Directors during the 2017/2018 financial year:

Directors Malin Nordesjö, Johan Sjö and Louise Undén took office in conjunction with the extraordinary meeting in June 2017.

Former directors Fredrik Börjesson, Charlotte Hansson and Gunilla Spongh stepped down in conjunction with the extraordinary meeting in June 2017.

publication of the Interim Reports and holds an annual strategy meeting. Extraordinary meetings are convened when necessary. Each meeting follows an agenda, which is distributed to the directors prior to each Board meeting along with supporting documentation. The decisions of the Board are made after discussions led by the Chairman of the Board. The task of the committees appointed by the Board is to draft motions for resolutions by the Board (see below).

The agenda for the statutory meeting of the Board includes the adoption of the rules of procedure for the Board of Directors, decisions regarding signatory powers and the approval of the minutes. The items addressed at the scheduled meeting in May include the year-end financial statements, the proposed appropriation of profit and the financial report. In conjunction with this meeting, the Company's auditors report to the Audit Committee on their observations and assessments based on the audit performed. Each scheduled meeting also includes a number of fixed agenda items, including reports on the current financial outcome of the Company's operations.

In addition to the statutory meeting, the Board of Directors convened on 11 occasions during the 2017/2018 financial year. The Board's work during the year focused on issues pertaining to the Group's strategic development and future organisation, ongoing business operations, the distribution and separate listing of Momentum Group, earnings and profitability trends, corporate acquisitions and the Group's financial position. Refer to the table on the preceding page for information regarding attendance at Board and committee meetings. Three new directors were elected in conjunction with the distribution of Momentum Group.

The President & CEO presents reports at the Board meetings. The Group's CFO and other salaried employees in the Group participate in Board meetings to report on specific issues or whenever deemed appropriate. Peter Schön, CFO of Bergman & Beving AB, serves as the secretary to the Board as well as to the Election Committee.

### Compensation Committee

The Compensation Committee appointed by the Board prepares the Board's motion regarding "Guidelines for determining remuneration and other terms of employment for the President & CEO and other members of Group management." The proposed guidelines are addressed by the Board and then presented to the Annual General Meeting for resolution.

Based on the resolution of the Annual General Meeting, the Compensation Committee submits a motion concerning remuneration of the President & CEO to the Board for approval, decides on remuneration to the other members of Group management and draft motions for any incentive programmes. The Compensation Committee

informs the Board of its decisions. The Committee is then responsible for monitoring and evaluating the application of the guidelines for determining remuneration to Group management as adopted by the Annual General Meeting (refer to Note 5 Employees and personnel costs on pages 41-43). The Compensation Committee also monitors and evaluates any ongoing programmes for variable remuneration for Group management as well as any programmes concluded during the year.

The Compensation Committee consists of Chairman of the Board Anders Börjesson (Chairman of the Compensation Committee) and Director Johan Sjö (as of the scheduled Board meeting in conjunction with the Annual General Meeting). Director Roger Bergqvist was a member of the Compensation Committee prior to that. President & CEO Pontus Boman presents reports to the Committee. The President & CEO does not report on his own remuneration. The Compensation Committee convened on one occasion during the 2017/2018 financial year, during which minutes were taken. During the year, SEK 50,000 was paid to each of the two committee members for their work on the Compensation Committee.

### Audit Committee

The Board has appointed an Audit Committee, which – without influencing the work and duties of the Board in any other respect – is responsible for monitoring the Company's financial reporting, monitoring the efficiency of the Company's internal control and risk management with respect to its financial reporting, remaining informed about the audit of the Annual Report and consolidated financial statements, reviewing and monitoring the impartiality and independence of the auditors and whether the auditors have provided the Company with services other than auditing services, and assisting in the preparation of motions regarding the election of auditors for resolution by the General Meeting of Shareholders.

The work of the Audit Committee has been carried out as part of the Board's work at scheduled Board meetings. In conjunction with the adoption of the annual accounts, the Board meets with and receives a report from the Company's external auditors. At the same time, the Board also meets with the auditors without the presence of the President & CEO or other members of Group management.

The Audit Committee includes all regular directors, and Director Johan Sjö serves as the Chairman of the Committee. The Chairman possesses accounting and audit expertise. Directors Roger Bergqvist, Johan Sjö and Louise Undén are independent in relation to the Company's major shareholders and possess accounting expertise. The Audit Committee held three meetings during the 2017/2018 financial year, during which minutes were taken.

During the year, a fee of SEK 50,000 was paid

to Audit Committee Chairman Johan Sjö. Other than this, no separate remuneration was paid for work on the Audit Committee.

### PRESIDENT & CEO AND GROUP MANAGEMENT

Pontus Boman assumed the position of President & CEO of Bergman & Beving on 14 June 2017. Pontus Boman has been employed by the Group since 2007 and served as Executive Vice President of Bergman & Beving between 2016 and 2017. Pontus Boman previously serviced as President of ESSVE (2011-2016) and held senior positions at Accenture and Boston Consulting Group (BCG).

The President & CEO manages the operations in accordance with the Swedish Companies Act and the framework established by the Board. With respect to the authority of the President & CEO to make decisions regarding investments, corporate acquisitions, corporate sales and financing issues, the rules approved by the Board of Directors apply. In consultation with the Chairman of the Board, the President & CEO prepares the necessary information and supporting data for Board meetings, reports on various matters and explains the motivation for motions presented for resolution. The President & CEO leads the work of Group management and makes decisions in consultation with the other members of management.

Bergman & Beving's Group management comprised President & CEO Pontus Boman (Executive Vice President until 14 June 2017) and CFO Peter Schön. Remuneration to Group management for the 2017/2018 financial year and a description of the Company's incentive programmes are presented in Note 5 Employees and personnel costs on pages 41-43.

For more detailed information about Group management, refer to page 73.

### AUDITORS

According to the Articles of Association, a registered accounting firm (or, alternatively, one or two authorized public accountants) is to be elected as auditor. KPMG was elected as the Company's auditor at the 2017 Annual General Meeting for the period until the end of the 2018 Annual General Meeting. The Auditor in Charge is Matilda Axlind. KPMG performs the audit of Bergman & Beving AB and most of its subsidiaries.

The Company's auditors follow an audit plan, which includes feedback from the Board and the Audit Committee, and reports its findings to the company management teams, Group management and the Board and Audit Committee of Bergman & Beving AB during the course of the audit and in conjunction with the adoption of the annual accounts. The Company's auditor also participates in the Annual General Meeting, presenting and commenting on the audit work.

The independence of the external auditors is regulated through special instructions established by the Board, which state the areas which



may be addressed by the external auditors in addition to the normal audit work. KPMG continuously assesses its independence in relation to the Company and provides the Board with written assurance of the auditing firm's independence in relation to Bergman & Beving each year. During the past year, the auditors were mainly consulted on issues regarding acquisitions and to the distribution of the Momentum Group. The total fee for KPMG's services in addition to the audit assignment amounted to MSEK 2.7 (2) during the 2017/2018 financial year.

### ETHICAL GUIDELINES

Bergman & Beving strives to conduct its business with high requirements imposed on integrity and ethics. The Board of Directors adopts a Code of Conduct for the Group's operations on an annual basis, which also includes ethical guidelines. Bergman & Beving's Code of Conduct is available in its entirety on the Company's website at [www.bergmanbeving.com](http://www.bergmanbeving.com).

### GUIDELINES FOR DETERMINING REMUNERATION AND OTHER TERMS OF EMPLOYMENT FOR THE PRESIDENT & CEO AND OTHER MEMBERS OF GROUP MANAGEMENT

The Board aims to ensure that the remuneration system in place for the President & CEO and the other members of the Group's senior management team ("Group management") is competitive and in line with market conditions. Accordingly, the Board intends to propose that the Annual General Meeting to be held on 23 August 2018 pass a resolution concerning the 2018/2019 guidelines for determining remuneration and other terms of employment for the President & CEO and other members of Group management that corresponds with the guidelines for remuneration adopted by the Annual General Meeting held in August 2017 (refer to Note 5 Employees and personnel costs on pages 41-43).

### INTERNAL CONTROL OF FINANCIAL REPORTING

According to the Swedish Companies Act and the Swedish Corporate Governance Code, the Board of Directors is responsible for the Company's internal control. This responsibility includes an annual evaluation of the financial reporting received by the Board of Directors and specifying requirements for its content and presentation so as to ensure the quality of the reporting. These requirements stipulate that the financial reporting must be suited to its purpose, with the application of the accounting rules in force and other requirements that apply to listed companies. The following description is limited to the internal control of Bergman & Beving with respect to financial reporting.

The basis of the internal control of the Company's financial reporting comprises the control environment, including the organisation, decision paths, lines of authority and responsi-

lities documented and communicated in various control documents, such as policies established by the Board, and Group-wide guidelines and manuals.

Bergman & Beving bases and organises its operations on decentralised accountability for profitability, with its operating areas taking the form of companies. Accordingly, central control documents are used to provide formal work plans for internal Board work and instructions for the division of responsibility between the Board and the President & CEO.

The Group's most important financial control documents are gathered on its Intranet and include a comprehensive Financial Policy, a reporting manual, a manual for the Group's internal bank, a description of accounting policies and expanded instructions preceding every closing of the books. These financial rules and regulations are updated regularly and training programmes are offered during the financial year to ensure the uniform implementation and application of the rules and regulations. On a more general level, all operations in the Bergman & Beving Group are to be conducted in accordance with the Group's Code of Conduct.

Bergman & Beving has established control structures to manage the risks that the Board of Directors and corporate management consider to be significant to the Company's internal control with respect to financial reporting. Examples include transaction-related controls, such as regulations concerning attestation and investments, as well as clear payment procedures and analytical controls performed by the Group's controller organisation. Controllers at all levels in the Group play a key role in terms of integrity, competence and the ability to create an environment that is conducive to achieving transparency and true and fair financial reporting. The monthly earnings follow-up conducted via the internal reporting system is another important overall control activity. The earnings follow-up includes reconciliations with previously set goals and the most recent forecast as well as follow-up of adopted key financial ratios. This follow-up of earnings also functions as an important complement to the controls and reconciliations performed in the actual financial processes. Follow-ups to assure the quality of the Group's internal control are performed within the Group in various ways. The central finance function works proactively through its participation in various projects aimed at developing internal control. Under the supervision of the Group's CFO, the Group's finance function conducts an annual evaluation of the internal control of the companies. Each company conducts an evaluation in the form of a self-assessment based on predefined questions prepared by the finance function in consultation with the Group's auditors. This evaluation is intended to provide information about the Group's internal control processes and compliance. Each year, the Board of Directors assesses whether this procedure is appropriate

and, in consultation with the Company's auditors, suggestions changes to the internal control processes.

Bergman & Beving strives to achieve an open corporate climate and high business ethics. The success of the Group is based on a number of ethical guidelines, which are described in the Code of Conduct. The Group's internal and external stakeholders play a key role in helping to identify any deviations from established values and ethical guidelines. To make it easier to identify such deviations, Bergman & Beving has introduced a whistleblowing system that allows any suspicions of misconduct to be reported anonymously. It is an important tool for reducing risks and fostering high business ethics and thereby maintaining customer and public confidence in the Group's operations.

### Internal audit

The Board has decided not to establish a special internal audit function. This decision was made based on the size and operations of the Group as well as the existing internal control processes as described above. When necessary, the Audit Committee commissions external advisors to assist on projects relating to internal control.

### Auditors' review of the six-month or nine-month reports

Neither Bergman & Beving's six-month report nor its nine-month report for the 2017/2018 financial year were reviewed by the Company's external auditors, which is a deviation from the rules of the Code. After consulting with the Company's external auditors and other parties, the Board of Directors has determined that the additional expense that would be incurred by the Company for an expanded review of the six-month report or nine-month report by the Company's auditors is not warranted.

### NON-COMPLIANCE

The Company has not breached the rulebook of the stock exchange on which its shares are listed for trading or best practice in the stock market.

## Income statement

Amounts in MSEK	Note	2017/2018	2016/2017
Revenue	2, 4	3,833	3,834
Other operating income	3	3	0
<b>Total operating income</b>		<b>3,836</b>	<b>3,834</b>
Cost of goods sold		-2,196	-2,368
Personnel costs		-718	-735
Depreciation, amortisation, impairment losses and reversal of impairment losses		-25	-17
Other operating expenses		-681	-456
<b>Total operating expenses</b>		<b>-3,620</b>	<b>-3,576</b>
<b>Operating profit</b>	4, 5, 6	<b>216</b>	<b>258</b>
Financial income		7	20
Financial expenses		-31	-25
<b>Net financial items</b>	7	<b>-24</b>	<b>-5</b>
<b>Profit after financial items</b>		<b>192</b>	<b>253</b>
Taxes	9	-34	-58
<b>Net profit from continuing operations</b>		<b>158</b>	<b>195</b>
<i>Discontinued operations</i>			
Profit from discontinued operations, net after taxes		1,091	42
<b>Net profit</b>		<b>1,249</b>	<b>237</b>
Of which, attributable to:			
Parent Company shareholders		1,249	237
<b>Earnings per share, SEK</b>			
Earnings per share before dilution	18	44.95	8.40
– Of which, continuing operations	18	5.70	6.95
Earnings per share after dilution	18	44.90	8.40
– Of which, continuing operations	18	5.70	6.90
Proposed/resolved dividend per share, SEK		2.50	5.00

## Statement of comprehensive income

Amounts in MSEK	Note	2017/2018	2016/2017
<b>Net profit</b>		<b>1,249</b>	<b>237</b>
<b>Other comprehensive income</b>			
<i>Components that will not be reclassified to net profit</i>			
Remeasurement of defined-benefit pension plans		-59	-36
Tax attributable to components that will not be reclassified	9	13	8
<b>Total</b>		<b>-46</b>	<b>-28</b>
<i>Components that will be reclassified to net profit</i>			
Translation differences		-2	43
Fair value changes for the year in cash-flow hedges		-10	6
Tax attributable to components that will be reclassified	9	2	-1
<b>Total</b>		<b>-10</b>	<b>48</b>
<b>Other comprehensive income</b>		<b>-56</b>	<b>20</b>
<b>Comprehensive income</b>		<b>1,193</b>	<b>257</b>
Of which, attributable to:			
Parent Company shareholders		1,193	257

## Balance sheet

Amounts in MSEK	Note	31 Mar 2018	31 Mar 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible non-current assets	10	1,569	2,023
Tangible non-current assets	11	88	112
Shares in associated companies	12	-	9
Financial investments	25	0	1
Other long-term receivables	14	2	7
Deferred tax assets	9	81	104
<b>Total non-current assets</b>		<b>1,740</b>	<b>2,256</b>
<b>Current assets</b>			
Inventories	15	879	1,595
Tax assets		78	47
Accounts receivable	25	790	1,451
Prepaid expenses and accrued income	16	46	110
Other receivables	14	33	48
Cash and cash equivalents		67	63
<b>Total current assets</b>	4, 23, 24, 25	<b>1,893</b>	<b>3,314</b>
<b>Total assets</b>		<b>3,633</b>	<b>5,570</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	17	57	57
Other contributed capital		71	71
Reserves		-31	-21
Retained earnings, including net profit		1,462	2,617
<b>Equity attributable to Parent Company shareholders</b>		<b>1,559</b>	<b>2,724</b>
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	25	130	200
Provisions for pensions	19	623	582
Other non-current provisions	20	26	29
Deferred tax liabilities	9	89	100
<b>Total non-current liabilities</b>		<b>868</b>	<b>911</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	25	307	123
Accounts payable		497	1,046
Tax liabilities		18	35
Other liabilities	21	122	190
Accrued expenses and deferred income	22	262	541
<b>Total current liabilities</b>		<b>1,206</b>	<b>1,935</b>
<b>Total liabilities</b>	4, 23, 24, 25	<b>2,074</b>	<b>2,846</b>
<b>Total equity and liabilities</b>		<b>3,633</b>	<b>5,570</b>

For information regarding the Group's pledged assets and contingent liabilities, refer to Note 27.



## Statement of changes in equity

Amounts in MSEK	Share capital	Other contributed capital	Hedging reserve	Translation reserve	Retained earnings, including net profit	Total equity
<b>Closing equity, 31 March 2016</b>	<b>57</b>	<b>71</b>	<b>-2</b>	<b>-67</b>	<b>2,532</b>	<b>2,591</b>
Net profit					237	<b>237</b>
Other comprehensive income			5	43	-28	<b>20</b>
<b>Comprehensive income</b>			5	43	209	<b>257</b>
Dividend					-140	<b>-140</b>
Sale of treasury shares in connection with redemption of share options					16	<b>16</b>
<b>Transactions with the Group's owners</b>					<b>-124</b>	<b>-124</b>
<b>Closing equity, 31 March 2017</b>	<b>57</b>	<b>71</b>	<b>3</b>	<b>-24</b>	<b>2,617</b>	<b>2,724</b>
Net profit					1,249	<b>1,249</b>
Other comprehensive income			-8	-2	-46	<b>-56</b>
<b>Comprehensive income</b>			-8	-2	1,203	<b>1,193</b>
Dividend					-141	<b>-141</b>
Sale of treasury shares in connection with redemption of share options					3	<b>3</b>
Repurchase of own shares					-118	<b>-118</b>
Distribution of Momentum Group					-2,102	<b>-2,102</b>
<b>Transactions with the Group's owners</b>					<b>-2,358</b>	<b>-2,358</b>
<b>Closing equity, 31 March 2018</b>	<b>57</b>	<b>71</b>	<b>-5</b>	<b>-26</b>	<b>1,462</b>	<b>1,559</b>

## Cash-flow statement

Amounts in MSEK	Note	2017/2018	2016/2017
<b>Operating activities</b>			
Operating profit		216	308
<b>Adjustments for non-cash items</b>			
Depreciation, amortisation and impairment of non-current assets	10, 11	25	41
Profit from the sale of companies and facilities		1	0
Change in reserve for non-recurring items		-75	62
Change in other provisions		31	25
Change in pension obligations		15	34
Other non-cash items		-3	2
Interest received		5	10
Interest paid		-16	-12
Income taxes paid		-74	-116
<b>Cash flow from operating activities before changes in working capital</b>		<b>125</b>	<b>354</b>
<b>Cash flow from changes in working capital</b>			
Change in inventories		24	-23
Change in operating receivables		90	-111
Change in operating liabilities		-104	186
<b>Changes in working capital</b>		<b>10</b>	<b>52</b>
Cash flow from operating activities, discontinued operations	31	-26	-
<b>Cash flow from operating activities</b>		<b>109</b>	<b>406</b>
<b>Investing activities</b>			
Acquisition of intangible and tangible non-current assets		-29	-84
Sales of intangible and tangible non-current assets		24	0
Acquisition of subsidiaries/operating segments	32	-208	-213
Sales of subsidiaries/operating segments	32	17	-
Investing activities, discontinued operations	31	-6	-
<b>Cash flow from investing activities</b>		<b>-202</b>	<b>-297</b>
<b>Cash flow before financing</b>		<b>-93</b>	<b>109</b>
<b>Financing activities</b>			
Borrowings		185	51
Repayment of loans		-72	-10
Pension benefits paid		-28	-26
Purchase of own shares		-118	-
Sale of treasury shares in connection with redemption of share options		3	16
Dividend paid to Parent Company shareholders		-141	-140
Listing expenses	31	-14	-
Financing activities, discontinued operations	31	282	-
<b>Cash flow from financing activities</b>		<b>97</b>	<b>-109</b>
<b>Cash flow for the year</b>		<b>4</b>	<b>0</b>
<b>Cash and cash equivalents at the beginning of the year*</b>		<b>63</b>	<b>62</b>
Cash flow for the year		4	0
Exchange-rate differences in cash and cash equivalents		0	1
<b>Cash and cash equivalents at year-end</b>		<b>67</b>	<b>63</b>

\* Includes cash and cash equivalents in discontinued operations.

## Income statement

Amounts in MSEK	Note	2017/2018	2016/2017
Revenue	2	25	40
Other operating income		0	–
<b>Total operating income</b>		<b>25</b>	<b>40</b>
Personnel costs		-19	-27
Depreciation, amortisation, impairment losses and reversal of impairment losses		–	0
Other operating expenses		-19	-25
<b>Total operating expenses</b>	5, 6	<b>-38</b>	<b>-52</b>
<b>Operating profit</b>		<b>-13</b>	<b>-12</b>
<b>Profit from financial items:</b>			
Profit from participations in Group companies	7	–	38
Profit from other securities and receivables recognised as non-current assets	7	44	76
Other interest income and similar profit/loss items	7	6	8
Interest expense and similar profit/loss items	7	-20	-15
<b>Profit after financial items</b>		<b>17</b>	<b>95</b>
Appropriations	8	14	62
<b>Profit before taxes</b>		<b>31</b>	<b>157</b>
Taxes	9	-7	-27
<b>Net profit</b>		<b>24</b>	<b>130</b>

## Statement of comprehensive income

Amounts in MSEK	Note	2017/2018	2016/2017
<b>Net profit</b>		<b>24</b>	<b>130</b>
<b>Other comprehensive income</b>			
<i>Components that will not be reclassified to net profit</i>		–	–
<i>Components that will be reclassified to net profit</i>			
Fair value changes for the year in cash-flow hedges		-10	6
Taxes attributable to other comprehensive income	9	2	-1
<b>Other comprehensive income</b>		<b>-8</b>	<b>5</b>
<b>Comprehensive income</b>		<b>16</b>	<b>135</b>



## Balance sheet

Amounts in MSEK	Note	31 Mar 2018	31 Mar 2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible non-current assets	10	0	0
Tangible non-current assets	11	0	0
FINANCIAL NON-CURRENT ASSETS			
Participations in Group companies	29	704	704
Receivables from Group companies	13	1,627	2,285
Deferred tax asset	9	2	–
Total financial non-current assets		2,333	2,989
<b>Total non-current assets</b>		<b>2,333</b>	<b>2,989</b>
<b>Current assets</b>			
CURRENT RECEIVABLES			
Accounts receivable	25	0	–
Receivables from Group companies		483	633
Tax assets		43	–
Other receivables		2	10
Prepaid expenses and accrued income	16	2	3
Total current receivables		530	646
Cash and bank		0	1
<b>Total current assets</b>		<b>530</b>	<b>647</b>
<b>Total assets</b>	24	<b>2,863</b>	<b>3,636</b>
<b>EQUITY, PROVISIONS AND LIABILITIES</b>			
<b>Equity</b>			
RESTRICTED EQUITY			
Share capital	17	57	57
Statutory reserve		86	86
NON-RESTRICTED EQUITY			
Fair value reserve		–6	2
Retained earnings		1,188	1,948
Net profit		24	130
<b>Total equity</b>		<b>1,349</b>	<b>2,223</b>
<b>Untaxed reserves</b>	30	<b>226</b>	<b>264</b>
<b>Provisions</b>			
Provisions for pensions and similar commitments	19	44	45
Deferred tax liability	9	–	0
<b>Total provisions</b>		<b>44</b>	<b>45</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	25	130	200
Liabilities to Group companies		–	60
<b>Total non-current liabilities</b>		<b>130</b>	<b>260</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	25	307	122
Accounts payable		1	2
Liabilities to Group companies		786	696
Other liabilities		12	2
Accrued expenses and deferred income	22	8	22
<b>Total current liabilities</b>		<b>1,114</b>	<b>844</b>
<b>Total equity, provisions and liabilities</b>	24	<b>2,863</b>	<b>3,636</b>
PLEGGED ASSETS AND CONTINGENT LIABILITIES			
Pledged assets		None	None
Contingent liabilities		See Note 27	See Note 27

## Statement of changes in equity

Amounts in MSEK	Restricted equity		Non-restricted equity				Total equity
	Share capital	Statutory reserve	Treasury shares	Fair value reserve	Retained earnings	Net profit	
<b>Closing equity, 31 March 2016</b>	<b>57</b>	<b>86</b>	<b>-57</b>	<b>-3</b>	<b>1,704</b>	<b>425</b>	<b>2,212</b>
Reversal of earnings					425	-425	0
Net profit						130	130
Other comprehensive income				5			5
Dividend					-140		-140
Sale of treasury shares in connection with redemption of share options			26		-10		16
<b>Closing equity, 31 March 2017</b>	<b>57</b>	<b>86</b>	<b>-31</b>	<b>2</b>	<b>1,979</b>	<b>130</b>	<b>2,223</b>
Reversal of earnings					130	-130	0
Net profit						24	24
Other comprehensive income				-8			-8
Dividend					-141		-141
Distribution of Momentum Group					-633		-633
Sale of treasury shares in connection with redemption of share options			2		0		2
Repurchase of own shares			-118				-118
<b>Closing equity, 31 March 2018</b>	<b>57</b>	<b>86</b>	<b>-147</b>	<b>-6</b>	<b>1,335</b>	<b>24</b>	<b>1,349</b>

## Cash-flow statement

Amounts in MSEK	Note	2017/2018	2016/2017
<b>Operating activities</b>			
Operating loss		-13	-12
<b>Adjustments for non-cash items</b>			
Depreciation, amortisation and impairment of non-current assets		-	0
Change in pension obligations		4	3
Other non-cash items		1	-2
Interest received		47	84
Interest paid		-17	-15
Income taxes paid		-46	-58
<b>Cash flow from operating activities before changes in working capital</b>		<b>-24</b>	<b>0</b>
<b>Cash flow from changes in working capital</b>			
Change in current receivables and liabilities to Group companies		159	-593
Change in operating receivables		2	2
Change in operating liabilities		-16	6
<b>Changes in working capital</b>		<b>145</b>	<b>-585</b>
<b>Cash flow from operating activities</b>		<b>121</b>	<b>-585</b>
<b>Investing activities</b>			
Shareholders' contribution paid		0	-600
Divestment of operating segments		-633	-
<b>Cash flow from investing activities</b>		<b>-633</b>	<b>-600</b>
<b>Cash flow before financing</b>		<b>-512</b>	<b>-1,185</b>
<b>Financing activities</b>			
Sale of treasury shares in connection with redemption of share options		3	16
Changes in long-term receivables and liabilities to Group companies		598	1,017
Borrowings		185	50
Repayment of loans		-74	-14
Dividends received from subsidiaries		0	38
Dividend paid		-141	-140
Repurchase of own shares		-118	-
Group contributions paid and received		58	219
<b>Cash flow from financing activities</b>		<b>511</b>	<b>1,186</b>
<b>Cash flow for the year</b>		<b>-1</b>	<b>1</b>
Cash and cash equivalents at the beginning of the year		1	0
<b>Cash and cash equivalents at year-end</b>		<b>0</b>	<b>1</b>

# The Group's risks and uncertainties

## RISK/DESCRIPTION

### ► ECONOMY AND MARKET

Demand for Bergman & Beving's products and services is largely impacted by macroeconomic factors that are beyond the Group's control: economic trends in the construction sector, trends and investor willingness in the manufacturing industry, and the conditions in the global capital market. Should these factors deteriorate in the markets where the Group is active, this could have a negative impact on the Group's financial position and earnings.

### ► STRUCTURAL CHANGES

Globalisation, digitisation and rapid technological advancement are fuelling structural changes in customer operations. While this trend could boost demand for Bergman & Beving's advanced services, it could also cause the Group's customers to disappear as a result of mergers, closures and relocation to low-cost countries. Globalisation is also increasing the risk of our customers making their purchases directly from manufacturers in low-cost countries.

### ► COMPETITORS

Most of Bergman & Beving's subsidiaries operate in industries that are exposed to competition. Mergers may also take place between suppliers in the industry, allowing them to create broader offerings, which could result in price pressure. The subsidiaries' future competitive opportunities will depend on their capacity to remain at the cutting edge of technology and respond rapidly to market demands. Intensified competition, or an inability on the part of a subsidiary to meet new market demands, could have a negative impact on the Group's financial position and earnings.

### ► ENVIRONMENT

Changes in environmental legislation could impact sales of the Group's products, the transport of goods and the manner in which customers use the Group's products. There is also a risk that one of the Group's subsidiaries, through its corporate registration number, could have a historical responsibility under the Swedish Environmental Code.

## BERGMAN & BEVING'S RISK MANAGEMENT

Since Bergman & Beving's numerous subsidiaries focus on different product areas and geographic markets, the Group is less sensitive to market fluctuations in individual industrial areas, sectors or geographic areas. The Group also works continuously to develop operations that are less dependent on a specific market and to adapt its costs to specific conditions. Bergman & Beving's sales primarily comprise construction and industrial consumables, which means that the need for short-term investor willingness in the industry is low.

In addition to having an organisation with a willingness to change and a strong entrepreneurial spirit, Bergman & Beving is exposed to a large number of industries, which provides protection against structural changes.

To a certain extent, the Group is also protected against any negative impact by the fact that it offers various forms of unique added value: strong product brands, excellent service and long-standing customer relationships. The Group's competitiveness also allows it to deliver outside its immediate geographic area.

Bergman & Beving endeavours to offer products and services for which price is not the sole differentiating factor. By working closely with suppliers and customers, the Group continuously hones its expertise and competitiveness. The risk of declining demand is mitigated as a result of the Group's supply reliability, service, availability and competitive proprietary brands. To reduce the risk of competition from suppliers, the Group continually works to ensure that a partnership with Bergman & Beving is the most profitable sales strategy for its suppliers.

Bergman & Beving's subsidiaries primarily focus on trade and operations with a small direct impact on the environment. The Group monitors its operations and environment-related risks through its sustainability reporting, and all companies comply with the Group's Code of Conduct. In connection with acquisitions, Bergman & Beving analyses the corporate registration numbers of the companies in question in order to mitigate the risk of being held liable for damages for historical environmental issues.

A more detailed description of Bergman & Beving's sustainability initiatives is available in the section on the Sustainability Report.



## RISK/DESCRIPTION

### ► ABILITY TO RECRUIT AND RETAIN EMPLOYEES

Bergman & Beving's continued success is dependent on its ability to retain experienced employees with specific skills and to recruit new, talented individuals. There is a risk that one or more members of senior management or other key individuals may leave the Group on short notice. Bergman & Beving's financial position and earnings could be negatively impacted if the Group were to fail to recruit suitable replacements or new, talented key individuals.

### ► SUPPLIERS AND CUSTOMERS

In order to deliver its products, Bergman & Beving depends on its external suppliers to fulfil their agreements with respect to, for example, volumes, quality and delivery times. Incorrect or delayed deliveries, or nondeliveries, could have a negative impact on the Group's financial position and earnings. The Group's reputation also depends on its suppliers maintaining a high level of business ethics in such areas as human rights and working conditions. Customer agreements vary in terms of their duration, guarantees and liability limitations. For certain customer and supplier relationships, there are no written agreements in place, which can create legal uncertainty regarding the content of the agreement.

### ► FINANCIAL RISKS

The Group is exposed to various financial risks. **Foreign-exchange risk** refers to the risk that foreign-exchange rates could have a negative impact on Bergman & Beving's financial position and earnings. **Transaction exposure** refers to the risk that arises due to payments received and made by the Group as a result of payment flows in foreign currencies. Translation exposure arises as a result of the Group's net investments in foreign currencies through its foreign subsidiaries. The Group is also exposed to **financing risk**, meaning the risk that financing the Group's capital requirements could become more difficult or more expensive. **Interest-rate risk** refers to the risk that unfavourable changes in interest rates could have a negative impact on the Group's financial position and earnings.

### ► CORRUPTION AND BRIBES

Corruption is illegal but nevertheless prevalent throughout the world. Unfortunately, although many people associate corruption with countries with a weak democracy, corruption also arises in various forms in openly democratic countries. Swedish companies are often unaware of the risks facing their operations. Companies must look for signs of corruption in all areas of their export business and foreign operations.

## BERGMAN & BEVING'S RISK MANAGEMENT

Creating the conditions for development and job satisfaction within the Group is a priority. Part of the acquisition strategy involves ensuring that key individuals in all companies are motivated to operate the companies independently as part of the Group. Bergman & Beving's Business School is targeted at both new employees and senior management, and is intended to increase internal knowledge sharing, assist employees in their professional development and improve the corporate culture. The Group conducts regular employee surveys to learn more about the employees' perceptions of their employer, their work situation and areas for improvement and development, see also the section on Employees in the Sustainability Report.

The Group's long-standing, positive relationships with carefully selected suppliers reduces the risk of not being able to deliver as agreed. To ensure that the Group's high standard of business ethics is maintained, all suppliers are also required to follow a Supplier Code of Conduct. The Group does not have a long-term dependency on any individual supplier.

In accordance with the Financial Policy established by the Board of Directors, Bergman & Beving aims to manage the financial risks that arise in the operations in a structured and efficient manner. The Financial Policy stipulates the Group's aim to identify, minimise and control financial risks, and defines how responsibility for managing these risks is to be distributed within the organisation. The goal is to minimise the consequences of the financial risks on earnings. A more detailed description of Bergman & Beving's management of financial risks is available in Note 25 Financial risk management.

Bergman & Beving has a policy of zero tolerance toward bribes and corruption, which is stated clearly in the Code of Conduct. The Code of Conduct is to be communicated to and followed by all employees in the Bergman & Beving Group. Through the Group's whistleblowing function, employees are encouraged to report all cases of unethical behaviour and have the option to remain anonymous. The Group's Financial Policy also requires internal control systems to be used for all payments.

## NOTE 1 ACCOUNTING POLICIES

### COMPLIANCE WITH STANDARDS AND LEGISLATION

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretive statements from the IFRS Interpretations Committee as approved by the EU. Recommendation RFR 1 Supplementary Accounting Rules for Groups issued by the Swedish Financial Reporting Board has also been applied. The Parent Company applies the same accounting policies as the Group, except in the cases stated below under the section Parent Company accounting policies.

The Annual Report and consolidated financial statements were approved for publication by the Board of Directors and President & CEO on 15 June 2018. The Group's and the Parent Company's income statements and balance sheets are subject to approval by the Annual General Meeting to be held on 23 August 2018.

### BASIS APPLIED WHEN PREPARING THE FINANCIAL STATEMENTS

The Parent Company's functional currency is Swedish kronor (SEK), which also constitutes the reporting currency for the Group. This means that the financial statements are presented in SEK. All amounts, unless specifically stated otherwise, are rounded to the nearest million.

Assets and liabilities are recognised at historical cost, except for certain financial assets and liabilities that are measured at fair value. Financial assets and liabilities measured at fair value consist of derivative instruments and financial assets available for sale. Preparing the financial statements in accordance with IFRS requires that management makes judgments and estimates and makes assumptions that affect the application of the accounting policies and the recognised amounts of assets, liabilities, income and expenses. The actual outcome may differ from these estimates and judgments. The estimates and judgments are reviewed on a regular basis. Changes in estimates are recognised in the period when the change is made if the change affects this period only, or in the period when the change is made and in future periods if the change affects the current period as well as future periods. Judgments made by management when applying IFRS that have a significant effect on the financial statements and estimates made which can lead to substantial adjustments in the following year's financial statements are described in more detail in Note 34 Key estimates and judgments.

Events after the balance-sheet date refer to both favourable and unfavourable events that occur between the balance-sheet date and the date at the beginning of the following financial year when the financial statements are signed by the members of the Board of Directors and the President & CEO. Information is provided in the Annual Report about any significant events after the balance-sheet date that were not accounted for when the financial statements were adopted. Such events that confirm the circumstances prevailing at the balance-sheet date are taken into account at the time of adoption of the financial statements.

Non-current assets and disposal groups held for sale are recognised at the lower of their recognised carrying amount at the time of classification and their fair value after a deduction for selling expenses.

Offsetting of receivables and liabilities and of income and costs occurs only when required or when expressly permitted in an accounting recommendation.

The stated accounting policies for the Group have been applied consistently for all periods presented in the Group's financial statements, unless specifically stated otherwise. The Group's accounting policies have been applied consistently in the reporting and consolidating of the Parent Company and subsidiaries.

### AMENDED ACCOUNTING POLICIES

The new and amended standards that have come into effect for the financial year starting 1 April 2017 pertain to: Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses, Annual Improvements to IFRSs 2014-2016: Amendments to IFRS 12 Disclosure of Interests in Other Entities, Amendments to IAS 28 Investments in Associates and Joint Ventures and Amendments to IFRS 1 First-time Adoption of IFRS and revisions of IAS 7 Statement of Cash Flows. Disclosures have been added to the statement of cash flows, where the change for the year in terms of liabilities attributable to financing activities is reconciled with the specification of such items as new borrowing, repayment, changes linked to the divestment/acquisition of subsidiaries and exchange-rate effects. Disclosures are provided with respect to both changes that impact cash flow and changes that do not impact cash flow. The amended standard has been applied prospectively, which is why no disclosures have been provided for the comparative year.

None of these clarifications, amendments or interpretive statements have had any material impact on the Group's financial statements.

### NEW OR AMENDED IFRS THAT WILL BE APPLIED IN COMING PERIODS

A number of new and amended IFRS have not yet come into effect and have not been applied in advance in the preparation of these financial statements. Listed below are the IFRS that may have an impact on the consolidated financial statements. Other than the IFRS described below, no other new or amended standards approved by the IASB as of 31 March 2018 are expected to have a material impact on the consolidated financial statements.

#### IFRS 9 Financial instruments

IFRS 9 Financial Instruments, which has been approved by the EU, took effect on 1 January 2018 and will be applied by Bergman & Beving from 1 April 2018, covers the recognition of financial assets and liabilities and replaces IAS 39 Financial instruments: Recognition and Measurement. The standard contains rules for the classification and measurement of financial assets and liabilities, impairment of financial instruments, and hedge accounting. A difference compared with IAS 39 is that the impairment of financial assets through a provision for expected credit losses is to be carried out at the time of initial recognition of financial assets that are recognised at amortised cost and at fair value in other comprehensive income, and certain additional assets and receivables. Financial assets include accounts receivable and cash and cash equivalents. Bergman & Beving's accounts receivable generally relate to customers with a good payment capacity, which is taken into account in the provision for expected credit losses. The option to apply hedge accounting is facilitated in general under IFRS 9. Since Bergman & Beving applies hedge accounting under the current rules of IAS 39, the introduction of IFRS 9 is not expected to have any impact in this regard. Nor is the classification of financial instruments in accordance with IFRS 9 expected to impact the financial instruments.

#### IFRS 15 Revenue from Contracts with Customers

IFRS 15 Revenue from Contracts with Customers has been approved by the EU, replaces the existing IFRSs related to revenue recognition, such as IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes, as of 1 January 2018, and will be applied by Bergman & Beving from 1 April 2018. IFRS 15 is based on revenue being recognised once control of the goods or services has been transferred to the customer, which differs from the existing basis of the transfer of risks and benefits.

Bergman & Beving has analysed a selection of standard contracts from its various operating areas and has not identified any material impact on its financial statements. IFRS 15 also contains expanded disclosure requirements in respect of revenue, which will expand the contents of the explanatory notes.

Bergman & Beving's revenue is mainly derived from sales of goods with a marginal share derived from sales of services. With respect to sales of both goods and services, risk and control are transferred to the buyer upon delivery. All sales are made on normal credit terms (30 days) and Bergman & Beving does not offer any other financing. Bergman & Beving is always the principal during the supply process. Accordingly, revenue can be recognised immediately upon delivery.

The new standard will entail no translation effects in respect of the transition to IFRS 15. This therefore means there is no need to adjust equity when the new standard is implemented.

#### IFRS 16 Leases

IFRS 16 Leases has been approved by the EU and will replace the existing IFRSs related to how leases are recognised, such as IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease, from 1 January 2019. Bergman & Beving has decided not to apply this standard in advance and will instead apply the standard for the financial year starting 1 April 2019.

IFRS 16 mainly affects the lessee and the principal effect is that leases which are currently reported as operational leases will be recognised for in a manner similar to the current recognition of financial leases. This means that even for operational leases, assets and liabilities must be recognised, along with the recognition of costs for depreciation, amortisation and interest — unlike today when no recognition of leased assets and related liabilities is required, and where leasing fees are accrued linearly as a lease expense.

As an operational lessee, Bergman & Beving will be affected by the implementation of IFRS 16.

Bergman & Beving has carried out a preliminary assessment of the effects of IFRS 16 and will continue working on this analysis in 2018/2019. Monetary calculations of the effect of IFRS 16 and the choice regarding transitional methods and

**NOTE 1 cont.**

application of exemption rules have not yet been concluded. The information provided in Note 26 concerning operational leases gives an indication of the nature and extent of the leases that exist at present.

**SEGMENT REPORTING**

An operating segment is a part of the Group that conducts operations that can generate income and incur costs, and for which independent financial information is available. The earnings of an operating segment are also monitored by the company's chief operating decision-maker to enable them to be assessed and to allow resources to be allocated to the operating segment. Refer to Note 4 for a more detailed description of the Group's division and a presentation of operating segments.

**CLASSIFICATION, ETC.**

Non-current assets and non-current liabilities in the Group and the Parent Company essentially consist only of amounts that are expected to be recovered or paid later than 12 months from the balance-sheet date. Current assets and current liabilities in the Group and the Parent Company essentially consist only of amounts that are expected to be recovered or paid within 12 months from the balance-sheet date.

**PRINCIPLES OF CONSOLIDATION****Subsidiaries**

Subsidiaries are entities over which Bergman & Beving AB has a controlling influence.

A controlling influence exists if the Parent Company has power over the investee, is exposed to or has rights to variable returns from its involvement and has the ability to use its power over the investee to affect the amount of the investor's returns. When assessing whether or not a controlling influence exists, consideration is given to potential voting shares and whether any de facto control exists.

Subsidiaries are recognised in accordance with the purchase method of accounting. This method entails that the acquisition of a subsidiary is viewed as a transaction through which the Group indirectly acquires the assets of the subsidiary and assumes its liabilities. The acquisition analysis determines the fair value, on the date of acquisition, of the identifiable assets, assumed debts and any non-controlling interests. Transaction fees, except for transaction fees attributable to issues of equity instruments or debt instruments, that arise are recognised directly in net profit.

In the case of business combinations where the transferred remuneration, any non-controlling interests and the fair value of previously held participations (step acquisitions) exceed the fair value of the acquired assets and assumed liabilities that are to be recognised separately, the difference is recognised as goodwill. Should the difference be negative, which is known as a bargain purchase, it is recognised directly in net profit. Contingent considerations are measured at fair value on the date of acquisition. If the contingent consideration is classified as an equity instrument, no remeasurement is performed and the adjustment is made to equity. Other contingent considerations are remeasured for each financial statement and the difference is recognised in net profit.

If the acquisition does not pertain to 100 percent of the subsidiary, it is deemed a non-controlling interest. There are two methods for recognising non-controlling interests: (i) by recognising the non-controlling interest's share of the proportional net assets or (ii) by recognising the non-controlling interest at fair value, meaning that the non-controlling interest is part of goodwill. Which of these two alternatives is to be applied can be determined on a case-by-case basis.

For step acquisitions, goodwill is determined on the date on which controlling influence is reached. Previous holdings are measured at fair value and the change in value is recognised in net profit.

For divestments that lead to a loss of controlling influence but where a holding remains, the holding is measured at fair value and the change in value is recognised in net profit.

The financial statements of subsidiaries are consolidated from the date of acquisition until the date when the controlling influence ceases.

**Associated companies**

Associated companies are companies over which the Group has a significant, but not controlling influence in terms of operational and financial control, usually through a holding of between 20 and 50 percent of the total number of votes. From the time at which significant influence is achieved, shares in associated companies are recognised in the consolidated financial statements using the equity method. According to the equity method, the carrying amount of the shares in associated companies recognised in the Group should correspond to the Group's share of the equity in the associated companies and consolidated goodwill and any other residual value for the consolidated surplus or deficit value. In the consolidated income

statement, the Group's share of the associated company's profit, adjusted for any depreciation, amortisation, impairment losses or reversals of acquired surplus or deficit values, is recognised as "Shares of profit in associated companies." Dividends received from associated companies reduce the carrying amount of the investment. The Group's portion of other comprehensive income in associated companies is recognised in a separate line in the Group's other comprehensive income.

Any differences during the acquisition between the cost of the holding and the holding company's portion of the net fair value of the associated company's identifiable assets and liabilities are recognised in accordance with the same principles as in the acquisition of a subsidiary. Transaction fees, except for transaction fees attributable to issues of equity instruments or debt instruments, that arise are included in cost. When the Group's portion of the recognised losses in the associated company exceeds the carrying amount of the shares in the Group, the value of these shares is reduced to zero. Settlement of losses also occurs for long-term financial transactions without collateral, which, in financial terms, are part of the holding company's net investment in the associated company. Continued losses are not recognised, provided that the Group has not issued guarantees to cover losses arising in the associated company. The equity method is applied until the time at which the significant influence is terminated.

**Transactions eliminated in consolidation**

Intra-Group receivables and liabilities, income or expenses, and unrealised gains or losses arising in intra-Group transactions between Group companies are eliminated in their entirety when preparing the consolidated financial statements. Unrealised gains that arise in transactions with associated companies are eliminated to an extent corresponding to the Group's participating interest in the company. Unrealised losses are eliminated in the same manner as unrealised gains, but only insofar as no impairment requirement exists.

**FOREIGN CURRENCY****Transactions in foreign currency**

Transactions in foreign currency are translated to the functional currency using the exchange rate prevailing on the transaction date. The functional currency is the currency of the primary economic environments in which the companies conduct their operations. Monetary assets and liabilities in foreign currency are translated to the functional currency at the exchange rate prevailing on the balance-sheet date. Exchange-rate differences that arise during translation are recognised in net profit. Non-monetary assets and liabilities recognised at historical cost are translated at the exchange rate prevailing on the transaction date.

**Financial statements of foreign entities**

Assets and liabilities in foreign entities, including goodwill and other consolidated surplus values and deficits, are translated from the foreign entity's functional currency to the Group's reporting currency, SEK, at the exchange rate prevailing on the balance-sheet date. Income and expenses in foreign entities are translated to SEK at the average exchange rate, which constitutes an approximation of the foreign-exchange rates prevailing at each transaction date. Translation differences arising as a result of the translation of a foreign net investment are recognised directly in other comprehensive income and are accumulated in a separate equity component, referred to as the translation reserve. When a foreign entity is divested, the accumulated translation differences attributable to the entity are realised, by which they are reclassified from the translation reserve in equity to net profit.

**INCOME**

The Group's primary income comprises the sale of goods and services.

**Sale of goods**

Income from the sale of goods is recognised in net profit when the material risks and benefits associated with ownership of the goods have been transferred to the buyer, typically in connection with delivery. Income is recognised if it is probable that the financial benefits will accrue to the Group.

**Service assignments**

Income from service assignments is normally recognised when the service is performed. Income from service assignments is recognised in accordance with the principles of the percentage-of-completion method. The degree of completion is normally determined based on the relationship between accrued expenditure on the balance-sheet date and the estimated total expenditure. Probable losses are recognised immediately in consolidated earnings.

**NOTE 1 cont.****Rental income**

Rental income from real estate is recognised in net profit on a straight-line basis based on the terms of the lease. The aggregate cost of benefits provided is recognised as a reduction of rental income on a straight-line basis over the term of the lease.

**Income from property sales**

Income from property sales is recognised on the day of taking possession provided the risks and benefits have not been transferred on another date.

**OPERATING EXPENSES AND FINANCIAL INCOME AND EXPENSES****Operational leases**

Costs related to operational leases are recognised in net profit on a straight-line basis over the term of the lease. Benefits received in connection with the signing of a contract are recognised in net profit as a straight-line reduction in leasing fees over the course of the lease. Variable fees are expensed in the periods in which they arise.

**Financial leases**

Minimum leasing fees are allocated to interest expense and repayment of the outstanding liability. The interest expense is allocated over the leasing period in such a way that each accounting period is charged with an amount corresponding to a fixed interest rate for the liability recognised for each period.

Variable fees are expensed in the periods in which they arise.

**Financial income and expenses**

Financial income and expenses consist of interest income on bank funds and receivables, and of interest-bearing securities, interest expenses on loans, dividend income, exchange-rate differences and unrealised and realised gains on financial investments. Refer also to the section below under Financial assets available for sale.

Interest income on receivables and interest expenses on liabilities are calculated using the effective interest method. The effective interest rate is the rate that discounts the estimated future receipts and disbursements during the financial instrument's expected term to the recognised net value of the financial receivable or the liability.

Interest expense includes the accrued amount of issuance costs and similar direct transaction costs in connection with borrowing.

Dividend income is recognised when the right to receive payment has been determined.

Borrowing costs are recognised in profit or loss applying the effective interest method, except to the extent that they are directly attributable to the purchase, design or production of assets that require a significant amount of time to prepare for their intended use or sale. However, no such assets are normally recognised by Bergman & Beving, which is why no interest has been capitalised.

Exchange gains and losses are recognised in a net amount.

**FINANCIAL INSTRUMENTS**

Financial instruments are measured and recognised in the Group in accordance with the rules of IAS 39. Financial instruments recognised as assets in the balance sheet include cash and cash equivalents, accounts receivable, financial investments and derivatives. Liabilities include accounts payable, loan liabilities and derivatives.

**Recognition in and derecognition from the balance sheet**

A financial asset or financial liability is recognised in the balance sheet when the Group becomes a party under the contractual terms of the instrument in question. A financial asset, or a portion of a financial asset, is derecognised from the balance sheet when the contractual rights are realised, fall due or the Group loses control over them. A financial liability, or a portion of a financial liability, is derecognised from the balance sheet when the obligation in the contract is fulfilled or ceases to apply in some other way.

Financial assets and financial liabilities are offset and recognised in a net amount in the balance sheet only when there is a legal right to offset the amounts and when there is an intention to settle the items in a net amount or to realise the asset and settle the liability simultaneously.

Acquisitions and disposals of financial assets are recognised on the transaction date, which is the date when the Group undertakes to acquire or dispose of assets.

**Classification and measurement**

All financial instruments that are not derivatives are initially recognised at cost, corresponding to the fair value of the instrument plus transaction costs, with the

exception of those items classified as financial assets measured at fair value in profit or loss, which are measured at fair value, excluding transaction costs. A financial instrument's classification determines how it is measured after the initial reporting occasion. The Group classifies its financial instruments based on the purpose for which the instrument was acquired. Management determines the classification on the initial reporting occasion. The Group's holdings of financial instruments are classified as follows:

**Financial assets available for sale**

The category Financial assets available for sale includes financial assets that are not classified in any other category, or financial assets that the Company initially opted to classify in this category. Shares and participations among financial non-current assets not recognised as subsidiaries, associated companies or joint ventures are recognised in this category. According to the main rule, these assets are measured at fair value after the acquisition date, with changes in value recognised in other comprehensive income and the accumulated changes in value recognised as a separate component under equity, although this does not include changes in value due to impairment losses or interest on receivable instruments and dividend income, or exchange-rate differences on monetary items in net profit. If the asset is sold, the accumulated gain/loss that was previously recognised in other comprehensive income is recognised in net profit. Holdings that are not listed, and whose fair value cannot be calculated in a reliable manner, are recognised at cost, but with a possible adjustment if an impairment charge is warranted.

**Loan receivables and accounts receivable**

Long-term receivables among non-current assets and accounts receivable and other receivables among current assets are non-derivative financial assets with fixed payments, or payments that can be determined and that are not listed on an active market. After the acquisition date, such assets are recognised at amortised cost using the effective interest method, less any provisions for loss of value. Accounts receivable are recognised at the amount expected to be received, meaning after deductions for doubtful accounts receivable. Any impairment requirement for the receivables is determined based on individual testing, taking into consideration earlier experience of customer losses on similar receivables.

**Financial liabilities**

Loans and other financial liabilities, such as accounts payable, are included in this category. Financial liabilities are initially measured at fair value after deductions for transaction costs. Borrowing is then recognised at amortised cost and any differences between the loan amount (net after transaction costs) and the repayable amount are recognised in net profit distributed over the term of the loan and by applying the effective interest method. Borrowing is classified as a current liability if the Company does not hold an unconditional right to defer payment for a minimum of 12 months after the balance-sheet date.

**Other categories**

The Group has not initially classified any assets or liabilities as financial assets or liabilities measured at fair value in profit or loss, and does not have any financial assets or liabilities held for trading. Nor did the Group have any financial held-to-maturity investments during the financial year.

**Derivatives and hedge accounting**

Derivative instruments are initially measured at fair value. After the acquisition date, derivative instruments held for hedging purposes, meaning interest swap agreements, interest caps and foreign-exchange forward contracts, are measured at fair value. To fulfil the requirements for hedge accounting according to IAS 39, there must be a clear link to the hedged item, the hedge must effectively protect the hedged item, hedging documentation must have been drawn up and the effectiveness must be measurable.

After the initial recognition, derivative instruments are measured at fair value and the method of recognising a change in value depends on the character of the hedged item. The Group identifies certain derivatives as either (1) a hedge of a highly probable anticipated interest income (cash-flow hedging), or (2) a hedge of a highly probable forecast transaction in foreign currency (cash-flow hedging).

The effective portion of changes in the fair value of derivative instruments identified as cash-flow hedges are recognised in other comprehensive income and the accumulated changes in value are recognised in a separate component under equity (the hedging reserve). Any gains or losses attributable to the ineffective portion are recognised immediately in profit or loss. Accumulated amounts in equity are reversed to net profit in the periods in which the hedged item affects



**NOTE 1 cont.**

profit or loss (for example, when the forecast sale that is hedged takes place). If the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventories or a tangible non-current asset), or a non-financial liability, the hedging reserve is dissolved in other comprehensive income and included in the initial carrying amount of the asset or liability.

Investments in foreign subsidiaries (net assets including goodwill) have been protected to a certain extent through financial hedging in the form of borrowing in the corresponding currency. Such investments are recognised at the exchange rate prevailing on the balance-sheet date.

**TANGIBLE NON-CURRENT ASSETS****Owned assets**

Tangible non-current assets are recognised as assets in the balance sheet if it is probable that future financial benefits will accrue to the Group and the cost of the asset can be calculated in a reliable manner.

Tangible non-current assets are recognised in the Group at cost, less accumulated depreciation and any impairment losses. The cost includes the purchase price and costs directly attributable to the asset to bring it to location and make it usable for the purpose intended with its procurement. Examples of directly attributable costs included in the cost are expenses for shipping and handling, installation, legal ratification, consulting services and legal services. Borrowing costs that are directly attributable to the purchase, design or production of assets that require a significant amount of time to prepare for their intended use or sale are included in the cost.

Tangible non-current assets that consist of parts with different useful lives are treated as separate components of tangible non-current assets.

The carrying amount of a tangible non-current asset is derecognised from the balance sheet upon disposal or sale, or when no future financial benefits are expected to be derived from the use or disposal/sale of the asset. Gains or losses that arise upon the sale or disposal of an asset are defined as the difference between the selling price and the carrying amount of the asset, less direct selling expenses. Gains and losses are recognised as other operating income/expenses.

**Leased assets**

Leases are classified in the consolidated financial statements as either financial or operational leases. Leases where essentially all of the financial risks and benefits associated with ownership have been transferred to the lessee are classified as financial leases. Where this is not the case, the lease is an operational lease.

Assets that are leased in accordance with financial leases are recognised as non-current assets in the balance sheet and are initially measured at the lower of the leased asset's fair value and the present value of the minimum leasing fees at the time the contract is entered into. Obligations to pay future leasing fees are recognised as non-current and current liabilities. The leased assets are depreciated over the useful life of the asset in question, while the leasing fees are recognised as interest and amortisation of the liabilities.

Assets that are leased in accordance with operational leases are generally not recognised as an asset in the balance sheet. Nor do operational leases result in a liability.

**Recognition of sale and leaseback transactions**

A sale and leaseback transaction (SLB) comprises the sale of an asset according to a purchase agreement and a subsequent lease of the same asset with the original owner as the lessee. Recognition of such transactions depends on the classification of the leasing transaction, which is assessed based on customary principles for classifying leases (also refer to the section Leased assets above). In the event that an SLB transaction results in a financial lease, the amount by which the sale amount exceeds the carrying amount (capital gain) is not recognised directly in the profit or loss of the seller, but rather is allocated on a straight-basis over the term of the lease.

In the event that an SLB transaction results in an operational lease, the amount by which the sale amount exceeds the carrying amount (capital gain) is recognised in the period when sale occurs, provided the transaction is based on the fair value. According to the Group's assessment, all SLB transactions have been or will be conducted as arm's length transactions at a price that corresponds to fair value. Income attributable to SLB transactions that fulfil the requirements for income recognition are recognised according to the prevailing principles for income recognition (refer to the section Income). In the case of SLB transactions pertaining to property, income is normally recognised on the date on which possession is taken, unless the risks and benefits have been transferred to the buyer on an earlier date. Control of the asset may have been transferred prior to the date on which possession is taken and, in such cases, the sale of the property is recognised as income from this earlier date.

**Additional expenditures**

Additional expenditures are added to the cost only to the extent that it is probable that the future financial benefits associated with the asset will accrue to the Group and the cost can be calculated in a reliable manner. All other additional expenditures are recognised as an expense in the period in which they arise.

**Depreciation policies**

Assets are depreciated on a straight-line basis over their useful lives. Land is not depreciated. The Group applies component depreciation, which means that depreciation is based on the estimated useful life of individual components.

**Estimated useful lives:**

Buildings, property used in operations	5–100 years
Land improvements	20 years
Leasehold improvements	3–15 years
Machinery	3–10 years
Equipment	3–5 years

Property used in operations consists of a number of components with varying useful lives. The main classification is buildings and land. The land component is not depreciated since its useful life is considered to be unlimited. Buildings, however, consist of a number of components for which the useful life varies. The useful lives of these components have been deemed to vary between five and 100 years.

**The following main groups of components have been identified and constitute the basis for the depreciation of buildings:**

Core	100 years
Core improvements, inner walls, etc.	50 years
Installations: heating, electricity, water, and sanitation, ventilation, etc.	10–50 years
Outer surfaces: facing, roofing, etc.	10–50 years
Inner surfaces: machinery equipment, etc.	10–15 years
Building equipment	5–10 years

An assessment of the depreciation methods applied and the residual value and useful life of assets is carried out on an annual basis.

**INTANGIBLE ASSETS****Goodwill**

Goodwill represents the difference between the consideration transferred for a business combination and the fair value of the acquired assets and assumed debt. Goodwill is measured at cost, less any accumulated impairment losses. Goodwill is distributed to cash-generating units and is not amortised continuously. Instead, impairment testing is conducted on an annual basis. For business combinations for which the consideration transferred is less than the fair value of the acquired assets and assumed debt, known as a bargain purchase, the difference is recognised directly in net profit.

**Other intangible assets**

Other intangible assets acquired by the Group are recognised at cost less accumulated amortisation and impairment losses and comprise customer relations, brands, capitalised IT expenditure for development, supplier contracts and purchases of software. Accrued expenses for internally generated goodwill and internally generated brands are recognised in net profit when the cost is incurred.

**Additional expenditures**

Additional expenditures for capitalised intangible assets are recognised as an asset in the balance sheet only to the extent that they increase the future financial benefits of the specific asset to which they are attributable. All other expenditures are expensed as incurred.

**Amortisation policies**

Amortisation is recognised in net profit on a straight-line basis over the estimated useful life of the intangible asset, unless the useful life is indefinable. Goodwill and intangible assets with an indefinable useful life, such as certain brands, are tested on an annual basis for any indications of an impairment requirement, or as soon as there are indications that the asset in question has declined in value. Intangible assets that are subject to amortisation are amortised from the date on which they are available for use.

**NOTE 1 cont.****Estimated useful lives:**

Brands, supplier contracts, customer relations	3–10 years
Software, IT investments	3–5 years

An assessment of the amortisation methods and useful lives applied is carried out on an annual basis.

**INVENTORIES**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is primarily calculated using a method based on a weighted average and includes expenditures arising during the acquisition of the inventory assets and transportation thereof to their current location and state or by applying the “first-in, first-out” (FIFO) method. Net realisable value is the estimated selling price in the operating activities, after deduction of the estimated costs for completion and for accomplishing a sale.

**IMPAIRMENT LOSSES**

The carrying amount of the Group's assets is tested on at least each balance-sheet date to determine whether there are any indications of an impairment requirement. IAS 36 is applied for impairment testing of assets other than financial assets, which are tested in accordance with IAS 39, assets available for sale and disposal groups recognised in accordance with IFRS 5, inventories, plan assets used for financing remuneration to employees and deferred tax assets. If there is any indication of impairment, the recoverable amount of the asset is calculated. The carrying amount of exempted assets in accordance with the above is tested in compliance with each standard.

The recoverable amount of goodwill, other intangible assets with an indefinite useful life and intangible assets not yet ready for use is calculated at least annually. Where it is not possible to allocate essentially independent cash flows to an individual asset, net assets are grouped at the lowest level at which essentially independent cash flows can be determined (cash-generating unit).

An impairment loss is recognised when an asset's or a cash-generating unit's carrying amount exceeds the recoverable amount. An impairment loss is recognised as a cost in net profit. When impairment losses are identified for a cash-generating unit, the impairment loss is primarily allocated to goodwill. Proportional impairment charges are then made against other non-current assets included in the unit.

**Calculation of recoverable amount**

The recoverable amount of assets belonging to the categories of loan receivables and accounts receivable recognised at amortised cost is calculated as the present value of future cash flows discounted using the effective interest rate prevailing when the asset was initially recognised. Assets with short remaining terms are not discounted.

The recoverable amount of other assets is the higher of fair value less selling expenses and value in use. For the purpose of calculating the value in use, future cash flows are discounted using a discount factor that reflects risk-free interest and the risk associated with the specific asset. For an asset that does not generate cash flows and is essentially independent of other assets, the recoverable amount is calculated for the cash-generating unit to which the asset belongs.

**Reversal of impairment losses**

Impairment losses on loan receivables and accounts receivable recognised at amortised cost are reversed if a later increase in the recoverable amount can objectively be attributed to an event that occurred after the impairment loss was charged. Impairment losses on goodwill are not reversed. Impairment losses on other assets are reversed if there has been a change in the assumptions on which the calculation of the recoverable amount was based. An impairment loss is reversed only to the extent that the carrying amount of the asset after the reversal does not exceed the carrying amount of the asset if no impairment loss had been charged, taking into account the amortisation that would then have been made.

**EQUITY**

The Group's equity can be divided into share capital, other contributed capital, reserves, retained earnings including net profit and non-controlling interest.

**Repurchase of own shares**

Holdings of treasury shares and other equity instruments are recognised as a reduction of equity. Acquisitions of such instruments are recognised as a deduction item against equity. Proceeds from the disposal of equity instruments are recognised as an increase in equity. Any transaction costs are recognised directly against equity.

**Dividends**

Dividends are recognised as a liability after the Annual General Meeting has approved the dividend.

**EARNINGS PER SHARE**

The calculation of earnings per share is based on consolidated net profit attributable to the Parent Company shareholders and on the weighted average number of shares outstanding during the year. When calculating earnings per share on a fully diluted basis, the average number of shares outstanding is adjusted by taking into account the theoretical dilution of the number of shares outstanding, which during reported periods is attributable to personnel options and call options issued to employees.

**EMPLOYEE BENEFITS****Defined-contribution pension plans**

Obligations pertaining to fees for defined-contribution pension plans are recognised as an expense in net profit at the rate they are accrued as the employees perform services for the Company during a specific period.

**Defined-benefit pension plans**

The Group's net obligations pertaining to defined-benefit pension plans are calculated separately for each plan in the form of an estimate of the future remuneration that the employee has earned as a result of his/her employment in both the current and prior periods. These calculations are performed by a qualified actuary using the projected unit credit method. The obligations are measured at the present value of expected future payments, with due consideration for future salary increases. The discount rate used is the interest rate on the balance-sheet date for an investment grade corporate bond or housing bonds with a term equivalent to the Group's pension obligations. When there is no functioning market for such bonds, the market rate for government bonds with an equivalent term is used. In the case of funded plans, the fair value of the plan assets reduces the calculated value.

When the calculation leads to an asset for the Group, the carrying amount of the asset is limited to the lowest of the surplus on the plan and the asset limitation calculated utilising the discount rate. The asset limitation comprises the present value of the future financial benefits in the form of lower future contributions or cash repayment. Any minimum funding requirements are taken into consideration when calculating the present value of future repayments or payments. Other significant assumptions and judgments, in addition to the discount rate for the purpose of calculating the Group's defined-benefit plans, comprise future salary increases, inflation and expected length of life. Expected salary increases are based on a combined assessment of the Group's own history, market expectations and forecasts from market surveys. Inflation assumptions are based on a combined assessment of such factors as the inflation targets of central banks, implicit market expectations and long-term analyst forecasts. Length of life assumptions are based on mortality tables that apply a Swedish study known as DUS14 from 31 March 2016.

Obligations for retirement pensions to salaried employees in Sweden in accordance with the ITP plan are handled mainly within the so-called FPG/PRI system. However, obligations for family pensions are secured by insurance with Alecta. These obligations are also defined-benefit obligations, although the Group has not had access to the information necessary to recognise these obligations as a defined-benefit plan. Therefore, these pensions secured by insurance with Alecta are recognised as defined-contribution plans. As of 31 December 2017, Alecta's surplus in the form of its collective solvency margin was 154 percent (2016: 148 percent). The collective solvency margin is defined as the market value of Alecta's assets as a percentage of the insurance obligations calculated in accordance with Alecta's actuarial calculation assumptions, which do not correspond with IAS 19. Alecta's surplus can be distributed to the policy holders and/or the insured.

When the benefits under a plan are improved, the proportion of the increase in benefits pertaining to the employees' service during prior periods is recognised as an expense in net profit. The carrying amount for pensions and similar commitments in the balance sheet corresponds to the present value of the commitments at year-end, less the fair value of the plan assets.

Interest expense/income net on the defined-benefit commitment/asset is recognised in net profit under net financial items. Net interest income is based on the interest rate arising on the discounting of the net obligation, meaning the interest on the obligation, plan assets and the interest on the effect of any asset limitations. Other components are recognised in operating profit/loss. Remeasurement effects comprise actuarial gains and losses, the difference between actual returns on plan assets and the total included in net interest income, and any changes to

**NOTE 1 cont.**

the effects of asset limitations (excluding interest included in net financial items). Remeasurement effects are recognised in other comprehensive income. The special payroll tax comprises a portion of the actuarial assumptions and, accordingly, is recognised as a portion of the net obligation/net asset. The portion of the special payroll tax calculated based on the Swedish Pension Obligations Vesting Act in legal entities is recognised, for reasons of simplification, as accrued expenses instead of as a portion of the net obligation.

Yield tax is recognised continuously in profit or loss for the period to which the tax pertains and thus is not included in the liability calculation. For funded plans, the tax is charged to the return on plan assets and is recognised in other comprehensive income. For unfunded or partly unfunded plans, tax is charged to net profit.

**Benefits in the case of termination**

In connection with the termination of employment, a provision is recognised only in cases when the Company is obligated either to terminate an employee's or a group of employees' employment before the normal point in time, or when benefits are given as an offer to encourage voluntary employment termination. In the latter case, a liability and expense are recognised if it is probable that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

**Share-based benefits**

The 2013, 2014 and 2017 Annual General Meetings resolved that call option programmes would be offered to members of senior management of the Group. Since a market premium was paid for the options, no personnel costs were incurred at the time of issuance. However, the terms stipulate that the employee may receive a certain subsidy for the premiums paid to the employee, provided that certain terms and conditions are fulfilled. The cost for this subsidy is distributed over the vesting period.

**PROVISIONS**

A provision is recognised in the balance sheet when the Group has a current legal or informal obligation resulting from a transpired event and when it is probable that an outflow of financial resources will be required to settle the obligation, and an accurate assessment of the amount can be made. When the effect of the timing of the payment is significant, provisions are calculated based on a discount of the expected future cash flow at an interest rate before taxes that reflects current market assessments of the time value of money and, where applicable, the risks associated with the liability.

**Guarantees**

A provision for guarantees is recognised when the underlying products or services are sold. The provision is based on historical data on guarantees and a total assessment of the possible outcomes in relation to the probabilities associated therewith.

**Restructuring**

A provision for restructuring is recognised when the Group has adopted a comprehensive and formal restructuring plan, and the restructuring has either begun or been publicly announced. No provisions are set aside for future operating expenses.

**Onerous contracts**

A provision for onerous contracts is recognised when the benefits that the Group expects to receive from a contract are lower than the inevitable costs to fulfil the obligations in accordance with the contract.

**TAXES**

Income taxes consist of current taxes and deferred taxes. Income taxes are recognised in net profit, except when the underlying transaction is recognised in other comprehensive income or in equity, in which case the associated tax effect is also recognised in other comprehensive income or in equity.

Current taxes are taxes to be paid or refunded relating to the current year, with the application of the tax rates resolved, or in practice resolved, as of the balance-sheet date. Current taxes also include adjustments of current taxes attributable to earlier periods.

Deferred taxes are calculated in accordance with the balance-sheet method based on temporary differences between the carrying amount of assets and liabilities and the value of assets and liabilities for tax purposes. Temporary differences arising from the recognition of consolidated goodwill are not taken into account. Nor are temporary differences attributable to participations in subsidiaries and associated companies that are not expected to be reversed within the foreseeable

future. The measurement of deferred taxes is based on how the carrying amount of assets or liabilities is expected to be realised or settled. Deferred taxes are calculated using the tax rates and tax rules resolved, or in practice resolved, as of the balance-sheet date.

Deferred tax assets pertaining to deductible temporary differences and loss carryforwards are recognised only to the extent that it is probable that it will be possible to utilise them. The value of deferred tax assets is reduced when it is no longer deemed probable that it will be possible to utilise them.

**CONTINGENT LIABILITIES**

A contingent liability is recognised when there is a possible undertaking arising from events that have occurred and the existence of which are confirmed only by the occurrence of one or more future uncertain events, or when an undertaking is not recognised as a liability or provision because it is unlikely that an outflow of resources will be required.

**NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS**

When a non-current asset (or a disposal group) is classified as held for sale, this means that its carrying amount will essentially be recovered through a sale and not through use. A discontinued operation is a part of a company's operations that represents an independent operating segment, or a significant business in a geographic area, or is a subsidiary acquired solely for the purpose of being resold. Classification as a discontinued operation occurs upon sale or at an earlier point in time when the operation fulfils the criteria of being classified as held for sale. A disposal group that is to be closed can also qualify for classification as a discontinued operation, provided that it fulfils the size criteria outlined above.

Net profit from discontinued operations is recognised in a separate line in profit or loss and other comprehensive income. When an operation is classified as discontinued, the presentation of profit or loss and other comprehensive income for the comparative year is changed so that it is recognised as though the discontinued operation had discontinued at the start of the comparative year. The presentation of the balance sheet for the current and preceding year are not changed in a corresponding manner.

In accordance with IFRIC 17 Distributions of Non-cash Assets to Owners, a liability measured at fair value is recognised when the decision regarding the distribution is taken. A corresponding reduction in equity is recognised on the same date. On each occasion when a financial report is prepared, the liability is remeasured at fair value and any change in value is recognised in equity. If there is a difference between the fair value and consolidated value on the distribution date, this difference is recognised in profit or loss as a discontinued operation.

**CONSOLIDATED CASH-FLOW STATEMENT**

Receipts and disbursements have been divided into the following categories: operating activities, investing activities and financing activities. The indirect method is applied for flows from operating activities.

The changes in operating assets and operating liabilities for the year have been adjusted for effects of changes in exchange rates. Acquisitions and disposals are recognised in investing activities.

The assets and liabilities held by the entities acquired and sold on the date of acquisition are not included in the analysis of changes in working capital, nor in the changes of balance-sheet items recognised in investing and financing activities.

Cash and cash equivalents include cash and bank flows, as well as current investments whose conversion to bank funds may occur at an amount that is usually known in advance. Cash and cash equivalents include current investments with a term of less than three months.

**PARENT COMPANY ACCOUNTING POLICIES**

The Parent Company has prepared its annual accounts 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 Swedish Financial Reporting Board's statements concerning listed companies have also been applied. RFR 2 stipulates that the Parent Company, in the annual accounts for the legal entity, shall apply all IFRS and statements adopted by the EU to the greatest extent possible within the framework of the Swedish Annual Accounts Act, the Swedish Pension Obligations Vesting Act and with due consideration given to the relationship between accounting and taxation. The recommendation states the exceptions from and additions to be made to IFRS. Combined, this results in differences between the Group's and the Parent Company's accounting policies in the areas indicated below.

**Amended accounting policies**

**NOTE 1 cont.**

Unless otherwise stated below, the same changes as detailed above for the Group applied to the Parent Company's accounting policies during the financial year.

**Subsidiaries**

Participations in subsidiaries are recognised in the Parent Company in accordance with the cost method. This means that transaction fees are included in the carrying amount for holdings in subsidiaries. In the consolidated financial statements, transaction fees are recognised directly in earnings when incurred. Contingent considerations are valued on the basis of the probability that a consideration will be paid. Any changes to provisions/receivables are added to/ deducted from the cost. In the consolidated financial statements contingent considerations are measured at fair value, including changes in value, in profit or loss.

**Tangible non-current assets****Leased assets**

All leasing agreements in the Parent Company are recognised in accordance with the rules for operational leasing.

**Employee benefits**

Other bases for the calculation of defined-benefit pension plans are used in the Parent Company than those set out in IAS 19. The Parent Company complies with the provisions of the Swedish Pension Obligations Vesting Act and the directives of the Swedish Financial Supervisory Authority, since this is a condition for tax deductibility. The most important differences compared with the rules in IAS 19 are how the discount interest rate is determined, that the calculation of the defined-benefit obligation takes place based on the current salary level without assumption of future salary increases, and that all actuarial gains and losses are recognised in net profit as they arise.

**Taxes**

In the Parent Company, untaxed reserves are recognised including deferred tax liabilities. However, in the consolidated financial statements, untaxed reserves are divided into deferred tax liabilities and equity. Correspondingly, the Parent Company, appropriations are not distributed to deferred tax expense in profit or loss.

**Financial guarantee agreements**

In accordance with RFR 2, the Parent Company has elected not to apply the provisions in IAS 39 concerning financial guarantee agreements on behalf of subsidiaries.

**Group contributions and shareholders' contributions**

Shareholders' contributions are recognised directly in equity of the recipient and capitalised in shares and participations of the donor. Group contributions, both received and paid, are recognised in profit or loss as appropriations.

**NOTE 2 DISTRIBUTION OF REVENUE**

	<b>Group</b>		<b>Parent Company</b>	
	2017/2018	2016/2017	2017/2018	2016/2017
<b>Revenue</b>				
Sale of goods	3,768	3,792	–	–
Service assignments	58	39	21	38
Rental income	7	3	4	2
Commissions, bonuses and similar income	0	0	–	–
<b>Total</b>	<b>3,833</b>	<b>3,834</b>	<b>25</b>	<b>40</b>

Income in the Parent Company pertains to intra-Group services totalling MSEK 21 (38).

**NOTE 3 OTHER OPERATING INCOME**

	<b>Group</b>	
	2017/2018	2016/2017
Grants from EU, central and local government	0	0
Capital gain, sale of tangible non-current assets	0	0
Other	3	0
<b>Total</b>	<b>3</b>	<b>0</b>

**NOTE 4 SEGMENT REPORTING**

In the 2016/2017 operating year, the Group comprised two segments: Bergman & Beving and Momentum Group. On 21 June 2017, during the first quarter of the 2017/2018 financial year, the Momentum Group operating segment was listed as a separate company on Nasdaq Stockholm. Bergman & Beving divided its continuing operations into the divisions Building Materials, Workplace Safety and Tools & Consumables. The divisions are consolidations of the operational organisation, as used by Group management and the Board of Directors to monitor operations. Group-wide includes the Group's management, finance, logistics, IT and legal affairs functions.

Bergman & Beving specialises in premium brands that offer innovation and quality for professional users in the construction and industrial sectors. Building Materials develops and markets a wide range of products and solutions in fastening elements and develops and sells fire sealing systems. Its products are offered under the ESSVE and Fireseal brands. Workplace Safety develops concepts within personal protective equipment for the manufacturing and construction sectors and offers proprietary brands such as Zekler, Guide, L. Brador, Cresto and Arbesko. Tools & Consumables offers the market's broadest product range of tools and machinery for professional users in industry, construction and public sector operations. Tools & Consumables includes Luna, which is currently the Nordic region's leading supplier of high-quality tools and machinery, and Teng Tools. Both Luna and Teng Tools offers hand tools and smart storage solutions for professional users in the construction, engineering and automotive industries.

Intra-Group pricing between the operating segments occurs on market terms. There are no assets in the operating segments that are affected by material changes compared with the most recent Annual Report.



## NOTE 4 cont.

	2017/2018					
Revenue	Building Materials	Workplace Safety	Tools & Consumables	Group-wide	Eliminations	Group total
External customers	1,009	1,308	1,501	15	0	3,833
Internal customers	0	9	3	351	-363	0
<b>Total</b>	<b>1,009</b>	<b>1,317</b>	<b>1,504</b>	<b>366</b>	<b>-363</b>	<b>3,833</b>
<b>Operating profit</b>	<b>92</b>	<b>100</b>	<b>17</b>	<b>7</b>	<b>0</b>	<b>216</b>
Net financial items	-	-	-	-24	-	-24
<b>Profit/loss after net financial items</b>	<b>92</b>	<b>100</b>	<b>7</b>	<b>-17</b>	<b>0</b>	<b>192</b>
Goodwill	542	566	322	-	-	1,430
Other assets	721	819	1,095	1,415	-1,847	2,203
<b>Total assets</b>	<b>1,263</b>	<b>1,385</b>	<b>1,417</b>	<b>1,415</b>	<b>-1,847</b>	<b>3,633</b>
Liabilities	654	688	1,217	1,362	-1,847	2,074
<b>Other disclosures, continuing operations</b>						
Investments	5	4	3	17	-	29
Depreciation and amortisation	-3	-9	-7	-6	-	-25
Impairment losses	-	-	-	-	-	-

	2016/2017						
Revenue	Building Materials	Workplace Safety	Tools & Consumables	Group-wide	Eliminations	Discontinued operations	Group total
External customers	1,003	1,279	1,545	7	-		3,834
Internal customers	1	8	3	380	-392		0
<b>Total</b>	<b>1,004</b>	<b>1,287</b>	<b>1,548</b>	<b>387</b>	<b>-392</b>		<b>3,834</b>
<b>Operating profit</b>	<b>119</b>	<b>108</b>	<b>64</b>	<b>-33</b>	<b>0</b>		<b>258</b>
Net financial items	-	-	-	-5	-		-5
<b>Profit/loss after net financial items</b>	<b>119</b>	<b>108</b>	<b>64</b>	<b>-38</b>	<b>0</b>		<b>253</b>
Goodwill	542	532	314	-	-	449	1,837
Other assets	708	661	1,037	1,597	-2,745	2,475	3,733
<b>Total assets</b>	<b>1,250</b>	<b>1,194</b>	<b>1,351</b>	<b>1,597</b>	<b>-2,745</b>	<b>2,924</b>	<b>5,570</b>
Liabilities	635	618	1,176	1,189	-2,687	1,915	2,846
<b>Other disclosures, continuing operations</b>							
Investments	4	6	2	17	-	55	84
Depreciation and amortisation	-3	-2	-4	-8	-	-	-17
Impairment losses	-	-	-	-	-	-	-

In addition to depreciation, amortisation and impairment losses, other non-cash items included in operating profit/loss pertain to changes to pension obligations totalling MSEK -32 (-33), of which MSEK -9 (-11) in Building Materials, MSEK -6 (-5) in Workplace Safety, MSEK -12 (-11) in Tools & Consumables and MSEK -4 (-6) in Group-wide.

## INFORMATION ON GEOGRAPHIC AREA, CONTINUING OPERATIONS

The Group primarily conducts operations in Sweden, Norway and Finland. Revenue presented for the geographic markets is based on the domicile of the customers, while non-current assets are based on the geographic location of the operations.

	2017/2018		2016/2017	
	External revenue	Non-current assets	External revenue	Non-current assets
Sweden	1,692	1,549	1,711	1,436
Norway	1,042	46	1,050	45
Finland	336	7	337	6
Other countries	763	55	736	51
Discontinued operations	-	-	-	597
<b>Group total</b>	<b>3,833</b>	<b>1,657</b>	<b>3,834</b>	<b>2,135</b>

## NOTE 5 EMPLOYEES AND PERSONNEL COSTS

Average no. of employees by country	2017/2018		2016/2017	
	No.	Of whom, women %	No.	Of whom, women %
Sweden, Parent Company	5	20	6	33
Sweden, other Swedish companies	848	30	1,605	25
Norway	203	16	481	17
Finland	102	20	304	15
Denmark	20	35	30	27
Estonia	54	28	53	26
Poland	47	26	47	28
Other countries	179	31	116	31
<b>Group total</b>	<b>1,458</b>	<b>28</b>	<b>2,642</b>	<b>23</b>
Of which, discontinued operations	380	19	1,575	18

The number of full-time employees at year-end was 1,028 (2,638), of which 0 (1,620) were in discontinued operations.

## Women on Bergman &amp; Beving's Board of Directors and senior management

Parent Company	2017/2018	2016/2017
Board of Directors	33%	33%
Group management	0%	0%
<b>Group total</b>		
Boards of directors	5%	5%
Senior management	17%	12%

The category Senior management includes individuals in the management groups of other Group companies, totalling 111 employees (95).

Remuneration and other benefits	Group	
	2017/2018	2016/2017
Salaries and other remuneration	529	504
Share-based benefits, call option programmes	–	1
Pension costs, defined-benefit plans	15	15
Pension costs, defined-contribution plans	40	41
Social security contributions	147	143
<b>Total</b>	<b>731</b>	<b>704</b>

Parent Company Remuneration and other benefits	2017/2018			2016/2017		
	Senior management	Other employees	Total	Senior management	Other employees	Total
Salaries and other remuneration	7	3	10	10	7	17
of which, variable remuneration	–	–	–	1	1	2
Social security contributions	4	5	9	6	5	11
of which, pension costs	2	2	4	2	2	4

The category Senior management includes members of Group management employed by the Parent Company.

The Parent Company's PRI pension obligations to President & CEO and Chairman of the Board amount to SEK 1,129 thousand (1,528), of which SEK 405 thousand (780) pertains to the President & CEO and SEK 724 thousand (748) pertains to the Chairman of the Board.

## NOTE 5 cont.

**PREPARATION AND DECISION-MAKING PROCESS CONCERNING REMUNERATION TO THE BOARD OF DIRECTORS, THE PRESIDENT & CEO AND OTHER MEMBERS OF SENIOR MANAGEMENT**

The Election Committee submits motions for resolution by the Annual General Meeting concerning directors' fees to be allocated to the Chairman of the Board and other Directors. The process of preparing and passing resolutions concerning remuneration to Bergman & Beving's President & CEO and other members of Group management is based on the guidelines proposed by the Board of Directors and adopted by the Annual General Meeting.

The Compensation Committee prepares and submits motions to the Board of Directors concerning the formulation of a remuneration structure for the Group management in line with the guidelines of the Annual General Meeting and prepare motions regarding any share-based incentive programmes. The Compensation Committee also submits motions to the Board regarding remuneration and other terms of employment for the President & CEO and resolves on remuneration for other members of Group management.

A more detailed presentation of the composition and work of the Compensation Committee is found in the Corporate Governance Report.

	Group	
Remuneration to directors, SEK thousand	2017/2018	2016/2017
Chairman of the Board	520	520
Other directors	1,300	1,690
<b>Total</b>	<b>1,820</b>	<b>2,210</b>

**Fees to the Board**

In accordance with the resolution passed by the Annual General Meeting in August 2017, the directors received a total of SEK 1,820 thousand (1,820) in directors' fees for their work on Bergman & Beving AB's Board of Directors during the 2017/2018 operating year. The preceding year included additional remuneration of SEK 390 thousand for work related to the split of the Group and separate listing of Momentum Group.

**REMUNERATION AND OTHER BENEFITS TO GROUP MANAGEMENT IN 2017/2018**

SEK thousand	Fixed salary	Variable salary	Long-term incentive (LTI)	Other benefits	Pension costs	Total remuneration and other benefits	Call options outstanding (no.)
Ulf Lilius, President & CEO, April-14 June	926	–	–	19	200	<b>1,145</b>	–
Pontus Boman, President & CEO, 14 June-March	2,882	–	300	73	864	<b>4,119</b>	40,000
Other members of Group management (1 position)	2,596	–	–	113	719	<b>3,428</b>	20,000
<b>Total</b>	<b>6,404</b>	<b>–</b>	<b>300</b>	<b>205</b>	<b>1,783</b>	<b>8,692</b>	<b>60,000</b>

**REMUNERATION AND OTHER BENEFITS TO GROUP MANAGEMENT IN 2016/2017**

SEK thousand	Fixed salary	Variable salary	Long-term incentive (LTI)	Other benefits	Pension costs	Total remuneration and other benefits	Call options outstanding (no.)
Ulf Lilius, President & CEO	3,924	871	–	77	1,152	<b>6,024</b>	13,000
Other members of Group management (2 positions)	4,319	660	300	166	1,218	<b>6,663</b>	23,300
<b>Total</b>	<b>8,243</b>	<b>1,531</b>	<b>300</b>	<b>243</b>	<b>2,370</b>	<b>12,687</b>	<b>36,300</b>

**PRESIDENT & CEO**

Pontus Boman assumed the position of President & CEO of Bergman & Beving on 14 June 2017 in conjunction with the separate listing of the Momentum Group operating segment. Ulf Lilius was President & CEO of Bergman & Beving AB and head of the Momentum Group operating segment for the period from 1 April 2017 to 14 June 2017.

Remuneration to the President & CEO of Bergman & Beving AB comprises fixed salary, variable salary, participation in the call option programmes 2014/2018 and 2017/2021 (see below for a more detailed description), other benefits and pension. For the Company's President & CEO, variable salary can amount to a maximum of 30 percent of fixed salary, based on the Group's earnings. In addition, a premium of 20 percent of the variable salary can be paid as a consideration for the entire variable portion being used to acquire shares in Bergman & Beving AB.

From the age of 65, the President & CEO is covered by a defined-contribution pension, whose size depends on the outcome of the pension insurance policies taken out. Pension premiums paid include premiums for health insurance. In the event of termination of employment at the initiative of the Company, the period of notice is 12 months. Aside from salary and other benefits during the period of notice, no severance pay will be issued to the President & CEO in the event of termination of employment at the initiative of the Company.

**OTHER MEMBERS OF GROUP MANAGEMENT**

Other members of Group management during the period from 1 April 2017 to 14 June 2017 included Pontus Boman, Executive Vice President with overall responsibility for the Bergman & Beving operating segment, and Peter Schön, CFO of Bergman & Beving AB. During the period from 14 June 2017 to 31 March 2018, Peter Schön, CFO of Bergman & Beving AB, was the only other member of Group management.

Remuneration to other members of Group management comprises fixed salary, variable salary, possible participation in the call option programmes

2013/2017, 2014/2018 and 2017/2022 (see below for a more detailed description), other benefits and pension. The variable salary amounts to a maximum of 25 percent of fixed salary, based on the Group's earnings. In addition, a premium of 20 percent of the variable salary can be paid as a consideration for the entire variable portion being used to acquire shares in Bergman & Beving AB.

On 31 March 2018, other members of Group management held 20,000 call options according to the programmes described below. From the age of 65, the other members of Group management are covered by pension entitlements based on individual agreements. The existing pension solutions are mainly defined-contribution pensions, whose size depends on the outcome of the pension insurance policies taken out. Pension premiums paid include premiums for health insurance.

Outstanding defined-benefit pension obligations according to the ITP plan total SEK 6 thousand (1,053). In the event of termination of employment at the initiative of the respective company, the period of notice is a maximum of nine months. In addition to salary and other benefits during the notice period, a severance payment of not more than three months' salary is payable by the respective company.

**LONG-TERM INCENTIVE (LTI) PROGRAMMES**

In 2016, the Board of Bergman & Beving AB decided to offer a long-term incentive programme to Pontus Boman involving an annual cash-based gross remuneration amount of SEK 300 thousand over a three-year period starting in 2016/2017. Payment of the cash-based gross remuneration amount was conditional on an initial investment in Bergman & Beving shares of approximately MSEK 2.5, with continued employment by the Company. As in 2016/2017, gross remuneration of SEK 300 thousand was paid for the 2017/2018 financial year.

## NOTE 5 cont.

**GUIDELINES FOR DETERMINING REMUNERATION AND OTHER TERMS OF EMPLOYMENT FOR THE PRESIDENT & CEO AND OTHER MEMBERS OF GROUP MANAGEMENT**

For the Board of Directors, it is crucial that the Company is able to recruit, provide long-term motivation for and retain competent employees who create long and short-term shareholder value. To achieve this goal, it is important that the Company is able to offer competitive terms. The Company's remuneration levels and remuneration structure for Group management are to be in line with market conditions. The total remuneration package for the individuals in question is to comprise a balanced combination of fixed salary, variable salary, long-term incentive programmes, pension benefits and other benefits. Variable salary and long-term incentive programmes should primarily be linked to the Group's earnings and value performance.

- Fixed salary is to be adjusted to market conditions and be based on responsibility, competence and performance. Fixed salary is determined based on market principles and is reviewed annually.
- Variable salary is to be determined in relation to fixed salary and is set as a function of the Group's earnings.

- Members of Group management are to be included in a long-term incentive programme (LTI programme).
- Pension benefits are to comprise either a defined-benefit pension plan or a defined-contribution plan, whose annual premium is determined as a function of fixed salary, variable remuneration and age. Certain individual adjustments occur. The retirement age for Group management is currently 65.
- Other benefits are to be in line with market conditions and enable the members of Group management to perform their duties.
- In the event of termination of employment at the initiative of the President & CEO or another member of Group management, the period of notice is six months. In the event of termination of employment on the initiative of the Company, the period of notice is a maximum of 12 months. Severance pay may amount to a maximum of 12 months' salary.

The Board is entitled to deviate from the above guidelines in individual cases if special reasons exist.

**CALL OPTION 2017/2021**

Following a resolution passed by the Annual General Meeting in August 2017, ten senior executives in the Bergman & Beving Group were offered an opportunity to acquire a maximum of 160,000 call options on repurchased Class B shares. The programme was fully subscribed. If fully exercised, the number of outstanding Class B shares will increase by 160,000, corresponding to 0.6 percent of the total number of shares and 0.4 percent of the votes. The price per call option is SEK 8.20, equivalent to the market value according to the external valuation performed by Nordea Bank according to the Black & Scholes model. Each option entitles its holder to purchase one Class B share in Bergman & Beving AB at a redemption price of SEK 118.10, with a redemption period from 14 September 2020 until 11 June 2021, inclusive. The programme was secured in its entirety through repurchase of treasury shares.

This offering is linked to a subsidy corresponding to the paid option price. This means that an amount of SEK 8.20 per acquired call option can be paid to the holder. The subsidy is to be paid by the holder's employer in September 2019 on the condition that all originally acquired call options in this programme remain and that the individual has remained an employee of the Bergman & Beving Group.

**CALL OPTION PROGRAMME 2014/2018**

Following a resolution passed by the Annual General Meeting in August 2014, 13 senior executives in the Bergman & Beving Group were offered an opportunity to acquire a maximum of 169,000 call options on repurchased Class B shares. The programme was fully subscribed. If fully exercised, the number of outstanding Class B shares will increase by 169,000, corresponding to 0.6 percent of the total number of shares and 0.4 percent of the votes. The price per call option is SEK 14.30, equivalent to the market value according to the external valuation performed by Nordea Bank according to the Black & Scholes model. Each option entitles its holder to purchase one Class B share in Bergman & Beving AB at a redemption price of SEK 176.50, with a redemption period from 11 September 2017 until 8 June 2018, inclusive. The programme was secured in its entirety through repurchase of treasury shares.

This offering was linked to a subsidy corresponding to the paid option price. This means that an amount of SEK 14.30 per acquired call option can be paid to the holder. The subsidy is to be paid by the holder's employer in September 2016

on the condition that all originally acquired call options in this programme remain and that the individual has remained an employee of the Bergman & Beving Group.

A total subsidy of SEK 2,298 thousand was paid in accordance with this programme in September 2016.

According to the terms adopted by the Annual General Meeting, the programme has been recalculated following the Group's distribution of Momentum Group. After recalculation, the call options have a redemption price of SEK 104.10 and entitle the holder to 1.7 shares.

No call options were redeemed during the year.

**CALL OPTION PROGRAMME 2013/2017**

Following a resolution passed by the Annual General Meeting in August 2013, 13 senior executives in the Bergman & Beving Group were offered an opportunity to acquire a maximum of 169,000 call options on repurchased Class B shares. The programme was fully subscribed. If fully exercised, the number of outstanding Class B shares will increase by 169,000, corresponding to 0.6 percent of the total number of shares and 0.4 percent of the votes. The price per call option is SEK 10.00, equivalent to the market value according to the external valuation performed by Nordea Bank according to the Black & Scholes model. Each option entitles its holder to purchase one Class B share in Bergman & Beving AB at a redemption price of SEK 101.90, with a redemption period from 12 September 2016 until 9 June 2017, inclusive. The programme was secured in its entirety through repurchase of treasury shares.

This offering is linked to a subsidy corresponding to the paid option price. This means that an amount of SEK 10.00 per acquired call option can be paid to the holder. The subsidy is to be paid by the holder's employer in September 2015 on the condition that all originally acquired call options in this programme remain and that the individual has remained an employee of the Bergman & Beving Group.

A total subsidy of SEK 1,690 thousand was paid in accordance with this programme in September 2015.

During the year, 13,300 call options were redeemed and equity increased by MSEK 1.4 as a result of the proceeds of the sale of treasury shares. The call option programme 2013/2017 has thus been concluded.

The table below shows the options issued and options outstanding as of 31 March 2018:

	Date of issue	Redemption period	Redemption price, SEK	No. of options issued	No. of options outstanding	Settlement method
<b>Group</b>						
Call option programme 2014/2018	September 2014	11 September 2017 – 8 June 2018 14 September 2020	104.10	169,000	169,000	Physical delivery
Call option programme 2017/2021	September 2017	– 11 June 2021	118.10	160,000	160,000	Physical delivery
<b>Parent Company</b>						
Call option programme 2014/2018	September 2014	11 September 2017 – 8 June 2018 14 September 2020	104.10	70,800	70,800	Physical delivery
Call option programme 2017/2021	September 2017	– 11 June 2021	118.10	70,000	70,000	Physical delivery

No call options were redeemed in 2015/2016.



## NOTE 6 FEES AND REIMBURSEMENT TO AUDITORS

	Group		Parent Company	
	2017/2018	2016/2017	2017/2018	2016/2017
<b>Audit assignment</b>				
KPMG	4	4	1	1
Other auditors	0	0	–	–
<b>Fees for audit assignment</b>	<b>4</b>	<b>4</b>	<b>1</b>	<b>1</b>
<b>Audit activities in addition to audit assignment</b>				
KPMG	2	0	–	–
Other auditors	0	0	–	–
<b>Fees for audit activities in addition to audit assignment</b>	<b>2</b>	<b>0</b>	<b>–</b>	<b>–</b>
<b>Tax advisory services</b>				
KPMG	0	0	0	0
Other auditors	0	–	–	–
<b>Fees for tax advisory services</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other assignments</b>				
KPMG	0	0	0	0
<b>Fees for other assignments</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total fees to auditors</b>	<b>6</b>	<b>4</b>	<b>1</b>	<b>1</b>

Audit assignment refers to statutory auditing of the Annual Report and accounting as well as the administration of the Board of Directors and the President & CEO, and auditing and other reviews carried out in accordance with the law, agreements or contracts. This includes other work assignments that are incumbent upon the Company's auditors as well as advisory services or other assistance occasioned through the findings of such reviews or the performance of such other work assignments. Other assignments comprise advisory services concerning accounting issues. In addition, KPMG has had assignments related to discontinued operations with the amount of MSEK 0.8.

## NOTE 7 NET FINANCIAL ITEMS

Group	2017/2018	2016/2017
Interest income	7	17
Dividends	0	0
Net exchange-rate changes	–	3
Other financial income	0	0
<b>Financial income</b>	<b>7</b>	<b>20</b>
Interest expense	-14	-12
Net interest income on defined-benefit pensions	-12	-13
Net exchange-rate changes	-2	0
Other financial expenses	-3	–
<b>Financial expenses</b>	<b>-31</b>	<b>-25</b>
<b>Net financial items</b>	<b>-24</b>	<b>-5</b>

Parent Company Profit from participations in Group companies	2017/2018	2016/2017
Dividend	–	38
<b>Total</b>	<b>–</b>	<b>38</b>

Interest income and similar profit/loss items	2017/2018	2016/2017
Interest income, Group companies	44	76
Interest income, other	6	5
Net exchange-rate changes	–	3
<b>Total</b>	<b>50</b>	<b>84</b>

Interest expenses and similar profit/loss items	2017/2018	2016/2017
Interest expenses, Group companies	-1	-2
Interest expenses, other	-15	-13
Net exchange-rate changes	-3	–
Other financial expenses	-1	–
<b>Total</b>	<b>-20</b>	<b>-15</b>

## NOTE 8 APPROPRIATIONS

Parent Company	2017/2018	2016/2017
Tax allocation reserve, provision for the year	-11	-40
Tax allocation reserve, reversal for the year	49	44
Group contributions received	142	193
Group contributions paid	-166	-135
<b>Total</b>	<b>14</b>	<b>62</b>

## NOTE 9 TAXES

TAXES RECOGNISED IN PROFIT OR LOSS	Group		Parent Company	
	2017/2018	2016/2017	2017/2018	2016/2017
<b>Current tax</b>				
Tax expense for the period	-28	-55	-7	-27
Deduction of foreign taxes	0	-2	-	-
Adjustment of taxes attributable to earlier years	1	0	0	0
<b>Total current tax</b>	<b>-27</b>	<b>-57</b>	<b>-7</b>	<b>-27</b>
<b>Deferred tax</b>				
Deferred tax attributable to temporary differences	-8	0	0	0
Effect of other tax rates and changed tax legislation	1	0	-	-
Utilisation of previously capitalised tax loss carryforwards	0	-1	-	-
<b>Total deferred tax</b>	<b>-7</b>	<b>-1</b>	<b>0</b>	<b>0</b>
<b>Total tax</b>	<b>-34</b>	<b>-58</b>	<b>-7</b>	<b>-27</b>

## RECONCILIATION OF EFFECTIVE TAXES

## Group

The Group's weighted average tax rate, with its current geographic mix, is approximately 21 percent (23). The relationship between taxes at the average tax rate and recognised taxes for the Group is illustrated in the following table:

Reconciliation of effective taxes	2017/2018	2016/2017
Profit before taxes	192	253
Taxes at an average tax rate of 21 percent (23)	-40	-58
Tax effect of:		
Changed tax rate	1	0
Standard rate on tax allocation reserve	0	0
Taxes attributable to earlier years	1	0
Non-deductible expenses	-3	-2
Non-taxable income	5	1
Other items	2	1
<b>Total tax</b>	<b>-34</b>	<b>-58</b>

## Parent Company

The relationship between the Swedish tax rate of 22 percent (22) and recognised taxes for the Parent Company is presented in the following table:

Reconciliation of effective taxes	2017/2018	2016/2017
Profit after financial items and Group contributions	-7	154
Tax at a tax rate of 22 percent (22)	2	-34
Tax effect of:		
Appropriations	-8	-1
Dividends from subsidiaries	0	8
Standard rate on tax allocation reserve	0	0
Taxes attributable to earlier years	0	0
Remeasurement of the carrying amount of deferred tax assets	0	0
Non-deductible expenses	-1	0
Non-taxable income	0	0
<b>Total tax</b>	<b>-7</b>	<b>-27</b>

## TAXES RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME AND DIRECTLY AGAINST EQUITY

Tax items recognised in comprehensive income in the Group and the Parent Company or directly against equity in the Parent Company	Group		Parent Company	
	2017/2018	2016/2017	2017/2018	2016/2017
Deferred tax on defined-benefit pension plans	13	8	-	-
Deferred tax on hedge accounting of financial instruments	2	-1	2	-1
<b>Total</b>	<b>15</b>	<b>7</b>	<b>2</b>	<b>-1</b>

## NOTE 9 cont.

## DEFERRED TAX RECOGNISED IN THE BALANCE SHEET

## Deferred tax assets and liabilities

Deferred tax assets and liabilities in the balance sheet are attributable as follows:

Group	31 Mar 2018			31 Mar 2017		
	Receivables	Liabilities	Net	Receivables	Liabilities	Net
Intangible assets	3	-22	-19	0	-26	-26
Land and buildings	-	0	0	-	-1	-1
Machinery and equipment	0	-	0	1	-	1
Financial non-current assets	2	-	2	-	-1	-1
Inventories	10	-	10	37	-	37
Accounts receivable	1	-	1	5	-	5
Untaxed reserves	-	-52	-52	-	-61	-61
Pension provisions	57	-2	55	51	-5	46
Other provisions	2	1	3	6	0	6
Other	5	-14	-9	3	-6	-3
Tax loss carryforwards	1	-	1	1	-	1
<b>Total</b>	<b>81</b>	<b>-89</b>	<b>-8</b>	<b>104</b>	<b>-100</b>	<b>4</b>

Parent Company	31 Mar 2018			31 Mar 2017		
	Receivables	Liabilities	Net	Receivables	Liabilities	Net
Financial non-current assets	2	-	2	-	0	0
Pension provisions	-	-	-	-	-	-
<b>Total</b>	<b>2</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>0</b>	<b>0</b>

Non-capitalised tax loss carryforwards in the Group amounted to MSEK 0 (0).

A reconciliation of deferred net receivables (net liability) from the beginning of the year until year-end is shown in the tables below:

Group	31 Mar 2018	31 Mar 2017
Opening balance at the beginning of the year, net	4	4
Acquisition of subsidiaries and other business units	-11	-7
Discontinued operations	-10	0
Taxes charged against net profit	-7	-1
Taxes on items recognised in consolidated comprehensive income	15	7
Translation differences	1	1
<b>Closing balance at year-end, net</b>	<b>-8</b>	<b>4</b>

Parent Company	31 Mar 2018	31 Mar 2017
Opening balance at the beginning of the year, net	0	1
Taxes charged against net profit	0	0
Taxes on items recognised in the Parent Company's comprehensive income	2	-1
<b>Closing balance at year-end, net</b>	<b>2</b>	<b>0</b>

Changes in temporary differences during the year are recognised in profit or loss in accordance with the table below, including the statement of comprehensive income, for continuing operations.

Group	31 Mar 2018	31 Mar 2017
Intangible assets	0	0
Land and buildings	0	0
Machinery and equipment	0	0
Financial non-current assets	2	-1
Inventories	-18	0
Accounts receivable	0	-1
Untaxed reserves	11	1
Pension provisions	12	7
Other provisions	0	0
Interest-bearing liabilities	0	0
Other	1	1
Tax loss carryforwards	0	-1
<b>Total</b>	<b>8</b>	<b>6</b>

Parent Company	31 Mar 2018	31 Mar 2017
Financial non-current assets	2	-1
Pension provisions	-	-
<b>Total</b>	<b>2</b>	<b>-1</b>

## NOTE 10 INTANGIBLE NON-CURRENT ASSETS

Group	2017/2018					
	Internally generated		Acquired intangible assets			
	Software	Goodwill	Brands	Customer relations	Other	Total
<b>Accumulated cost</b>						
At the beginning of the year	26	1,837	58	139	156	<b>2,216</b>
Investments	–	–	–	–	5	<b>5</b>
Acquisition of subsidiaries	–	40	16	11	10	<b>77</b>
Discontinued operations	-26	-444	-4	-39	-61	<b>-574</b>
Sales and disposals	–	–	–	–	-5	<b>-5</b>
Reclassifications	–	–	–	–	8	<b>8</b>
Translation differences	–	-3	–	2	1	<b>0</b>
<b>At year-end</b>	<b>0</b>	<b>1,430</b>	<b>70</b>	<b>113</b>	<b>114</b>	<b>1,727</b>
<b>Accumulated amortisation</b>						
At the beginning of the year	–	–	-8	-71	-114	<b>-193</b>
Amortisation for the year	–	–	-1	-7	-3	<b>-11</b>
Acquisition of subsidiaries	–	–	–	–	-7	<b>-7</b>
Discontinued operations	0	–	4	4	38	<b>46</b>
Sales and disposals	–	–	–	–	6	<b>6</b>
Translation differences	–	–	–	-1	2	<b>1</b>
<b>At year-end</b>	<b>0</b>	<b>–</b>	<b>-5</b>	<b>-75</b>	<b>-78</b>	<b>-158</b>
<b>Impairment losses on cost</b>						
At the beginning of the year	–	–	0	–	0	<b>0</b>
Impairment losses for the year	–	–	–	–	–	<b>–</b>
Sales and disposals	–	–	–	–	–	<b>–</b>
<b>At year-end</b>	<b>–</b>	<b>–</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Carrying amount at the beginning of the year</b>	<b>26</b>	<b>1,837</b>	<b>50</b>	<b>68</b>	<b>42</b>	<b>2,023</b>
<b>Carrying amount at year-end</b>	<b>0</b>	<b>1,430</b>	<b>65</b>	<b>38</b>	<b>36</b>	<b>1,569</b>

Group	2016/2017					
	Internally generated		Acquired intangible assets			
	Software	Goodwill	Brands	Customer relations	Other	Total
<b>Accumulated cost</b>						
At the beginning of the year	2	1,750	58	68	124	<b>2,002</b>
Investments	24	–	–	–	31	<b>55</b>
Acquisition of subsidiaries	–	83	–	72	0	<b>156</b>
Sales and disposals	–	–	–	-1	–	<b>-1</b>
Reclassifications	–	–	–	–	0	<b>0</b>
Translation differences	–	4	–	0	1	<b>4</b>
<b>At year-end</b>	<b>26</b>	<b>1,837</b>	<b>58</b>	<b>139</b>	<b>156</b>	<b>2,216</b>
<b>Accumulated amortisation</b>						
At the beginning of the year	–	–	-8	-67	-106	<b>-181</b>
Amortisation for the year	0	–	–	-4	-8	<b>-12</b>
Sales and disposals	–	–	–	–	–	<b>0</b>
Translation differences	–	–	–	0	0	<b>0</b>
<b>At year-end</b>	<b>–</b>	<b>–</b>	<b>-8</b>	<b>-71</b>	<b>-114</b>	<b>-193</b>
<b>Impairment losses on cost</b>						
At the beginning of the year	–	–	0	–	0	<b>0</b>
Impairment losses for the year	–	–	–	–	–	<b>–</b>
Sales and disposals	–	–	–	–	0	<b>0</b>
<b>At year-end</b>	<b>–</b>	<b>–</b>	<b>0</b>	<b>–</b>	<b>0</b>	<b>0</b>
<b>Carrying amount at the beginning of the year</b>	<b>2</b>	<b>1,750</b>	<b>50</b>	<b>1</b>	<b>18</b>	<b>1,821</b>
<b>Carrying amount at year-end</b>	<b>26</b>	<b>1,837</b>	<b>50</b>	<b>68</b>	<b>42</b>	<b>2,023</b>



## NOTE 10 cont.

	2017/2018	2016/2017
Parent Company	Software	Software
Accumulated cost		
At the beginning of the year	4	4
At year-end	4	4
Accumulated amortisation		
At the beginning of the year	-4	-4
Amortisation for the year	-	-
At year-end	-4	-4
Carrying amount at the beginning of the year	0	0
Carrying amount at year-end	0	0

### IMPAIRMENT TESTING OF GOODWILL AND OTHER INTANGIBLE ASSETS WITH AN INDEFINABLE USEFUL LIFE

Recognised goodwill values were tested prior to the balance-sheet date on 31 March 2018, using the balance sheet on 28 February 2018 as a base. In the 2016/2017 operating year, the Group comprised two segments: Bergman & Beving and Momentum Group. Following the listing of the Momentum Group operating segment in the first quarter, a new division of segments was carried out in the continuing operations, Bergman & Beving. As of the 2017/2018 operating year, Bergman & Beving's operating segments comprise Building Materials, Workplace Safety and Tools & Consumables. The divisions are consolidations of the operational organisation, as used by Group management and the Board of Directors to monitor operations.

The Group's total goodwill value of MSEK 1,430 (1,837) has been allocated by operating segment according to the table below:

	31 Mar 2018	31 Mar 2017
Building Materials	542	542
Workplace Safety	566	533
Tools & Consumables	322	314
Discontinued operations	-	449
<b>Total goodwill</b>	<b>1,430</b>	<b>1,837</b>

Current goodwill is monitored by Group management at the division level, which constitutes cash-generating units. Thus, goodwill values are tested at the corresponding division level.

Historically under the B&B TOOLS Group, a large proportion of acquired units were deemed as constituting an integrated part of the value chain between the previous segments Bergman & Beving and Momentum Group, and acquired goodwill has thus been allocated to the segments that received synergies and economic benefits as a result of the acquisitions. Accordingly, portions of goodwill that arose in connection with the acquisition of previous reseller businesses in Momentum Group have been allocated to the Group's product companies, which currently are part of Bergman & Beving. Acquisitions conducted during the year have been allocated to the division that carried out the acquisition.

The calculation of future cash flows is based on the strategic plans established by Group management for the coming three years. Each division makes individual assumptions based on their market position and the market trend. Forecast cash flows are based on future revenue, contribution ratios, cost level, EBITDA, and working capital and investment requirements. Adjustments have been made where major changes are expected in order to better reflect these changes. These forecasts represent management's judgment and are based on both external and internal sources. The most material assumptions for establishing value in use are anticipated growth rate, EBITDA and discount rate. For the period after three years, annual growth is estimated at 2 percent.

The discount rate comprises a weighted average capital cost (WACC) for borrowed capital and equity and has been calculated at an average rate of 10 percent (10) before taxes. These assumptions apply for all cash-generating units.

The testing of goodwill values indicated that the recoverable amount was higher than the carrying amount and thus did not give rise to any impairment requirement. The sensitivity of the calculation means that the goodwill value would remain warranted even if the discount rate were to be raised by 1 percentage point, the long-term growth rate were to be reduced by 1 percentage point or EBITDA were to be reduced by 1 percentage point.

### BRANDS

Teng Tools represents a strong brand that is well known on the market. The carrying amount of the Teng Tools brand is MSEK 50 (50) and has an unlimited service life. Each year, a test is conducted to determine the impairment requirement for brands based on the same principles as in the determination of goodwill. The testing of brands did not indicate any impairment requirement. No other events or changed circumstances were identified that would warrant an impairment loss on brands.

## NOTE 11 TANGIBLE NON-CURRENT ASSETS

Group	2017/2018					2016/2017				
	Land and buildings	Leasehold improvements	Machinery and equipment	Construction in progress	Total	Land and buildings	Leasehold improvements	Machinery and equipment	Construction in progress	Total
<b>Accumulated cost</b>										
At the beginning of the year	35	62	399	6	502	34	49	364	7	454
Investments	–	2	9	13	24	–	4	21	5	30
Acquisition of subsidiaries	125	–	50	1	176	–	2	11	–	13
Sales and disposals <sup>1)</sup>	-68	–	-5	–	-73	–	-1	-4	–	-5
Discontinued operations	-35	-39	-237	-3	-314	–	–	–	–	0
Reclassifications	–	1	–	-12	-11	–	6	0	-6	0
Translation differences	-1	–	2	–	1	1	2	7	0	10
<b>At year-end</b>	<b>56</b>	<b>26</b>	<b>218</b>	<b>5</b>	<b>305</b>	<b>35</b>	<b>62</b>	<b>399</b>	<b>6</b>	<b>502</b>
<b>Accumulated depreciation</b>										
At the beginning of the year	-28	-27	-334	–	-389	-27	-20	-306	–	-353
Depreciation for the year	-2	-2	-10	–	-14	0	-5	-21	–	-26
Acquisition of subsidiaries	-49	–	-45	–	-94	–	-1	-4	–	-5
Sales and disposals <sup>1)</sup>	27	–	4	–	31	–	0	3	–	3
Discontinued operations	28	22	200	–	250	–	–	–	–	0
Translation differences	–	–	1	–	1	-1	-1	-6	–	-8
<b>At year-end</b>	<b>-24</b>	<b>-7</b>	<b>-184</b>	<b>–</b>	<b>-215</b>	<b>-28</b>	<b>-27</b>	<b>-334</b>	<b>–</b>	<b>-389</b>
<b>Impairment losses on cost</b>										
At the beginning of the year	–	-1	0	–	-1	–	-1	0	–	-1
Impairment losses for the year	–	-1	–	–	-1	–	–	–	–	–
Translation differences	–	–	–	–	–	–	–	–	–	–
<b>At year-end</b>	<b>–</b>	<b>-2</b>	<b>0</b>	<b>–</b>	<b>-2</b>	<b>–</b>	<b>-1</b>	<b>0</b>	<b>–</b>	<b>-1</b>
<b>Carrying amount at the beginning of the year</b>	<b>7</b>	<b>34</b>	<b>65</b>	<b>6</b>	<b>112</b>	<b>7</b>	<b>28</b>	<b>58</b>	<b>7</b>	<b>100</b>
<b>Carrying amount at year-end</b>	<b>32</b>	<b>17</b>	<b>34</b>	<b>5</b>	<b>88</b>	<b>7</b>	<b>34</b>	<b>65</b>	<b>6</b>	<b>112</b>

Parent Company	2017/2018			2016/2017		
	Leasehold improvements	Equipment	Total	Leasehold improvements	Equipment	Total
<b>Accumulated cost</b>						
At the beginning of the year	3	5	8	3	5	8
<b>At year-end</b>	<b>3</b>	<b>5</b>	<b>8</b>	<b>3</b>	<b>5</b>	<b>8</b>
<b>Accumulated depreciation according to plan</b>						
At the beginning of the year	-2	-5	-7	-2	-5	-7
Depreciation for the year according to plan	–	–	–	0	0	0
<b>At year-end</b>	<b>-2</b>	<b>-5</b>	<b>-7</b>	<b>-2</b>	<b>-5</b>	<b>-7</b>
<b>Impairment losses on cost</b>						
At the beginning of the year	-1	–	-1	-1	–	-1
<b>At year-end</b>	<b>-1</b>	<b>–</b>	<b>-1</b>	<b>-1</b>	<b>–</b>	<b>-1</b>
<b>Carrying amount at the beginning of the year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Carrying amount at year-end</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

1) The loss on the disposal of tangible non-current assets amounted to MSEK 0 (0).

## NOTE 12 SHARES IN ASSOCIATED COMPANIES

Carrying amount	Group	
	31 Mar 2018	31 Mar 2017
At the beginning of the year	9	11
Discontinued operations	-9	-2
Share of profit	-	0
<b>At year-end</b>	<b>-</b>	<b>9</b>

All shares in associated companies are included in discontinued operations.

## NOTE 13 RECEIVABLES FROM GROUP COMPANIES

Parent Company	31 Mar 2018	31 Mar 2017
<b>Carrying amount at the beginning of the year</b>	<b>2,285</b>	<b>3,303</b>
Additional assets	0	0
Deducted assets	-658	-1,018
<b>Carrying amount at year-end</b>	<b>1,627</b>	<b>2,285</b>

## NOTE 14 LONG-TERM RECEIVABLES AND OTHER RECEIVABLES

Group	31 Mar 2018	31 Mar 2017
<b>Long-term receivables classified as non-current assets</b>		
Pension funds	1	5
Other receivables	1	2
<b>Total</b>	<b>2</b>	<b>7</b>

	31 Mar 2018	31 Mar 2017
<b>Other receivables classified as current assets</b>		
Advance payments	3	3
Derivatives	0	4
VAT receivable	12	19
Receivable from pension foundations	5	5
Other receivables	13	17
<b>Total</b>	<b>33</b>	<b>48</b>

## NOTE 15 INVENTORIES

Group	31 Mar 2018	31 Mar 2017
<b>Finished goods and goods for resale at the beginning of the year</b>	<b>1,595</b>	<b>1,505</b>
Change in discontinued operations	-848	-
Change for the year	122	113
Impairment losses	-5	-45
Reversal of previous impairment losses	15	22
<b>Finished goods and goods for resale at year-end</b>	<b>879</b>	<b>1,595</b>

The cost of goods sold includes impairment of inventories in the amount of MSEK -5 (-45) and the reversal of previous impairment of MSEK +15 (+22), yielding a net amount of MSEK 10 (-23).

## NOTE 16 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017
<b>Prepaid expenses</b>				
Rent	12	34	1	1
Insurance premiums	1	6	-	-
Marketing costs	1	0	-	-
Leasing	1	4	-	-
Computer costs	2	4	-	-
Packaging	2	4	-	-
Licenses	2	6	0	0
Other prepaid expenses	11	10	1	2
<b>Accrued income</b>				
Delivery of goods	-	14	-	-
Commission and bonus income	10	20	-	-
Marketing income	-	6	-	-
Other accrued income	4	2	-	-
<b>Total</b>	<b>46</b>	<b>110</b>	<b>2</b>	<b>3</b>

## NOTE 17 RESERVES AND EQUITY

Group	31 Mar 2018	31 Mar 2017
<b>Translation reserve</b>		
Opening translation reserve	-24	-67
Translation differences for the year	-2	43
Tax attributable to change for the year	-	-
<b>Closing translation reserve</b>	<b>-26</b>	<b>-24</b>
<b>Hedging reserve</b>		
Opening hedging reserve	3	-2
Cash-flow hedges recognised in other comprehensive income:		
Hedging for the year	-7	-3
Transferred to profit or loss	-3	9
Tax attributable to hedges for the year	2	-1
<b>Closing hedging reserve</b>	<b>-5</b>	<b>3</b>
<b>Total reserves</b>		
Opening reserves	-21	-69
Change in reserves for the year:		
Translation reserve	-2	43
Hedging reserve	-10	6
Tax attributable to changes in reserves for the year	2	-1
<b>Closing reserves</b>	<b>-31</b>	<b>-21</b>

## NOTE 17 cont.

**REPURCHASED OWN SHARES INCLUDED IN THE EQUITY ITEM  
RETAINED EARNINGS, INCLUDING NET PROFIT**

	31 Mar 2018	31 Mar 2017
Opening repurchased Class B shares	184,300	340,000
Repurchase of own shares	1,255,706	–
Sale of treasury shares in connection with redemption of share options	-13,300	-155,700
<b>Closing repurchased own shares</b>	<b>1,426,706</b>	<b>184,300</b>

**SHARE CAPITAL**

Stated in thousands of shares	31 Mar 2018	31 Mar 2017
Issued as of 1 April	28,436	28,436
<b>Issued as of 31 March – paid in full</b>	<b>28,436</b>	<b>28,436</b>

As of 31 March 2018, the registered share capital comprised 1,062,436 Class A shares and 27,373,980 Class B shares. All shares have a quotient value of SEK 2.00. All shares entitle their holders to the same rights to the Company's remaining net assets. For shares held in treasury (see below), all rights are rescinded until these shares have been reissued.

**OTHER CONTRIBUTED CAPITAL**

Other contributed capital refers to equity contributed by the owners. This includes share premium reserves transferred to the statutory reserve on 31 March 2006. Provisions to the share premium reserve from 1 April 2006 and onwards are recognised as contributed capital.

**RESERVES****Translation reserve**

The translation reserve includes all exchange-rate differences arising from the translation of financial statements from foreign businesses that have prepared their financial statements in a currency other than the currency in which the Group's financial statements are presented. The Parent Company and the Group present their financial statements in SEK.

**Fair value reserve**

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

**RETAINED EARNINGS, INCLUDING NET PROFIT**

Retained earnings, including net profit, include profit earned in the Parent Company, its subsidiaries and associated companies. Earlier allocations to the statutory reserve, not including share premium reserves, are included in this capital item.

**REPURCHASED SHARES**

Repurchased shares include the acquisition cost of treasury shares held by the Parent Company, its subsidiaries and associated companies. As of 31 March 2018, the Group held 1,426,706 own shares (184,300) in treasury.

**CALL OPTION PROGRAMME 2013/2017**

Following a resolution passed by the Annual General Meeting in August 2013, 13 senior executives were offered an opportunity to acquire a maximum of 169,000 call options on repurchased Class B shares. The programme was fully subscribed. If fully exercised, the number of outstanding Class B shares will increase by 169,000, corresponding to 0.6 percent of the total number of shares and 0.4 percent of the votes. The call options were conveyed at a price of SEK 10.00 per call option, equivalent to the market value of the options according to an external valuation performed by Nordea Bank. The redemption price for the call options is SEK 101.90 and the redemption period is from 12 September 2016 until 9 June 2017, inclusive.

During the year, the remaining 13,300 call options were redeemed and equity increased by MSEK 1.4 as a result of the proceeds of the sale of treasury shares. The call option programme 2013/2017 has thus been concluded.

**CALL OPTION PROGRAMME 2014/2018**

Following a resolution passed by the Annual General Meeting in August 2014, 13 senior executives were offered an opportunity to acquire a maximum of 169,000 call options on repurchased Class B shares. The programme was fully subscribed. If fully exercised, the number of outstanding Class B shares will increase by

169,000, corresponding to 0.6 percent of the total number of shares and 0.4 percent of the votes. The call options were conveyed at a price of SEK 14.30 per call option, equivalent to the market value of the options according to an external valuation performed by Nordea Bank. The redemption price for the call options is SEK 176.50 and the redemption period is from 11 September 2017 until 8 June 2018, inclusive. In connection with the distribution of Momentum Group, the call option programme was recalculated and each option entitles the holder to subscribe for 1.7 shares after recalculation, corresponding to 287,300 shares in total for the call option programme. The redemption price was calculated at SEK 104.10 (176.50) per share. No call options were redeemed during the year.

**CALL OPTION PROGRAMME 2017/2021**

Following a resolution passed by the Annual General Meeting in August 2017, ten senior executives in the Bergman & Beving Group were offered an opportunity to acquire a maximum of 160,000 call options on repurchased Class B shares. The programme was fully subscribed. If fully exercised, the number of outstanding Class B shares will increase by 160,000, corresponding to 0.6 percent of the total number of shares and 0.4 percent of the votes. The call options were conveyed at a price of SEK 8.20 per call option, equivalent to the market value of the options according to an external valuation performed by Nordea Bank. The redemption price for the call options is SEK 118.10 and the redemption period is from 14 September 2020 until 11 June 2021, inclusive.

**APPROPRIATION OF PROFIT**

The Board of Directors proposes a dividend of SEK 2.50 (5.00) per share, totalling SEK 67,524 thousand calculated based on the number of shares as of 31 March 2018, and with due consideration for the 1,426,706 repurchased shares held in treasury.

**SEK thousand**

Retained earnings	1,182,031
Net profit	23,881
	<b>1,205,912</b>

**The Board of Directors proposes  
that the available funds be allocated as follows:**

Dividend to shareholders, SEK 2.50 per share	67,524
To be brought forward	1,138,388
<b>Total</b>	<b>1,205,912</b>

Over the past ten years, the ordinary dividend has amounted to approximately 41 percent of earnings per share.

Year	Earnings per share <sup>1)</sup>	Dividend <sup>1)</sup>	Pay-out ratio, %
2017/2018	5.70	2.50	44%
2016/2017	8.40	5.00	60%
2015/2016	12.90	5.00	39%
2014/2015	10.90	4.00	37%
2013/2014	7.60	3.50	46%
2012/2013	7.90	3.00	38%
2011/2012	8.10	3.00	37%
2010/2011	6.90	3.00	43%
2009/2010	4.80	2.50	52%
2008/2009	10.20	2.50	25%
<b>Total</b>	<b>83.40</b>	<b>34.00</b>	<b>41%</b>

1) Earnings per share for 2017/2018 pertain only to continuing operations. No recalculation took place for 2016/2017 or for preceding years. Accordingly, Earnings per share and Dividends pertain to the B&B TOOLS Group including Momentum Group.

**CAPITAL MANAGEMENT****Bergman & Beving's long-term targets**

Bergman & Beving has an internal profitability target for the Group as a whole and all of its profit units. The measure that is used is called P/WC, which refers to operating profit in relation to utilised working capital for the profit unit being measured. The Group's goal is for P/WC to amount to at least 45 percent per year for the Group as a whole and for each individual segment. The working capital that is required for the Group's various units is simplified into inventories plus accounts receivable less accounts payable.

Each segment develops its own business plans and priorities based on its performance in relation to a P/WC of at least 45 percent.

No changes were made to the Group's capital management during the year.



## NOTE 18 EARNINGS PER SHARE

### EARNINGS PER SHARE FOR THE GROUP AS A WHOLE

SEK	Before dilution		After dilution	
	2017/2018	2016/2017	2017/2018	2016/2017
Continuing operations	5.70	6.95	5.70	6.90
Discontinued operations	39.25	1.45	39.20	1.50
<b>Earnings per share</b>	<b>44.95</b>	<b>8.40</b>	<b>44.90</b>	<b>8.40</b>

The calculation of the numerators and denominators used in the above calculations of earnings per share is specified below.

### EARNINGS PER SHARE BEFORE DILUTION

The calculation of earnings per share for 2017/2018 was based on net profit attributable to the ordinary shareholders in the Parent Company amounting to MSEK 1,249 (237) and a weighted average number of shares outstanding during 2017/2018 amounting to 27,785,000 (28,143,000). The two components have been calculated in the following manner:

#### Net profit attributable to Parent Company shareholders, before dilution

	2017/2018	2016/2017
Net profit attributable to Parent Company shareholders	1,249	237
<b>Profit attributable to Parent Company shareholders, before dilution</b>	<b>1,249</b>	<b>237</b>

#### Weighted average number of shares outstanding, before dilution

Stated in thousands of shares	2017/2018	2016/2017
Total number of shares, 1 April	28,436	28,436
Effect of holding of treasury shares	-651	-293
<b>Number of shares for calculation of earnings per share</b>	<b>27,785</b>	<b>28,143</b>

### EARNINGS PER SHARE AFTER DILUTION

The calculation of earnings per share after dilution for 2017/2018 was based on profit attributable to the ordinary shareholders in the Parent Company amounting to MSEK 1249 (237) and a weighted average number of shares outstanding during 2017/2018 amounting to 27,816,000 (28,208,000). The two components have been calculated in the following manner:

#### Net profit attributable to Parent Company shareholders, after dilution

	2017/2018	2016/2017
Net profit attributable to Parent Company shareholders	1,249	237
<b>Profit attributable to Parent Company shareholders, after dilution</b>	<b>1,249</b>	<b>237</b>

As of 31 March 2018, Bergman & Beving AB had two outstanding call option programmes, for both of which the redemption price exceeded the share price as of 31 March 2018. Details about these call option programmes are provided in Note 5 Employees and personnel costs.

#### Weighted average number of shares outstanding, after dilution

Stated in thousands of shares	2017/2018	2016/2017
Total number of shares, 1 April	28,436	28,436
Effect of holding of treasury shares	-651	-293
Effect of option programmes	31	65
<b>Number of shares for calculation of earnings per share</b>	<b>27,816</b>	<b>28,208</b>

As of 31 March 2017, B&B TOOLS AB had two outstanding call option programmes, for both of which the share price exceeded the redemption price for the call option programmes. Details about these call option programmes are provided in Note 5 Employees and personnel costs.

## NOTE 19 PROVISIONS FOR PENSIONS

Bergman & Beving offers pension solutions through a number of defined-contribution and defined-benefit plans. The plans are structured in accordance with local regulations and practices. In recent years, the Group has attempted to switch to pension solutions that are defined contribution and the cost of such plans comprises an increasingly significant portion of the total pension cost. The plans cover essentially all Group employees. Defined-benefit plans are only available in Sweden, Norway and Taiwan. In other countries in which the Group is active, defined-contribution plans are offered.

### DEFINED-CONTRIBUTION PENSION PLANS

These plans mainly cover retirement pensions and family pensions. Premiums are paid on an ongoing basis during the year by each Group company to separate legal entities, such as insurance companies, with the premium level based on salary. The pension cost for the period is included in profit or loss.

### DEFINED-BENEFIT PENSION PLANS

These plans mainly cover retirement pensions. Vesting is based on the number of years of service. For each year of service, the employee earns an increased right to pension, which is recognised as benefits earned during the year and as an increase in pension obligations. The defined-benefit plans are exposed to actuarial risks, such as length of life, currency, interest-rate and investment risks. Approximately 94 percent of the pension obligations' gross present value pertains to Swedish PRI pensions, which are unfunded pension plans.

### Commitments for employee benefits, defined-benefit plans

The following provisions for pension obligations have been made in the balance sheet:

Group	31 Mar 2018	31 Mar 2017
Pension obligations unfunded plans, present value	619	577
Pension obligations funded plans, present value	39	48
Plan assets, fair value	-37	-48
<b>Net pension obligations</b>	<b>621</b>	<b>577</b>

The Group has a number of defined-benefit pension plans that are all managed individually. Funded plans are recognised in a net amount in the balance sheet. Accordingly, the obligations are recognised in the balance sheet in the following net amounts:

	31 Mar 2018	31 Mar 2017
Plan assets for pension obligations	-1	-5
Provisions for pensions and similar commitments	622	582
<b>Net liabilities according to the balance sheet</b>	<b>621</b>	<b>577</b>
Of which, credit insured through PRI Pensionsgaranti	352	356

### Performance of pension obligations and plan assets

Pension obligations, plan assets and provisions for pension obligations for the defined-benefit pension plans have developed as follows:

Pension obligations unfunded plans	31 Mar 2018	31 Mar 2017
Opening balance	577	533
Benefits earned during the year	14	17
Interest expense	11	13
Benefits paid	-22	-21
Other	1	-1
Remeasurement recognised in other comprehensive income, see separate specification	59	36
Discontinued operations	-21	-
Translation differences	0	0
<b>Pension obligations unfunded plans, present value</b>	<b>619</b>	<b>577</b>

## NOTE 19 cont.

Pension obligations funded plans	31 Mar 2018	31 Mar 2017
Opening balance	48	44
Benefits earned during the year	1	1
Interest expense	1	1
Benefits paid	-2	-3
Remeasurement recognised in other comprehensive income, see separate specification	1	0
Acquired operations	4	-
Discontinued operations	-14	-
Other	-1	2
Translation differences	1	3
<b>Pension obligations funded plans, present value</b>	<b>39</b>	<b>48</b>

	31 Mar 2018	31 Mar 2017
Active	13	14
Paid-up policy holders	40	42
Pensioners	47	44
<b>Total</b>	<b>100</b>	<b>100</b>

Plan assets	31 Mar 2018	31 Mar 2017
Opening balance	48	43
Interest income recognised in profit or loss	0	1
Funds contributed by employers	1	2
Funds paid to employers	-2	-3
Remeasurement recognised in other comprehensive income, see separate specification	1	0
Acquired operations	3	-
Discontinued operations	-15	-
Other	0	2
Translation differences	1	3
<b>Plan assets, fair value</b>	<b>37</b>	<b>48</b>

Plan assets comprise funds paid to and managed by insurance companies and are distributed between the following classes of assets:

Plan assets	31 Mar 2018	31 Mar 2017
Cash and cash equivalents	2	2
Equity instruments	4	5
Debt instruments	27	33
Properties	3	5
Other assets	1	3
<b>Plan assets, fair value</b>	<b>37</b>	<b>48</b>

All plan assets are managed by an insurance company and are included in the insurance company's asset portfolio. The assets are thus not considered to be traded on an active market from Bergman & Beving's perspective. Estimated pension payments from funded pension obligations over the next ten-year period are calculated at approximately MSEK 22 and the liquidity risk is thus clearly limited with respect to the correlation between plan assets and obligations.

Net change in defined-benefit obligations during the year	31 Mar 2018	31 Mar 2017
Opening balance	577	534
Pension costs, defined-benefit plans	27	31
Benefits paid	-24	-24
Funds contributed by employer	-1	-2
Funds paid to employer	2	3
Remeasurement recognised in other comprehensive income, see separate specification	59	36
Acquired operations	1	-
Discontinued operations	-20	-
Other	0	-1
Translation differences	0	0
<b>Closing balance</b>	<b>621</b>	<b>577</b>

## Pension costs

Costs recognised in net profit	2017/2018	2016/2017
Pensions earned during the period	15	15
Net interest expense	12	13
<b>Pension costs, defined-benefit plans</b>	<b>27</b>	<b>28</b>
Pension costs, defined-contribution plans	40	41
<b>Pension costs in net profit</b>	<b>67</b>	<b>69</b>

Pension costs are distributed in profit or loss between Personnel costs and Net financial items, with the latter comprising the net amount of interest on the obligations and interest on the plan assets.

Remeasurement recognised in other comprehensive income	2017/2018	2016/2017
Actuarial gains and losses attributable to demographic assumptions	0	0
Actuarial gains and losses attributable to financial assumptions	-30	-43
Actuarial gains and losses attributable to experience-based adjustments	-30	7
<b>Total remeasurement, pension obligations</b>	<b>-60</b>	<b>-36</b>
Difference between actual return and return according to discount rate on plan assets	1	0
<b>Total remeasurement included in other comprehensive income</b>	<b>-59</b>	<b>-36</b>

## Actuarial assumptions

2017/2018	Sweden	Norway	Taiwan
Discount rate, 31 March, %	2.10	2.50	1.20
Expected salary increase, %	2.75	2.25	2.75
Expected inflation, % <sup>1)</sup>	1.50	0.00	0.00
Expected remaining period of service, years	12.5	2.3	15.0
2016/2017	Sweden	Norway	Taiwan
Discount rate, 31 March, %	2.30	2.40	1.40
Expected salary increase, %	2.75	2.25	2.75
Expected inflation, % <sup>1)</sup>	1.50	0.00	0.00
Expected remaining period of service, years	12.1	2.5	16.0

<sup>1)</sup> Inflation assumption is equivalent to pension indexation, which applies in both Sweden and Norway.

## Length of life assumptions

Length of life assumptions are based on published statistics and mortality figures. Remaining lengths of lives are presented in the table below.

	Sweden	Norway	Taiwan
Length of life assumptions at 65 years of age – retired members:			
Men	21.7	21.0	18.3
Women	24.2	25.0	21.5
Length of life assumptions at 65 years of age for members who are 40 years of age:			
Men	23.4	23.0	18.3
Women	25.2	27.0	21.5

## Sensitivity analysis

The most significant assumptions and judgments when calculating the Group's pension obligations comprise discount rate, future salary increases, inflation and expected length of life. The principles for establishing these factors are described in Note 1 Accounting policies. The table below shows how the total pension liability would be affected by changes in each assumption.

Changes in pension obligations due to changed assumptions (MSEK):	Liability (increase/decrease)	
Discount rate, -0.50%/+0.50%	53	-47
Salary increases, +0.50%/-0.50%	18	-16
Inflation, +0.50%/-0.50%	39	-35
Length of life, +1 year/-1 year	24	-23

The above sensitivity analysis is based on a change in one assumption while the others remain constant.

## NOTE 19 cont.

## Financing

As of 31 March 2018, the average weighted term of the total pension obligation was 17.1 years (16.8), of which unfunded PRI pensions in Sweden had an average weighted term of 17.6 years (17.1). Bergman & Beving estimates that approximately MSEK 24 (23) will be paid in 2018/2019 to funded and unfunded defined-benefit pension plans recognised as defined-benefit plans and approximately MSEK 9 (8) will be paid in 2018/2019 to defined-benefit plans recognised as defined-contribution plans. The latter pertains exclusively to ITP2 in Swedish companies.

## Parent Company

A discount rate of 3.84 percent (3.84) was applied to the calculation of the amount of the pension obligation for the Parent Company. As of 31 March 2018, the Parent Company has one defined-benefit plan pertaining to PRI Pensionsgaranti. These obligations are recognised in the balance sheet in the following amounts:

	31 Mar 2018	31 Mar 2017
Pension obligations unfunded plan, present value	44	45
<b>Net pension obligations and net liability according to the balance sheet</b>	<b>44</b>	<b>45</b>
Of which, credit insured through PRI Pensionsgaranti	44	45

Pension obligations for the defined-benefit pension plan have developed as follows:

<b>Pension obligations unfunded plans</b>	31 Mar 2018	31 Mar 2017
Opening balance	45	46
Benefits earned during the year	1	1
Interest expense recognised in profit or loss	2	2
Benefits paid	-4	-4
<b>Closing balance</b>	<b>44</b>	<b>45</b>

<b>Pension costs</b>	2017/2018	2016/2017
Benefits earned during the year, personnel costs	1	1
Interest expense	2	2
<b>Pension costs, defined-benefit plans</b>	<b>3</b>	<b>3</b>
Pension costs, defined-contribution plans	3	3
<b>Pension costs in net profit</b>	<b>6</b>	<b>6</b>

## NOTE 20 OTHER PROVISIONS

<b>Group</b>	31 Mar 2018	31 Mar 2017
<b>Provisions classified as non-current liabilities</b>		
Guarantee commitments	1	2
Restructuring	25	27
<b>Total</b>	<b>26</b>	<b>29</b>

<b>Specification</b>	31 Mar 2018	31 Mar 2017
<b>Carrying amount at the beginning of the period</b>	<b>29</b>	<b>4</b>
Provisions made during the period	25	25
Discontinued operations	-28	-
Translation differences	0	0
<b>Carrying amount at the end of the period</b>	<b>26</b>	<b>29</b>

## NOTE 21 OTHER LIABILITIES

<b>Group</b>	31 Mar 2018	31 Mar 2017
<b>Other current liabilities</b>		
Derivatives	11	0
Advance payments from customers	1	1
Employee withholding taxes	14	33
VAT liability	91	151
Other operating liabilities	5	5
<b>Total</b>	<b>122</b>	<b>190</b>

## NOTE 22 ACCRUED EXPENSES AND DEFERRED INCOME

	<b>Group</b>		<b>Parent Company</b>	
	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017
<b>Accrued expenses</b>				
Salaries and remuneration to employees	79	234	1	4
Pension costs	0	0	-	-
Social security contributions	42	112	4	15
Bonuses, refunds to customers/suppliers	85	78	-	-
Car and travel expenses	2	4	-	-
Directors' and auditors' fees	3	4	1	1
Other consulting fees	2	8	-	1
Marketing costs	3	5	-	-
Guarantee costs	0	0	-	-
Shipping costs	8	14	-	-
Operating and leasing costs	26	35	-	-
Interest expense	0	0	0	0
Restructuring	11	34	-	-
Other accrued expenses	1	5	2	1
<b>Deferred income</b>				
Marketing income	-	3	-	-
Other deferred income	-	5	-	-
<b>Total</b>	<b>262</b>	<b>541</b>	<b>8</b>	<b>22</b>

## NOTE 23 SPECIFICATION OF INTEREST-BEARING NET LOAN LIABILITIES BY ASSET AND LIABILITY

Group	31 Mar 2018			31 Mar 2017		
	Interest-bearing	Non-interest bearing	Total	Interest-bearing	Non-interest bearing	Total
<b>ASSETS</b>						
Intangible non-current assets	–	1,569	<b>1,569</b>	–	2,023	<b>2,023</b>
Tangible non-current assets	–	88	<b>88</b>	–	112	<b>112</b>
Financial non-current assets	2	–	<b>2</b>	8	9	<b>17</b>
Deferred tax assets	–	81	<b>81</b>	–	104	<b>104</b>
<b>Total non-current assets</b>	<b>2</b>	<b>1,738</b>	<b>1,740</b>	<b>8</b>	<b>2,248</b>	<b>2,256</b>
<b>Current assets</b>						
Inventories	–	879	<b>879</b>	–	1,595	<b>1,595</b>
Tax assets	–	78	<b>78</b>	–	47	<b>47</b>
Accounts receivable	–	790	<b>790</b>	–	1,451	<b>1,451</b>
Prepaid expenses and accrued income	–	46	<b>46</b>	–	110	<b>110</b>
Other receivables	–	33	<b>33</b>	–	48	<b>48</b>
Cash and bank	67	–	<b>67</b>	63	–	<b>63</b>
<b>Total current assets</b>	<b>67</b>	<b>1,826</b>	<b>1,893</b>	<b>63</b>	<b>3,251</b>	<b>3,314</b>
<b>Total assets</b>	<b>69</b>	<b>3,564</b>	<b>3,633</b>	<b>71</b>	<b>5,499</b>	<b>5,570</b>
<b>LIABILITIES</b>						
<b>Non-current liabilities</b>						
Non-current interest-bearing liabilities	130	–	<b>130</b>	200	–	<b>200</b>
Provisions for pensions	623	–	<b>623</b>	582	–	<b>582</b>
Other provisions	–	26	<b>26</b>	–	29	<b>29</b>
Deferred tax liabilities	–	89	<b>89</b>	–	100	<b>100</b>
<b>Total non-current liabilities</b>	<b>753</b>	<b>115</b>	<b>868</b>	<b>782</b>	<b>129</b>	<b>911</b>
<b>Current liabilities</b>						
Current interest-bearing liabilities	307	–	<b>307</b>	123	–	<b>123</b>
Accounts payable	–	497	<b>497</b>	–	1,046	<b>1,046</b>
Tax liabilities	–	18	<b>18</b>	–	35	<b>35</b>
Other liabilities	–	122	<b>122</b>	–	190	<b>190</b>
Accrued expenses and deferred income	–	262	<b>262</b>	–	541	<b>541</b>
<b>Total current liabilities</b>	<b>307</b>	<b>899</b>	<b>1,206</b>	<b>123</b>	<b>1,812</b>	<b>1,935</b>
<b>Total liabilities</b>	<b>1,060</b>	<b>1,014</b>	<b>2,074</b>	<b>905</b>	<b>1,941</b>	<b>2,846</b>
<b>Interest-bearing net liabilities</b>	<b>-991</b>			<b>-834</b>		



## NOTE 24 EXPECTED RECOVERY PERIODS FOR ASSETS AND LIABILITIES

Group				
Amounts expected to be recovered	Within 12 months	After 12 months		Total
<b>ASSETS</b>				
Intangible non-current assets <sup>1)</sup>	11	1,558		<b>1,569</b>
Tangible non-current assets <sup>1)</sup>	13	75		<b>88</b>
<b>Financial non-current assets</b>				
Shares in associated companies	-	-		-
Other securities held as non-current assets	-	0		<b>0</b>
Other long-term receivables	0	2		<b>2</b>
Deferred tax assets	-	81		<b>81</b>
<b>Total non-current assets</b>	<b>24</b>	<b>1,716</b>		<b>1,740</b>
<b>Current assets</b>				
Inventories	879			<b>879</b>
Tax assets	78			<b>78</b>
Accounts receivable	790			<b>790</b>
Prepaid expenses and accrued income	46			<b>46</b>
Other receivables	33			<b>33</b>
Cash and bank	67			<b>67</b>
<b>Total current assets</b>	<b>1,893</b>			<b>1,893</b>
<b>Total assets</b>	<b>1,917</b>	<b>1,716</b>		<b>3,633</b>

Group				
Amounts expected to be paid	Within 12 months	After 12 months	After 5 years	Total
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Non-current interest-bearing liabilities	-	130	-	130
Provisions for pensions	22	90	511	623
Other provisions	-	26	-	26
Deferred tax liabilities	14	58	17	89
<b>Total non-current liabilities</b>	<b>36</b>	<b>304</b>	<b>528</b>	<b>868</b>
<b>Current liabilities</b>				
Current interest-bearing liabilities	307			<b>307</b>
Accounts payable	497			<b>497</b>
Tax liabilities	18			18
Other liabilities	122			<b>122</b>
Accrued expenses and deferred income	262			<b>262</b>
<b>Total current liabilities</b>	<b>1,206</b>			<b>1,206</b>
<b>Total liabilities</b>	<b>1,242</b>	<b>304</b>	<b>528</b>	<b>2,074</b>

1) Expected annual depreciation and amortisation are recognised in the amounts expected to be recovered within 12 months.

## NOTE 24 cont.

## Parent Company

Amounts expected to be recovered	Within 12 months	After 12 months	Total
<b>ASSETS</b>			
Intangible non-current assets <sup>1)</sup>	0	0	0
Tangible non-current assets <sup>1)</sup>	0	0	0
<b>Financial non-current assets</b>			
Participations in Group companies	–	704	704
Receivables from Group companies	–	1,627	1,627
Deferred tax assets	–	2	2
<b>Total non-current assets</b>	<b>0</b>	<b>2,333</b>	<b>2,333</b>
<b>Current assets</b>			
Accounts receivable	0		0
Receivables from Group companies	483		483
Tax assets	43		43
Other receivables	2		2
Prepaid expenses and accrued income	2		2
Cash and bank	0		0
<b>Total current assets</b>	<b>530</b>		<b>530</b>
<b>Total assets</b>	<b>530</b>	<b>2,333</b>	<b>2,863</b>

## Parent Company

Amounts expected to be paid	Within 12 months	After 12 months	After 5 years	Total
<b>PROVISIONS</b>				
Provisions for pensions and similar commitments	4	15	25	44
<b>Total provisions</b>	<b>4</b>	<b>15</b>	<b>25</b>	<b>44</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Liabilities to credit institutions		130		130
<b>Total non-current liabilities</b>		<b>130</b>		<b>130</b>
<b>Current liabilities</b>				
Liabilities to credit institutions	307			307
Accounts payable	1			1
Liabilities to Group companies	786			786
Other liabilities	12			12
Accrued expenses and deferred income	8			8
<b>Total current liabilities</b>	<b>1,114</b>			<b>1,114</b>
<b>Total provisions and liabilities</b>	<b>1,118</b>	<b>145</b>	<b>25</b>	<b>1,288</b>

1) Expected annual depreciation and amortisation are recognised in the amounts expected to be recovered within 12 months.

## NOTE 25 FINANCIAL RISK MANAGEMENT

The operations of the Bergman & Beving Group entail exposure to a number of financial risks. Changes, particularly in foreign-exchange rates and interest-rate levels, affect the Group's earnings and cash flow. Financing risks also arise and are managed within the framework of the Group's adopted policies.

### FINANCIAL OPERATIONS

The goal of the Group's financial operations is to ensure high efficiency in the areas of investments, liquidity flows, borrowing, foreign-currency management and granting of credit. The Board of Directors determines the Financial Policy each year, including the guidelines, goals and framework for treasury management and for managing the financial risks in the Group. The Financial Policy defines and identifies the financial risks that can arise, and regulates the distribution of responsibility between the Board of Directors, the President & CEO, the CFO, the Treasury function as well as subsidiary presidents and CFOs.

The Group's central financial operations comprise securing the Group's long-term supply of liquidity for investments and working capital in an efficient manner as well as ensuring that systems are available for efficient cash management in the Group companies. All foreign-currency management and granting of credit to customers are handled within the framework of the established policy. The Parent Company has a central Treasury function whose task is to manage the Group's external borrowing, investments of surplus liquidity, agreement and conditions governing cash pooling, pledging of the Group's assets and issuance of contingent liabilities.

### FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

When needed, the Group uses financial derivative instruments to manage foreign-exchange risks and interest-rate risks that arise during operations. Derivative instruments held for hedging during the operating year comprise foreign-exchange forward contracts.

The Group identifies certain derivatives as a hedge on a highly probable forecast transaction (cash-flow hedging). These derivative instruments are hedged, which means that the instruments are recognised in the balance sheet at fair value and that any change in value of these instruments is recognised as equity in other comprehensive income until its underlying cash flow is reflected in profit or loss. Refer also to Note 1 Accounting policies.

### FOREIGN-EXCHANGE RISKS

For Bergman & Beving, foreign-exchange risk arises in the subsidiaries as follows: as a result of future payment flows in foreign currencies, referred to as a transaction exposure, through portions of the Group's equity comprising net assets of foreign subsidiaries and through the Group's profit compromising profit from foreign subsidiaries, referred to as a translation exposure.

#### Transaction exposure

Transaction exposure comprises future contracted and forecast receipts and disbursements in foreign currencies for subsidiaries, which, in the Group's case, mainly involves purchases and sales of goods.

The total transaction exposure for key currencies is shown in the table below.

#### Annual net flow by currency, MSEK

Currency	2017/2018	2016/2017
NOK	755	812
EUR	198	156
USD	-248	-203
TWD	-372	-103
DKK	54	68
PLN	67	55
CNY	-12	-2
GBP	-13	-13
JPY	-16	-13

The Group has its primary customer markets in Sweden, Norway and Finland, with sales in SEK, NOK and EUR, respectively. A large portion of purchasing takes place outside the Nordic region and is mainly paid in EUR, USD and TWD.

The effects of exchange-rate changes are reduced on the basis of purchases and sales in the same currency, currency clauses and foreign-exchange forward contracts. Risk exposure is limited by the Group's sales largely comprising products that are sold at a fixed price in the local currency according to a price list valid over a period of approximately six months.

Group companies hedge parts of their future currency outflows in foreign currency using foreign-exchange forward contracts, in accordance with the Financial Policy. Most of the hedging of exchange-rate changes is conducted for the period deemed necessary to allow sales prices to be adjusted to the new foreign-exchange rates. A smaller proportion of foreign-exchange forward contracts have terms of six to 12 months and are based on forecasts. Corresponding foreign-exchange forward hedging takes place for sales in foreign currencies when the costs are in local currency. The nominal amounts of outstanding foreign-exchange forward contracts as of 31 March 2018 were as follows:

Foreign-exchange contract	Nominal value as of 31 Mar 2018	Nominal value as of 31 March 2017
NOK/SEK	462	223
USD/SEK <sup>1)</sup>	65	96
EUR/SEK	61	-

1) Foreign-exchange forward contracts for purchase of currency.

#### Translation exposure of earnings

The Group's earnings are affected by the translation of the income statements of foreign subsidiaries, for which translation is carried out at the average exchange rate for the financial year. In cases when the local currency of the foreign subsidiary changes in relation to SEK, the Group's recognised revenue and earnings that were translated to SEK also change. Currency translation for the financial year generated an impact on operating profit of approximately MSEK 1 (2) compared with the preceding year's average rates. The table below shows how much the currency translation impacted the Group's revenue.

Group	Revenue
Revenue in 2017/2018 translated to the average rate for 2016/2017	3,827

#### Currency translation

NOK	-10
EUR	13
Other currencies	3
<b>Total currency translation</b>	<b>6</b>

#### Revenue in 2017/2018 3,833

The Group has net exposures in several foreign currencies. If the prices of the exposure currencies were to change by 5 percent based on the 2017/2018 income statement, the effect on revenue would amount to approximately MSEK 92 (91) and on operating profit to approximately MSEK 5 (7) over a 12-month period, all other things being equal. The largest exposure to revenue is in NOK with MSEK 51 (52) and EUR with MSEK 25 (24).

The following rates were applied in the year-end accounts:

Currency	Average rate		Balance-sheet rate	
	2017/2018	2016/2017	31 Mar 2018	31 Mar 2017
DKK	1.311	1.277	1.380	1.295
EUR	9.757	9.501	10.280	9.536
GBP	11.100	11.349	11.753	11.135
NOK	1.027	1.037	1.068	1.040
PLN	2.314	2.185	2.441	2.259
CNY	1.263	1.289	1.320	1.295
TWD	0.279	0.274	0.282	0.294
USD	8.349	8.667	8.299	8.922

#### Translation exposure of equity

The value of the net assets of foreign subsidiaries is translated to SEK at year-end at the exchange rate in effect on the balance-sheet date. The exchange-rate difference between the years is recognised against equity under other comprehensive income. Translation of the balance sheets of foreign subsidiaries caused equity to decrease by approximately MSEK -2 (43) during the year.

## NOTE 25 cont.

## Net assets in foreign subsidiaries by currency (MSEK)

Currency	31 Mar 2018	31 Mar 2017
NOK	131	132
EUR	118	95
TWD	50	54
CNY	31	43
PLN	22	16
DKK	8	5

## INTEREST-RATE RISKS

Interest-rate risk refers to the risk that changes in market-interest rates affect the Group net interest income negatively. The rate of interest rate fluctuation depends on the interest-rate term of the loans and the hedging instruments used.

At times, the Group uses different forms of interest derivatives for the purpose of managing the risk of higher market interest rates in the future.

If market interest rates were to increase by 1 percent, the impact on net interest income on an annual basis would be MSEK 4, based on the loan structure as of 1 April 2018.

## LIQUIDITY AND REFINANCING RISKS

Liquidity and refinancing risk pertains to the risk that the Group is unable to fulfil its payment obligation due to insufficient liquidity and that the possibility of financing is limited when loans are due for rescheduling.

Borrowing and trading in financial instruments is conducted with one of the large Nordic commercial banks and the management of loans is handled by the Parent Company's Treasury function. At financial year-end, the Parent Company had access to a committed credit facility of MSEK 400 (400), of which MSEK 93 was unutilised. The credit facility is renewed on an annual basis with a maturity date of 31 December. In addition to this committed credit facility, the Group has an unutilised loan commitment totalling MSEK 370. After the end of the financial year, the Parent Company renegotiated the loan structure, with terms applying as of 1 June 2018. The maximum loan commitment now amounts to MSEK 400 MSEK, compared with the previous amount of MSEK 500. The new loan commitment is between MSEK 300 with the same maturity terms as previously and a new bank loan of MSEK 100 that extends for two years. Current investments of any surplus liquidity are made on terms of one to three months at current market interest rates. The counterparty for deposits is always one of the large Nordic commercial banks.

The Group's net loan liability, comprising interest-bearing liabilities and provisions less interest-bearing assets, is presented in Note 23.

## CALCULATION OF FAIR VALUE

## Derivatives

Derivatives belong to Level 2 of the fair value hierarchy. The fair value of derivatives comprising foreign-exchange forward contracts and interest swap agreements is based on listings with banks. Similar contracts are traded on an active market and the prices reflect the actual transactions of comparable instruments. Other than derivatives, there are essentially no financial instruments that are continuously measured at fair value in the balance sheet and no assets or liabilities that are classified according to Levels 1 or 3 in the fair value hierarchy.

## Accounts receivable, bank loans, accounts payable and other items

The Group has no bank loans that are measured at fair value in profit or loss. For accounts receivables, the carrying amount of accounts payable and other items has been stated as the fair value, which is deemed to favourably reflect the fair value.

## Borrowing and maturity structure

The Group's borrowing amounted to MSEK 437 (323). Overall, the average remaining maturity for both the Group's and the Parent Company's interest-bearing financial liabilities is 1.2 years (2.2 years). See the tables below.

## Classification of financial instruments

Group	31 Mar 2018	31 Mar 2017
<b>Financial assets</b>		
<b>Financial assets measured at fair value</b>		
Shares and participations available for sale	0	1
Derivative hedging instruments	0	4
<b>Financial assets not measured at fair value</b>		
<b>Loan receivables and accounts receivable</b>		
Long-term receivables	1	2
Accounts receivable	790	1,451
Other receivables	33	44
Cash and cash equivalents	67	63
<b>Total financial assets</b>	<b>891</b>	<b>1,555</b>
<b>Financial liabilities measured at fair value</b>		
Derivative hedging instruments	11	0
<b>Financial liabilities not measured at fair value</b>		
<b>Other liabilities</b>		
Bank loans	437	323
Accounts payable	497	1,046
Other liabilities	111	190
<b>Total financial liabilities</b>	<b>1,056</b>	<b>1,559</b>

Parent Company	31 Mar 2018	31 Mar 2017
<b>Financial assets</b>		
<b>Financial assets not measured at fair value</b>		
Derivative hedging instruments	0	4
<b>Financial assets not measured at fair value</b>		
<b>Loan receivables and accounts receivable</b>		
Receivables from Group companies	2,105	2,916
Accounts receivable	0	–
Other receivables	2	1
<b>Total financial assets</b>	<b>2,107</b>	<b>2,917</b>
<b>Financial liabilities measured at fair value</b>		
Derivative hedging instruments	11	0
<b>Financial liabilities not measured at fair value</b>		
<b>Other liabilities</b>		
Bank loans	437	322
Liabilities to Group companies	786	756
Accounts payable	1	2
Other liabilities	1	2
<b>Total financial liabilities</b>	<b>1,236</b>	<b>1,082</b>

The carrying amounts for financial assets and financial liabilities above are equivalent to fair value in all material respects.



## NOTE 25 cont.

## Group

Maturity structure	31 Mar 2018		Matures		
	Carrying amount	Future payment amount	within 3 months	after 3 months within 1 year	after 1 year within 5 years
Interest-bearing financial liabilities	437	447	2	441	4
Accounts payable and other non-interest-bearing financial liabilities	619	619	619		
<b>Total financial liabilities</b>	<b>1,056</b>	<b>1,066</b>	<b>621</b>	<b>441</b>	<b>4</b>

Maturity structure	31 Mar 2017		Matures		
	Carrying amount	Future payment amount	within 3 months	after 3 months within 1 year	after 1 year within 5 years
Interest-bearing financial liabilities	323	335	2	326	7
Accounts payable and other non-interest-bearing financial liabilities	1,235	1,235	1,235		
<b>Financial liabilities</b>	<b>1,558</b>	<b>1,570</b>	<b>1,237</b>	<b>326</b>	<b>7</b>

## Parent Company

Maturity structure	31 Mar 2018		Matures		
	Carrying amount	Future payment amount	within 3 months	after 3 months within 1 year	after 1 year within 5 years
Interest-bearing financial liabilities	437	447	2	441	4
Liabilities to Group companies (excluding interest) <sup>1)</sup>	786	786	786		
Accounts payable and other non-interest-bearing financial liabilities	13	13	13		
<b>Financial liabilities</b>	<b>1,236</b>	<b>1,246</b>	<b>801</b>	<b>441</b>	<b>4</b>

Maturity structure	31 Mar 2017		Matures		
	Carrying amount	Future payment amount	within 3 months	after 3 months within 1 year	after 1 year within 5 years
Interest-bearing financial liabilities	322	334	2	325	7
Liabilities to Group companies (excluding interest) <sup>1)</sup>	755	755	695		60
Accounts payable and other non-interest-bearing financial liabilities	4	4	4		
<b>Financial liabilities</b>	<b>1,081</b>	<b>1,093</b>	<b>701</b>	<b>325</b>	<b>67</b>

<sup>1)</sup> Interest on liabilities to Group companies is not capitalised, but is instead regulated every quarter via the Parent Company's Group account structure.

The contractual terms and conditions for interest-bearing liabilities are presented in the tables below.

Group	31 Mar 2018	31 Mar 2017
<b>Non-current liabilities</b>		
Bank loans	130	200
<b>Total non-current liabilities</b>	<b>130</b>	<b>200</b>
<b>Current liabilities</b>		
Committed credit facility	307	123
Current portion of bank loans	–	–
Other current interest-bearing liabilities	–	–
<b>Total current liabilities</b>	<b>307</b>	<b>123</b>
<b>Total interest-bearing liabilities</b>	<b>437</b>	<b>323</b>

Bank loans <sup>1)</sup>	Group				Parent Company	
	Currency	Nominal interest	Maturity	Nominal value	31 Mar 2018	31 Mar 2017
<b>Non-current liabilities</b>						
Interest-only bank loan	SEK	1.65%	2020-05-08	130	130	200
<b>Total non-current liabilities</b>					<b>130</b>	<b>200</b>
<b>Current liabilities</b>						
<b>Committed credit facility</b>						
Approved credit limit					400	400
Unutilised portion					-93	-277
<b>Utilised credit amount</b>		0.86%			<b>307</b>	<b>123</b>
<b>Total, loans from credit institutions</b>					<b>437</b>	<b>323</b>

After the end of the financial year, the Parent Company renegotiated the loan structure, with terms applying as of 1 June 2018. The maximum loan commitment now amounts to MSEK 400 MSEK, compared with the previous amount of MSEK 500. The new loan commitment is between MSEK 300 with the same maturity terms as previously and a new bank loan of MSEK 100 that extends for two years. Cash and cash equivalents, including unutilised granted credit facilities, totalled MSEK 530 (841) as of 31 March 2018.

**NOTE 25 cont.**

Pension liabilities within the framework of the PRI system constitute a significant portion of the Group's total non-current interest-bearing liabilities. Pension liabilities are calculated by PRI based on the employees' benefit plan for retirement pension and survivors' pension under the ITP plan and are recognised in the consolidated balance sheet as a provision, with an addition for adjustments in accordance with IAS 19.

**Credit risk**

In its commercial and financial transactions, the Group is exposed to credit risks in relation to Bergman & Beving's counterparties. Credit risk or counterparty risk pertains to the risk of loss if the counterparty does not fulfil its obligations. The Group is exposed to credit risk through its financial transactions, through the investment of surplus liquidity and implementation of foreign-exchange forward contracts and in connection with accounts receivable and advance payments to suppliers in the commercial operation. The Financial Policy stipulates that only the major Nordic commercial banks are suitable for the investment of surplus liquidity and foreign-exchange forward contract subscriptions.

In order to capitalise on the operating activities' knowledge of customers and suppliers, the credit risk assessments are managed in the commercial transactions by each company. The credit risk is generally spread over a wide range of

customers and is a good reflection of the Group's trading where the total revenue is built up of many business transactions and a favourable risk spread of sales across varying industries and companies. However, a significant share of the Group companies' revenue is attributable to the TOOLS chain, with operations in Sweden, Norway and Finland. The TOOLS chain is part of Momentum Group, which was previously part of the Group but was distributed to the shareholders of Bergman & Beving in June 2017 through a separate listing on Nasdaq Stockholm. Revenue from the TOOLS chain declined due to a change in supplier agreements for goods for resale, which were previously invoiced onward via Bergman & Beving. The credit risk with respect to companies in the TOOLS chain is deemed to be very low. No other individual customer accounts for a significant share of the Group's revenue.

To minimise the risk of credit losses, the Group companies apply credit policies that limit outstanding amounts and credit periods for individual customers. The size of each customer's credit is assessed individually. A credit rating is performed for all new customers. The intention is that credit limits will reflect the customer's payment capacity. Historically, Bergman & Beving's credit losses have been low. The credit quality of the accounts receivable that have neither matured for payment nor been impaired is deemed favourable.

Reserves for doubtful accounts receivable and maturity structure are presented in the table below.

**Accounts receivable**

	<b>Group</b>	
	<b>31 Mar 2018</b>	<b>31 Mar 2017</b>
Accounts receivable	803	1,483
Accumulated reserve for doubtful accounts receivable	-13	-32
<b>Accounts receivable, net</b>	<b>790</b>	<b>1,451</b>
<b>A maturity analysis is presented below:</b>		
Maturity analysis:		
– not past due	705	1,349
– receivables past due by 1-30 days	73	83
– receivables past due by 31-60 days	9	12
– receivables past due by 61-90 days	4	8
– receivables past due by >90 days	12	31
<b>Total receivables</b>	<b>803</b>	<b>1,483</b>

**Changes in debt from financial activities**

<b>Group</b>	At the beginning of the year	Cash flow	Acquisitions and disposals of operations <sup>1)</sup>	Discontinued operations <sup>1)</sup>	Changes in fair value recognised in other comprehensive income	Translation differences	At year-end
Short-term interest-bearing liabilities	123	149	-233	268	-	0	307
Long-term interest-bearing liabilities	200	-70	-	-	-	-	130
Derivatives	0	1	-	-	10	-	11
<b>Total debt from financing activities</b>	<b>323</b>	<b>80</b>	<b>-233</b>	<b>268</b>	<b>10</b>	<b>0</b>	<b>448</b>

1) See also note 31 Discontinued operations and note 32 Acquisitions and disposals of operations.

<b>Parent Company</b>	At the beginning of the year	Cash flow	Discontinued operations	Changes in fair value recognised in other comprehensive income	Translation differences	At year-end
Short-term interest-bearing liabilities	122	185	-	-	-	307
Long-term interest-bearing liabilities	200	-74	4	-	-	130
Short-term liabilities to Group companies	696	146	-56	-	-	786
Long-term liabilities to Group companies	60	-60	-	-	-	-
Derivatives	0	1	-	10	-	11
<b>Total debt from financing activities</b>	<b>1 078</b>	<b>198</b>	<b>-52</b>	<b>10</b>	<b>0</b>	<b>1 234</b>

## NOTE 26 OPERATIONAL LEASING

	Group		Parent Company	
	2017/2018	2016/2017 <sup>3)</sup>	2017/2018	2016/2017
<b>Leases in which the Group/the Company is the lessee<sup>1)</sup></b>				
Non-terminable leasing fees amount to:				
Within 1 year	80	74	5	5
Between 1 and 5 years	197	115	2	6
Later than 5 years	127	124	–	–
<b>Total</b>	<b>404</b>	<b>313</b>	<b>7</b>	<b>11</b>
<b>Expensed leasing fees for the period</b>				
Assets held through operational leases				
Minimum leasing fees <sup>2)</sup>	124	102	5	6
<b>Total leasing costs</b>	<b>124</b>	<b>102</b>	<b>5</b>	<b>6</b>

1) Refer to Note 27 Pledged assets and contingent liabilities.

2) New leases were signed in conjunction with the property sales in 2013/2014 and 2014/2015.

Commitments under signed leases and leasing costs are included in the table above since after testing they were classified as operational leases.

Refers to costs for assets held through operational leases, such as rented premises, vehicles, other machinery and equipment.

3) Pertains only to continuing operations.

## NOTE 27 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent Company	
	31 Mar 2018	31 Mar 2017	31 Mar 2018	31 Mar 2017
<b>Pledged assets</b>				
IN THE FORM OF PLEDGED ASSETS FOR OWN LIABILITIES AND PROVISIONS				
Corporate mortgages	–	–	–	–
<b>Total pledged assets</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Contingent liabilities</b>				
Guarantees for subsidiaries <sup>1)</sup>			308	311
Guarantees, other	27	29	1	1
<b>Total contingent liabilities</b>	<b>27</b>	<b>29</b>	<b>309</b>	<b>312</b>

1) Parent Company guarantees for subsidiaries essentially pertain to PRI obligations.

In conjunction with the sale of the logistics properties in Alingsås and Ulricehamn in December 2012, one of the Group's companies entered into leases that expire at the end of 2027. In conjunction with the split of the Group into two independent companies, Bergman & Beving and Momentum Group, the original lease was also split. The Parent Company, Bergman & Beving, has issued a guarantee for the Group company's fulfilment of its share of the lease with a total annual leasing cost of approximately MSEK 24.

## NOTE 28 RELATED PARTIES

Bergman & Beving has distributed shares in Momentum Group during the year, see further note in Note 31 Discontinued operations. Otherwise, the Bergman & Beving Group's related parties are primarily members of senior management. For information about the Group's transactions with these related parties, see Note 5 Employees and personnel costs. The Parent Company also has transactions with subsidiaries, which are priced on market terms. Other than that, there have been no transactions between Bergman & Beving and related parties that significantly affected the Group's position and profit during the financial year.

## NOTE 29 GROUP COMPANIES

### SPECIFICATION OF THE PARENT COMPANY'S DIRECT HOLDINGS OF PARTICIPATIONS IN SUBSIDIARIES

	Corp. Reg. No.	Reg. office	No. of participations	Holding %	Carrying amount as of 31 March 2018	Carrying amount as of 31 March 2017
Tengtools AB	556616-0353	Stockholm	1,000	100	1	1
Bergman & Beving Invest AB	556706-2699	Stockholm	1,000	100	693	693
Bergman & Beving Fastigheter AB	556787-7559	Stockholm	1,000	100	10	10
<b>Total</b>					<b>704</b>	<b>704</b>
<b>Carrying amount at the beginning of the year</b>					<b>704</b>	<b>104</b>
<b>Accumulated cost</b>						
At the beginning of the year					704	104
Acquisition of shares in Momentum Group AB					629	–
Distribution of shares in Momentum Group AB					-629	–
Capital increase through shareholders' contributions					–	600
<b>Carrying amount at year-end</b>					<b>704</b>	<b>704</b>

### SPECIFICATION OF THE PARENT COMPANY'S DIRECT AND INDIRECT HOLDINGS OF PARTICIPATIONS IN SUBSIDIARIES FOR CONTINUING OPERATIONS

	Reg. office, country	Holding %			Reg. office, country	Holding %	
		31 Mar 2018	31 Mar 2017			31 Mar 2018	31 Mar 2017
Tengtools AB	Sweden	100	100	Arbesko Fastigheter AB <sup>1)</sup>	Sweden	100	–
Bergman & Beving Invest AB	Sweden	100	100	Strömstad Skee 2:1 AB <sup>1)</sup>	Sweden	100	–
Bergman & Beving Fastigheter AB	Sweden	100	100	Arbesko Förvaltning AB <sup>1)</sup>	Sweden	100	–
Bergman & Beving Logistics AB	Sweden	100	100	Stålex AB <sup>1)</sup>	Sweden	100	–
Bergman & Beving Operations AB	Sweden	100	100	Uveco AB <sup>1)</sup>	Sweden	100	–
Bergman & Beving Leo AB	Sweden	100	100	Luna Norge AS	Norway	100	100
Essve Produkter AB	Sweden	100	100	ESSVE Norge AS	Norway	100	100
ESSVE Sverige AB	Sweden	100	100	SKYDDA Norge AS	Norway	100	100
FireSeal AB	Sweden	100	100	AAK Safety AS	Norway	100	100
Luna AB	Sweden	100	100	Skydda Suomi Oy	Finland	100	100
Luna Sverige AB	Sweden	100	100	Essve Suomi Oy	Finland	100	100
Tengtools International Sweden AB	Sweden	100	100	Skydda Danmark AS	Denmark	100	100
Luna International AB	Sweden	100	100	ESSVE Poland Sp.z o.o.	Poland	100	100
G & P Lidén Weighing AB	Sweden	100	100	Luna Polska Sp.z o.o.	Poland	100	100
Bergman & Beving Safety AB	Sweden	100	100	B&B TOOLS Estonia AS	Estonia	100	100
Cresto AB	Sweden	100	100	B&B TOOLS Latvia SIA	Latvia	100	100
Skydda i Sverige AB	Sweden	100	100	B&B Tools Lietuva, UAB	Lithuania	100	100
Bergman & Beving Holding AB	Sweden	100	100				
Bergman & Beving Development AB	Sweden	100	100	TengTools UK Limited	UK	100	100
Bergman & Beving Carolix AB	Sweden	100	100	TengTools Ireland Limited	Ireland	100	100
Arbesko-Gruppen AB <sup>1)</sup>	Sweden	100	100	ESSVE Ukraine Ltd	Ukraine	100	100
Arbesko AB <sup>1)</sup>	Sweden	100	–	B&B TOOLS (Shanghai) Co., Ltd	China	100	100
Arbesko Skofabrik AB <sup>1)</sup>	Sweden	100	–	Oksebra do Brasil <sup>1)</sup>	Brazil	99	–
Oksebra Trading AB <sup>1)</sup>	Sweden	100	–				

1) Company acquired in 2017/2018.

## NOTE 30 UNTAXED RESERVES

The distribution of untaxed reserves recognised in the Parent Company's balance sheet is shown below. For the Group, these reserves are eliminated in their entirety. Refer to Accounting Policies in Note 1. Of the Parent Company's total untaxed reserves of MSEK 226 (264), MSEK 50 (58) comprises deferred taxes included in the Group's recognised deferred tax liability.

	Parent Company	
	31 Mar 2018	31 Mar 2017
<b>Tax allocation reserve</b>		
Allocation 2011/2012	–	49
Allocation 2012/2013	0	0
Allocation 2013/2014	45	45
Allocation 2014/2015	63	63
Allocation 2015/2016	67	67
Allocation 2016/2017	40	40
Allocation 2017/2018	11	–
<b>Total</b>	<b>226</b>	<b>264</b>

## NOTE 31 DISCONTINUED OPERATIONS

On 14 June 2017, an Extraordinary General Meeting of Shareholders resolved to distribute all of Bergman & Beving's shares in Momentum Group to the shareholders of Bergman & Beving AB, meaning that for each Class A share in Bergman & Beving the shareholders received one Class A share in Momentum Group and for each Class B share in Bergman & Beving the shareholders received one Class B share in Momentum Group. The first day of trading in Momentum Group shares on Nasdaq Stockholm took place on 21 June.

Profit from the discontinued operations amounted to MSEK 1,077, which pertains to the difference between the market value of Momentum Group AB of MSEK 2,102 (based on the average trading price on the first day of trading) and the consolidated value of MSEK 1,025. The consolidated value mainly pertained to goodwill and other current assets. The capital gain includes transaction costs of MSEK 16.

Total cash flow from discontinued operations amounted to MSEK 236, of which MSEK 277 pertained to settled internal loans between Momentum Group AB and Bergman & Beving AB, which are recognised under financing activities.

The shares in the discontinued operation Momentum Group are recognised in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Discontinued operations are recognised separately from continuing operations in profit or loss with retroactive effect for prior periods. Momentum Group's earnings up until the distribution date and the non-cash proceeds generated by the distribution of Momentum Group in accordance with IFRIC 17 have been recognised as a line item in the income statement along with the listing expenses linked to the distribution. The Group has also recognised profit after taxes from the discontinued operations up until the distribution date as well as other expenses linked to the distribution.

All figures pertaining to the income statement have been divided between continuing and discontinued operations, with retroactivity from 1 April 2016, which means that for the current year Momentum Group reported profit up until the listing date in June. All figures relating to the balance sheet refer to continuing operations from 1 April 2017, without retroactivity for prior periods, which means that cash flow pertaining to Momentum Group has not been calculated for the comparative period.

### INCOME STATEMENT

MSEK	2017/2018	2016/2017
Revenue	917	5,411
Other operating income	1	6
<b>Total operating income</b>	<b>918</b>	<b>5,417</b>
Cost of goods sold	-579	-3,461
Personnel costs	-202	-1,061
Depreciation, amortisation and impairment losses	-5	-22
Other operating expenses	-114	-808
<b>Total operating expenses</b>	<b>-900</b>	<b>-5,352</b>
<b>Operating profit</b>	<b>18</b>	<b>65</b>
Profit from discontinued operations	1,077	–
Financial income	0	2
Financial expenses	-1	-13
<b>Net financial items</b>	<b>1,076</b>	<b>-11</b>
<b>Profit after financial items</b>	<b>1,094</b>	<b>54</b>
Taxes	-3	-12
<b>Net profit from discontinued operations</b>	<b>1,091</b>	<b>42</b>
Earnings per share before dilution	39.25	1.45
Earnings per share after dilution	39.20	1.50

### CASH-FLOW STATEMENT

MSEK	2017/2018	2016/2017
Cash flow from operating activities	-26	–
Cash flow from investing activities	-6	–
Cash flow from financing activities	268	–
<b>Cash flow for the period, discontinued operations</b>	<b>236</b>	<b>–</b>



## NOTE 32 ACQUISITIONS AND DISPOSALS OF OPERATIONS

### ACQUISITIONS

On 3 April 2017, Bergman & Beving acquired all shares in Arbesko Gruppen AB (Arbesko), with closing taking place on the same date. With its own product development and production operations in Sweden, Arbesko is one of the strongest brands of safety and work footwear in the Nordic region. Arbesko generates annual revenue of approximately MSEK 200 and has approximately 120 employees. Arbesko is included in consolidated revenue for the entire financial year and the Workplace Safety division.

In July 2017, all shares in Uveco AB (Uveco) were acquired, with closing taking place immediately. Uveco markets a comprehensive range of tools for construction and ventilation sheet-metal workers. Uveco generates annual revenue of approximately MSEK 25 and has three employees. Uveco is included in consolidated revenue

for the period from July 2017 to March 2018, with a marginal impact on consolidated revenue. Uveco is included in the Tools & Consumables division.

The acquisition analyses have been finalised. Acquisition-related expenses totalled MSEK 2.5 and has been recognised as other operating expenses. Had all acquisitions taken place on 1 April, consolidated revenue would have been about MSEK 7 higher and EBITA approximately MSEK 1 higher.

Given the size of the acquisitions for the Group as a whole, acquired net assets and goodwill are shown at an aggregated level.

### DIVESTMENTS

On 20 December 2017, Bergman & Beving divested all shares in the subsidiary Örebro Arbetaren 3 Fastighets AB.

#### Group

#### Acquisition of subsidiaries and other business units<sup>1)</sup>

	2017/2018	2016/2017
<b>Acquired assets</b>		
Intangible non-current assets	27	35
Other non-current assets	85	5
Inventories	51	17
Other current assets	53	12
Cash and cash equivalents	10	–
<b>Total assets</b>	<b>226</b>	<b>69</b>
<b>Acquired provisions and liabilities</b>		
Deferred tax liability	-11	-7
Non-current liabilities	-7	-5
Current operating liabilities	-73	-14
<b>Total provisions and liabilities</b>	<b>-91</b>	<b>-26</b>
<b>Acquired net assets</b>	<b>135</b>	<b>43</b>
Goodwill	40	55
<b>Total acquired</b>	<b>175</b>	<b>98</b>
Purchase consideration paid	-175	-92
Payment for acquisitions in prior years	-2	–
Estimated additional purchase consideration	–	-6
<b>Total purchase consideration</b>	<b>-177</b>	<b>-98</b>
Purchase consideration paid	-177	-92
Less: Cash and cash equivalents in acquired companies	10	–
Redemption of interest-bearing liabilities	-42	–
<b>Changes in cash and cash equivalents, net</b>	<b>-208</b>	<b>-92</b>

1) Acquisitions in 2016/2017 only include companies remaining in the Bergman & Beving Group after the distribution of Momentum Group.

The goodwill value includes the value of employee expertise and efficiency-enhancement measures. No portion of goodwill is expected to be tax deductible.

#### Group

#### Proceeds from sale of subsidiaries and other business units

	2017/2018	2016/2017
<b>Divested assets:</b>		
Tangible non-current assets	18	–
Other current assets	1	–
Cash and cash equivalents	–	–
<b>Total assets</b>	<b>19</b>	<b>–</b>
<b>Divested provisions and liabilities:</b>		
Non-current liabilities	-4	–
Current operating liabilities	0	–
<b>Total provisions and liabilities</b>	<b>-4</b>	<b>–</b>
Profit after taxes	2	–
<b>Total</b>	<b>17</b>	<b>–</b>
Purchase consideration received	17	–
<b>Effect on cash and cash equivalents</b>	<b>17</b>	<b>–</b>

## NOTE 33 EVENTS AFTER THE BALANCE-SHEET DATE

### Election Committee proposes Johan Sjö be elected as new Chairman

Bergman & Beving's Election Committee proposes that Johan Sjö be elected as the new Chairman of Bergman & Beving. Johan Sjö previously served as a Director of Bergman & Beving. Johan Sjö is also the outgoing President & CEO of Addtech AB, a Director of Addtech AB and Chairman of Addlife AB and OptiGroup AB.

### Acquisition of BVS

In early April, the Building Materials division acquired all shares in BVS Brannvern-systemer A/S. BVS is a provider of passive fire protection solutions focusing on fire curtains, smoke ventilation and inspection hatches under its own brand names Flammatex and Inspecto. The business is primarily aimed at the Norwegian market, but the company also has a sales company in Sweden and own production in Hungary. The company, based in Stavanger, generates annual revenue of approximately MNOK 21 and has 15 employees. The acquisition is expected to have a marginally positive impact on Bergman & Beving's earnings per share for the 2018/2019 operating year.

### Acquisition of Belano Maskin

In early May, Tools & Consumables, a division of the Bergman & Beving Group, acquired all shares in Belano Maskin AB.

Belano is a leading supplier of machinery, spare parts and service focused on the attractive niche of construction and ventilation sheet-metal workers. The business is primarily aimed at the Swedish market. The company, based in Alingsås, generates annual revenue of approximately MSEK 65 and has ten employees. The acquisition is expected to have a marginally positive impact on Bergman & Beving's earnings per share for the 2018/2019 operating year.

No other significant events occurred after the end of the financial year.

## NOTE 34 KEY ESTIMATES AND JUDGMENTS

Estimates and judgments have been made based on the information available at the time this report was submitted. These estimates and judgments may be subject to change at a later date, partly due to changes in factors in the operating environment.

Below is an account of the most significant judgments, which is subject to a risk that future events and new information may change the basis for current estimates and judgments applied.

### Impairment testing of goodwill and other non-current assets

In accordance with IFRS, goodwill and certain brands are not amortised. Instead, annual tests for indications of impairment are performed. Other intangible and tangible non-current assets are amortised and depreciated, respectively, over the period the asset is deemed to generate income. All intangible and tangible non-current assets are subject to annual testing for indications of impairment. Impairment tests are based on a review of forecast future cash flows. The assumptions used when conducting impairment testing are described in Note 10 Intangible non-current assets.

### Inventory obsolescence

Since Bergman & Beving AB conducts trading operations, inventories constitute a large asset item in the consolidated balance sheet. The Group measures inventories at the lower of cost and net realisable value. The cost of inventories is primarily calculated using a method based on a weighted average and includes expenditures arising during the acquisition of the inventory assets and transportation thereof to their current location and state or by applying the "first-in, first-out" (FIFO) method. When calculating net realisable value, articles with redundancy and a low turnover rate, discontinued and damaged articles, and handling costs and other selling expenses are taken into consideration. If general demand for the Group's product range changes significantly and assumptions of the net realisable value of articles differ from the actual outcome, earnings in the financial statements may be affected.

### Legal proceedings and disputes

The Group recognises a liability when a legal obligation exists and it is likely that an outflow of financial resources will be required to settle the obligation and a reliable estimate of the amount can be made. Outstanding legal issues are reviewed on a continuous basis to determine the need to set aside provisions in the financial statements. During these reviews, all cases are taken into consideration using the Group's internal legal competence and, when necessary, external legal counsel is also consulted. Insofar as the judgements concerning the factors considered do not correspond to the actual outcome, the financial statements may be affected.

### Taxes

Changes in tax legislation in Sweden and other countries where Bergman & Beving conducts business may change the amount of recognised tax liabilities and tax assets. Interpretations of current tax legislation may also affect the recognised tax liability/tax asset.

Judgments are made to determine both current and deferred tax liabilities/tax assets, particularly with respect to the value of deferred tax assets. Judgments are made as to whether the deferred tax assets will be utilised to offset future taxable income. The actual result may differ from these judgments, partly due to changes in business climate, changed tax legislation and the outcome of not yet completed examinations of tax returns by tax courts.

### Pension obligations

In determining Bergman & Beving's pension obligations under defined-benefit pension plans, certain assumptions have been made with respect to discount rates, inflation, salary increases, long-term returns on plan assets, mortality rates, retirement rates and other factors that may be of importance. These actuarial assumptions are reviewed on an annual basis and are changed when appropriate. Should these actuarial assumptions differ significantly from the actual future outcome, the Group's actuarial gains or losses will change, which may impact other comprehensive income.

## NOTE 35 INFORMATION ABOUT THE PARENT COMPANY

Bergman & Beving AB, Corporate Registration Number 556034-8590, is a Swedish limited liability company with its registered office in Stockholm, Sweden. The Parent Company's Class B shares are registered on the Mid Cap list of Nasdaq Stockholm, Sweden. The address of the head office is: Box 10024, SE-100 55 Stockholm, Sweden.

The consolidated financial statements for the 2017/2018 financial year comprise the Parent Company and its subsidiaries, together termed the Group.

# Proposed appropriation of profit

The following amounts are at the disposal of the Annual General Meeting of the Parent Company Bergman & Beving AB:

Retained earnings	SEK 1,182,031 thousand
Net profit	SEK 23,881 thousand
	<b>SEK 1,205,912 thousand</b>

Retained earnings

The Board of Directors and the President & CEO propose that the available funds be allocated as follows:

Dividend to shareholders, SEK 2.50 per share	SEK 67,524 thousand <sup>1)</sup>
To be brought forward	SEK 1,138,388 thousand
	<b>SEK 1,205,912 thousand</b>

According to the Board's assessment, the proposed dividend is justifiable in relation to the demands placed on the Group's equity due to the Group's operations, scope and risks, and in relation to the Group's consolidation requirements, liquidity and position in other respects.

The income statements and balance sheets of the Group and the Parent Company are subject to adoption by the Annual General Meeting to be held on 23 August 2018.

## BOARD'S ASSURANCE

The Board of Directors and the President & CEO regard this Annual Report to be prepared in accordance with generally accepted accounting policies and the consolidated financial statements in accordance with IFRS as adopted by the EU, and deem them to provide a true and fair view of the Company's and the Group's position and earnings. The Administration Report for the Parent Company and the Group gives a true and fair overview of the Company's and the Group's operations, position and earnings and describes the material risks and uncertainties faced by the Parent Company and the companies included in the Group. The earnings and position of the Parent Company and the Group are presented in the income statements, balance sheets, cash-flow statements and notes included in the Annual Report.

Stockholm, 15 June 2018

**Anders Börjesson**  
Chairman

**Roger Bergqvist**  
Director

**Henrik Hedelius**  
Director

**Malin Nordesjö**  
Director

**Johan Sjö**  
Director

**Louise Undén**  
Director

**Lillemor Svensson**  
Director – employee representative

**Anette Swanemar**  
Director – employee representative

**Pontus Boman**  
President & CEO

Our auditor's report was submitted on 18 June 2018  
**KPMG AB**

**Matilda Axlind**  
Authorized Public Accountant

<sup>1)</sup> Calculated based on the number of shares as of 31 March 2018, and with due consideration for the 1,426,706 repurchased Class B shares held in treasury.

# Auditor's report

To the general meeting of the shareholders of Bergman & Beving AB (publ), corp. id 556034-8590

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

### Opinions

We have audited the annual accounts and consolidated accounts of Bergman & Beving AB (publ) for the financial year 2017-04-01—2018-03-31, except for the corporate governance statement on pages 19-23. The annual accounts and consolidated accounts of the company are included on pages 16-67 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 March 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 March 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 19-23. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

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

### Basis for Opinions

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

## KEY AUDIT MATTERS

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

### Valuation of goodwill

See disclosure 10 and accounting principles on page 37 in the annual account and consolidated accounts for detailed information and description of the matter.

### Description of key audit matter

The carrying value of goodwill is 1 430 MSEK as at 31 March 2018, which represents approximately 39 percent of total assets. Annually, or if certain indicators of impairment exist, goodwill is subject to an impairment test which is complex and contains significant elements of judgment.

The impairment test as required by IFRS is to be performed taking into account both forecasted internal and external assumptions and plans. Examples of such judgments are future cash flows and the discount rate to be used considering that estimated future payments are subject to risk.

### Response in the audit

We have obtained and assessed the Group's impairment tests to ascertain whether they are carried out in accordance with the techniques prescribed by IFRS.

In addition, we have assessed the reasonableness of future cash flows and discount rate by obtaining and evaluating the Group's written documentation and plans. We have also performed retrospective review over prior period estimates. An important part of our work has been to look at the Group's sensitivity analysis of their own assessment to evaluate how changes in assumptions may affect the valuation.

We have reviewed the Annual Report disclosures and assessed whether the disclosures are in line with the assumptions used by management in their valuation and that they are, in all material respects, in accordance with disclosures required by IFRS.

### Accounting and presentation of the distribution of the shares in Momentum Group

See disclosure 31 and accounting principles on page 38 and 39 in the annual account and consolidated accounts for detailed information and description of the matter.

### Description of key audit matter

In June 2017, the parent company distributed the business area Momentum Group to its shareholders. Given the significance of the operations to the Group, it has been accounted for at Group level as discontinued operations in accordance with IFRS 5 and the dividend has been accounted for in accordance with IFRIC 17. In summary, this means that the result relating to Momentum Group for 2017/2018 and 2016/2017 is presented on a single line in the Group income statement, which includes both the operating profit and the capital gain from the distribution. The income statement for the discontinued operations is presented in note 31 in the Company's annual report. The profit attributable to the discontinued business for 2017/2018 amounted to 1 091 MSEK, of which 14 MSEK relates to the operating profit of the business and 1 077 MSEK relates to the capital gain from the dividend distribution. In the parent company, the dividend is accounted for at the acquisition value per the transaction date, in accordance with the Annual Accounts Act.

Given the material nature of the transaction and its significant accounting implications, we have considered the transaction as a key audit matter.

### Response in the audit

In our audit, we have examined the distribution and the calculation of the capital gain. We have also evaluated how assets, liabilities, revenues and expenses have been allocated between continued and discontinued operations. We have performed audit procedures over the recalculation of comparative figures in the income statement and the related changes in the supplementary disclosures.

We have also verified the information and the disclosures in the annual report relating to the transaction and its accounting implications in order to assess whether they, in all material aspects, correspond to the required disclosures for the Group in accordance with IFRS 5 and for the parent company in accordance with the Annual Accounts Act.

### Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-8, 13-15 and 72-77. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

### Responsibilities of the Board of Directors and the Managing Director

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

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

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

### Auditor's responsibility

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

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

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

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



## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Bergman & Beving AB (publ) for the financial year 2017-04-01—2018-03-31 and the proposed appropriations of the company's profit or loss.

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

### Basis for Opinions

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

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

### Responsibilities of the Board of Directors and the Managing Director

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

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

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

### Auditor's responsibility

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

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

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess

with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

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

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

### The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 19–23 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Bergman & Beving AB (publ) by the general meeting of the shareholders on the 24 08 2017. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 1998.

Stockholm 18 June 2018

KPMG AB

**Matilda Axlind**  
Authorized Public Accountant

# Auditor's opinion regarding the statutory sustainability report

To the general meeting of the shareholders of Bergman & Beving AB (publ), corp. id 556034-8590

## Engagement and responsibility

It is the board of directors who is responsible for the sustainability report for the financial year 2017-04-01—2018-03-31 on pages 9-12 and that it is prepared in accordance with the Annual Accounts Act.

## The scope of the examination

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an

audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

## Opinion

A statutory sustainability report has been prepared.

Stockholm 18 June 2018

KPMG AB

**Matilda Axlin**

Authorized Public Accountant

# Board of Directors



## Anders Börjesson

Chairman of the Board since 2012.  
Director since 1990.

**Born:** 1948.

**Education:** M.Sc. Econ.

**Other board assignments:** Chairman of Addtech AB, Lagercrantz Group AB and Tisenhult-gruppen AB. Director of a number of companies within Tisenhult-gruppen.

**Work experience:** President & CEO of Bergman & Beving.

**Dependency conditions:** Independent in relation to the Company and senior management. Dependent in relation to the Company's major shareholders.

**Shares owned:** 6 843 Class B shares (with family) and 487,387 Class A shares and 1,060,000 Class B shares (via the Tisenhult Group).



## Roger Bergqvist

Director since 2012.

**Born:** 1948.

**Education:** Degree in market economy.

**Other board assignments:** Director of Corroventa AB, Lagercrantz Group AB and Ventilationsgrossisten Nordic AB.

**Work experience:** President & CEO of Addtech. Senior positions at Bergman & Beving.

**Dependency conditions:** Independent in relation to the Company and senior management. Independent in relation to the Company's major shareholders.

**Shares owned:** 40,000 Class B shares.



## Henrik Hedelius

Director since 2015.

**Born:** 1966.

**Education:** M.Sc. Econ.

Senior employee at ABG Sundal Collier Corporate Finance.

**Other board assignments:** Director of Addtech AB.

**Work experience:** Senior positions at ABN Amro, Kaupthing Bank, Storebrand Asset Management, Remium Nordic AB and Swedbank.

**Dependency conditions:** Independent in relation to the Company and senior management. Dependent in relation to the Company's major shareholders.

**Shares owned:** 7,790 Class B shares (with family).



## Malin Nordesjö

Director since 2017.

**Born:** 1976.

**Education:** M.Sc. Econ.

**Other board assignments:** Chairman of Boomerang Sweden AB, Expando Electronics AB and Futuraskolan AB. Director of Addtech AB and Tisenhult-gruppen AB.

**Work experience:** Senior positions at Tisenhult-gruppen and Trittech Technology.

**Dependency conditions:** Independent in relation to the Company and senior management. Dependent in relation to the Company's major shareholders.

**Shares owned:** 18,049 Class B shares (with family) and 487,387 Class A shares and 1,060,000 Class B shares (via the Tisenhult Group).



## Johan Sjö

Director since 2017.

**Born:** 1967.

**Education:** M.Sc. Econ.

President and CEO of the Addtech Group.

**Other board assignments:** Chairman of AddLife AB and OptiGroup AB. Director of Addtech AB.

**Work experience:** Previous senior positions in the B&B TOOLS Group.

**Dependency conditions:** Independent in relation to the Company and senior management. Independent in relation to the Company's major shareholders.

**Shares owned:** 62,500 Class B shares (with family).



## Louise Undén

Director since 2017.

**Born:** 1976.

**Education:** M.Sc. Econ.

Category Director Ovens, Electrolux Major Appliances, EMEA.

**Other board assignments:** –

**Work experience:** Former Executive Vice President and Product & Marketing Director at OBH Nordica Group AB.

**Dependency conditions:** Independent in relation to the Company and senior management. Independent in relation to the Company's major shareholders.

**Shares owned:** 1,000 Class B shares.



## Lillemor Svensson

Director since 2006.

Employee representative.

**Born:** 1954.

Receptionist, Luna AB.

**Shares owned:** –



## Anette Swanemar

Director since 2010.

Employee representative.

**Born:** 1959.

Production planner, Bergman & Beving Safety AB.

**Shares owned:** –

**Note:** Information on the Board of Directors' holdings of shares pertains to circumstances as of 31 May 2018.

# Group management

**Pontus Boman**

President & CEO

Employee of the Group since 2007.

**Born:** 1971.

**Education:** M.Sc. Eng.

**Work experience:** President of ESSVE Produkter. Senior positions at Bergman & Beving, Accenture and Boston Consulting Group (BCG).

**Shares owned:** 49,145 Class B shares (own holding).

**Call options:** 40,000.

**Peter Schön**

Chief Financial Officer.

Employee of the Group since 2017.

**Born:** 1969.

**Education:** M.Sc. Econ.

**Other significant board assignments:** Director of Axxid AB.

**Work experience:** Senior positions at Netonnet Group, ProfilGruppen, Brio, Alstom and other companies.

**Shares owned:** 1,800 Class B shares (own holding).

**Call options:** 20,000.

---

## AUDITORS KPMG AB

**Matilda Axlind**

Authorized Public Accountant.

Stockholm, born 1976.

Matilda Axlind has been Bergman & Beving AB's auditor since 2011 and Auditor in Charge since 2016.

# Ten-year summary

Amounts in MSEK	17/18 <sup>5)</sup>	16/17 <sup>5)</sup>	15/16	14/15	13/14	12/13 <sup>1)</sup>	11/12 <sup>1)</sup>	10/11 <sup>1)</sup>	09/10	08/09
<b>Earnings information</b>										
Revenue	3,833	3,834	7,821	7,903	7,648	7,666	8,201	7,885	7,648	9,325
Shares of profit in associated companies	–	–	0	0	0	0	1	1	1	1
Other operating income	3	0	34	48	15	8 <sup>3)</sup>	6 <sup>4)</sup>	8	5	39
<b>Total operating income</b>	<b>3,836</b>	<b>3,834</b>	<b>7,855</b>	<b>7,951</b>	<b>7,663</b>	<b>7,674</b>	<b>8,208</b>	<b>7,894</b>	<b>7,654</b>	<b>9,365</b>
Operating expenses, excluding non-recurring items of which, depreciation/amortisation and impairment losses	-3,620	-3,576	-7,384	-7,501	-7,323	-7,436	-7,791	-7,547	-7,393	-8,743
	-25	-17	-28	-28	-45	-66	-67	-65	-69	-63
Operating profit, excluding non-recurring items	216	258	471	450	340	238	417	347	261	622
Non-recurring items	–	–	15	–	–	51 <sup>3)</sup>	-8 <sup>4)</sup>	–	–	-111
Operating profit, including non-recurring items	216	258	486	450	340	289	409	347	261	511
Financial income and expenses	-24	-5	-18	-42	-54	-73	-91	-67	-68	-108
Profit after financial items	192	253	468	408	286	216	318	280	193	403
Taxes	-34	-58	-106	-102	-72	6	-91	-86	-59	-112
Net profit, before profit from discontinued operations	158	195	362	306	214	222	227	194	134	291
Profit from discontinued operations, net after tax	1,091	42	–	–	–	–	–	–	–	–
<b>Net profit</b>	<b>1,249</b>	<b>237</b>	<b>362</b>	<b>306</b>	<b>214</b>	<b>222</b>	<b>227</b>	<b>194</b>	<b>134</b>	<b>291</b>
Of which, attributable to:										
Parent Company shareholders	1,249	237	362	306	214	222	227	194	134	285
Non-controlling interest	–	–	–	–	–	–	0	0	0	6
<b>Balance information</b>										
Intangible non-current assets	1,569	2,023	1,821	1,803	1,792	1,781	1,815	1,813	1,857	1,913
Tangible non-current assets	88	112	100	113	208	252	407	472	505	545
Financial non-current assets	83	121	104	138	118	139	158	149	124	146
Inventories	879	1,595	1,505	1,525	1,414	1,443	1,684	1,523	1,458	1,768
Current receivables	947	1,656	1,448	1,493	1,509	1,410	1,471	1,389	1,340	1,439
Cash and cash equivalents	67	63	62	57	53	214	85	92	209	209
<b>Total assets</b>	<b>3,633</b>	<b>5,570</b>	<b>5,040</b>	<b>5,129</b>	<b>5,094</b>	<b>5,239</b>	<b>5,620</b>	<b>5,438</b>	<b>5,493</b>	<b>6,020</b>
Equity attributable to Parent Company shareholders	1,559	2,724	2,591	2,326	2,203	2,065	1,950	1,840	1,769	1,739
Non-controlling interest	–	–	–	–	–	–	0	0	0	18
<b>Total equity</b>	<b>1,559</b>	<b>2,724</b>	<b>2,591</b>	<b>2,326</b>	<b>2,203</b>	<b>2,065</b>	<b>1,950</b>	<b>1,840</b>	<b>1,769</b>	<b>1,757</b>
Interest-bearing liabilities	1,060	905	818	1,218	1,326	1,597	1,962	1,911	1,952	2,179
Non-interest-bearing liabilities and provisions	1,014	1,941	1,631	1,585	1,565	1,577	1,708	1,687	1,772	2,084
<b>Total equity and liabilities</b>	<b>3,633</b>	<b>5,570</b>	<b>5,040</b>	<b>5,129</b>	<b>5,094</b>	<b>5,239</b>	<b>5,620</b>	<b>5,438</b>	<b>5,493</b>	<b>6,020</b>
Capital employed	2,619	3,629	3,409	3,544	3,529	3,662	3,912	3,751	3,721	3,936
Operational net loan liability <sup>2)</sup>	-370	-260	-217	-530	-819	-914	-1,414	-1,407	-1,734	-1,959

1) As of 2010/2011, comparative figures were adjusted due to changes in accounting policies.

2) As of 2010/2011, comparative figures were adjusted due to a changed definition (previously, financial net loan liability).

3) Non-recurring items include MSEK +245 relating to capital gains from property sales, which are recognised as Other operating income in the consolidated income statement.

4) Non-recurring items include MSEK +31 relating to capital gains from property sales, which are recognised as Other operating income in the consolidated income statement.

5) All figures relating to the income statement refer to continuing operations excluding distribution of Momentum Group with retroactivity from 1 April 2016.

6) All figures relating to the balance sheet refer to continuing operations from 1 April 2017, without retroactivity for prior periods.

7) The share price relates to the price prior to separate listing of Momentum Group. The separate listing took place on 21 June 2017.

8) As proposed by the Board of Directors.



		17/18 <sup>5)</sup>	16/17 <sup>5)</sup>	15/16	14/15	13/14	12/13	11/12	10/11	09/10	08/09
Operating margin	%	5.6	6.7	6.2	5.7	4.4	3.8	5.0	4.4	3.4	5.5
Profit margin	%	5.0	6.6	6.0	5.2	3.7	2.8	3.9	3.6	2.5	4.3
Return on total capital	%	6	5	10	9	7	5	7	6	5	9
Return on capital employed	%	8	8	14	13	10	8	11	9	7	14
Return on equity	%	9	7	15	14	10	11	12	11	8	17
Return on equity excluding non-recurring items	%	9	7	14	14	10	6	12	11	8	22
Return on equity after dilution	%	9	8	15	14	10	11	12	11	8	17
Equity/assets ratio	%	43	49	51	45	43	39	35	34	32	29
<b>Other data</b>											
No. of employees at the end of the period		1,028	2,638	2,623	2,682	2,655	2,780	2,880	2,840	2,844	3,183
Average no. of employees		1,458	2,641	2,673	2,667	2,724	2,827	2,861	2,837	2,980	3,333
Cash flow from operating activities	MSEK	109	406	493	330	210	262	114	103	368	377
<b>Per-share data</b>											
Earnings	SEK	5.70	6.95	12.90	10.90	7.60	7.90	8.10	6.90	4.80	10.20
Earnings after dilution	SEK	5.70	6.90	12.85	10.85	7.60	7.90	8.10	6.90	4.80	10.20
Cash flow from operating activities	SEK	3.90	14.45	17.55	11.75	7.45	9.30	4.05	3.65	13.20	13.50
Cash flow from operating activities, after dilution	SEK	3.90	14.40	17.55	11.75	7.45	9.30	4.05	3.65	13.15	13.45
Equity	SEK	56.10	96.80	92.20	82.80	78.40	73.50	69.40	65.50	63.05	62.35
Equity after dilution	SEK	56.15	96.80	92.25	82.65	78.40	73.50	69.40	65.50	63.00	62.10
Share price at 31 March	SEK	84.70	192.00 <sup>6)</sup>	149.50	141.00	119.00	85.00	59.25	113.50	105.75	44.20
Dividend	SEK	2.50 <sup>7)</sup>	5.00	5.00	4.00	3.50	3.00	3.00	3.00	2.50	2.50
<b>Other share-related data</b>											
Share price/equity	%	151	198	162	170	152	116	85	173	168	71
Share price/equity after dilution	%	151	198	162	171	152	116	85	173	168	71
Price/earnings ratio	multiple	15	28	12	13	16	11	7	16	22	4
P/E after dilution	multiple	15	28	12	13	16	11	7	16	22	4
Dividend yield	%	3.0 <sup>7)</sup>	2.6	3.3	2.8	2.9	3.5	5.1	2.6	2.4	5.7

1) As of 2010/2011, comparative figures were adjusted due to changes in accounting policies.

2) As of 2010/2011, comparative figures were adjusted due to a changed definition (previously, financial net loan liability).

3) Non-recurring items include MSEK +245 relating to capital gains from property sales, which are recognised as Other operating income in the consolidated income statement.

4) Non-recurring items include MSEK +31 relating to capital gains from property sales, which are recognised as Other operating income in the consolidated income statement.

5) All figures relating to the income statement refer to continuing operations excluding distribution of Momentum Group with retroactivity from 1 April 2016.

All figures relating to the balance sheet refer to continuing operations from 1 April 2017, without retroactivity for prior periods.

6) The share price relates to the price prior to separate listing of Momentum Group. The separate listing took place on 21 June 2017.

7) As proposed by the Board of Directors.

# Calculation of performance measures and definitions

Bergman & Beving AB uses certain financial performance measures in its analysis of the operations and their performance that are not calculated in accordance with IFRS. The Company believes that these performance measures provide valuable information for investors, since they enable a more accurate assessment of current trends when combined with other key financial ratios calculated in accordance with IFRS. Since listed companies do not always calculate these performance measures ratios in the same way, there is no guarantee that the information is comparable with other companies' performance measures of the same name.

## CHANGE IN REVENUE

Comparable units refer to sales in local currency from units that were part of the Group during the current period and the entire corresponding period in the preceding year. Trading days refer to sales in local currency depending on the difference in the number of trading days compared with the comparative period. Acquisitions/divestments refer to the acquisition or divestment of units during the corresponding period.

Change in revenue for	2017/2018	2016/2017
Comparable units in local currency	-5.4%	0.2%
Currency effects	0.2%	0.7%
Number of trading days	-2.5%	2.7%
Acquisitions/divestments	7.6%	1.5%
<b>Total – change</b>	<b>-0.1%</b>	<b>5.1%</b>

## EBITA

Operating profit for the period before impairment of goodwill and amortisation and impairment of other intangible assets in connection with corporate acquisitions and equivalent transactions.

MSEK	2017/2018	2016/2017
EBITA	224	260
Depreciation and amortisation in connection with acquisitions	-8	-2
<b>Operating profit</b>	<b>216</b>	<b>258</b>

## RETURN ON WORKING CAPITAL (P/WC)

Bergman & Beving's profitability target is for each unit in the Group to achieve profitability of at least 45 percent, measured as EBITA (P) for the rolling 12-month period as a percentage of average 12 months' working capital (WC), defined as inventories plus accounts receivable less accounts payable. All figures pertain to the continuing operations in Bergman & Beving.

	2017/2018	2016/2017
<b>EBITA (P), MSEK</b>	<b>224</b>	<b>260</b>
Average working capital (WC)		
Inventories, MSEK	883	802
Accounts receivable, MSEK	730	740
Accounts payable, MSEK	-496	-504
<b>Total – average WC</b>	<b>1,117</b>	<b>1,038</b>
<b>P/WC</b>	<b>20%</b>	<b>25%</b>

# Other definitions

## RETURN ON EQUITY

Net profit for the rolling 12-month period divided by average equity.

## RETURN ON CAPITAL EMPLOYED

Profit after financial items plus financial expenses for the rolling 12-month period divided by the average balance-sheet total less non-interest-bearing liabilities.

## RETURN ON TOTAL CAPITAL

Profit/loss after net financial items, including reversed financial expenses, relative to average total capital.

## SHARE PRICE/EQUITY

The share price relative to equity per share at the end of the financial year.

## DIVIDEND YIELD

Dividend per share relative to share price at 31 March.

## EBITA

Operating profit for the period before impairment of goodwill and amortisation and impairment of other intangible assets in connection with corporate acquisitions and equivalent transactions.

## EBITA MARGIN

EBITA for the period as a percentage of revenue.

## EQUITY PER SHARE

Equity attributable to Parent Company shareholders divided by the number of shares at the end of the period.

## CASH FLOW PER SHARE

Cash flow for the rolling 12-month period from operating activities divided by the weighted number of shares.

## OPERATIONAL NET LOAN LIABILITY

Interest-bearing liabilities excluding provisions for pensions less cash and cash equivalents.

## PRICE/EARNINGS RATIO

The share price at 31 March divided by earnings per share.

## EARNINGS PER SHARE

Net profit attributable to the Parent Company shareholders divided by the weighted number of shares.

## OPERATING MARGIN

Operating profit for the period as a percentage of revenue.

## EQUITY/ASSETS RATIO

Equity as a percentage of the balance-sheet total.

## CAPITAL EMPLOYED

Balance-sheet total less non-interest-bearing liabilities.

## PROFIT MARGIN

Net profit after financial items as a percentage of revenue.

## WEIGHTED NUMBER OF SHARES

Average number of shares outstanding before or after dilution. Shares held by Bergman & Beving are not included in the number of shares outstanding. Dilution effects arise due to call options that can be settled using shares in share-based incentive programmes. The call options have a dilution effect when the average share price during the period is higher than the redemption price of the call options.

## Amounts

The amounts stated in the Notes refer to MSEK (SEK million) unless otherwise stated.

## Bergman & Beving 2017/2018

**Production:** Bergman & Beving AB in partnership with Byn Kommunikationsbyrå AB  
**Photos:** Jann Lipka et al.

**Translation:** The Bugli Company



# BERGMAN & BEVING

**Visiting address:** Linnégatan 18, Stockholm

**P.O. Box:** Box 10024, SE-100 55 Stockholm

**Telephone:** 010 454 77 00

**E-mail:** [info@bb.se](mailto:info@bb.se)

**Corp. Reg. No.** 556034-8590

**[bergmanbeving.com](http://bergmanbeving.com)**