

# ANNUAL REPORT

2018/19

## 2018/19 IN BRIEF

Revenue  
amounted to:

**MSEK 6,024**

Operating profit  
increased by:

**20% TO  
MSEK 302**

Return on  
equity was:

**19%**

Earnings per share  
amounted to:

**SEK 8.20**

### MOMENTUM GROUP ANNUAL GENERAL MEETING 2019

The Annual General Meeting for Momentum Group AB (publ) will take place on 29 August 2019 at 4:00 p.m. at IVA's Conference Centre, Grev Turegatan 16, Stockholm, Sweden.

The notice to attend the Annual General Meeting is expected to be published on 22 July 2019 through a press release and on the Company's website, and through an advertisement in Post- och Inrikes Tidningar. An announcement of the publication of the notice will be made in Svenska Dagbladet. The notice will contain the proposed agenda and the proposals of the Election Committee and the Board of Directors for resolutions at the Meeting.



The proposed  
dividend per share is:

**SEK  
3.20**

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## ANNUAL REPORT 2018/19

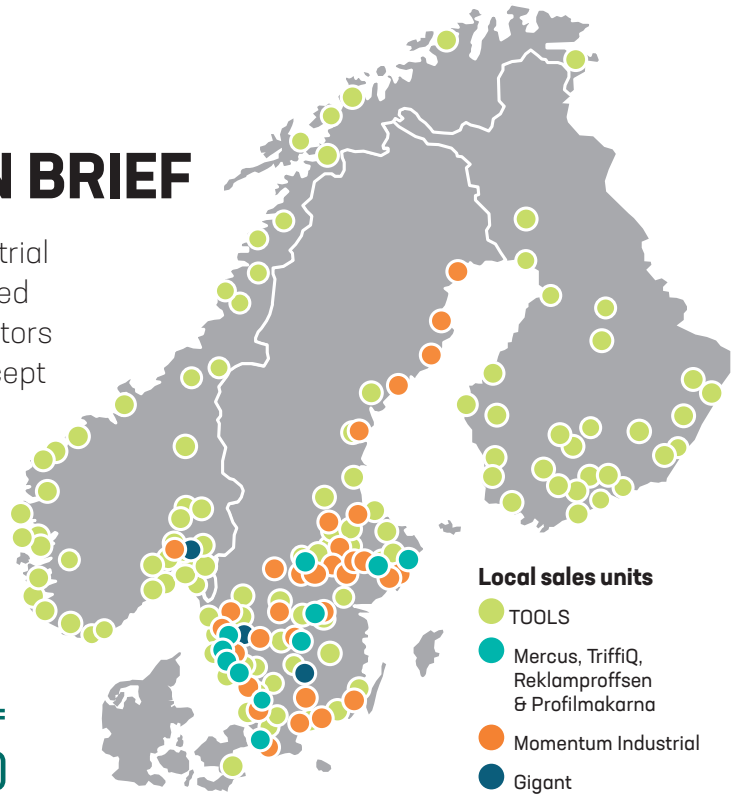
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Momentum Group AB's statutory Annual Report for 2018/19 is presented on pages 17–62. These pages have been reviewed by the Company's auditors in accordance with the Auditor's Report on pages 63–65.

This Annual Report is in all respects 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.

# MOMENTUM GROUP IN BRIEF

Momentum Group is a leading supplier of industrial consumables, industrial components and related services for the industrial and construction sectors in the Nordic region. The Group's business concept is to make customers' everyday operations easier, safer and more profitable – with a broad and deep offering, value-adding services, digital and customised solutions, and strong local presence by the, in total, approximately 160 local sales units in Sweden, Norway and Finland.



**Local sales units**

- TOOLS
- Mercus, TriffiQ, Reklamproffsen & Profilmakarna
- Momentum Industrial
- Gigant

**Strong local presence provides competitive advantage**

The Group has approximately 1,700 employees and annual revenue of approximately SEK 6 billion.

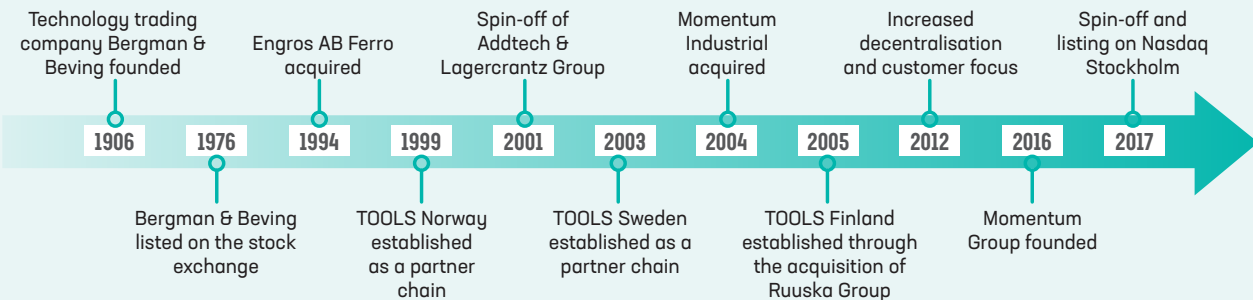
**BUSINESS AREAS**

As of 1 April 2019

	TOOLS & CONSUMABLES			COMPONENTS & SERVICES
	 TOOLS Sweden TOOLS Norway TOOLS Finland		  	   
Offering:	Occupational health & safety	Better workplaces	Workwear & promotional products	Sustainable production

**MOMENTUM GROUP'S HISTORY**

Momentum Group stems from the Bergman & Beving technology trading group – a history spanning more than 100 years, with a tried and tested decentralised business model.



During the years 2004–2008, some 100 acquisitions of reseller businesses were completed with the aim of strengthening the market position in Sweden, Norway and Finland. These acquired businesses are the foundation for Momentum Group today.

# A YEAR HEADED IN THE RIGHT DIRECTION

## – INCREASED FOCUS HAS YIELDED RESULTS

Now that we have concluded our second financial year as an independent company after the spin-off from the former B&B TOOLS Group in June 2017, we can report that our increased focus has yielded results and that we have taken additional important steps in our journey of improvement.

We have surpassed our earnings growth target of 15 percent per year, with an average increase in operating profit (excluding items affecting comparability) over the past two years of 25 percent for the Group as a whole – and 51 percent for the business area Tools & Consumables. At the same time, the business area Components & Services reported an operating margin of more than 9 percent, combined with favourable revenue growth. Since June 2017, we have concluded a total of ten acquisitions – including the acquisition of ETAB Industri-automation in early May 2019 – with combined annual revenue of approximately MSEK 570.

Overall, Momentum Group's revenue has now surpassed SEK 6 billion and we have welcomed approximately 140 talented new colleagues to the Group through our acquisitions.

### FINANCIAL YEAR 2018/19

The market situation for the industrial sector in our main markets in Sweden, Norway and Finland has been stable throughout the 2018/19 financial year. Operating profit increased 20 percent during the year (excluding items affecting comparability), corresponding to an operating margin of 5.0 percent (4.5). Our focus on reducing funds tied up in working capital also contributed to improved cash flow from operating activities, which totalled MSEK 230 for the year. Our profitability, measured as our return on equity, increased to 19 percent (17), compared with our target of 20 percent.

Our subsidiary Momentum Industrial reported its strongest result to date in terms of both revenue and earnings, with a positive contribution from the acquisition of Brammer's Swedish maintenance, repair and operations (MRO) business at the start of the financial year. The TOOLS companies progressed in the right direction during the year, delivering their highest combined operating profit for some time. However, we still have more room for improvement in all three of our TOOLS businesses. For Gigant, 2018/19 was a year of transition,

during which we carried out a number of important activities to improve our sales process and enhance our cost-efficiency. Our niche companies in workwear and promotional products continue to deliver operating profits at a good level.

### AN EXCITING NEW YEAR IN 2019/20

As we look back over the past year, I would like to conclude by extending my sincere thanks to all of our dedicated employees for your many outstanding contributions – and to our customers and business partners for your continued confidence.

We will continue along the path we have established, with a focus on earnings growth in our existing units, reduced funds tied up in working capital and corporate acquisitions in order to increase profitability. As always, decentralised responsibility and customer proximity remain a high priority in our daily efforts to continue becoming "better than yesterday". ●

Stockholm, June 2019



Ulf Liljus  
President & CEO



# THE NORDIC MARKET FOR INDUSTRIAL CONSUMABLES AND COMPONENTS

**MOMENTUM GROUP OPERATES** in the market for industrial consumables, industrial components and related services in Sweden, Norway and Finland. Industrial consumables comprise such products as hand tools, machinery, personal protective equipment, fastening elements and workplace equipment. These products mainly target the employees of end customers in the market. Industrial components mainly comprise spare parts for customers' production equipment, including bearings, seals, transmission and automation.

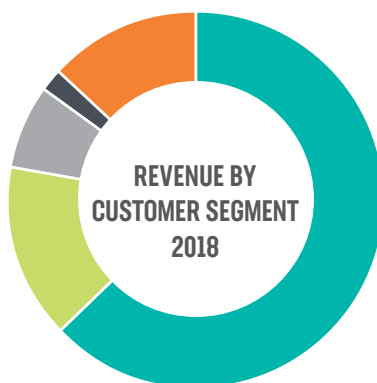
Related services include logistics solutions, inventory optimisation, more efficient maintenance planning and repair services.

The market consists of manufacturers, wholesalers, resellers of products and services, and end customers. The market is fragmented since there is generally a large number of product manufacturers, resellers and end customers of varying sizes. The rate of change in the market is also high, with increasing specialisation in all areas. ●

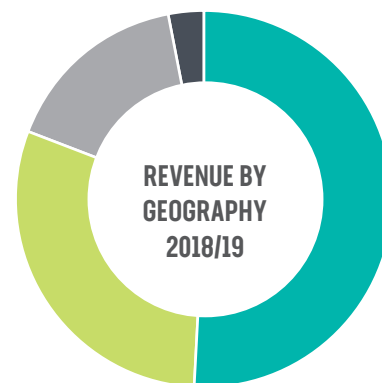
## THE MARKET'S VALUE CHAIN FOR INDUSTRIAL CONSUMABLES AND INDUSTRIAL COMPONENTS



**THE TOTAL MARKET** for industrial consumables and components in Sweden, Norway and Finland is valued at approximately SEK 40–45 billion. Market growth is closely related to overall industrial production and the number of employees in the industrial sector, the development in the construction sector as well as an increased focus from customers on occupational health & safety (OHS) in the workplace. This focus on OHS among customers is fueling increased demand for protective equipment and workwear as well as advice and products for adaptation to a safer work environment – for example, ergonomics, noise and other harmful environments. The Group's customers are active in all industrial segments and in such areas as the offshore, construction, civil engineering, property maintenance, public administration and defence sectors. ●



- 63% INDUSTRIAL SECTOR
- 15% CIVIL ENGINEERING & CONSTRUCTION SECTOR
- 7% PUBLIC SECTOR
- 2% PRIVATE MARKET
- 13% OTHER SECTORS



- 51% SWEDEN
- 30% NORWAY
- 16% FINLAND
- 3% OTHER COUNTRIES

# MOMENTUM GROUP'S VISION, BUSINESS CONCEPT, OBJECTIVES & STRATEGIES

## VISION - "The best choice for customers"

The companies in the Momentum Group focus on understanding customer requirements and – based on the situation and special needs involved – offering an optimum solution for the customer. The Group also aims to be the best at what it does, a reflection that the various businesses in Momentum Group are premium suppliers with a high level of expertise that differentiate themselves from other suppliers through various customer value advantages.

Remaining "the best choice for customers" and a leading player in tomorrow's market requires a long-term, profitable business. This in turn requires that Momentum Group offers popular and competitive products and services, sustainable values and expertise, and has the capability and resources for continuous development.

## BUSINESS CONCEPT - "We aim to make our customers' everyday operations easier, safer and more profitable"

Momentum Group acquires and develops companies in the Nordic region that focus on trade and services within developable industrial niches. The focus is on profitable companies in leading positions that make the customers' everyday operations easier, safer and more profitable.

It is crucial that the Group's customers have high profitability within their operations. The Momentum Group companies sell quality products and related services that create customer value throughout products' and services' entire service life. By doing so, Momentum Group makes customers' everyday operations easier, safer and more profitable.

## STRATEGIES - "Value rather than price as a competitive advantage"

To attain the Group's internal profitability target of P/WC of more than 45 percent, all units in the Group must offer their customers an optimal total economy (minimum total cost) through solutions backed by a high level of expertise (customer value advantage). To be able to offer this to customers while also maintaining their own profitability, the businesses must work on the basis of maximum efficiency and cost awareness – and continuously strengthen their competence and experience so that the Group can operate more efficiently than its competitors (cost advantage).

## SUSTAINABILITY - "Corporate social responsibility - a prerequisite for long-term profitability"

Sustainability is a key part of Momentum Group's operations and it is entirely natural that the Group acts responsibly toward its stakeholders. The businesses in the Group always assume environmental, social and financial/ethical responsibility to ensure the sustainability of the Company. Read more in the Sustainability Report on pages 7–11.

## BUSINESS AND FINANCIAL TARGETS - "Earnings growth and profitability"

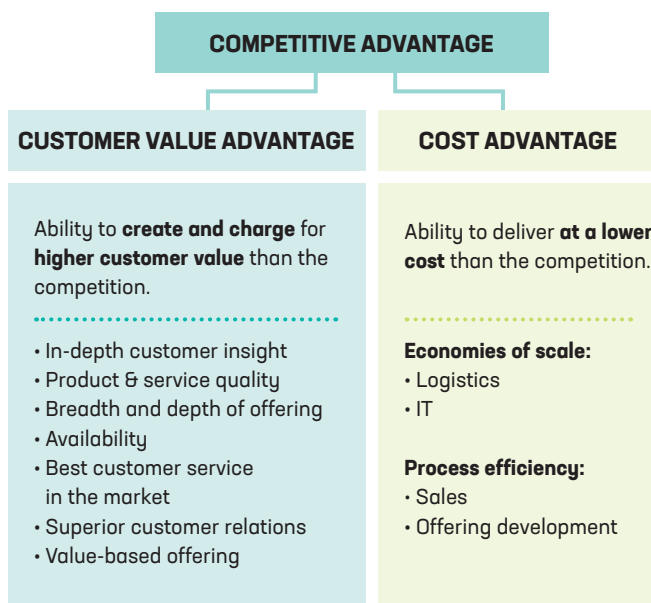
Momentum Group's Board of Directors has established the following financial targets and dividend policy for the Group:

- **Earnings growth.** The Momentum Group aims to achieve earnings growth (operating profit) of at least 15 percent annually over a business cycle.
- **Profitability.** The Momentum Group aims to achieve a return on equity of at least 20 percent, combined with the internal profitability target of P/WC of at least 45 percent, measured as operating profit (P) in relation to utilised working capital (WC).
- **Dividend policy.** 30–50 percent of earnings per share annually over a business cycle.

Momentum Group's internal profitability target – that every unit in the Group is to achieve profitability of at least 45 percent, measured as operating profit (P) in relation to utilised working capital (WC)\* – encourages high operating profit and low tied-up capital, which combined with the Group's growth target of 15 percent enables a positive cash flow and provides the conditions for profitable growth. Having a P/WC of at least 45 percent helps finance the Group's future development as well as the shareholders' return requirement.

Each unit is responsible for establishing its own business plans based on the profitability level achieved measured in P/WC. Profitable units are to prioritise growth while maintaining their profitability, whereas less profitable areas are to prioritise activities that help them achieve their profitability targets. ●

\* Calculated as inventories plus accounts receivable less accounts payable.



# MOMENTUM GROUP'S FOCUS IN THE SHORT AND MEDIUM TERM

## THE GROUP'S STRATEGIC FOCUS CENTRES ON THREE MAIN AREAS

### 1 Continual improvement initiatives in TOOLS.

Based on the ambition to satisfy the customer's need for products and services in an efficient manner, activities aimed at improving profitability are continuously carried out in the TOOLS businesses. Completed measures and planned measures include a customised network of local sales units, strong digital sales channels, improved sales promotion and product range coordination, efficient logistics, changes in purchases and initiatives in product and service profile categories such as Occupational Health & Safety (OHS).

### 2 Continued development and establishment of niche offerings in existing businesses.

Momentum Group's decentralised business model is key to its success. This includes continuous development and strengthening of the service and product offering in the existing businesses as well as supplementing the offering with new products and services through acquisitions, together with a continued focus on OHS at customer workplaces, an increased number of production hours (operational reliability) in the customers' operations and continued investments in digital solutions.

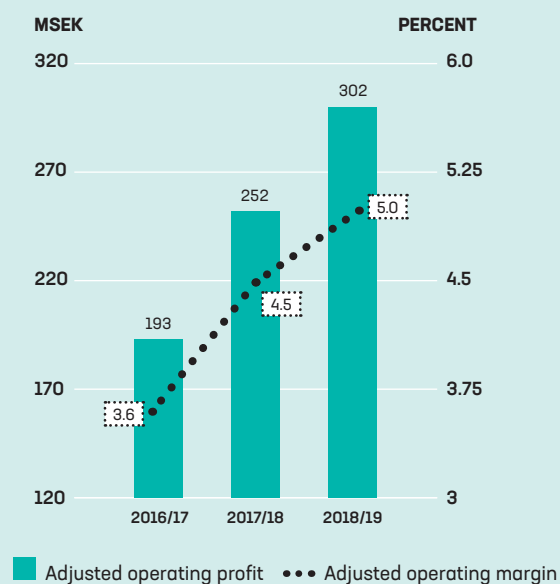
### 3 Acquisition-driven growth strategy with a focus on niche acquisitions.

Corporate acquisitions are an important part of Momentum Group's growth strategy and help to strengthen the other two focus areas. Acquisitions normally strengthen or supplement existing operations and/or business areas. Acquisition candidates must be profitable, be leaders in their market niches for professional end users in the Nordic region, have sound customer and/or supplier relationships and bring new market niches to the Group.

## OUTCOME SINCE SPIN-OFF AND LISTING IN JUNE 2017

### INCREASED FOCUS HAS YIELDED RESULTS

The Group's adjusted operating profit has increased an average of 25 percent per year, and the return on equity has increased from 4 percent to 19 percent.



### TEN ACQUISITIONS WITH MSEK 570 IN ANNUAL REVENUE



Acquisition candidates must be profitable, be leaders in their market niches for professional end users in the Nordic region and have the potential to develop and achieve long-term sustainable profitability and growth.





# ABOUT THE 2018/19 SUSTAINABILITY REPORT

Momentum Group has prepared the Company's Sustainability Report for the 2018/19 financial year, which covers the Parent Company, Momentum Group AB (publ), Corporate Registration Number 559072-1352, and all of its operational subsidiaries.

In preparing the Sustainability Report, guidance has been taken from existing practices and guidelines for fulfilling the requirements of the Swedish Annual Accounts Act with respect to sustainability reporting. No standard for sustainability reporting has been applied in full. No material changes in the application of principles for reporting, or its scope, have occurred compared with the previous year's Sustainability Report. In signing the 2018/19 Annual Report, the Board of Directors of Momentum Group AB also approved the Sustainability Report.

## PURPOSE OF THE SUSTAINABILITY REPORT

The Group's Sustainability Report is intended to document the sustainability initiatives that have long been pursued in the various operations in the Group, and is built on Momentum Group's continual dialogue with its various stakeholders concerning which sustainability issues are the most essential for the Group. Group-wide policies with guidelines for the work of the operations in areas such as the environment and quality were introduced in 2003, and a joint Code of Conduct has been in force since 2005. The guidelines in these policies and guidelines constitute the minimum requirements that all businesses and employees are to meet.

## THE GROUP'S BUSINESS MODEL AND SUSTAINABILITY-RELATED RISKS

The Sustainability Report is an account of how the Momentum Group's various subsidiaries work to achieve sustainable growth and development. All reported performance measures are a compilation of values reported from the subsidiaries. In several areas, the various companies have their own targets and performance measures to monitor, in addition to those presented below for the Group as a whole. Sustainability issues are thus an integral part of Momentum Group's operations and business model, as reported on pages 5–6, which are impacted by the Group's risks and opportunities, as reported on page 34. Material sustainability-related risks and the Group's handling of these risks are presented on page 8. The auditor's opinion regarding the statutory Sustainability Report can be found on page 66.

## DIVISION OF THE SUSTAINABILITY REPORT

In their sustainability reporting, companies are legally required to inform about the consequences of their operations in four areas: Environment, Social conditions and personnel, Respect for human rights, and Counteracting corruption. Momentum Group has chosen to divide its sustainability report based on three different sustainability perspectives, which together comprise information about what is deemed to constitute the Group's most material sustainability issues and contain reporting in the four statutory areas. ●

### STATUTORY AREAS

### MOMENTUM GROUP'S REPORTING

Environment	»»	Environmental responsibility
Respect for human rights Counteracting corruption	»»	Financial and ethical responsibility
Social conditions and personnel	»»	Social responsibility

# SUSTAINABLE DEVELOPMENT FOR LONG-TERM PROFITABILITY

Sustainable development refers to development that meets today's needs without jeopardising the opportunities for future generations. Working on sustainable development thus means that Momentum Group also takes responsibility for how its operations attain their earnings objectives. This responsibility spans the entire value chain from supplier to customer.

**MOMENTUM GROUP'S VISION** is to be the best choice for customers. This includes being a company that conducts its business as a responsible member of society, promotes health and safety, respects human rights, and takes responsibility for improving the environment with the aim of achieving sustainable development. Simply put, sustainability is a prerequisite for long-term profitability.

Achieving this goal will require, for example, intelligent product choices (with long lifetimes and less environmental impact than other alternatives), responsibility for the working conditions in the supplier chain, dedicated employees who enjoy working for their employer and efficient transports. Sustainability creates business benefits in the form of more loyal customers, more satisfied employees, stronger relationships with suppliers and better products.

## GOVERNANCE AND RESPONSIBILITY FOR SUSTAINABILITY ASPECTS IN OPERATIONS

Momentum Group AB's Board of Directors has overall responsibility for annually establishing Group-wide policies for such areas as the environment and work environment, ethical guidelines, quality and corporate social responsibility. On this basis, the different units of the Group develop customised goals and action plans.

Momentum Group continuously endeavours to increase its employees' awareness of and dedication to sustainability issues. Sustainability initiatives are led by Group management and other members of senior management, with support from a network of environmental, quality and work environment managers in the Group. This network makes it easier to establish contacts, transfer skills and share experiences.

## MATERIAL SUSTAINABILITY-RELATED RISKS AND RISK MANAGEMENT

Based on Momentum Group's business model (pages 5–6) and the Group's continual dialogue with its various stakeholders (page 11) regarding which sustainability issues are most material for the Group, the following areas of focus and risk have been identified as being of the greatest significance for both Momentum Group and its stakeholders.

**1) Environmental responsibility** – Environmental impact from the Group's products and services and from freight and passenger transports.

*Examples of risks:* purchase and sale of lower-quality products, with shorter lifetimes and/or that contain environmentally hazardous substances; the use of environmentally hazardous packing material in packaging and transport; and deficient coordination in in-bound and out-bound deliveries from central warehouses.

**2) Financial and ethical responsibility** – Ensuring corporate responsibility that respects human rights and counteracts corruption.

*Examples of risks:* deviations from the Group's Code of Conduct, which entails violations of human rights in the operations of the Group or its suppliers; participation in cartels or other prohibited collaborations with competitors, customers or suppliers that limit or distort competition; and offering or receiving bribes or other forms of undue compensation for the purpose of inducing someone to act in contravention of prescribed obligations.

**3) Social responsibility** – As a responsible employer, to offer a wholesome work environment, and good health and safety; and to counteract discrimination and harassment in the operations.

*Examples of risks:* work environment risks (that could constitute a danger to the lives and health of employees); all types of discrimination, harassment, assault or threats at the Group's workplaces; and other conditions that do not promote a secure, comfortable work environment for employees.

Momentum Group's preventative efforts, policies and guidelines as well as targets and outcomes for 2018/19 in the respective areas, are reported below. ●

## ENVIRONMENTAL RESPONSIBILITY

Momentum Group's environmental impact primarily comprises the products and services offered as well as the use of resources during transports. In accordance with the Group's environmental policy, impact on the environment is to be minimised as far as is technically possible, reasonable from a business economics perspective and environmentally justified. Many of the Group's businesses hold quality and environmental certification in accordance with ISO 9001 and 14001 as well as OHSAS 18001 occupational health and safety certification.

Momentum Group's offering is designed and regularly updated on the basis of customers' needs. The process of designing their offering allows the businesses to identify manufacturers and suppliers with products and services that meet the requirements for the lowest possible environmental impact (compared with the alternatives available), quality and total cost, and share Momentum Group's views on long-term partnership and close collaboration. The lifetimes of customers' machinery and production facilities are extended with regular service and maintenance through the Group's service workshops.

Ensuring that the right item is in the right place, at the right time and in the right amount is part of the foundation of Momentum Group's business. The Group's logistics operations are closely linked to its sustainability work. Optimising inventory processing enables a reduction in consumption, better availability for the customer and less lifting and handling for everyone involved. The Group's businesses continuously work to optimise the balance between in-bound and out-bound deliveries so that the right quantity is purchased. This reduces the need for transport and the consumption of cartons and other consumable materials.

With a total of some 1,700 employees in a large number of locations in the Nordic region, Momentum Group also has a direct environmental impact in its choice of company cars and their carbon emissions as well as – where possible – conducting remote meetings through screen sharing for the purpose of reducing the environmental impact in connection with travel.

## FINANCIAL AND ETHICAL RESPONSIBILITY

Momentum Group's Code of Conduct pertains to all businesses and employees in the Group and underlines the importance of always behaving in an ethically correct manner and respecting human rights.

The Code of Conduct also imposes requirements on suppliers. These requirements include a written affirmation that they act within the framework of the laws of their respective countries, counteract corruption and otherwise comply with the intentions of the Code of Conduct, for example, by offering their employees a safe and healthy work environment and not permitting child labour in production. The Group does not tolerate corruption, bribes or other disloyal practices that may limit competition, and all such events are to be reported to Momentum Group's management. If appropriate, a report to the competition authorities is prepared. No reports of practices that limit competition were submitted to Group management during the 2018/19 financial year. Momentum Group supports and respects the protection of human rights, and works to ensure that its operations are not complicit in the violation of human rights.

A number of businesses in the Group also perform on-site supplier inspections with manufacturers on a regular basis, focusing on quality, environment, labour laws, work environment and business ethics. This work strengthens the collaboration between Momentum Group and its suppliers.

Momentum Group has a "whistleblowing function" that includes a web-based system where every employee has the opportunity to report, openly or anonymously, all types of irregularities that may have serious consequences for the Group. The whistleblowing function can also be accessed externally on the Group's website.

No violations of the Code of Conduct were reported to Group management during the 2018/19 financial year.

The entire Momentum Group Code of Conduct can be found on the Group's website. >>



### EXAMPLES OF MOMENTUM GROUP'S POLICIES AND GUIDELINES ON THE ENVIRONMENT:

Environmental Policy, Code of Conduct, Guidelines for company cars,

### GOALS AND PERFORMANCE MEASURES FOR 2018/19:

The Group aims to achieve an annual reduction of carbon emissions from company cars in accordance with the policy for these cars.

### OUTCOME FOR 2018/19:

For all of the Group's approximately 500 company cars in Sweden, the average carbon emissions per kilometre driven decreased by 3 percent during the year.



### EXAMPLES OF MOMENTUM GROUP'S POLICIES AND GUIDELINES ON BUSINESS ETHICS AND FINANCIAL RESPONSIBILITY:

Code of Conduct, self-evaluation tools for suppliers, Quality Policy

### GOALS AND PERFORMANCE MEASURES FOR 2018/19:

The goal of the Group is that the majority of the purchase volume is to come from suppliers who have signed and apply Momentum Group's Code of Conduct (or a similar document).

### OUTCOME FOR 2018/19:

Some 70 percent of the Group's total purchase volume for the year of approximately MSEK 3,700 came from suppliers who have confirmed that they apply Momentum Group's Code of Conduct (or a similar document) in writing.

## SOCIAL RESPONSIBILITY

Momentum Group’s goal is to be seen as an attractive employer by all current, potential and former employees. This means that all managers and employees must maintain a professional attitude toward all HR activities and work in accordance with clear guidelines. Ensuring that employees are continuously given the opportunity to enhance their skills and performance is vital to the future development of Momentum Group.

The Group’s subsidiaries conduct regular employee surveys designed to find out what employees think of their respective companies as an employer, the work climate and leadership. Surveys performed in the past have shown a predominantly positive view of the businesses in terms of their development and as employers, and a large proportion of employees stated they would recommend the Group companies as employers to their friends. However, the surveys also continually identify a number of development areas in various parts of the Group, and several measures have been implemented in the past few years in areas such as leadership development. In order to further improve the work environment, training for managers in both formal and practical areas is continually offered, with the aim of ensuring that the Group’s businesses offer a healthy and functional work environment.

While employees are expected to satisfy the requirements of their professional roles, they also have the opportunity to receive active support in order to continuously improve their competence, develop their areas of responsibility and attitudes, and thus strengthen their performance. Managers in the Group have undergone leadership training in setting goals, giving feedback, and recognising and improving responsibility, performance, attitude and competence.

A variety of experiences and backgrounds among employees promotes an equitable work environment that encourages development.



### EXAMPLES OF MOMENTUM GROUP’S POLICIES AND GUIDELINES ON SOCIAL RESPONSIBILITY AND PERSONNEL:

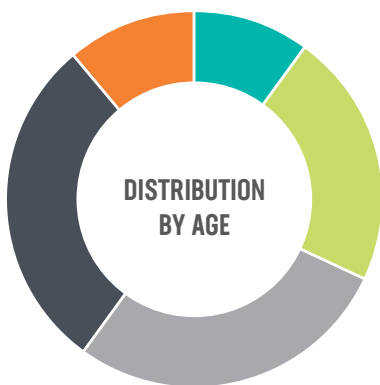
Work Environment Policy, Equality Policy, Code of Conduct

### GOALS AND PERFORMANCE MEASURES FOR 2018/19:

The Group endeavours to conduct annual performance reviews with all employees regarding such factors as work environment, work situations, discrimination (if any), equality, health and safety, and so on.

### OUTCOME FOR 2018/19:

During the year, over 80 percent of the Group’s more than 1,600 employees had documented performance reviews with their immediate supervisors.



- 10% 29 YEARS OR YOUNGER
- 22% 30-39 YEARS
- 28% 40-49 YEARS
- 29% 50-59 YEARS
- 11% 60 YEARS OR OLDER

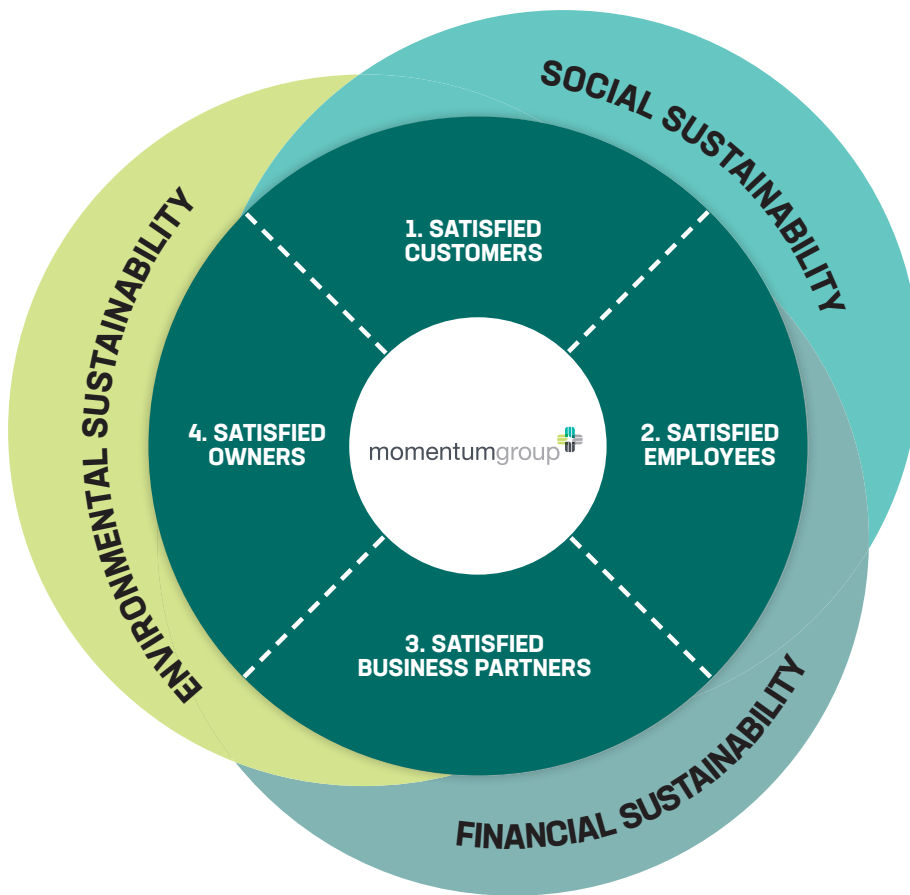
- 20% LESS THAN 2 YEARS
- 28% 2-5 YEARS
- 18% 6-10 YEARS
- 13% 11-15 YEARS
- 21% 16 YEARS OR MORE

Employees	2018/19	2017/18
Average no. of employees	1,671	1,654
Percentage women	20%	20%
Percentage men	80%	80%

Equality in regard to gender distribution represents a challenge for Momentum Group, since more men than women traditionally work in technology trading with consumables and components for the manufacturing industry. The companies in the Group are working actively in many different ways to promote greater equality over time in terms of gender distribution at all levels of the organisations.

## MOMENTUM GROUP'S STAKEHOLDER MODEL - "FOUR SATISFIED GROUPS"

Momentum Group's sustainability initiatives are based on a continual dialogue with its principal stakeholders. Together with them, a number of objectives have been formulated with the aim of further strengthening the relationships, and at the same time making the stakeholders even more satisfied with the positive results that the companies in Momentum Group contribute to.



### OBJECTIVE

### COMMENTS

#### SATISFIED CUSTOMERS

Work in the best interests of new and existing customers by continuously developing and offering products and services that meet customer expectations in terms of function, quality, safety, environmental impact and supply reliability. A conscientious focus on service and maintenance extends the useful lives of the products and thereby reduces the customers' total costs. Follow-ups are performed on a regular basis through customer surveys.

Strengthening customers' profitability is always the main focus of Momentum Group's various businesses. The results of the Group companies' annual customer surveys form the basis for the businesses' work related to service level and availability, product range and service development, and training/skills development. Among other activities in 2018/19, TOOLS strengthened its market position as a leading supplier of products and services in OHS (Occupational Health & Safety), while Momentum Industrial continues to promote sustainable production for Swedish industry.

#### SATISFIED EMPLOYEES

Work in the best interests of new and existing employees by offering a healthy work environment, opportunities for skills and performance development, and offering attractive and competitive terms and conditions. The companies in the Group conduct regular employee surveys.

The ongoing skills and performance development of the Group's employees mainly occurs at the company level through various types of targeted training programmes in such areas as successful sales and performance development. Momentum Group's joint Business School provides training for some 100 employees in the Group's corporate culture and business acumen every year.

#### SATISFIED BUSINESS PARTNERS

Develop strong offerings for the Group's market channels. Achieve competitive purchasing terms based on the Group's strong market position, and secure efficient purchasing and sales processes for the purpose of creating close and long-term partnerships. Act professionally, honestly and ethically in all of these pursuits, based on the Group's Code of Conduct.

Momentum Group's relationships with its suppliers include everything from risk mitigation (focusing, for example, on working conditions, work environment and environmental impact) to collaborating in order to have a positive impact on the supplier's overall development - based on daily contact and the Group's Code of Conduct. The percentage of suppliers that hold quality and environmental certification is gradually increasing.

#### SATISFIED OWNERS

Create shareholder value by focusing on growth and stable, long-term profitability, minimise major business risks through active and effective corporate governance, and provide accurate and relevant information to the stock market.

The purpose of splitting the former B&B TOOLS Group into two listed companies - Bergman & Beving and Momentum Group - in June 2017 was to create increased shareholder value over time. The respective business would thus be given better opportunities to develop based on their own conditions. For Momentum Group, this meant an even clearer focus on developing leading market channels in profitable niches in continued proximity to customers as well as adapting its offerings, logistics and sales channels (both local and digital). So far, this increased focus in Momentum Group has yielded positive results.

# TOOLS & CONSUMABLES

As of 1 April 2019, the business area Tools & Consumables comprises TOOLS Sweden, TOOLS Norway, TOOLS Finland, Gigant, Mercus Yrkeskläder, TriffiQ Företagsprofilering and Reklamproffsen, which offer products and services related to tools and industrial consumables, workplace equipment as well as workwear and profile clothing for the industrial, construction and public sectors in the Nordic region.

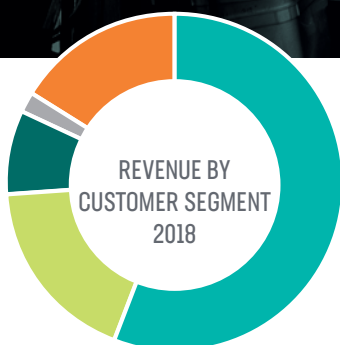
REVENUE IN 2018/19  
AMOUNTED TO:  
**MSEK 4,925**

OPERATING PROFIT IN  
2018/19 INCREASED TO:  
**MSEK 180**

THE OPERATING MARGIN  
FOR 2018/19 WAS:  
**3.7%**



THE TOTAL NUMBER  
OF EMPLOYEES IS  
APPROXIMATELY:  
**1,280**



- 56% INDUSTRIAL SECTOR
- 18% CIVIL ENGINEERING & CONSTRUCTION SECTOR
- 8% PUBLIC SECTOR
- 2% PRIVATE MARKET
- 16% OTHER SECTORS

## TOOLS

**TOOLS** is a leading reseller of industrial consumables in Sweden, Norway and Finland. The business specialises in the sale of tools, machinery, personal protective equipment and other consumables to professional end users in the industrial sector, the civil engineering & construction sector and the public sector.

TOOLS has a broad and deep product range. In addition, TOOLS offers services and training that can contribute to increased profitability and quality for customers as well as improvements in the area of occupational health & safety in the workplace. The services offering includes everything from training in the use of personal protective equipment to customised, efficient supply solutions for industrial consumables.

**In total, TOOLS has over 1,100 employees and 110 local sales units, of which 38 are in Sweden, 44 in Norway and 28 in Finland. TOOLS also has a couple of independent partners in Sweden and Norway.**

**TOOLS generates annual revenue of approximately MSEK 1,600 in Sweden, MSEK 1,750 in Norway and MSEK 1,050 in Finland.**

## MERCUS YRKESKLÄDER

**MERCUS YRKESKLÄDER** currently has eight stores in Sweden and is one of the largest players in the industry. Mercus supplies local construction and civil engineering companies with a complete range of functional workwear, protective footwear, profile clothing and personal protective equipment (such as high-visibility clothing, gloves, headgear, hearing, respiratory and eye protection, and fall protection) as well as related services. Its product range comprises well-known brands and suppliers.

**Mercus generates annual revenue of approximately MSEK 160 and has approximately 60 employees.**

## GIGANT

**GIGANT** is a leading supplier of workplace equipment for industrial operations, warehouses and engineering businesses. Via resellers such as TOOLS, Gigant offers workplace equipment, devices for lifting and securing loads as well as environmental assurance products. The company also offers layout, expert advisory and set-up services for complete industrial workplaces.

**Gigant generates annual revenue of approximately MSEK 300 and has approximately 50 employees.**

## TriffiQ

FÖRETAGSPROFILERING AB

**TRIFFIQ FÖRETAGSPROFILERING** is one of the largest resellers of workwear, protective footwear, profile clothing and promotional products to industrial and service companies and public administration in the Stockholm area, with a high level of expertise in customising company products. TriffiQ and its subsidiary Profilmakarna have professional stores in Stockholm and Södertälje. A significant portion of its sales are conducted via customised online stores.

**Together, TriffiQ and Profilmakarna generate annual revenue of approximately MSEK 90 and have approximately 25 employees.**



## Reklamproffsen

**REKLAMPROFFSEN** is one of Örebro's largest resellers of workwear, profile clothing and promotional products with a high level of expertise in customising company products. The company has a professional store and showroom in Örebro, and its customers mainly comprise industrial and service companies.

**Reklamproffsen generates annual revenue of approximately MSEK 40 and has approximately 10 employees.**

# COMPONENTS & SERVICES

As of 1 April 2019, the business area Components & Services comprises Momentum Industrial and its subsidiaries Rörick Elektriska Verkstad and Carl A Nilssons Elektriska Reparationsverkstad, which offer spare parts, services and repairs to customers in the industrial sector in the Nordic region. In May 2019, ETAB Industriautomation was acquired to strengthen the offering of solutions in pneumatics and hydraulics.

REVENUE IN 2018/19  
AMOUNTED TO:

**MSEK 1,148**

OPERATING PROFIT IN  
2018/19 INCREASED TO:

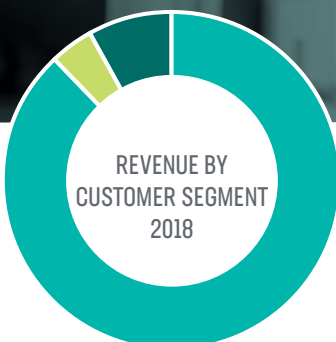
**MSEK 130**

THE OPERATING MARGIN  
FOR 2018/19 WAS:

**11.3%**

THE TOTAL NUMBER  
OF EMPLOYEES IS  
APPROXIMATELY:

**350**



- 88% INDUSTRIAL SECTOR
- 4% CIVIL ENGINEERING & CONSTRUCTION SECTOR
- 8% OTHER SECTORS



**MOMENTUM INDUSTRIAL** is one of Sweden's leading resellers of industrial components for the industrial sector, with a local stock of inventories and sales in over 30 locations in Sweden as well as via a subsidiary in Norway. Momentum Industrial's offering includes local access to products, services, consulting, customised product training programmes, permit control and monitoring, logistics solutions and standby service. The company's customers primarily operate in the process and manufacturing industry, including paper and pulp, sawmill, automotive, food, mining and engineering companies.

In addition, Momentum Industrial and its subsidiaries Rörick Elektriska Verkstad AB and AB Carl A. Nilssons Elektriska Reparationsverkstad have their own workshops in a total of eight locations in southern and central Sweden that offer service, repairs and reconstruction of all types of electromechanical equipment. ETAB Industriautomation was acquired in May 2019, thereby strengthening Momentum Industrial's position as a leading supplier of solutions in pneumatics and hydraulics to Swedish industry.

Momentum Industrial adheres to the concept of "Sustainable production" and aims to maximise the number of production hours (operational reliability) for its customers by offering products and services at a minimum total cost to the customer. The company sells quality products and related services that are highly efficient (energy efficient) and have a long service life. This means fewer and shorter stoppages, longer durability and, ultimately, lower costs, usage and energy consumption for the customer.



## MOMENTUM

Momentum Industrial generates annual revenue of approximately MSEK 1,100 and has approximately 300 employees.

### SUBSIDIARIES



Rörick Elektriska Verkstad generates annual revenue of approximately MSEK 60 and has approximately 30 employees.



ETAB Industriautomation generates annual revenue of approximately MSEK 45 and has approximately 10 employees.



Carl A Nilssons El Rep Verkstad generates annual revenue of approximately MSEK 30 and has approximately 15 employees.

# ANNUAL REPORT

# 2018/19

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# ADMINISTRATION REPORT

## WITH CORPORATE GOVERNANCE REPORT

### 1 APRIL 2018-31 MARCH 2019

The Board of Directors and President & CEO of Momentum Group AB (publ), Corporate Registration Number 559072-1352, hereby submit the Annual Report and consolidated financial statements for the 1 April 2018-31 March 2019 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 7-11.

#### PROFIT AND REVENUE

##### Profit

Operating profit for the financial year amounted to MSEK 302 (240). Adjusted operating profit (excluding items affecting comparability in the preceding year) also totalled MSEK 302 (252), corresponding to an increase of 20 percent. EBITA increased by 21 percent to MSEK 318 (262). Of the total restructuring reserve of MSEK 94, which was recognised in the annual accounts for 2016/17, MSEK 15 (58) was utilised during the year, primarily pertaining to restructuring measures in TOOLS and Gigant and to rental costs. The majority of the remaining restructuring reserve amounting to MSEK 21 pertains to provisions for future rental costs for unutilised premises and will be utilised over these leases' remaining terms. Operating profit was charged with depreciation and impairment losses of MSEK -17 (-18) on tangible non-current assets and amortisation and impairment losses of MSEK -30 (-19) on intangible non-current assets. Exchange-rate translation effects had a net impact of MSEK +6 (+1) on operating profit. The adjusted operating margin (excluding items affecting comparability in the preceding year) was 5.0 percent (4.5).

Profit after financial items rose by 26 percent to MSEK 296 (235) and net financial items amounted to MSEK -6 (-5). The profit margin was 4.9 percent (4.2).

Net profit amounted to MSEK 231 (182). Earnings per share rose by 27 percent to SEK 8.20 (6.45).

##### Revenue

Revenue rose by 7 percent to MSEK 6,024 (5,616). Exchange-rate translation effects had an impact of MSEK +148 on revenue. For comparable units<sup>1)</sup>, revenue rose by 2 percent. Acquisitions contributed approximately 2 percent to total revenue growth. The financial year included a total of one trading day more than the preceding year.

##### OPERATIONS

The market situation for the industrial sector in the Group's main markets in Sweden, Norway and Finland has continued to be stable throughout the financial year. Several of the Group's businesses strengthened their market positions, both through acquisitions and by expanding their market shares.

The Group's earnings growth and improved operating margin were a result of the efficiency-enhancement efforts implemented in several companies – combined with increased sales at improved gross margins. As planned, the ten companies acquired since the spin-off and separate listing of Momentum Group in June 2017 also made a positive contribution.

##### Business area Tools & Consumables

*During the year, this business area comprised TOOLS Sweden, TOOLS Norway, TOOLS Finland, Mercus Yrkeskläder, TriffiQ Företagsprofilering and Reklamproffsen, which offer products and services related to tools and*

*industrial consumables as well as workwear and profile clothing for the industrial and construction sectors in the Nordic region.*

Revenue for comparable units in the business area Tools & Consumables remained largely unchanged<sup>1)</sup> during the financial year. Adjusted operating profit (excluding items affecting comparability) rose by 25 percent to MSEK 168 (134) and the adjusted operating margin to 3.6 percent (3.0).

Revenue for TOOLS Sweden decreased by 9 percent<sup>1)</sup> during the year compared with the preceding year, mainly due to the restructuring work ongoing in the business, with an increased focus on selected customer groups and product areas, and to the winding down of 15 less profitable sales units in 2017. The improvement activities intended to increase profitability are continuing and include increased cost-efficiency, improved sales promotion, investments in e-commerce and digitalisation, and changes in purchases.

Revenue for TOOLS Norway increased by 10 percent<sup>1)</sup> during the year, with a favourable trend primarily in the industrial and oil and gas sectors. Along with the measures taken to improve efficiency, the increase in sales continued to have a positive impact on the earnings trend.

<sup>1)</sup> Comparable units, measured in local currency and adjusted for the number of trading days this year compared with the preceding year.

Revenue for TOOLS Finland remained unchanged<sup>1)</sup> during the year, compared with a strong comparative year. Combined with sound cost control, a continued focus on customer cultivation had a positive impact on the earnings trend during the year.

The Group companies specialising in workwear and promotional products displayed a continued positive sales and earnings trend during the year. The companies acquired in 2017 and 2018, TriffiQ Företagsprofilering and Reklamproffsen, continued to perform well and made a positive contribution to the business area's earnings during the year.

### Business area Components & Services

*During the year, this business area comprised Momentum Industrial and Gigant, which offer spare parts and service as well as workplace equipment for customers in the industrial sector in the Nordic region.*

Revenue for comparable units in the business area Components & Services increased by 9 percent<sup>1)</sup> during the financial year. Adjusted operating profit (excluding items affecting comparability in the preceding year) rose by 14 percent to MSEK 142 (125) and the adjusted operating margin was 9.2 percent (8.9).

Momentum Industrial's revenue rose by 14 percent<sup>1)</sup> during the year, with all product and service areas displaying growth. Sales to most customer groups in the process and automotive industries, for example, remained positive. Operating profit for Momentum Industrial continued to develop positively, with the unit's strong capacity utilisation in service and repairs having a positive impact, and the operating margin for the year was over 11 percent.

The restructuring work in Gigant proceeded according to plan during the year and gradually contributed to a reduction in costs and improved earnings in the unit, despite a decline in external sales. In total, revenue declined by 5 percent<sup>1)</sup> during the year.

### Changed business area structure

In order to create even stronger conditions for increased coordination and profitability in the Group's two business areas, the Group's business area struc-

ture has been adjusted as of 1 April 2019. The adjustment mainly impacted the subsidiary Gigant AB, which was previously part of the Components & Services business area but became part of the Tools & Consumables business area as of 1 April 2019. Above all, this change facilitates increased coordination between Gigant and the TOOLS operations. For more detailed information on the new business areas, refer to pages 12–15.

### Group-wide and eliminations

An operating loss of MSEK -8 (-13) was reported for "Group-wide" for the financial year, of which items affecting comparability accounted for MSEK 0 (-5). Items affecting comparability in "Group-wide" for the preceding year pertained to costs associated with the spin-off of Momentum Group from the B&B TOOLS Group and the Company's separate listing on Nasdaq Stockholm.

### Parent Company

The Parent Company's revenue amounted to MSEK 24 (22) and profit after financial items to MSEK 10 (-6). The Parent Company's net profit of MSEK 80 (75) included Group contributions, intra-Group dividends and similar items totalling MSEK 127 (131).

The Parent Company's balance sheet total amounted to MSEK 1,240 (1267), with equity accounting for 58 percent (55) of total assets. At year-end, cash and cash equivalents amounted to MSEK 0 (0) and external interest-bearing liabilities to MSEK 274 (304).

### CORPORATE ACQUISITIONS

Momentum Group conducted four corporate acquisitions with closing during 2018/19.

In April 2018, the subsidiary TriffiQ Företagsprofilering AB acquired all of the shares in Profilmakarna i Södertälje AB. The acquisition enabled the formation of a leading player in profile clothing, promotional products and workwear in Stockholm and Södertälje. At the acquisition, Profilmakarna generated annual revenue of approximately MSEK 25 and had eight employees. Closing took place in April 2018.

In May 2018, the subsidiary Momentum Industrial AB acquired Brammer's Swedish maintenance, repair and operations (MRO) business, comprising eight local sales and service units across Sweden. The acquisition strengthened

Momentum Industrial's position as a leading supplier of industrial components with related services to Swedish industry. In total, the acquired units generated annual revenue of approximately MSEK 140 with healthy trade margins. The acquisition was carried out as a conveyance of assets and liabilities. Closing took place in May 2018.

In October 2018, the subsidiary TOOLS Finland Oy acquired the operations of MFG Components, a specialist transmission company. The acquisition strengthened TOOLS Finland's transmission offering, adding expertise, experience and customer contacts. At the acquisition, the business generated annual revenue of approximately MEUR 1 and had three employees. The acquisition was carried out as a conveyance of assets and liabilities. Closing took place in October 2018.

In January 2019, the subsidiary TOOLS AS acquired all of the shares in the industrial reseller TOOLS Løvold in Norway. TOOLS Løvold has five local units that offer tools, workwear, industrial consumables and related services to companies operating primarily in industry, food and infrastructure. The acquisition further strengthened TOOLS' position as the leading supplier of tools and consumables to Norwegian industry. At the acquisition, TOOLS Løvold generated annual revenue of approximately MNOK 95 and had 28 employees. Closing took place in January 2019.

### PROFITABILITY

The Group's profitability, measured as the return on equity, amounted to 19 percent (17) and the return on working capital (P/WC) to 25 percent (24) for the financial year. The return on capital employed for the year amounted to 19 percent (17).

### CASH FLOW AND FINANCIAL POSITION

Cash flow from operating activities before changes in working capital for the financial year totalled MSEK 235 (195). During the year, inventories increased by MSEK 7 and operating receivables by MSEK 72. Operating liabilities rose by MSEK 74. Accordingly, cash flow from operating activities for the year amounted to MSEK 230 (92).

Cash flow for the financial year was also impacted in a net amount of MSEK -28 (-36) pertaining to investments in and divestments of non-current assets, and a net amount of MSEK -73 (-63)

<sup>1)</sup> Comparable units, measured in local currency and adjusted for the number of trading days this year compared with the preceding year.

pertaining to the acquisition and divestment of subsidiaries and other business units.

At the end of the financial year, the Group's operational net loan liability amounted to MSEK 266 (295). Cash and cash equivalents, including unutilised granted credit facilities, totalled MSEK 534. Maturity periods and fixed-interest periods for interest-bearing liabilities are presented in Note 24 Financial risks and risk management on pages 53–54.

The equity/assets ratio at the end of the financial year was 45 percent, compared with 42 percent at the beginning of the year.

Equity per share, both before and after dilution, totalled SEK 46.70 at the end of the financial year, compared with SEK 40.95 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 22 percent.

In June 2018, the Swedish Parliament decided on new tax legislation introducing a lower corporation tax in two stages: 21.4 percent as of 2019 and 20.6 percent as of 2021. The decision entails that deferred tax has been remeasured based on the assessed date of realisation, which has resulted in a marginally lower recognised tax for the year.

## EMPLOYEES

At the end of the financial year, the number of employees in the Group amounted to 1,684, compared with 1,647 at the beginning of the year. The change during the year mainly pertained to employees in acquired businesses. The average number of employees during the year was 1,671 (1,654).

## SUSTAINABILITY REPORT

Momentum Group regards sustainability issues and corporate social responsibility as a prerequisite for the Group's long-term profitability and an integral part of its daily work. Momentum Group's sustainability work continued in 2018/19 and is presented in the Sustainability Report on pages 7–11. The auditor's opinion regarding the statutory Sustainability Report can be found on page 66.

## ENVIRONMENTAL IMPACT

During the financial year, the Group conducted operations subject to permit

and/or reporting requirements in four of its Swedish subsidiaries, mainly related to the handling of and 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 Momentum Group's position as one of the leading suppliers of industrial consumables and industrial components to the industrial and construction sectors in the Nordic region, the Group primarily invests its resources in the continued development of concepts and service solutions for its customers and partners. Activities implemented during 2018/19 included a continued focus on digitisation of transaction management and information sharing both externally with customers and internally, continued development of various service concepts and customer solutions, development of logistics and e-commerce solutions for 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 Momentum 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 Momentum Group AB, the President & CEO and the CFO as well as the presidents and financial officers 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 34 and Note 24 Financial risks and risk management on pages 53–54.

## FUTURE DEVELOPMENT

Market trends in 2019/20 will be carefully monitored by the Group's businesses. Provided that the markets remain stable, Momentum Group has good potential to continue improving its profitability in many areas. During the year, the focus will remain on organic volume growth in existing markets, a 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 various services, which have accounted for an increased portion of the Group's total sales in recent years.

The Group's basic prerequisites for growth and development have improved in recent years, and the Group's strong balance sheet have 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, combined with favourable profitability.

## DIVIDEND 2019

The Board of Directors has proposed a dividend of SEK 3.20 per share (2.60), corresponding to a pay-out ratio of 39 percent of earnings per share for the 2018/19 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 MSEK 89 is required for the proposed dividend payment, which means that, all other things being equal, the Group's equity/assets ratio would decrease by 3.0 percentage points as of 31 March 2019. 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 still 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.

The proposed dividend is also in line with the Company's dividend policy, which states that 30–50 percent of earnings per share are to be distributed over a business cycle.

## Proposed appropriation of profit

The Board's and the CEO's proposed appropriation of profit is presented on page 62.

### **EVENTS AFTER THE END OF THE FINANCIAL YEAR**

#### **Acquisition of Lindström Group's PPE business in Finland**

In March 2019, the subsidiary TOOLS Finland Oy acquired Lindström Group's personal protective equipment (PPE) business in Finland. The acquisition further strengthened TOOLS' position as a leading supplier of tools, PPE and related services to Finnish industry.

The acquired business generated annual revenue of approximately MEUR 6.2 with favourable profitability and had five employees. The acquisition was carried out as a conveyance of assets and liabilities. Closing took place in early April 2019.

#### **Acquisition of ETAB Industriautomation**

The subsidiary Momentum Industrial acquired 70 percent of the shares in ETAB Industriautomation AB in early May 2019. The acquisition further strengthened Momentum Industrial's position as the leading supplier of industrial components to Swedish industry. At the acquisition, ETAB generated annual revenue of approximately MSEK 45 and had nine employees. Closing took place in early June 2019.

#### **New business area structure as of 1 April 2019**

In order to create even stronger conditions for increased coordination and profitability in the Group's two business areas, the Group's business area structure was adjusted as of 1 April 2019. The adjustment mainly impacted the subsidiary Gigant AB, which was previously part of the Components & Services business area but became part of the Tools & Consumables business area as of 1 April 2019. Above all, this change will facilitate increased coordination between Gigant and the TOOLS operations. For more detailed information on the new business areas, refer to pages 12–15.

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

# CORPORATE GOVERNANCE REPORT 2018/19

## THE SWEDISH CORPORATE GOVERNANCE CODE AND MOMENTUM GROUP'S CORPORATE GOVERNANCE REPORT

Momentum Group 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 2018/19 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 2019 Annual General Meeting.

Momentum Group deviates from some of the recommendations of the Code:

the auditors' review of the Company's six-month or nine-month interim reports. This deviation from the Code is reported in further detail in the relevant section 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. Momentum Group 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, Momentum Group also complies with the regulations stipulated in the Company's Articles of Association.

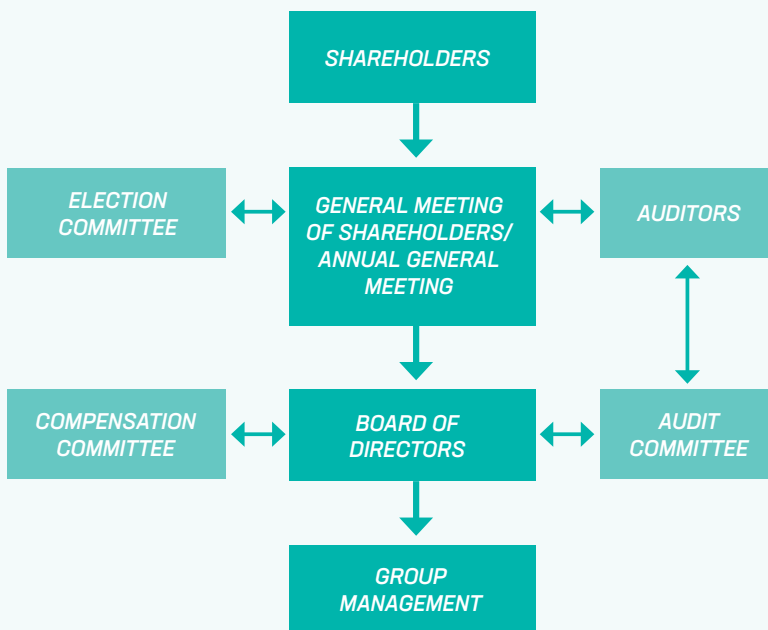
According to the Articles of Association, the registered name of the Company is Momentum Group AB. The Company is a public limited liability company and the financial year is from 1 April to 31 March. The appointment of directors and amendments to the Articles of Association occur in accordance with the Swedish Companies Act.

The Articles of Association are available in full on the Company's website.

### SHARE STRUCTURE, SHAREHOLDERS AND REPURCHASE OF OWN SHARES

As of 31 March 2019, Momentum Group AB had approximately 5,100 shareholders. The share capital amounted to approximately MSEK 57.

## CORPORATE GOVERNANCE STRUCTURE WITHIN MOMENTUM GROUP



**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 Momentum Group 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 Momentum Group.

The distribution by class of shares is as follows:

Class of shares	As of 31 March 2019
Class A shares	1,062,436
Class B shares	27,202,980
<b>Total no. of shares before repurchasing</b>	<b>28,265,416</b>
Less: Repurchased Class B shares	-500,000
<b>Total no. of shares after repurchasing</b>	<b>27,765,416</b>

All shares carry equal rights to Momentum Group 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 authorised 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 Nasdaq Stockholm 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 2019, Nordstjernan AB held 15.6 percent of the total number of votes in the Company and Tom Hedelius held 13.0 percent. 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 Momentum Group's shares and ownership structure is presented in the section on Momentum Group's share on pages 70–71.

### Repurchase of own shares and incentive programmes

As of 31 March 2018, the Company's holding of Class B treasury shares totalled 250,000. During the financial year, a total of 250,000 Class B shares were repurchased. Accordingly, the number of Class B shares held in treasury as of 31 March 2019 amounted to 500,000, corresponding to 1.8 percent of the total number of shares and 1.3 percent of the total number of votes. The quotient value of this holding amounted to SEK 1,000,000 as of 31 March 2019.

The shares held in treasury cover the Company's obligations in the call option programmes issued to senior management in December 2017 and September 2018, respectively. The redemption price for the 250,000 call options issued in connection with the 2017 share-based incentive programme is SEK 121.60 per share. Each call option in this programme entitles the holder to acquire one repurchased Class B share during the redemption periods of 12–25 February and 12–25 May 2021, respectively. The redemption price for the 250,000 call options issued in connection with the 2018 share-based incentive programme is SEK 137.30 per share. Each call option in this programme entitles the holder to acquire one repurchased Class B share during the redemption periods of 14–28 February and 16–30 May 2022, respectively.

The share price on 31 March 2019 was SEK 93.40 and the issued call options thus did not result in any dilution effect during the financial year. When fully exercised, the number of outstanding Class B shares will increase by 500,000, corresponding to 1.8 percent of the total number of shares and 1.3 percent of the total number of votes.

### 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 2018

The Annual General Meeting of Momentum Group AB was held on 22 August 2018 in Stockholm. 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 103 shareholders participated in the Meeting, representing a combined total of 55 percent of the votes in the Company. All five regular directors and the Company's auditors attended the Meeting.

Among other decisions, the Meeting resolved to pay a dividend of SEK 2.60 per share and discharged the Company's directors and CEO from liability for their administration of the Company during 2017/18. The Company's President & CEO, Ulf Lilius, presented the Group's operations and earnings for the 2017/18 financial year and commented on the Group's performance in the first quarter of the new financial year. Directors Fredrik Börjesson, Charlotte Hansson, Stefan Hedelius, Gunilla Spongh and Jörgen Wigh were re-elected. Jörgen Wigh was re-elected Chairman of the Board.

The minutes from the Annual General Meeting were made available at Momentum Group's offices 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 2018 also resolved to authorise the Chairman of the Board to contact the largest shareholders, in terms of votes, not later than 31 January 2019 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 2019 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 the selection criteria and principles for appointing the next Election Committee.

In accordance with this authorisation, the Election Committee for of the Annual General Meeting in August 2019 comprises Marianne Flink (appointed by Swedbank Robur Funds), Lilian Fossum Biner (appointed by Handelsbanken Funds), Tom Hedelius, Tobias Lönnevall (appointed by Nordstjernen) and Chairman of the Board Jörgen Wigh. The other members appointed Tobias Lönnevall, as the representative for the largest shareholder, to serve as Chairman of the Election Committee and spokesperson for the Election Committee at the upcoming Annual General Meeting. The composition of the Election Committee was presented in a press release on 8 March 2019.

The Election Committee's complete motions regarding the Board of Directors and auditors will be presented in the notice of the 2019 Annual General Meeting and on the Company's website. The Election Committee will present and motivate its motions 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 2018/19

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

#### Directors

Momentum Group AB's Board of Directors currently comprises five directors appointed by the Annual General Meeting on 22 August 2018: Jörgen Wigh (Chairman), Fredrik Börjesson, Charlotte Hansson, Stefan Hedelius and Gunilla Spongh. A detailed presentation of these directors, including information on other assignments and work experience, is available on page 68 and on the Company's website. All directors are independent in relation to the Company and senior management. One director is 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 receives a fee of SEK 275,000. The Chairman of the Board receives a fee of SEK 600,000. In addition, a special fee of SEK 50,000 is paid to each member of the Compensation Committee (two individuals) and a fee of SEK 50,000 to the Chairman of the Audit Committee. Accordingly, the total fees paid in accordance with the resolution of the Annual General Meeting amount to SEK 1,850,000.

Refer to the table on page 24 for a summary of the members of the Board, their participation in committees, attendance at Board meetings, dependency and fees.

#### 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 of the Company's affairs in the interests of all shareholders in accordance with the

laws, regulations and agreements that the Company is obligated to follow. 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 as well as the instructions for financial reporting. The Board has also issued 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 Board of Directors is also responsible for preparing an annual Corporate Governance Report, including a review of the measures taken by the Board to follow up the internal control in connection with financial reporting and the effectiveness of the reporting to the Board. The Corporate Governance Report is reviewed by the Company's auditors. Each year, in conjunction with this, the Board is to assess and express an opinion as to whether the Company should have a special review function (internal audit). The reasons for this decision are to be stated in the Corporate Governance Report.

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.

Each director is to independently assess the matters to be addressed by the Board and request the information deemed necessary to make well-founded decisions. Each director is to continuously acquire any knowledge about the Company's operations, organisation, markets and so forth required for the assignment.

#### 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 five occasions each year (scheduled meetings) in connection with the 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.

The Board of Directors held 12 Board meetings during the 2018/19 financial year, including a statutory meeting and one meeting per capsulam. The Board's work during the year focused on issues pertaining to follow-up of the restructuring work ongoing in the TOOLS businesses, the Group's organisation and strategic development, ongoing business operations, earnings and profitability trends, corporate acquisitions and the Group's financial position.

Refer to the table below for information regarding attendance at Board and committee meetings.

The President & CEO presents reports at the Board meetings. The Group's CFO and other employees in the Group participate in Board meetings to report on specific issues or whenever deemed appropriate. Mats Karlqvist, Head of Investor Relations at Momentum Group 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 senior 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 senior management and drafts 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 and other terms of employment for Group management as adopted by the Annual General Meeting (refer to Note 5 Employees and personnel costs on pages 43–45). 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 Jörgen Wigh (Chairman of the Compensation Committee) and Director Fredrik Börjesson. President & CEO Ulf Lilius presents reports to the Committee. The President & CEO does not report on his own remuneration. The Compensation Committee convened on one occasion during the 2018/19 financial year, during which minutes were taken.

#### BOARD COMPOSITION, ATTENDANCE, DEPENDENCY CONDITIONS AND FEES FOR 2018/19

Regular directors	Year of election	Position	No. of meetings attended			Dependent in relation to <sup>1)</sup>		Fee, SEK
			Board of Directors	Audit Committee	Compensation Committee	Momentum Group	Major shareholders	
<b>No. of meetings</b>			12	6	1			
Jörgen Wigh	2016	Chairman	12	6	1	No	No	650,000 <sup>2)</sup>
Fredrik Börjesson	2016	Director	11	6	1	No	No	325,000 <sup>2)</sup>
Charlotte Hansson	2016	Director	12	6		No	No	275,000
Stefan Hedelius	2016	Director	11	5		No	Yes	275,000
Gunilla Spongh	2016	Director	12	6		No	No	325,000 <sup>2)</sup>

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

2) Of which, SEK 50,000 per person pertains to work on the Compensation Committee (Jörgen Wigh and Fredrik Börjesson) and fees to the Chairman of the Audit Committee (Gunilla Spongh).

During the year, SEK 50,000 was paid to each committee member for work on the Compensation Committee.

### Audit Committee

The Board has appointed an Audit Committee, which – without influencing the responsibilities 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 Audit Committee includes all regular directors and the committee meetings were held in conjunction with the scheduled Board meetings. In conjunction with the adoption of the annual accounts, the Audit Committee meets with and receives a report from the Company's external auditors. At the same time, the Committee also meets with the auditors without the presence of the President & CEO or other members of Group management.

The Chairman of the Audit Committee is Gunilla Spongh. The Chairman possesses accounting and audit expertise. The Audit Committee held six meetings during the 2018/19 financial year, during which minutes were taken.

During the year, SEK 50,000 was paid to the Chairman of the Committee.

### PRESIDENT & CEO AND GROUP MANAGEMENT

Ulf Lilius took office as President & CEO of Momentum Group on 14 June 2017 (in conjunction with a resolution by an Extraordinary General Meeting of Shareholders in then Parent Company B&B TOOLS AB to spin off and distribute Momentum Group to its shareholders). Ulf Lilius has been employed by the Group since 2004 and served as President & CEO of the B&B TOOLS Group between 2012 and 2017. His previous positions include President, Marketing & Sales Director and Executive Vice President of Momentum Industrial

(2002–2010) and various positions at SKF Multitec (1996–2002).

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.

In 2018/19, Momentum Group's management also included Executive Vice President & CFO Niklas Enmark. Remuneration to Group management for the 2018/19 financial year and a description of the Company's incentive programmes are presented in Note 5 Employees and personnel costs on pages 43–45.

For more detailed information about Group management, refer to page 69.

### AUDITORS

According to the Articles of Association, a registered accounting firm (or, alternatively, one or two authorised public accountants) is to be elected as auditor. KPMG was elected as the Company's auditor at the 2018 Annual General Meeting for the period until the end of the 2019 Annual General Meeting. The Auditor in Charge is Håkan Olsson Reising. KPMG performs the audit of Momentum Group 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 Momentum Group 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 Momentum Group each year. The total fee for KPMG's services in addition to the audit assignment amounted to MSEK 0 (2) during the 2018/19 financial year.

### ETHICAL GUIDELINES

Momentum Group 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. Momentum Group's Code of Conduct is available in its entirety on the Company's website.

### GUIDELINES FOR DETERMINING REMUNERATION AND OTHER TERMS OF EMPLOYMENT FOR SENIOR MANAGEMENT

The Board aims to ensure that the remuneration system in place for the President & CEO and other members of the Group's senior management is competitive and in line with market conditions. Accordingly, the Board intends to propose that the Annual General Meeting to be held on 29 August 2019 pass a resolution concerning the 2019/20 guidelines for determining remuneration and other terms of employment for the President & CEO and other members of senior management that corresponds in all material respects with the guidelines for remuneration adopted by the Annual General Meeting held in August 2018 (refer to Note 5 Employees and personnel costs on page 45).

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

Momentum Group bases and organises its operations on decentralised accountability for profitability, with its operating areas taking the form of companies. Accordingly, central control documents include formal work plans for internal Board work and instructions for the division of responsibility between each board and the CEOs.

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 Momentum Group are to be conducted in accordance with the Group's Code of Conduct.

Momentum Group 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 an 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. The function also continuously conducts audits to assess the efficiency of internal controls in various parts of the Group and follows up the implementation of the Group's policies and guidelines.

Momentum Group 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, Momentum Group has introduced a whistleblowing system. The whistleblowing system 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 report**

Neither Momentum Group's six-month report nor its nine-month report for the 2018/19 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 so far 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 the best practice in the stock market.

# INCOME STATEMENT

Amounts in MSEK	Note	2018/19	2017/18
Revenue	3	6,024	5,616
Shares of profit in associated companies		-	2
Other operating income	4	4	4
<b>Total operating income</b>		<b>6,028</b>	<b>5,622</b>
Cost of goods sold		-3,804	-3,546
Personnel costs	5	-1,188	-1,125
Depreciation, amortisation, impairment losses and reversal of impairment losses		-47	-37
Other operating expenses	6, 12	-687	-674
<b>Total operating expenses</b>		<b>-5,726</b>	<b>-5,382</b>
<b>Operating profit</b>	3	<b>302</b>	<b>240</b>
Financial income		1	2
Financial expenses		-7	-7
<b>Net financial items</b>	7	<b>-6</b>	<b>-5</b>
<b>Profit after financial items</b>		<b>296</b>	<b>235</b>
Taxes	9	-65	-53
<b>Net profit</b>		<b>231</b>	<b>182</b>
<b>Attributable to:</b>			
Parent Company shareholders		229	181
Non-controlling interests		2	1
Earnings per share (SEK)	18	8.20	6.45

# STATEMENT OF COMPREHENSIVE INCOME

Amounts in MSEK	Note	2018/19	2017/18
<b>Net profit</b>		<b>231</b>	<b>182</b>
<b>Other comprehensive income</b>			
<i>Components that will not be reclassified to net profit</i>			
Remeasurement of defined-benefit pension plans		0	-4
Tax attributable to components that will not be reclassified	9	0	1
<b>Total</b>		<b>0</b>	<b>-3</b>
<i>Components that will be reclassified to net profit</i>			
Translation differences		8	30
Fair value changes for the year in cash-flow hedges		0	0
Tax attributable to components that will be reclassified	9	0	0
<b>Total</b>		<b>8</b>	<b>30</b>
<b>Other comprehensive income for the year</b>		<b>8</b>	<b>27</b>
<b>Comprehensive income for the year</b>		<b>239</b>	<b>209</b>
<b>Attributable to:</b>			
Parent Company shareholders		237	208
Non-controlling interests		2	1

# BALANCE SHEET

Amounts in MSEK	Note	31 Mar 2019	31 Mar 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible non-current assets	10	649	627
Tangible non-current assets	11	63	61
Shares in associated companies		-	-
Financial investments		1	1
Other long-term receivables	16	1	1
Deferred tax assets	9	20	24
<b>Total non-current assets</b>		<b>734</b>	<b>714</b>
<b>Current assets</b>			
Inventories	14	986	927
Tax assets		28	19
Accounts receivable	24	1,044	967
Prepaid expenses and accrued income	15	86	80
Other receivables	16	28	17
Cash and cash equivalents		8	10
<b>Total current assets</b>		<b>2,180</b>	<b>2,020</b>
<b>Total assets</b>		<b>2,914</b>	<b>2,734</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	17	57	57
Other contributed capital		-	-
Reserves		10	2
Retained earnings, including net profit		1,236	1,096
<b>Equity attributable to Parent Company shareholders</b>		<b>1,303</b>	<b>1,155</b>
<b>Non-controlling interests</b>		<b>14</b>	<b>15</b>
<b>Total equity</b>		<b>1,317</b>	<b>1,170</b>
<b>Non-current liabilities</b>			
Non-current interest-bearing liabilities	24	137	103
Non-current non-interest-bearing liabilities	20	31	35
Provisions for pensions	19	27	27
Other provisions	20	16	19
Deferred tax liabilities	9	29	25
<b>Total non-current liabilities</b>		<b>240</b>	<b>209</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	24	137	202
Accounts payable		822	743
Tax liabilities		21	50
Other liabilities	21	100	83
Accrued expenses and deferred income	22	277	277
<b>Total current liabilities</b>		<b>1,357</b>	<b>1,355</b>
<b>Total liabilities</b>		<b>1,597</b>	<b>1,564</b>
<b>Total equity and liabilities</b>		<b>2,914</b>	<b>2,734</b>

# STATEMENT OF CHANGES IN EQUITY

Amounts in MSEK	Equity attributable to Parent Company shareholders				Non-controlling interests	Total equity
	Share capital	Reserves	Retained earnings, including net profit	Total		
<b>Closing equity, 31 March 2017</b>	<b>57</b>	<b>-28</b>	<b>978</b>	<b>1,007</b>	<b>-</b>	<b>1,007</b>
Net profit			181	<b>181</b>	1	<b>182</b>
Other comprehensive income		30	-3	<b>27</b>		<b>27</b>
Premium received for issued share options			2	<b>2</b>		<b>2</b>
Repurchase of own shares			-27	<b>-27</b>		<b>-27</b>
Acquisitions of partly owned subsidiaries				-	13	<b>13</b>
Contributions in partly owned subsidiaries				-	1	<b>1</b>
Option liability, acquisitions <sup>1)</sup>			-35	<b>-35</b>		<b>-35</b>
<b>Closing equity, 31 March 2018</b>	<b>57</b>	<b>2</b>	<b>1,096</b>	<b>1,155</b>	<b>15</b>	<b>1,170</b>
Net profit			229	<b>229</b>	2	<b>231</b>
Other comprehensive income		8	0	<b>8</b>		<b>8</b>
Dividend			-73	<b>-73</b>		<b>-73</b>
Premium received for issued share options			2	<b>2</b>		<b>2</b>
Repurchase of own shares			-22	<b>-22</b>		<b>-22</b>
Changes in ownership share in partly owned subsidiaries			2	<b>2</b>	-2	<b>0</b>
Dividends paid in partly owned subsidiaries				-	-1	<b>-1</b>
Change in value of option liability			2	<b>2</b>		<b>2</b>
<b>Closing equity, 31 March 2019</b>	<b>57</b>	<b>10</b>	<b>1,236</b>	<b>1,303</b>	<b>14</b>	<b>1,317</b>

1) Refers to the value of call/put options in relation to the non-controlling interest in the acquired subsidiaries TriffiQ Företagsprofilering AB and Reklamproffsen Skandinavien AB, which entail that Momentum Group is entitled to acquire the remaining shares from the shareholders (call option) and the shareholders are entitled to sell their shares to Momentum Group (put option). The call options expire during the 2020/21 financial year and can thereafter be extended for a period of one year at a time. The put options can be exercised until the 2019/20 financial year. The price of the options is dependent on certain results being achieved in the respective companies.

# CASH-FLOW STATEMENT

Amounts in MSEK	Note	2018/19	2017/18
<b>Operating activities</b>			
Profit after financial items		296	235
Adjustments for non-cash items	31	33	-20
Income taxes paid		-94	-20
<b>Cash flow from operating activities before changes in working capital</b>		<b>235</b>	<b>195</b>
<b>Cash flow from changes in working capital</b>			
Change in inventories		-7	-43
Change in operating receivables		-72	-9
Change in operating liabilities		74	-51
<b>Changes in working capital</b>		<b>-5</b>	<b>-103</b>
<b>Cash flow from operating activities</b>		<b>230</b>	<b>92</b>
<b>Investing activities</b>			
Purchase of tangible non-current assets		-17	-15
Proceeds from sale of tangible non-current assets		0	0
Acquisition of intangible non-current assets		-11	-21
Acquisition of subsidiaries/operating segments, net effect on liquidity	31	-73	-72
Proceeds from sale of financial non-current assets	31	-	9
<b>Cash flow from investing activities</b>		<b>-101</b>	<b>-99</b>
<b>Cash flow before financing</b>		<b>129</b>	<b>-7</b>
<b>Financing activities</b>			
Dividend paid to Parent Company shareholders		-73	-
Dividend paid to non-controlling interests		-1	-
Repurchase of own shares		-22	-27
Premium received for issued share options		2	2
Acquisition of non-controlling interests		-2	-
Shareholders' contributions received in partly owned subsidiaries		-	1
Borrowings		32	305
Repayment of loans		-67	-333
<b>Cash flow from financing activities</b>		<b>-131</b>	<b>-52</b>
<b>Cash flow for the year</b>		<b>-2</b>	<b>-59</b>
Cash and cash equivalents at the beginning of the year		10	69
Exchange-rate differences in cash and cash equivalents		0	0
<b>Cash and cash equivalents at year-end</b>	31	<b>8</b>	<b>10</b>



# INCOME STATEMENT

Amounts in MSEK	Note	2018/19	2017/18
Revenue	3	24	22
Other operating income	4	2	0
<b>Total operating income</b>		<b>26</b>	<b>22</b>
Personnel costs	5	-25	-21
Depreciation, amortisation, impairment losses and reversal of impairment losses		0	0
Other operating expenses	6, 12	-11	-22
<b>Total operating expenses</b>		<b>-36</b>	<b>-43</b>
<b>Operating loss</b>		<b>-10</b>	<b>-21</b>
<b>Profit from financial items:</b>			
Profit from participations in Group companies	7	-	-
Profit from other securities and receivables recognised as non-current assets	7	26	20
Other interest income and similar profit/loss items	7	0	0
Interest expense and similar profit/loss items	7	-6	-5
<b>Net financial items</b>		<b>20</b>	<b>15</b>
<b>Profit/loss after financial items</b>		<b>10</b>	<b>-6</b>
Appropriations	8	93	102
<b>Profit before taxes</b>		<b>103</b>	<b>96</b>
Taxes	9	-23	-21
<b>Net profit</b>		<b>80</b>	<b>75</b>

# STATEMENT OF COMPREHENSIVE INCOME

Amounts in MSEK	Note	2018/19	2017/18
<b>Net profit</b>		<b>80</b>	<b>75</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>		-	-
<b>Other comprehensive income for the year</b>		<b>-</b>	<b>-</b>
<b>Comprehensive income for the year</b>		<b>80</b>	<b>75</b>

# BALANCE SHEET

Amounts in MSEK	Note	31 Mar 2019	31 Mar 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible non-current assets	11	0	0
<i>Financial non-current assets</i>			
Participations in Group companies	28	50	50
Receivables from Group companies	13	827	812
Total financial non-current assets		877	862
<b>Total non-current assets</b>		<b>877</b>	<b>862</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Receivables from Group companies		349	402
Tax assets		11	-
Other receivables		1	1
Prepaid expenses and accrued income		2	2
Total current receivables		363	405
Cash and bank		-	-
<b>Total current assets</b>		<b>363</b>	<b>405</b>
<b>Total assets</b>		<b>1,240</b>	<b>1,267</b>
<b>EQUITY, PROVISIONS AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital		57	57
<i>Non-restricted equity</i>			
Fair value reserve		-	-
Retained earnings		530	548
Net profit		80	75
<b>Total equity</b>		<b>667</b>	<b>680</b>
<b>Untaxed reserves</b>	30	<b>63</b>	<b>29</b>
<b>Non-current liabilities</b>			
Liabilities to credit institutions	24	137	102
Liabilities to Group companies		-	-
<b>Total non-current liabilities</b>		<b>137</b>	<b>102</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	24	137	202
Accounts payable		1	1
Liabilities to Group companies		227	235
Tax liabilities		-	12
Other liabilities		1	1
Accrued expenses and deferred income	22	7	5
<b>Total current liabilities</b>		<b>373</b>	<b>456</b>
<b>Total equity, provisions and liabilities</b>		<b>1,240</b>	<b>1,267</b>

## STATEMENT OF CHANGES IN EQUITY

Amounts in MSEK	Restricted equity		Non-restricted equity			Total equity
	Share capital	Holding of treasury shares	Fair value reserve	Retained earnings	Net profit	
<b>Closing equity, 31 March 2017</b>	<b>57</b>	<b>-</b>	<b>-</b>	<b>573</b>	<b>0</b>	<b>630</b>
Reversal of earnings				0	0	0
Net profit					75	75
Other comprehensive income						-
Premium received for issued share options				2		2
Repurchase of own shares		-27				-27
<b>Closing equity, 31 March 2018</b>	<b>57</b>	<b>-27</b>	<b>-</b>	<b>575</b>	<b>75</b>	<b>680</b>
Reversal of earnings				75	-75	0
Net profit					80	80
Other comprehensive income						-
Dividend				-73		-73
Premium received for issued share options				2		2
Repurchase of own shares		-22				-22
<b>Closing equity, 31 March 2019</b>	<b>57</b>	<b>-49</b>	<b>-</b>	<b>579</b>	<b>80</b>	<b>667</b>

## CASH-FLOW STATEMENT

Amounts in MSEK	Note	2018/19	2017/18
<b>Operating activities</b>			
Profit after financial items		10	-6
Adjustments for non-cash items	31	0	0
Income taxes paid		-46	-9
<b>Cash flow from operating activities before changes in working capital</b>		<b>-36</b>	<b>-15</b>
<b>Cash flow from changes in working capital</b>			
Change in current receivables and liabilities to Group companies		41	-63
Change in operating receivables		0	-2
Change in operating liabilities		2	2
<b>Changes in working capital</b>		<b>43</b>	<b>-63</b>
<b>Cash flow from operating activities</b>		<b>7</b>	<b>-78</b>
<b>Investing activities</b>			
Acquisition of intangible non-current assets		0	0
<b>Cash flow from investing activities</b>		<b>0</b>	<b>0</b>
<b>Cash flow before financing</b>		<b>7</b>	<b>-78</b>
<b>Financing activities</b>			
Dividend		-73	-
Repurchase of own shares		-22	-27
Premium received for issued share options		2	2
Change in long-term receivables and liabilities to Group companies		-12	-52
Group contributions paid and received		131	1
Borrowings		32	304
Repayment of loans		-65	-150
<b>Cash flow from financing activities</b>		<b>-7</b>	<b>78</b>
<b>Cash flow for the year</b>		<b>0</b>	<b>0</b>
Cash and cash equivalents at the beginning of the year		-	-
Exchange-rate differences in cash and cash equivalents		-	-
<b>Cash and cash equivalents at year-end</b>	31	<b>-</b>	<b>-</b>

# THE GROUP'S RISKS AND OPPORTUNITIES

Like all businesses, the Momentum Group's operations entail risks and opportunities. The purpose of risk management in the Group is to balance opportunities and risks in a conscious and controlled manner.

The Group is convinced that a decentralised approach creates an entrepreneurial spirit, whereby risk is always a natural component in the decision-making process. To ensure support and a unified approach to how the businesses should deal with risks and opportunities, the work involved in identifying and responding to the most material risks is integrated into the Group's strategic and operative planning process at all operational levels in the organisation. Continuous work is carried out to develop the risk management process and implement measures to prevent and minimise risks in all of the main risk areas presented below.

Momentum Group describes its main risks from three perspectives: *strategic risks* associated with the industry/market in which the Group operates, *operational risks* related to how the Group conducts its business and *financial risks* linked to the types of financial transactions in which the Group is involved.

## STRATEGIC RISKS ASSOCIATED WITH MARKET AND INDUSTRY

### Market development/economic situation

The Momentum Group's customers mainly comprise industrial, construction and service companies in Sweden, Norway and Finland as well as the public sector in Sweden and Norway. Accordingly, the industrial economy in the Nordic region impacts the Group's development, mainly with respect to changes in the number of employees, productivity and the level of investment willingness in industry. Moreover, demand in each individual country is impacted by investments in infrastructure programmes, such as expansions and maintenance of motorways and railways, and by various initiatives in publicly financed operations, such as the armed forces.

### Competitive situation

As the structural transformation and consolidation of the industry progresses, the competitive situation also changes for the companies in the Momentum Group. Customers are increasingly striving to limit their number of suppliers and instead initiate closer collaboration with these suppliers in order to jointly develop the value chain, focus on a value-added offering of products and services and thereby reduce the total cost (for purchasing, stocking, administration and tied-up capital). Competition among resellers has increased due to the entry of new, often online-based, resellers and certain international players into the Swedish market in recent years, especially in the building material and private markets. This trend indicates continued consolidation among resellers, a development in which Momentum Group is playing an active role.

### Increased digitisation

The importance of being able to offer customers both digital sales channels and digital solutions for efficient transaction management is growing. This is placing greater demands on the companies in the Momentum Group to develop solutions that meet the current and future needs of customers and business partners, which require a high degree of single order entry. These solutions, in turn, require continuous investments in efficient transaction and integration platforms, systems for managing large quantities of product information and attractive e-commerce solutions.

## OPERATIONAL RISKS

### Dependence on external suppliers

Momentum Group is dependent on external product suppliers fulfilling agreements with respect to, for example, volumes, quality and delivery times. Incorrect or delayed deliveries, or non-deliveries, could result in the companies in the Group failing to deliver popular and/or ordered products on time. In addition, the companies are also dependent to a degree on certain global brands from world-leading suppliers, with which collaborations and business relationships must continuously be established, defended and developed in order to serve the Group's customers in the best manner possible.

### Critical IT systems

Momentum Group's operations are dependent on the Company's consistent access to IT-based tools and systems, which can be vulnerable to damage and disruptions caused by, for example, computer viruses, power cuts, fires, IT attacks, operational disruptions and similar events. Disruptions to critical IT systems could cause problems when it comes to delivering products and services to the customers within the agreed time frame.

### Operational problems at the Group's logistics centres

The Group has two major logistics centres, one in Alingsås (Sweden) and another in Kotka (Finland). A fire, problems with IT systems or other technology used by the logistics centres, or any other form of major disruption at these units could create problems for the companies concerned in Momentum Group when it comes to delivering products to their customers.

### Credit and counterparty risks

Momentum Group is exposed to normal credit and counterparty risks in its customer relationships. None of the Group's customers accounts for a significant portion of the Group's revenue.

### Corporate acquisitions

Acquisitions are a crucial component of Momentum Group's growth strategy. The risks involved in acquisitions include the risk that the Group will not successfully achieve the anticipated gains associated with an acquisition and the risk that unknown contingent liabilities will not be identified during due diligence.

## FINANCIAL RISKS

### Exchange-rate fluctuations

A minor portion of Momentum Group's purchases are made in foreign currency, while sales are normally conducted in local currency in the countries in which the Group conducts its operations. For a description of the Group's exposure to various currencies and the financial instruments used to minimise the risks, refer to the section *Foreign-exchange rates* in Note 24 Financial risks and risk management.

### Interest-rate fluctuations

For a description of the manner in which Momentum Group is exposed to interest-rate fluctuations in relation to external borrowing and lending and the way this is managed to minimise risks, refer to the section *Interest-rate risks* in Note 24 Financial risks and risk management.

### Financing risk

Financing risk refers to the risk that meeting Momentum Group's requirements for external capital could become more difficult or more expensive. For a description of the Group's financing and the manner in which the financing risk is managed, refer to the section *Liquidity and refinancing risks* in Note 24 Financial risks and risk management.

# NOTES

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## NOTE 1 SUMMARY OF KEY 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 "Parent Company accounting policies."

The Parent Company financial statements and consolidated financial statements were approved for publication by the Board of Directors and President & CEO on 11 June 2019. The income statements and balance sheets of the Parent Company and the Group are subject to approval by the Annual General Meeting to be held on 29 August 2019.

### VALUATION 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 judgements and estimates and makes assumptions that affect the application of the accounting policies and the carrying amounts of assets, liabilities, income and expenses. The actual outcome may differ from these estimates and judgements. The estimates and assumptions 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. Judgements 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 2.

Events after the end of the financial year 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 end of the financial year 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 reclassification 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 consolidated 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.

### NEW AND AMENDED ACCOUNTING POLICIES

The amended accounting policies applied by the Group as of 1 April 2018 are described below. Other amendments to IFRS applicable as of 1 April 2018 have not had a material impact on the Group's financial statements.

#### IFRS 9 Financial Instruments

IFRS 9 Financial Instruments, which is to be applied as of 1 April 2018, covers the recognition of financial assets and liabilities and replaces IAS 39 Financial Instruments. The standard contains amended rules for the classification and measurement of financial assets and liabilities, impairment of financial instruments, and hedge accounting.

#### Classification of financial assets and financial liabilities

The classification of financial assets under IFRS 9 is generally based on the company's business model for holding the financial assets and the characteristics of the contractual cash flows from the financial asset. The introduction of IFRS 9 has entailed the replacement of the previous measurement categories of held-to-maturity investments, loan receivables and accounts receivable, and available-for-sale financial assets that were included in IAS 39 with ►►

new but similar categories. The changed model for the classification of financial assets did not have any monetary impact on the measurement of the Group's financial assets.

#### **Impairment of financial assets and contract assets**

IFRS 9 replaced the incurred loss model with an expected credit loss model. The new impairment model is applied to financial assets measured at amortised cost or fair value through other comprehensive income, with the exception of investments in equity instruments (shares and participations), and to contract assets in accordance with IFRS 15.

The Group has incurred small credit losses in the past. The introduction of IFRS 9 did not have a material impact on the Group, which is why no adjustments were made to the recognised reserve for credit losses in connection with the transition to IFRS 9.

#### **Hedge accounting**

In transitioning to IFRS 9, the Group may choose to either continue applying the rules for hedge accounting under IAS 39 or to apply the rules under IFRS 9. The Group has chosen to apply the new rules in IFRS 9.

IFRS 9 requires the Group to ensure that the hedging relationship is consistent with the Group's risk management goals and strategy, and applies a more qualitative and forward-looking approach to assessing the effectiveness of the hedges. The Group primarily uses foreign-exchange forward contracts to hedge changes in cash flow due to changed foreign-exchange rates linked to the sale and purchase of inventories, and the Group applies hedge accounting for these hedges. At present, only one change in the spot rate has been identified as a hedged risk. The types of hedging relationships identified by the Group satisfy the requirements of IFRS 9 and the introduction did not have any material impact on the Group's financial statements.

#### **IFRS 15 Revenue from Contracts with Customers**

On 1 April 2018, IFRS 15 Revenue from Contracts with Customers replaced the existing IFRS related to revenue recognition, such as IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. 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. The Group has analysed the various revenue streams that exist in the operations. This analysis concluded that the transition to IFRS 15 did not have any material effects and the implementation of IFRS 15 did not impact the timing of the Group's revenue recognition or the amounts recognised. Refer also to the section "Income" in this note. IFRS 15 has resulted in expanded disclosure requirements, which are presented in Note 3.

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

The new IFRS presented below take effect from the 2019/20 financial year and have not been applied in the preparation of the 2018/19 financial statements but are deemed relevant to the Group.

#### **IFRS 16 Leases**

On 1 April 2019, IFRS 16 Leases replaced the existing IFRS related to the recognition of leases, such as IAS 17 Leases and IFRIC 4 Determining Whether an Arrangement Contains a Lease. IFRS 16 mainly affects the lessee and the principal effect is that leases which are currently reported as operating leases will be recognised in a manner similar to the current recognition of financial leases. This means that even for operating 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 debts is required, and where leasing fees are accrued linearly as a lease expense.

In conjunction with the transition to IFRS 16, the Group's total assets will increase by approximately MSEK 500. The transition will also entail certain reclassifications in the balance sheet related to other provisions, prepaid expenses and accounts payable. According to the Group's current estimates, the transition will have a positive impact of 0.2 percentage points on the operating margin compared with previous accounting policies, corresponding to an increase of approximately MSEK 10 in operating profit for the 2018/19 financial year.

#### **Leases in which the Group is the lessee**

The Group will recognise new assets and liabilities for operating leases primarily for warehouse and store facilities. The expenses for these leases will change since the Group will recognise depreciation for right-of-use assets and interest expense for lease liabilities. In addition, the Group will no longer recognise provisions for operating leases deemed to be onerous. Instead, the Group will include payments according to the lease in the lease liability.

#### **Transition and exemption rules**

The Group will apply the modified retrospective approach. This entails that the accumulated

effect of the implementation of IFRS 16 will be recognised in retained earnings in the opening balance as of 1 April 2019 without restating comparative figures. The right-of-use assets attributable to earlier operating leases will primarily be recognised at their depreciated value as of the lease commencement date and to a lesser extent at the value of the liability as of 1 April 2019 plus advance payments recognised in the balance sheet as of 31 March 2019.

Low-value leases (leases where the underlying assets have a value, when new, of approximately SEK 50 thousand or less) – which mainly comprise computers, printers/photocopiers and coffee machines – will not be included in the lease liability, but rather will continue to be expensed on a straight-line basis over the lease term. The existence of short-term leases (leases with a term of 12 months or less) is not deemed to be material in the Group.

No other new or amended IFRS or IFRIC interpretations that have been published by the IASB but have not yet been adopted by the EU are deemed to be relevant for the Group's financial statements.

#### **SEGMENT REPORTING**

An operating segment is a part of the Group that conducts operations that can generate revenue 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-makers to enable them to be assessed and to allow resources to be allocated to the operating segment. Refer to Note 3 for a more detailed description of the Group's division and a presentation of operating segments.

#### **CLASSIFICATION, ETC.**

Non-current assets essentially consist of amounts that are expected to be recovered or paid more than 12 months from the balance-sheet date, while current assets essentially consist of amounts that are expected to be recovered or paid within 12 months from the balance-sheet date. Non-current liabilities essentially consist of amounts which the Group, as of the end of the reporting period, has an unconditional right to pay more than 12 months after the end of the reporting period. If Momentum Group does not have such a right as of the end of the reporting period – or if the liability is held for trading or expected to be settled within the normal business cycle – the liability amount is recognised as a current liability.

#### **PRINCIPLES OF CONSOLIDATION**

##### **Subsidiaries**

Subsidiaries are entities over which Momentum Group 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, a non-controlling interest arises. 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 has part of goodwill. Which of these two alternatives is to be applied for the recognition of non-controlling interests can be determined on a case-by-case basis.

For step acquisitions, goodwill is determined on the date on which controlling influence arises. 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 values. In the consolidated income statement, the Group's share of the associated companies' profits, 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 on a separate line in the Group's other comprehensive income. Any differences at the time of 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 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 ceases.

### 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 subsidiary's net assets 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. Some sales of services also occur.

#### Sale of goods

Income includes the fair value of the amount that has been, or will be, received for goods sold in the Group's operating activities. Income is recognised net, less discounts, such as volume-related discounts.

For 2017/18, 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) and it is probable that the economic benefits associated with the transaction will accrue to the Group. In accordance with IFRS 15, which has been applied since 1 April 2018, the Group recognises income when control of the goods is passed to

the customer. In practice, this new application has not had any impact on the consolidated financial statements.

#### Service assignments

Part of the Group's income comes from service assignments. Most of this income is related to assignments carried out over short periods of time, such as service and repairs. Income is normally recognised when the service is performed. Income from service assignments that is recognised over time is primarily attributable to workshop-related services. The models applied under IFRS 15 for calculating and measuring how income is to be recognised over time are largely consistent with the percentage-of-completion method applied in the Group in 2017/18. Accordingly, the transition to IFRS 15 has had no impact on the consolidated financial statements.

#### Government grants

Income related to grants from the EU, central governments or local governments is recognised in net profit when the Group becomes entitled to the grants by fulfilling the terms and obligations associated with the subsidies.

### OPERATING EXPENSES AND FINANCIAL INCOME AND EXPENSES

#### Operating leases

Costs related to operating 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 lease term in such a way that each accounting period is charged with an amount corresponding to a fixed interest rate for the liability reported 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/losses on financial investments.

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.

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 IFRS 9. 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, liabilities referred to call options and put options in equity instruments in partly owned subsidiaries 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 as 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

The Group classifies its financial instruments in the following categories: financial assets and liabilities measured at fair value through profit or loss, financial assets measured at fair value through other comprehensive income and financial assets and liabilities measured at

amortised cost. A financial instrument's classification determines how it is measured after the initial reporting occasion. The classification of financial assets is based on the Company's business model for holding the financial assets and the characteristics of the contractual cash flows from the financial asset. The Group's holdings of financial instruments are classified as follows:

**Financial assets measured at fair value through profit or loss**

Financial assets measured at fair value through profit or loss comprise financial assets held for trading. A financial asset is classified in this category if it was principally acquired for the purpose of being sold within the near future. Derivatives are always classified as held for trading insofar as they do not comprise hedged instruments.

In the current year, the same asset items were classified in this category as in the previous year.

**Financial assets measured at amortised cost**

Financial assets measured at amortised cost comprise holdings of receivables and other debt instruments for which the Group, according to its business model, intends to receive the capital amount and any interest and which generate cash flows that comprise only payments of the capital amount and interest. This category includes cash and cash equivalents, accounts receivable and any other receivables. These assets are included in current assets with the exception of items with maturity dates more than 12 months after the balance-sheet date, which are classified as non-current assets. The assets 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.

The financial assets in this category were previously classified as loan receivables and accounts receivable.

**Financial assets measured at fair value through other comprehensive income**

The category "Financial assets measured at fair value through other comprehensive income" includes holdings of equity instruments for which a choice has been made to recognise the instruments in this category as well as holdings of debt instruments that meet the same cash flow requirements as financial assets measured at amortised cost but where the business model entails that the instruments are also realised through sales. These assets are included in non-current assets if management does not intend to dispose of them within 12 months of the balance-sheet date.

The Group has no financial assets in this category.

**Financial liabilities measured at amortised cost**

Loans and other financial liabilities, such as accounts payable, are included in this category. Financial liabilities in this category 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.

**Financial liabilities measured at fair value**

Financial liabilities arising in connection with acquisitions in respect of issued call options and put options on equity instruments in partly owned subsidiaries, which grant Momentum Group the right to acquire the remaining shares from the shareholders (call option) and shareholders the right to sell the remaining shares (put option), are measured at fair value. Fair value comprises discounted future expected cash flow and is thus included in level 3 according to IFRS 13.

**Derivatives and hedge accounting**

Derivative instruments are initially measured at fair value. After the acquisition date, derivative instruments held for hedging purposes, meaning foreign-exchange forward contracts, are measured at fair value.

The Group identifies certain derivatives as 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 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 non-financial liability, the hedging reserve is dissolved in other comprehensive income and included in the initial carrying amount of the asset or liability.

**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. 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 operating 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 operating 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 repayment of the liabilities. Assets that are leased in accordance with operating leases are generally not recognised as an asset in the balance sheet. Nor do operating leases result in a liability.

**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 estimated 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 the 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.

An assessment of the depreciation methods applied and the residual value and useful life of assets is carried out at each year-end.

**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 and capitalised IT expenditure for development 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.

**Estimated useful lives:**

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

An assessment of the amortisation methods and useful lives applied is carried out at each year-end.

**INVENTORIES**

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is primarily calculated by 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 IN TANGIBLE AND INTANGIBLE ASSETS**

The carrying amount of the Group's tangible and intangible assets is tested on at least each balance-sheet date to determine whether there are any indications of an impairment requirement. If there is any indication of impairment, the recoverable amount of the asset is calculated. The recoverable amount of goodwill, other intangible assets with an indefinable 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 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 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 interests.

**Dividends**

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

**Repurchase of treasury shares**

The holding of treasury shares and other equity instruments is recognised as a decrease of equity. Purchases of such instruments are recognised as a deduction in equity. Proceeds from any sale of equity instruments are recognised as increases in equity. Any transaction costs are recognised directly in equity.

**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 call options on repurchased shares issued to employees. For the calculation of individual components, refer to Note 18.

**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. 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.

In 2018, Alecta's surplus in the form of its collective solvency margin was 142 percent (154). The collective consolidation level consists of the market value of Alecta's assets as a percentage of insurance undertakings calculated in accordance with Alecta's actuarial basic data, which do not comply 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.

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 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. 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.

**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 carry-forwards 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.

**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**

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, with changes in value in profit or loss.

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

All leases in the Parent Company are recognised in accordance with the rules for operating leases.

**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. In the Parent Company, no part of the appropriations are distributed to deferred tax expense in profit or loss.

**Financial instruments**

The Parent Company has elected not to apply IFRS 9 for financial instruments. However, parts of the principles of IFRS 9 are still applicable, such as impairment losses, recognition / derecognition, criteria for application of hedge accounting and the effective interest method for interest income and interest expenses.

In the Parent Company, financial non-current assets are measured at cost less any impairment losses, and financial current assets in accordance with the lowest value principle. For financial assets recognised at amortised cost, the impairment rules of IFRS 9 apply.

In accordance with the rules of RFR 2, the Parent Company has elected not to apply the provisions in IFRS 9 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 KEY ESTIMATES AND JUDGEMENTS

Estimates and judgements have been made based on the information available at the time this report was submitted. These estimates and judgements 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 judgements, which is subject to a risk that future events and new information may change the basis for current estimates and judgements 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 forecasted future cash flows. The assumptions used when conducting impairment testing are described in Note 10.

### INVENTORY OBSOLESCENCE

Since Momentum Group 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 by 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.

### TAXES

Changes in tax legislation in the countries where Momentum Group 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. Assessments are carried out to determine both current and deferred tax liabilities/assets. The actual result may differ from these judgements, partly due to changes in business climate or changed tax legislation.

### NOTE 3 SEGMENT REPORTING AND SPECIFICATION OF INCOME FROM CONTRACTS WITH CUSTOMERS

During the 2018/19 financial year, the Group's operating segments comprised the **Tools & Consumables** and **Components & Services** business areas. The operating segments are consolidations of the operational organisation, as used by Group management and the Board of Directors to monitor operations. Group management, comprising the President & CEO and CFO, are the Group's chief operating decision makers.

**Tools & Consumables** comprised TOOLS Sweden, TOOLS Norway, TOOLS Finland, Mercus Yrkeskläder, Triffiq Företagsprofilering and Reklamproffsen, which offer products and services related to tools and industrial consumables as well as workwear and profile clothing for the

industrial and construction sectors in the Nordic region. **Components & Services** comprised resellers of industrial components, workplace equipment, services and maintenance to the industrial sector in the Nordic region within Momentum Industrial and Gigant. **Group-wide** includes the Group's management, finance function, support functions and logistics operations. The support functions include internal communications, investor relations and legal affairs.

Intra-Group pricing between the segments occurs on market terms. No single customer in the Group accounts for more than 3 percent of the Group's revenue. Revenue presented for the geographic markets is based on the domicile of the customers.

Revenue	2018/19					2017/18				
	Tools & Consumables	Components & Services	Group-wide	Eliminations	Group total	Tools & Consumables	Components & Services	Group-wide	Eliminations	Group total
From external customers per geographic area										
Sweden	1,871	1,183	2	-	3,056	1,935	1,045	2	-	2,982
Norway	1,749	75	-	-	1,824	1,478	72	-	-	1,550
Finland	975	7	-	-	982	922	8	-	-	930
Other countries	82	80	-	-	162	78	76	-	-	154
From other segments	11	192	124	-327	-	10	197	118	-325	-
<b>Total</b>	<b>4,688</b>	<b>1,537</b>	<b>126</b>	<b>-327</b>	<b>6,024</b>	<b>4,423</b>	<b>1,398</b>	<b>120</b>	<b>-325</b>	<b>5,616</b>
Adjusted operating profit/loss	168	142	-8	0	302	134	125	-8	1	252
Items affecting comparability	-	-	-	-	-	-5	-2	-5	-	-12
Operating profit/loss	168	142	-8	0	302	129	123	-13	1	240
Net financial items	-	-	-6	-	-6	-	-	-5	-	-5
<b>Profit/loss after net financial items</b>	<b>168</b>	<b>142</b>	<b>-14</b>	<b>0</b>	<b>296</b>	<b>129</b>	<b>123</b>	<b>-18</b>	<b>1</b>	<b>235</b>
Goodwill	365	157	-	-	522	354	146	-	-	500
Other assets	1,940	627	598	-773	2,392	1,848	575	571	-760	2,234
<b>Total assets</b>	<b>2,305</b>	<b>784</b>	<b>598</b>	<b>-773</b>	<b>2,914</b>	<b>2,202</b>	<b>721</b>	<b>571</b>	<b>-760</b>	<b>2,734</b>
Liabilities	1,229	610	538	-766	1,611	1,183	562	587	-753	1,579
<b>Other disclosures</b>										
Investments	22	3	3	-	28	22	11	3	-	36
Depreciation and amortisation	-39	-6	-2	-	-47	-32	-3	-2	-	-37

The columns "Group-wide" and "Eliminations" pertaining to assets comprise eliminations of intra-segment receivables and internal gains on inventories of MSEK 773, intra-segment receivables of MSEK 562 and undistributed assets of MSEK 36.

The columns "Group-wide" and "Eliminations" pertaining to liabilities comprise eliminations of intra-segment liabilities of MSEK 766, intra-segment liabilities of MSEK 173 and undistributed liabilities of MSEK 365.

The columns "Group-wide" and "Eliminations" pertaining to assets comprise eliminations of intra-segment receivables and internal gains on inventories of MSEK 760, intra-segment receivables of MSEK 537 and undistributed assets of MSEK 33.

The columns "Group-wide" and "Eliminations" pertaining to liabilities comprise eliminations of intra-segment liabilities of MSEK 753, intra-segment liabilities of MSEK 173 and undistributed liabilities of MSEK 414.

#### REVENUE BY CLASS OF INCOME

Revenue	Group		Parent Company	
	2018/19	2017/18	2018/19	2017/18
Sale of goods	5,874	5,480	-	-
Service assignments	122	110	24	22
Commissions, bonuses and other income	28	26	-	-
<b>Total</b>	<b>6,024</b>	<b>5,616</b>	<b>24</b>	<b>22</b>

Income in the Parent Company pertains to intra-Group services totalling MSEK 24.

#### INFORMATION CONCERNING NON-CURRENT ASSETS BY GEOGRAPHIC AREA

The Group primarily conducts operations in Sweden, Norway and Finland. Intangible and tangible non-current assets presented for the geographic markets are based on the geographic location of the operations.

	2018/19	2017/18
Sweden	421	404
Norway	112	107
Finland	177	175
Other countries	2	2
<b>Group total</b>	<b>712</b>	<b>688</b>

#### NOTE 4 OTHER OPERATING INCOME

	Group		Parent Company	
	2018/19	2017/18	2018/19	2017/18
Exchange-rate gains on operating receivables/liabilities	0	0	-	-
Grants from EU, central and local government	3	3	-	-
Insurance indemnification	1	1	-	-
Other	0	0	2	-
<b>Total</b>	<b>4</b>	<b>4</b>	<b>2</b>	<b>-</b>

Other operating income in the Parent Company pertains to internally invoiced expenses of MSEK 2.

## NOTE 5 EMPLOYEES AND PERSONNEL COSTS

Average no. of employees by country	2018/19			2017/18		
	Men	Women	Total	Men	Women	Total
Sweden, Parent Company	4	3	7	4	3	7
Sweden, subsidiaries	725	216	941	725	211	936
Norway	362	74	436	354	71	425
Finland	227	43	270	228	40	268
Denmark	11	4	15	13	3	16
Other countries	1	1	2	1	1	2
<b>Group total</b>	<b>1,330</b>	<b>341</b>	<b>1,671</b>	<b>1,325</b>	<b>329</b>	<b>1,654</b>

### PERCENTAGE WOMEN

Parent Company	2018/19	2017/18
Board of Directors	40	40
Group management	0	0
<b>Group</b>		
Boards of directors	15	12
Other senior management	22	20

The category "Other senior management" includes individuals in management groups of Group companies.

Costs for employee benefits and directors' fees	2018/19	2017/18
<b>Parent Company</b>		
Salaries and other remuneration	16	15
Pension costs, defined-benefit plans	0	0
Pension costs, defined-contribution plans	3	3
Social security contributions	6	5
<b>Subsidiaries</b>		
Salaries and other remuneration	907	853
Pension costs, defined-benefit plans	3	3
Pension costs, defined-contribution plans	83	72
Social security contributions	200	197
<b>Group total</b>	<b>1,218</b>	<b>1,148</b>

Salaries and other remuneration distributed between Board of Directors/senior management and other employees	2018/19		2017/18	
	Board of Directors and President	Other employees	Board of Directors and President	Other employees
Parent Company total	9	7	10	5
<i>of which bonuses, etc.</i>	2	0	2	0
Subsidiaries total	15	892	13	840
<i>of which bonuses, etc.</i>	1	22	1	24
<b>Group total</b>	<b>24</b>	<b>899</b>	<b>23</b>	<b>845</b>

The category "Board of Directors and President" in the table above includes the directors, presidents and executive vice presidents in the Group.

### SALARY AND OTHER REMUNERATION TO THE BOARD OF DIRECTORS AND GROUP MANAGEMENT OF MOMENTUM GROUP

#### Board of Directors

Fees to the Chairman of the Board and other Directors have been paid in accordance with the resolution of the Annual General Meeting in August 2018 according to the table below. Special remuneration was paid for committee work in 2018/19, with the members of the Compensation Committee receiving SEK 50 thousand each (two people) and the Chairman of the Audit Committee receiving SEK 50 thousand.

#### Group management

Salaries and remuneration to the Group's management for the 2018/19 financial year have been paid in accordance with the guidelines for remuneration resolved by the Annual General Meeting in August 2018.

#### President & CEO

Ulf Lilius has been President & CEO of Momentum Group AB since June 2017. Remuneration to the President & CEO of Momentum Group AB comprises fixed salary, variable salary, participation in the call option programmes 2017/21 and 2018/22 (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 variable portion being used to acquire shares in Momentum Group AB. As of 31 March 2019, the President & CEO held 50,000 call options, 15,000 of which within the framework of the call option programme 2017/21 and 35,000 within the framework of the call option programme 2018/22.

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. In the event of termination of employment at the initiative of the Company, the period of notice is 12 months. Severance pay is also payable in a maximum amount of 12 months' salary.

#### Other senior executives

In this note, other members of senior management refers to Group management excluding the President & CEO.

In addition to Ulf Lilius, Group management comprises Niklas Enmark, Executive Vice President & CFO. For the Company's Executive Vice President, 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 variable portion being used to acquire shares in Momentum Group AB. As of 31 March 2018, the Executive Vice President held 45,000 call options, 15,000 of which within the framework of the call option programme 2017/21 and 30,000 within the framework of the call option programme 2018/22. >>

## NOTES

From the age of 65, the Executive Vice President is covered by a defined-contribution pension, whose size depends on the outcome of the pension insurance policies taken out. In the event of termination of employment at the initiative of the Company, the period of notice is 12 months.

### LONG-TERM INCENTIVE (LTI) PROGRAMMES

In 2017, the Board of Momentum Group AB decided to offer a long-term incentive programme to Executive Vice President & CFO Niklas Enmark involving an annual cash-based gross remuneration amount of SEK 400 thousand over a three-year period. Payment of the cash-based gross remuneration amount was conditional on an initial investment in Momentum Group shares by the Executive Vice President of approximately MSEK 2.5 and on his continued employment by the Company. Gross compensation for the 2018/19 financial year amounted to SEK 400 thousand, which was expensed and paid in 2018/19.

### REMUNERATION AND OTHER BENEFITS TO THE BOARD OF THE PARENT COMPANY AND GROUP MANAGEMENT 2018/19

SEK thousand	Director's fee/Fixed salary	Variable salary and LTI	Other benefits	Pension costs	Total	Call options outstanding (no.)
<b>Board of Directors</b>						
Jürgen Wigh, Chairman <sup>1)</sup>	650				650	
Fredrik Börjesson, Director <sup>1)</sup>	325				325	
Charlotte Hansson, Director	275				275	
Stefan Hedelius, Director	275				275	
Gunilla Spongh, Director <sup>2)</sup>	325				325	
<b>Total</b>	<b>1,850</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,850</b>	<b>-</b>
<b>Group management</b>						
Ulf Lilius, President & CEO	4,294	756	80	1,523	6,653	50,000
Niklas Enmark, Executive Vice President & CFO	2,521	834	99	769	4,223	45,000
<b>Total</b>	<b>6,815</b>	<b>1,590</b>	<b>179</b>	<b>2,292</b>	<b>10,876</b>	<b>95,000</b>

1) Member of the Compensation Committee.

2) Audit Committee Chairman.

### REMUNERATION AND OTHER BENEFITS TO THE BOARD OF THE PARENT COMPANY AND GROUP MANAGEMENT 2017/18

SEK thousand	Director's fee/Fixed salary	Variable salary and LTI	Other benefits	Pension costs	Total	Call options outstanding (no.)
<b>Board of Directors</b>						
Jürgen Wigh, Chairman <sup>1)</sup>	570				570	
Fredrik Börjesson, Director <sup>1)</sup>	310				310	
Charlotte Hansson, Director	260				260	
Stefan Hedelius, Director	260				260	
Gunilla Spongh, Director <sup>2)</sup>	310				310	
<b>Total</b>	<b>1,710</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,710</b>	<b>-</b>
<b>Group management</b>						
Ulf Lilius, President & CEO <sup>3)</sup>	4,110	882	57	1,230	6,279	15,000
Niklas Enmark, Executive Vice President & CFO	2,403	1,062	79	823	4,367	15,000
<b>Total</b>	<b>6,513</b>	<b>1,944</b>	<b>136</b>	<b>2,053</b>	<b>10,646</b>	<b>30,000</b>

1) Member of the Compensation Committee.

2) Audit Committee Chairman.

3) Reported remuneration pertains to the full financial year from 1 April 2017 to 31 March 2018, although the President & CEO formally assumed the position in June 2017.

### CALL OPTION PROGRAMME 2018/22

In August 2018, the Annual General Meeting of Momentum Group AB resolved to offer 50 key individuals in senior positions the opportunity to acquire a maximum of 250,000 call options on repurchased Class B shares on market terms. The programme was fully subscribed. The call options have been conveyed at a price of SEK 10.20 per call option, equivalent to the market value of the options according to a valuation performed by Nordea Bank. The redemption price for the call options is SEK 137.30 per share and the redemption periods were set at 14-28 February and 16-30 May 2022, respectively. The programme was secured in its entirety through repurchase of treasury shares.

The offering is linked to a subsidy corresponding to the paid option price, which means that an amount of SEK 10.20 per acquired call option will be paid to the holder. The subsidy will be paid by the holder's employer in September 2020, on the condition that all originally acquired call options in this programme remain and that the individual has remained an employee of the Group.

### CALL OPTION PROGRAMME 2017/21

In November 2017, an Extraordinary General Meeting of Shareholders in Momentum Group AB resolved to offer 40 key individuals in senior positions the opportunity to acquire a maximum of 250,000 call options on repurchased Class B shares on market terms. The programme was fully subscribed. The call options have been conveyed at a price of SEK 9.60 per call option, equivalent to the market value of the options according to a valuation performed by Nordea Bank. The redemption price for the call options is SEK 121.60 per share and the redemption periods were set at 12-25 February and 12-25 May 2021, respectively. The programme was secured in its entirety through repurchase of treasury shares.

The offering is linked to a subsidy corresponding to the paid option price, which means that an amount of SEK 9.60 per acquired call option will be paid to the holder. The subsidy will be paid by the holder's employer in December 2019, on the condition that all originally acquired call options in this programme remain and that the individual has remained an employee of the Group. >>

## CALL OPTIONS ISSUED AND OUTSTANDING AS OF 31 MARCH 2019

	Date of issue	Redemption period	Redemption price, SEK	No. of options issued	No. of options outstanding	Settlement method
<b>Group</b>						
Call option programme 2018/22	September 2018	14-28 February 2022 and 16-30 May 2022	137.30	250,000	250,000	Physical delivery
Call option programme 2017/21	December 2017	12-25 February 2021 and 12-25 May 2021	121.60	250,000	234,000	Physical delivery
<b>Parent Company</b>						
Call option programme 2018/22	September 2018	14-28 February 2022 and 16-30 May 2022	137.30	96,500	96,500	Physical delivery
Call option programme 2017/21	December 2017	12-25 February 2021 and 12-25 May 2021	121.60	48,500	48,500	Physical delivery

## GUIDELINES FOR DETERMINING REMUNERATION AND OTHER TERMS OF EMPLOYMENT FOR SENIOR MANAGEMENT

These guidelines apply for remuneration to the President & CEO and other members of senior management in Momentum Group. Momentum Group is to strive to offer total remuneration that is in line with market terms and thus enables the Company to attract and retain qualified employees. Total remuneration varies in relation to the individual's responsibilities and performance, and may comprise the components specified below.

**Fixed salary** forms the basis of the total remuneration. Fixed salary is to be in line with market terms and reflect the responsibilities associated with the position as well as the individual's competence and performance. Fixed salary is reviewed annually.

**Variable salary** may normally amount to a maximum of 40 percent of the fixed salary and is mainly to be based on the earnings growth and profitability of the Group and the individual area of responsibility.

On an annual basis, the Board of Directors will assess whether a **long-term incentive programme** should be proposed at the Annual General Meeting and, if so, whether the proposed long-term incentive programme should include a conveyance of shares in the Company.

**Retirement pension and healthcare and medical benefits** are to reflect market rules and practice. If possible, pensions are to comprise defined-contribution plans.

**Other benefits** may be provided to individual members or all members of Group management and are to reflect market practice. These benefits may not comprise a significant portion of the total remuneration.

**Other terms of employment**, such as period of notice and severance pay, are to be in line with market terms and may not under any circumstances exceed a 12-month period of notice and 12 months' severance pay. No severance pay is to be paid if notice is given by the employee.

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

Guidelines resolved by the Annual General Meeting of Momentum Group AB held on 22 August 2018. These guidelines have been applied to all agreements entered into with the President & CEO and other members of Group management during 2018/19.

## NOTE 6 FEES TO AUDITORS

	Group		Parent Company	
	2018/19	2017/18	2018/19	2017/18
<b>KPMG</b>				
Audit assignment	3	2	1	1
Tax advisory services	0	0	-	-
Other assignments	0	2	0	1
<b>Total fees to KPMG</b>	<b>3</b>	<b>4</b>	<b>1</b>	<b>2</b>
<b>Other auditors</b>				
Audit assignment	0	0	-	-
Tax advisory services	-	-	-	-
Other assignments	-	-	-	-
<b>Total fees to other auditors</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>
<b>Total fees to auditors</b>	<b>3</b>	<b>4</b>	<b>1</b>	<b>2</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.

## NOTE 7 FINANCIAL INCOME AND EXPENSES

Group	2018/19	2017/18
Other financial income	1	2
<b>Financial income</b>	<b>1</b>	<b>2</b>
Interest expenses	-4	-4
Interest expenses on liabilities to B&B TOOLS AB	-	-1
Net interest income on defined-benefit pensions	-1	-1
Other financial expenses	-2	-1
<b>Financial expenses</b>	<b>-7</b>	<b>-7</b>
<b>Net financial items</b>	<b>-6</b>	<b>-5</b>
<b>Parent Company</b>	<b>2018/19</b>	<b>2017/18</b>
Capital gain on divestment of participations	-	-
<b>Profit from participations in Group companies</b>	<b>-</b>	<b>-</b>
Interest income, Group companies	26	20
Interest income, other	0	0
<b>Interest income and similar profit/loss items</b>	<b>26</b>	<b>20</b>
Interest expenses on liabilities to B&B TOOLS AB	-	-1
Interest expenses, other	-6	-4
<b>Interest expenses and similar profit/loss items</b>	<b>-6</b>	<b>-5</b>
<b>Profit from financial items</b>	<b>20</b>	<b>15</b>

## NOTE 8 APPROPRIATIONS

Parent Company	2018/19	2017/18
Group contributions received	159	172
Group contributions paid	-32	-41
Tax allocation reserve, provision for the year	-34	-29
<b>Total</b>	<b>93</b>	<b>102</b>

## NOTE 9 TAXES

TAXES RECOGNISED IN PROFIT OR LOSS	Group		Parent Company	
	2018/19	2017/18	2018/19	2017/18
Tax expense for the period	-58	-46	-23	-21
Adjustment of taxes attributable to earlier years	1	0	-	-
Deferred tax	-8	-7	-	-
<b>Total recognised tax expense</b>	<b>-65</b>	<b>-53</b>	<b>-23</b>	<b>-21</b>

## RECONCILIATION OF EFFECTIVE TAXES

The relationship between taxes at the average tax rate and recognised taxes for the Group is illustrated in the following table:

	Group				Parent Company			
	2018/19	%	2017/18	%	2018/19	%	2017/18	%
Profit before taxes	296		235		103		96	
Taxes at an average tax rate	-65	22	-52	22	-23	22	-21	22
<i>Tax effect of:</i>								
Changed tax rate	1		0		-		-	
Taxes attributable to earlier years	1		0		-		-	
Non-deductible expenses	-2		-1		0		0	
Non-taxable income	0		0		-		-	
Other items	0		0		-		-	
<b>Total tax</b>	<b>-65</b>		<b>-53</b>		<b>-23</b>		<b>-21</b>	

## TAXES RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME

Group	2018/19	2017/18
Deferred tax on defined-benefit pension plans	0	1
<b>Total</b>	<b>0</b>	<b>1</b>

## DEFERRED TAX RECOGNISED IN THE BALANCE SHEET

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

Group	31 Mar 2019			31 Mar 2018		
	Receivables	Liabilities	Net	Receivables	Liabilities	Net
Intangible assets	0	-13	-13	0	-14	-14
Land and buildings	-	-1	-1	-	-1	-1
Machinery and equipment	3	-	3	1	-	1
Inventories	11	-	11	9	-	9
Accounts receivable	2	-	2	3	-	3
Untaxed reserves	-	-15	-15	-	-8	-8
Pension provisions	3	-	3	6	-2	4
Other provisions	0	-	0	2	0	2
Loss carryforwards	1	-	1	0	-	0
Other	0	-	0	3	-	3
<b>Total</b>	<b>20</b>	<b>-29</b>	<b>-9</b>	<b>24</b>	<b>-25</b>	<b>-1</b>

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

Group	31 Mar 2019	31 Mar 2018
<b>Opening balance at the beginning of the year, net</b>	<b>-1</b>	<b>14</b>
Taxes charged against net profit	-8	-7
Taxes on items recognised in consolidated comprehensive income	0	1
Taxes on business combinations	0	-9
Translation differences	0	0
<b>Closing balance at year-end, net</b>	<b>-9</b>	<b>-1</b>



## NOTE 10 INTANGIBLE NON-CURRENT ASSETS

Group	2018/19					2017/18				
	Acquired intangible assets			Internally developed		Acquired intangible assets			Internally developed	
	Goodwill	Customer relations	Other	Software	Total	Goodwill	Customer relations	Other	Software	Total
<b>Accumulated cost</b>										
At the beginning of the year	500	76	84	5	665	449	38	58	5	550
Investments	-	-	11	-	11	-	-	21	-	21
Acquisition of subsidiaries	18	19	-	-	37	40	37	-	-	77
Sales and disposals	-	-	-1	-	-1	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	3	-	3
Translation differences	4	0	0	-	4	11	1	2	-	14
<b>At year-end</b>	<b>522</b>	<b>95</b>	<b>94</b>	<b>5</b>	<b>716</b>	<b>500</b>	<b>76</b>	<b>84</b>	<b>5</b>	<b>665</b>
<b>Accumulated amortisation</b>										
At the beginning of the year	-	-14	-24	-	-38	-	-3	-14	-	-17
Amortisation for the year	-	-16	-13	-1	-30	-	-10	-9	0	-19
Sales and disposals	-	-	1	-	1	-	-	-	-	-
Translation differences	-	0	0	-	0	-	-1	-1	-	-2
<b>At year-end</b>	<b>-</b>	<b>-30</b>	<b>-36</b>	<b>-1</b>	<b>-67</b>	<b>-</b>	<b>-14</b>	<b>-24</b>	<b>-</b>	<b>-38</b>
<b>Impairment losses on cost</b>										
At the beginning of the year	-	-	-	-	-	-	-	-	-	-
Impairment losses for the year	-	-	-	-	-	-	-	-	-	-
<b>At year-end</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Carrying amount at the beginning of the year</b>	<b>500</b>	<b>62</b>	<b>60</b>	<b>5</b>	<b>627</b>	<b>449</b>	<b>35</b>	<b>44</b>	<b>5</b>	<b>533</b>
<b>Carrying amount at year-end</b>	<b>522</b>	<b>65</b>	<b>58</b>	<b>4</b>	<b>649</b>	<b>500</b>	<b>62</b>	<b>60</b>	<b>5</b>	<b>627</b>

Parent Company	2018/19	2017/18
	Licences	Licences
<b>Accumulated cost</b>		
At the beginning of the year	0	0
Investments	0	0
<b>At year-end</b>	<b>0</b>	<b>0</b>
<b>Accumulated amortisation</b>		
At the beginning of the year	0	0
Amortisation for the year	0	0
<b>At year-end</b>	<b>0</b>	<b>0</b>
<b>Carrying amount at the beginning of the year</b>	<b>0</b>	<b>0</b>
<b>Carrying amount at year-end</b>	<b>0</b>	<b>0</b>

## IMPAIRMENT TESTING OF GOODWILL

Recognised goodwill values were tested prior to the balance-sheet date on 31 March 2019, using the balance sheet on 31 December 2018 as a base. The Group's total goodwill value of MSEK 522 (500) has been allocated by operating segment according to the table below:

Goodwill	31 Mar 2019	31 Mar 2018
Tools & Consumables	365	354
Components & Services	157	146
<b>Total goodwill</b>	<b>522</b>	<b>500</b>

Momentum Group has historically conducted a large number of acquisitions. Consolidated goodwill is allocated to the cash-generating units, which correspond with the Group's operating segments. Goodwill values are tested at the operating segment level. The basis of this testing and the assessment of future cash flows is the target scenario for each operating segment for the forthcoming financial year, with forecasts of earnings and cash flows for subsequent years.

The recoverable amount was calculated on the basis of value in use and is based on the assessment of cash flows for the coming five-year period. Assumptions have been made concerning future revenue, contribution ratios, cost level, working capital requirements and investment requirements. Key assumptions are based on the underlying conditions of the individual operations, market conditions and the action plans in place to achieve the overall earnings targets. In addition, shared assumptions are also used with respect to inflation and salary trends

for the countries where the Group conducts its main operations. Assumptions are also made with respect to future foreign-exchange rates that impact the price of the Group's purchases and sales. There is a strong correlation between the shared assumptions and external sources of information and previous experiences. For cash flows beyond the five-year period, growth has been assumed to amount to 2 percent annually.

Cash flows have been discounted by a weighted capital cost for borrowed capital and equity, and are presented in the table below for each cash-generating unit. The testing of goodwill values did not indicate any impairment requirement.

Discount rate, before tax	31 Mar 2019	31 Mar 2018
Tools & Consumables	11.0%	10.0%
Components & Services	10.5%	10.0%

The sensitivity of the calculation means that the goodwill value would remain warranted even in the event of a change to the assumptions below, either individually or as a group. Accordingly, a reasonable change in key assumptions would not result in an impairment requirement.

## Sensitivity analysis

Change in forecast operating profit before depreciation and amortisation	-10%
Change in discount rate before tax	1%
Change in long-term growth rate	-1%

## NOTE 11 TANGIBLE NON-CURRENT ASSETS

Group	2018/19					2017/18				
	Buildings and land	Leasehold improvements	Machinery and equipment	Construction in progress	Total	Buildings and land	Leasehold improvements	Machinery and equipment	Construction in progress	Total
<b>Accumulated cost</b>										
At the beginning of the year	34	42	236	2	314	31	37	247	3	318
Investments	-	1	13	3	17	-	3	10	2	15
Acquisition of subsidiaries	-	-	2	-	2	-	0	1	-	1
Sales and disposals	-	-2	-18	0	-20	-	0	-28	0	-28
Reclassifications	-	5	0	-5	0	-	1	-1	-3	-3
Translation differences	1	0	2	-	3	3	1	7	-	11
<b>At year-end</b>	<b>35</b>	<b>46</b>	<b>235</b>	<b>0</b>	<b>316</b>	<b>34</b>	<b>42</b>	<b>236</b>	<b>2</b>	<b>314</b>
<b>Accumulated depreciation</b>										
At the beginning of the year	-26	-26	-201		-253	-24	-20	-210		-254
Depreciation for the year	-1	-4	-12		-17	0	-4	-14		-18
Sales and disposals	-	2	18		20	-	0	28		28
Reclassifications	-	-	-		-	-	-1	1		0
Translation differences	-1	0	-2		-3	-2	-1	-6		-9
<b>At year-end</b>	<b>-28</b>	<b>-28</b>	<b>-197</b>		<b>-253</b>	<b>-26</b>	<b>-26</b>	<b>-201</b>		<b>-253</b>
<b>Carrying amount at the beginning of the year</b>	<b>8</b>	<b>16</b>	<b>35</b>	<b>2</b>	<b>61</b>	<b>7</b>	<b>17</b>	<b>37</b>	<b>3</b>	<b>64</b>
<b>Carrying amount at year-end</b>	<b>7</b>	<b>18</b>	<b>38</b>	<b>0</b>	<b>63</b>	<b>8</b>	<b>16</b>	<b>35</b>	<b>2</b>	<b>61</b>

## NOTE 12 OPERATING LEASES

	Group		Parent Company	
	2018/19	2017/18	2018/19	2017/18
<b>Leases in which the Group/the Company is the lessee</b>				
<i>Non-terminable leasing fees amount to:</i>				
Within 1 year	172	215	2	2
Between 1 and 5 years	392	368	3	1
Later than 5 years	48	53	-	-
<b>Total</b>	<b>612</b>	<b>636</b>	<b>5</b>	<b>3</b>
<b>Expensed leasing fees for the period</b>				
Assets held through operating leases				
Minimum leasing fees	226	213	2	2
<b>Total leasing costs</b>	<b>226</b>	<b>213</b>	<b>2</b>	<b>2</b>

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

## NOTE 13 RECEIVABLES FROM GROUP COMPANIES

Parent Company	31 Mar 2019	31 Mar 2018
<b>Carrying amount at the beginning of the year</b>	<b>812</b>	<b>760</b>
Additional assets	34	52
Deducted assets	-19	-
<b>Total</b>	<b>827</b>	<b>812</b>

## NOTE 14 INVENTORIES

Group	31 Mar 2019	31 Mar 2018
Finished goods and goods for resale	986	927
<b>Total</b>	<b>986</b>	<b>927</b>

The cost of goods sold includes impairment of inventories in the amount of MSEK 10 (11). No material reversals of previous impairments were carried out during the year.

## NOTE 15 PREPAID EXPENSES AND ACCRUED INCOME

Group	31 Mar 2019	31 Mar 2018
<b>Prepaid expenses</b>		
Rents	22	22
Insurance premiums	0	2
Licences	1	2
Leases	3	3
Computer costs	3	3
Other prepaid expenses	7	8
<b>Accrued income</b>		
Delivery of goods	6	6
Commission and bonus income	40	32
Other accrued income	4	2
<b>Total</b>	<b>86</b>	<b>80</b>

## NOTE 16 LONG-TERM RECEIVABLES AND OTHER RECEIVABLES

Group	31 Mar 2019	31 Mar 2018
<b>Long-term receivables classified as non-current assets</b>		
Pension funds	0	1
Long-term receivables	1	0
<b>Total</b>	<b>1</b>	<b>1</b>
<b>Other receivables classified as current assets</b>		
VAT receivable	2	3
Tax account	20	9
Receivable from pension foundations	0	1
Advance payments	3	1
Other receivables	3	3
<b>Total</b>	<b>28</b>	<b>17</b>

## NOTE 17 EQUITY

### CLASSES OF SHARES

As of 31 March 2019, the share capital amounted to MSEK 57. The distribution by class of shares is presented in the table below. 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, all rights are rescinded until these shares have been reissued.

CLASS OF SHARES	31 Mar 2019	31 Mar 2018
Class A shares	1,062,436	1,062,436
Class B shares	27,202,980	27,202,980
<b>Total no. of shares before repurchasing</b>	<b>28,265,416</b>	<b>28,265,416</b>
Less: Repurchased Class B shares	-500,000	-250,000
<b>Total no. of shares after repurchasing</b>	<b>27,765,416</b>	<b>28,015,416</b>

The table below shows the changes for the year in the number of shares by class of shares.

Class A shares	2018/19	2017/18
Number of Class A shares at the beginning of the year	1,062,436	1,063,780
Conversion of Class A shares to Class B shares	-	-1,344
<b>Number of Class A shares at year-end</b>	<b>1,062,436</b>	<b>1,062,436</b>
Class B shares	2018/19	2017/18
Number of Class B shares at the beginning of the year	27,202,980	27,201,636
Conversion of Class A shares to Class B shares	-	1,344
<b>Number of Class B shares at year-end</b>	<b>27,202,980</b>	<b>27,202,980</b>

According to Momentum Group AB's Articles of Association, holders of Class A shares are entitled to request that such shares be converted to Class B shares. The total number of votes in the Company decreases as a result of the conversion to Class B shares. The Company's Class A shares entitle the holder to ten votes each and the Company's Class B shares entitle the holder to one vote each.

### Repurchased own shares included in the equity item Retained earnings, including net profit

Repurchased shares include the acquisition cost of treasury shares held by the Parent Company, its subsidiaries and associated companies. As of 31 March 2019, the Group held 500,000 own shares (250,000) in treasury.

### Call option programme 2017/21

Following a resolution at an Extraordinary General Meeting of Shareholders in November 2017, 40 key individuals in senior positions were offered the opportunity to acquire a maximum of 250,000 call options on repurchased Class B shares. The programme was fully subscribed. When fully exercised, the number of outstanding Class B shares will increase by 250,000, corresponding to 0.9 percent of the total number of shares and 0.7 percent of the total number of votes. The call options have been conveyed at a price of SEK 9.60 per call option, equivalent to the market value of the options according to a valuation performed by Nordea Bank. The redemption price for the call options is SEK 121.60 per share and the redemption periods were set at 12-25 February and 12-25 May 2021, respectively.

### Call option programme 2018/22

Following a resolution at the Annual General Meeting of Shareholders in August 2018, 50 key individuals in senior positions were offered the opportunity to acquire a maximum of 250,000 call options on repurchased Class B shares. The programme was fully subscribed. When fully exercised, the number of outstanding Class B shares will increase by 250,000, corresponding to 0.9 percent of the total number of shares and 0.7 percent of the total number of votes. The call options have been conveyed at a price of SEK 10.20 per call option, equivalent to the market value of the options according to a valuation performed by Nordea Bank. The redemption price for the call options is SEK 137.30 per share and the redemption periods were set at 14-28 February and 16-30 May 2022, respectively.

### 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 consolidated financial statements are presented. The Group presents its financial statements in SEK.

Group	31 Mar 2019	31 Mar 2018
<b>Translation reserve</b>		
Opening translation reserve	2	-28
Translation effect for the year	8	30
<b>Closing translation reserve</b>	<b>10</b>	<b>2</b>

### Hedging reserve

The hedging reserve covers the change in value of the foreign-exchange forward contracts hedged. The value of the hedging reserve at the beginning and end of the year amounted to MSEK 0.

### PARENT COMPANY

#### Restricted funds

Restricted funds may not be reduced through dividends.

### NON-RESTRICTED EQUITY

#### Retained earnings

Comprises earnings generated in previous years after any dividends are paid. Together with net profit, less holdings of treasury shares, comprises total non-restricted equity, meaning the amount available to be distributed to the shareholders. As of the balance-sheet date, total equity in Momentum Group AB amounted to MSEK 667, of which MSEK 57 was restricted equity.

### Dividend

After the balance-sheet date, the Board of Momentum Group AB has proposed a dividend of SEK 3.20 per share, corresponding to a pay-out ratio of 39 percent of earnings per share. Taking into account the Class B shares repurchased by the Company, the proposed dividend corresponds to a total of approximately MSEK 89. The proposed dividend is in line with the Company's dividend policy, which states that 30-50 percent of earnings per share are to be distributed over a business cycle. The dividend is subject to approval by the Annual General Meeting to be held on 29 August 2019. >>

## NOTES

MSEK	<b>31 Mar 2019</b>	<b>31 Mar 2018</b>
SEK 3.20 (2.60) per share	89	73

### Proposed appropriation of profit (SEK)

The following funds are at the disposal of the General Meeting of Shareholders:	611,212,349
The Board of Directors proposes that the shareholders receive a dividend of SEK 3.20 per share	88,849,331
That the remaining profit be brought forward	522,363,018
<b>Total</b>	<b>611,212,349</b>

## NOTE 18 EARNINGS PER SHARE

	Before dilution		After dilution	
	2018/19	2017/18	2018/19	2017/18
<b>Earnings per share, SEK</b>	8.20	6.45	8.20	6.45

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 2018/19 was based on net profit attributable to the ordinary shareholders in the Parent Company amounting to MSEK 229 (181) and a weighted average number of shares outstanding during 2018/19 amounting to 27,911,249 (28,202,916). The two components have been calculated in the following manner:

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

	2018/19	2017/18
Net profit attributable to Parent Company shareholders	229	181
<b>Profit attributable to Parent Company shareholders, before dilution</b>	<b>229</b>	<b>181</b>

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

Stated in thousands of shares	2018/19	2017/18
Total number of shares, 1 April	28,265	28,265
Effect of holding of treasury shares	-354	-62
<b>Number of shares for calculation of earnings per share</b>	<b>27,911</b>	<b>28,203</b>

### EARNINGS PER SHARE AFTER DILUTION

The calculation of earnings per share after dilution for 2018/19 was based on profit attributable to the ordinary shareholders in the Parent Company amounting to MSEK 229 (181) and a weighted average number of shares outstanding during 2018/19 amounting to 27,911,249 (28,202,916). The two components have been calculated in the following manner:

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

	2018/19	2017/18
Net profit attributable to Parent Company shareholders	229	181
<b>Profit attributable to Parent Company shareholders, after dilution</b>	<b>229</b>	<b>181</b>

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

Stated in thousands of shares	2018/19	2017/18
Total number of shares, 1 April	28,265	28,265
Effect of holding of treasury shares	-354	-62
Effect of share-option programmes <sup>1)</sup>	-	-
<b>Number of shares for calculation of earnings per share</b>	<b>27,911</b>	<b>28,203</b>

1) As of 31 March 2019, Momentum Group AB had two outstanding call option programmes for which the redemption price exceeded the share price. Accordingly, no dilution effect exists. These call option programmes are described in greater detail in Note 5.

## NOTE 19 PROVISIONS FOR PENSIONS

Momentum Group has defined-benefit pension plans in Sweden and Norway. Defined-contribution pension plans are also used in Sweden and Norway. Group subsidiaries in other countries primarily have defined-contribution pension plans.

### 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. The premium level is based on salary. The pension cost for the period is included in profit or loss.

### DEFINED-BENEFIT PENSION PLANS

These pension 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. Unfunded and funded pension plans are used in Sweden and Norway. The defined-benefit plans are exposed to actuarial risks, such as length of life, currency, interest-rate and investment risks.

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

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

Group	31 Mar 2019	31 Mar 2018
Pension obligations unfunded plans, present value	27	25
Pension obligations funded plans, present value	4	16
Plan assets, fair value	-4	-15
<b>Net pension obligations</b>	<b>27</b>	<b>26</b>

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

	31 Mar 2019	31 Mar 2018
Plan assets for pension obligations	0	-1
Provisions for pensions and similar commitments	27	27
<b>Net liabilities according to the balance sheet</b>	<b>27</b>	<b>26</b>
Of which, credit insured through PRI Pensionsgaranti	13	12

### 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 2019	31 Mar 2018
Opening balance	25	21
Benefits earned during the year	2	1
Interest expense	1	1
Benefits paid	-1	-1
Remeasurement recognised in other comprehensive income	0	3
Translation differences	-	-
<b>Pension obligations unfunded plans, present value</b>	<b>27</b>	<b>25</b>

Pension obligations funded plans	31 Mar 2019	31 Mar 2018
Opening balance	16	14
Benefits earned during the year	0	1
Interest expense	1	0
Benefits paid	-1	-1
Remeasurement recognised in other comprehensive income	-1	0
Redemption of pension obligations	-11	0
Other	0	2
Translation differences	0	0
<b>Pension obligations funded plans, present value</b>	<b>4</b>	<b>16</b>

Present value of pension obligation specified by category (%)	31 Mar 2019	31 Mar 2018
Active	27	43
Paid-up policy holders	53	18
Pensioners	20	39
<b>Total</b>	<b>100</b>	<b>100</b>

Plan assets	31 Mar 2019	31 Mar 2018
Opening balance	15	15
Interest income recognised in profit or loss	1	0
Funds contributed by employers	0	0
Funds paid to employees	-1	-1
Remeasurement recognised in other comprehensive income	-1	-1
Redemption of pension obligations	-10	0
Other	0	2
Translation differences	0	0
<b>Plan assets, fair value</b>	<b>4</b>	<b>15</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 2019	31 Mar 2018
Cash and cash equivalents	1	2
Equity instruments	0	1
Debt instruments	2	9
Properties	0	1
Other assets	1	2
<b>Plan assets, fair value</b>	<b>4</b>	<b>15</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 the Group's perspective. Estimated pension payments over the next ten-year period are calculated at approximately MSEK 3 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 2019	31 Mar 2018
Opening balance	26	20
Pension costs, defined-benefit plans	3	3
Benefits paid	-2	-2
Funds contributed by employers	0	0
Funds paid to employees	1	1
Remeasurement recognised in other comprehensive income	0	4
Redemption of pension obligations	-1	0
Other	0	0
Translation differences	0	0
<b>Closing balance</b>	<b>27</b>	<b>26</b>

Pension costs Costs recognised in net profit	2018/19	2017/18
Pensions earned during the period	2	2
Net interest expense	1	1
<b>Pension costs, defined-benefit plans</b>	<b>3</b>	<b>3</b>
Pension costs, defined-contribution plans	86	75
<b>Pension costs in net profit</b>	<b>89</b>	<b>78</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.

#### Actuarial assumptions

2018/19	Sweden	Norway
Discount rate, 31 March, %	2.3	2.5
Expected salary increase, %	2.75	2.25
Expected inflation, % <sup>1)</sup>	1.5	0
Expected remaining period of service, years	9.3	1.3

2017/18	Sweden	Norway
Discount rate, 31 March, %	2.3	2.4
Expected salary increase, %	2.75	2.25
Expected inflation, % <sup>1)</sup>	1.5	0
Expected remaining period of service, years	12.2	1.5

1) 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
<i>Length of life assumptions at 65 years of age – retired members:</i>		
Men	21.7	21.6
Women	24.2	24.8
<i>Length of life assumptions at 65 years of age for members who are 40 years of age</i>		
Men	23.4	23.8
Women	25.2	27.1

#### Sensitivity analysis

The calculation of recognised expenses and provisions for defined-benefit pension plans, where the amount of the future remuneration is unknown and payment will occur far in the future, relies on assumptions and judgements.

The most significant assumptions and judgements comprise discount rate, future salary increases, inflation and expected length of life. The principles for establishing the discount rate are described in Note 1 Summary of key accounting policies.

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.

Expected salary increases are based on a combined assessment of the Company's own history, market expectations and forecasts from market surveys. Length of life assumptions are based on mortality tables that apply a Swedish study known as DUS14 from 31 March 2016. The most important parameter is the discount rate, which can be seen in the following table illustrating how the total pension liability would be affected by various changes in the respective parameters.

Changes in pension obligations due to changed assumptions*	Increase in liabilities	Decrease in liabilities
Discount rate, -0.50%/+0.50%	3	2
Salary increases, +0.50%/-0.50%	0	0
Inflation, +0.50%/-0.50%	2	2
Length of life, +1 year/-1 year	1	1

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

#### Financing

As of 31 March 2019, the average weighted term of the total pension obligation was 20.4 years (18.9), of which unfunded PRI pensions in Sweden had an average weighted term of 21.2 years (21.9).

The Group estimates that MSEK 1 will be paid in 2019/20 to funded and unfunded defined-benefit plans recognised as defined-benefit plans and MSEK 30 will be paid in 2019/20 to the defined-benefit plans recognised as defined-contribution plans.

The latter pertains exclusively to ITP2 in Swedish companies.

## NOTE 20 OTHER PROVISIONS AND NON-CURRENT NON-INTEREST-BEARING LIABILITIES

Group	31 Mar 2019	31 Mar 2018
<b>Non-current non-interest-bearing liabilities</b>		
Option liability, acquisitions	31	35
<b>Total</b>	<b>31</b>	<b>35</b>

### Specification

Carrying amount at the beginning of the period	35	-
Acquisition of partly owned subsidiary	-	35
Remeasurement pertaining to the change in ownership share in partly owned subsidiary	-3	-
Other unrealised changes in value	-1	0
<b>Carrying amount at the end of the period</b>	<b>31</b>	<b>35</b>

### Provisions classified as non-current liabilities

Guarantee commitments	0	1
Restructuring	16	18
<b>Total</b>	<b>16</b>	<b>19</b>

Provision for restructuring relates entirely to unutilised premises.

### Specification

Carrying amount at the beginning of the period	19	28
Provisions made during the period	0	0
Amount utilised during the period	-3	-9
Translation differences	0	0
<b>Carrying amount at the end of the period</b>	<b>16</b>	<b>19</b>

## NOTE 21 OTHER LIABILITIES

Group	31 Mar 2019	31 Mar 2018
Employee withholding taxes	25	21
VAT liability	70	58
Other operating liabilities	5	4
<b>Total</b>	<b>100</b>	<b>83</b>

## NOTE 22 ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
<b>Accrued expenses</b>				
Salaries and remuneration to employees	160	144	4	3
Social security contributions	72	61	3	2
Bonuses, refunds to customers/suppliers	8	8	-	-
Operating and lease costs	3	4	-	-
Auditors' fees	2	2	0	0
Other consulting fees	0	1	-	0
Interest expense	0	0	0	0
Restructuring	1	14	-	-
Shipping costs	2	4	-	-
IT and computer costs	5	14	-	-
Other accrued expenses	21	16	-	-
<b>Deferred income</b>				
Marketing income	1	1	-	-
Other deferred income	2	8	-	-
<b>Total</b>	<b>277</b>	<b>277</b>	<b>7</b>	<b>5</b>

## NOTE 23 PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent Company	
	31 Mar 2019	31 Mar 2018	31 Mar 2019	31 Mar 2018
<b>Pledged assets</b>				
<i>In the form of pledged assets for own liabilities and provisions</i>				
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>	-	-	13	12
Guarantees, other	2	4	-	-
<b>Total contingent liabilities</b>	<b>2</b>	<b>4</b>	<b>13</b>	<b>12</b>

1) Parent Company guarantees essentially pertain to PRI obligations.

The Parent Company Momentum Group AB has entered into an agreement guaranteeing the fulfilment of the subsidiary Momentum Group Services AB's lease with an external party for the Group's warehouse and logistics property in Alingsås. The annual lease cost amounts to approximately MSEK 11 and the lease expires at the end of 2027.

## NOTE 24 FINANCIAL RISKS AND RISK MANAGEMENT

Momentum Group's operations 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 flows. 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 CEO, the CFO, the internal bank function as well as the subsidiaries' CEOs 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. The Parent Company has its own internal bank function tasked with coordinating the Group's financial activities and ensuring that systems are available for efficient cash management for the Group companies. The Parent Company manages the Group's external borrowing. All foreign-currency management and granting of credit to customers are handled within the framework of the established policies.

### CAPITAL MANAGEMENT

The Company's goal regarding the financial position is that it should enable the Group to have favourable availability of liquidity, that the cost of borrowed capital should be kept at market rate, that the return on cash and cash equivalents should be satisfactory and that the risk in investments and exposures should be kept low. A prerequisite for this is that the Group has a long-term favourable financial position and meets the financial commitments included in the loan agreements, etc.

### FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

The Group uses financial derivative instruments to manage foreign-exchange risks that arise during its operations. Derivative instruments held for hedging comprise foreign-exchange forward contracts. These derivative instruments are hedged, which means that the instruments are recognised in the balance sheet at fair value and that any changes in the values of these instruments are recognised in other comprehensive income in equity until their underlying cash flows are reflected in profit or loss.

### FOREIGN-EXCHANGE RISKS

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

#### Transaction exposure

Transaction exposure comprises future contracted and forecasted 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 (countervalue in MSEK)

Currency	2018/19	2017/18
NOK	194	145
EUR	-205	-92
USD	-17	-11

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

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 time 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. Correspondingly, 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 are presented in the table below:

Foreign-exchange forward contracts Nominal value as of	31 Mar 2019	31 Mar 2018
NOK/SEK	54	43
USD/SEK <sup>1)</sup>	4	5
EUR/SEK <sup>1)</sup>	36	18
GBP/SEK <sup>1)</sup>	3	-

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. The Group's translation exposure in revenue and operating profit are presented in the tables below.

Revenue	2018/19	2017/18
Outcome translated to average rate for the preceding year	5,876	5,604
<b>Currency translation</b>		
NOK	82	-15
EUR	63	26
DKK	3	1
<b>Total currency translation</b>	<b>148</b>	<b>12</b>
<b>Outcome</b>	<b>6,024</b>	<b>5,616</b>

Operating profit	2018/19	2017/18
Outcome translated to average rate for the preceding year	296	239
<b>Currency translation</b>		
NOK	3	0
EUR	3	1
DKK	0	0
<b>Total currency translation</b>	<b>6</b>	<b>1</b>
<b>Outcome</b>	<b>302</b>	<b>240</b>

The Group has net exposures in several foreign currencies. The table below shows the effect on the Group's revenue and operating profit if the rates for the exposure currencies were to change by 5 percent.

Change in rate for underlying exposure currencies +/- 5%	2018/19	2017/18
<b>Effect</b>		
- Revenue	+/- 144	+/- 127
- Operating profit	+/- 6	+/- 4

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

Currency	Average rate		Balance-sheet rate	
	2018/19	2017/18	31 Mar 2019	31 Mar 2018
NOK	1.076	1.027	1.075	1.066
EUR	10.383	9.752	10.422	10.238
USD	8.936	8.340	9.282	8.267
DKK	1.392	1.311	1.396	1.374
GBP	11.759	11.098	12.082	11.689

»

**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 through other comprehensive income.

Net assets in foreign subsidiaries by currency (MSEK)

Currency	31 Mar 2019	31 Mar 2018
NOK	382	341
EUR	300	300
DKK	14	13

**INTEREST-RATE RISKS**

Interest-rate risk refers to the risk that changes in the market interest rate will have a negative impact on the Group's net interest income. The speed at which an interest-rate change has an effect depends on the length of the period of fixed interest on the loans and the type of hedging instruments used. Both the market interest rate and the Group's earnings are expected to follow the general economic cycle. Hence, the Group's Financial Policy stipulates that the period of fixed interest is normally to be short-term, with at least 50 percent of the loans having a fixed-interest period of less than one year. In order to further manage the risk of higher market interest rates in the future, Momentum Group's Financial Policy also stipulates that different forms of interest derivatives may be used to limit interest-rate risk. As of 31 March 2019, the Group held no interest derivative instruments.

The debt portfolio comprises a committed credit facility and revolving credit facilities with fixed-interest periods of three months.

The primary variable interest rates are STIBOR and EURIBOR. Liabilities to credit institutions per underlying currency are presented in the table below. Given the same loan liability and fixed-interest period as on the balance-sheet date, a change in the market interest rate of 1 percentage point would result in a change in interest expense of approximately MSEK 3.

**Liabilities to credit institutions per currency, 31 March 2019**

	SEK	EUR	NOK	Total
Committed credit facility	137	-	-	137
Revolving credit facility	-	104	33	137

**Liabilities to credit institutions per currency, 31 March 2018**

	SEK	EUR	NOK	Total
Committed credit facility	202	-	-	202
Revolving credit facility	-	103	-	103

**LIQUIDITY AND REFINANCING RISKS**

Liquidity and refinancing risk pertains to the risk that the Group is unable to fulfil its payment obligations due to insufficient liquidity and that the possibility of financing is limited when loans are due for rescheduling. The Group's Financial Policy stipulates that borrowing and trading in financial instruments may only be conducted with one of the large Nordic commercial banks. Current investments of any surplus liquidity are made on terms of one to six months at current market interest rates. The counterparty for deposits is always one of the large Nordic commercial banks. At financial year-end, the Parent Company had access to a committed credit facility of MSEK 400, of which MSEK 263 was unutilised. The credit facility is renewed on an annual basis with a maturity date of 30 June. In addition to this committed credit facility, the Group has an unutilised revolving credit facility totalling MSEK 263 that applies up until 30 June 2020.

This financing is linked to certain financial covenants that the Group is obligated to fulfil every quarter.

The primary covenant by which Momentum Group is measured is net debt in relation to consolidated EBITDA. There are specific definitions for each component - for example, certain items affecting comparability are excluded from EBITDA. As of 31 March 2019, the covenants were fulfilled.

The Group's financing risk is also dependent on the possibility of refinancing loans as they mature. The Group's financial liabilities at year-end amounted to MSEK 1,127 and the maturity structure of the loan liabilities is presented in the table below. A table showing the Group's financial assets and liabilities is presented in Note 26 Financial assets and liabilities.

	31 Mar 2019		Matures	
	Carrying amount	Future payment amount	Within 1 year	After 1 year within 5 years
<b>Maturity structure financial liabilities</b>				
Interest-bearing financial liabilities	274	277	140	137
Accounts payable and other non-interest-bearing financial liabilities	853	854	822	32
<b>Financial liabilities</b>	<b>1,127</b>	<b>1,131</b>	<b>962</b>	<b>169</b>

	31 Mar 2018		Matures	
	Carrying amount	Future payment amount	Within 1 year	After 1 year within 5 years
<b>Maturity structure financial liabilities</b>				
Interest-bearing financial liabilities	305	310	204	106
Accounts payable and other non-interest-bearing financial liabilities	778	780	743	37
<b>Financial liabilities</b>	<b>1,083</b>	<b>1,090</b>	<b>947</b>	<b>143</b>

The Parent Company manages the Group's external borrowing. The above maturity structure pertaining to interest-bearing financial liabilities corresponds to the actual maturity structure for the Parent Company.

**Credit risks**

In its commercial and financial transactions, the Group is exposed to credit risks in relation to Momentum Group'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, i.e. 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 operations. 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 operational business's knowledge of customers and suppliers, the credit risk assessments are managed in the commercial transactions by each company. The credit risk is 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. No individual customer accounts for more than 3 percent of the total credit exposure over a one-year period. 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, Momentum Group'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	2018/19	2017/18
Accounts receivable	1,056	983
Accumulated reserve for doubtful accounts receivable	-12	-16
<b>Accounts receivable, net</b>	<b>1,044</b>	<b>967</b>

**Maturity analysis:**

- not past due	982	880
- receivables past due by 1-30 days	53	75
- receivables past due by 31-60 days	5	7
- receivables past due by 61-90 days	2	1
- receivables past due by >90 days	14	20
<b>Total receivables</b>	<b>1,056</b>	<b>983</b>

**PARENT COMPANY**

Momentum Group's operations 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 flows. Financing risks also arise and are managed within the framework of the Group's adopted policies. Momentum Group AB manages the Group's external borrowing. Accordingly, the Parent Company is exposed to the same refinancing and interest-rate risk as the Group. The Parent Company is also impacted indirectly by the risks described above through its function in the Group. See above for a more detailed description.



**NOTE 25 SPECIFICATION OF INTEREST-BEARING NET LOAN LIABILITIES BY ASSET AND LIABILITY**

Group	31 Mar 2019			31 Mar 2018		
	Interest-bearing	Non-interest bearing	Total	Interest-bearing	Non-interest bearing	Total
<b>ASSETS</b>						
Intangible non-current assets	-	649	<b>649</b>	-	627	<b>627</b>
Tangible non-current assets	-	63	<b>63</b>	-	61	<b>61</b>
Financial non-current assets	2	-	<b>2</b>	2	-	<b>2</b>
Deferred tax assets	-	20	<b>20</b>	-	24	<b>24</b>
<b>Total non-current assets</b>	<b>2</b>	<b>732</b>	<b>734</b>	<b>2</b>	<b>712</b>	<b>714</b>
<b>Current assets</b>						
Inventories	-	986	<b>986</b>	-	927	<b>927</b>
Tax assets	-	28	<b>28</b>	-	19	<b>19</b>
Accounts receivable	-	1,044	<b>1,044</b>	-	967	<b>967</b>
Prepaid expenses and accrued income	-	86	<b>86</b>	-	80	<b>80</b>
Other receivables	-	28	<b>28</b>	-	17	<b>17</b>
Cash and bank	8	-	<b>8</b>	10	-	<b>10</b>
<b>Total current assets</b>	<b>8</b>	<b>2,172</b>	<b>2,180</b>	<b>10</b>	<b>2,010</b>	<b>2,020</b>
<b>Total assets</b>	<b>10</b>	<b>2,904</b>	<b>2,914</b>	<b>12</b>	<b>2,722</b>	<b>2,734</b>
<b>LIABILITIES</b>						
<b>Non-current liabilities</b>						
Non-current interest-bearing liabilities	137	-	<b>137</b>	103	-	<b>103</b>
Non-current non-interest-bearing liabilities	-	31	<b>31</b>	-	35	<b>35</b>
Provisions for pensions	27	-	<b>27</b>	27	-	<b>27</b>
Other provisions	-	16	<b>16</b>	-	19	<b>19</b>
Deferred tax liabilities	-	29	<b>29</b>	-	25	<b>25</b>
<b>Total non-current liabilities</b>	<b>164</b>	<b>76</b>	<b>240</b>	<b>130</b>	<b>79</b>	<b>209</b>
<b>Current liabilities</b>						
Current interest-bearing liabilities	137	-	<b>137</b>	202	-	<b>202</b>
Accounts payable	-	822	<b>822</b>	-	743	<b>743</b>
Tax liabilities	-	21	<b>21</b>	-	50	<b>50</b>
Other liabilities	-	100	<b>100</b>	-	83	<b>83</b>
Accrued expenses and deferred income	-	277	<b>277</b>	-	277	<b>277</b>
<b>Total current liabilities</b>	<b>137</b>	<b>1,220</b>	<b>1,357</b>	<b>202</b>	<b>1,153</b>	<b>1,355</b>
<b>Total liabilities</b>	<b>301</b>	<b>1,296</b>	<b>1,597</b>	<b>332</b>	<b>1,232</b>	<b>1,564</b>
<b>Interest-bearing net liabilities</b>	<b>-291</b>			<b>-320</b>		

**NOTE 26 FINANCIAL ASSETS AND LIABILITIES**

<b>Group</b>	<b>31 Mar 2019</b>	<b>31 Mar 2018</b>
<b>FINANCIAL ASSETS</b>		
<b>Financial assets measured at fair value</b>		
Financial investments	1	1
<b>Financial assets measured at amortised cost</b>		
Long-term receivables	1	0
Accounts receivable	1,044	967
Cash and cash equivalents	8	10
<b>Total financial assets</b>	<b>1,054</b>	<b>978</b>
<b>FINANCIAL LIABILITIES</b>		
<b>Financial liabilities measured at fair value</b>		
Option liability <sup>1)</sup>	31	35
Derivative hedging instruments	0	0
<b>Financial liabilities measured at amortised cost</b>		
Interest-bearing liabilities	274	305
Accounts payable	822	743
<b>Total financial liabilities</b>	<b>1,127</b>	<b>1,083</b>

The carrying amounts for financial assets and liabilities above corresponds in all material respects with their fair value.

1) Liabilities measured at fair value comprise options issued in connection with the acquisition of equity instruments in partly owned subsidiaries, which are measured using discounted cash flow and are thus included in level 3 according to IFRS 13.

<b>Parent Company</b>	<b>31 Mar 2019</b>	<b>31 Mar 2018</b>
<b>FINANCIAL ASSETS</b>		
<b>Financial assets measured at amortised cost</b>		
Receivables from Group companies	1,176	1,214
<b>Total financial assets</b>	<b>1,176</b>	<b>1,214</b>
<b>FINANCIAL LIABILITIES</b>		
<b>Financial liabilities measured at amortised cost</b>		
Liabilities to credit institutions	274	304
Liabilities to Group companies	227	235
Accounts payable	1	1
<b>Total financial liabilities</b>	<b>502</b>	<b>540</b>

The carrying amounts for financial assets and liabilities above corresponds in all material respects with their fair value.

**NOTE 27 EXPECTED RECOVERY PERIODS FOR ASSETS, PROVISIONS AND LIABILITIES**

<b>Group</b>				
<b>Amounts expected to be recovered</b>	<b>Within 12 months</b>	<b>After 12 months</b>		<b>Total</b>
<b>ASSETS</b>				
<b>Intangible non-current assets<sup>1)</sup></b>	<b>31</b>	<b>618</b>		<b>649</b>
<b>Tangible non-current assets<sup>1)</sup></b>	<b>16</b>	<b>47</b>		<b>63</b>
<b>Financial non-current assets</b>				
Other securities held as non-current assets	-	1		1
Other long-term receivables	0	1		1
Deferred tax assets	-	20		20
<b>Total non-current assets</b>	<b>47</b>	<b>687</b>		<b>734</b>
<b>Current assets</b>				
Inventories	986	-		986
Tax assets	28	-		28
Accounts receivable	1,044	-		1,044
Prepaid expenses and accrued income	86	-		86
Other receivables	28	-		28
Cash and bank	8	-		8
<b>Total current assets</b>	<b>2,180</b>	<b>-</b>		<b>2,180</b>
<b>Total assets</b>	<b>2,227</b>	<b>687</b>		<b>2,914</b>
<b>Group</b>				
<b>Amounts expected to be paid</b>	<b>Within 12 months</b>	<b>After 12 months</b>	<b>After 5 years</b>	<b>Total</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
Non-current interest-bearing liabilities	-	137	-	137
Non-current non-interest-bearing liabilities	-	31	-	31
Provisions for pensions	1	2	24	27
Other provisions	0	8	8	16
Deferred tax liabilities	3	25	1	29
<b>Total non-current liabilities</b>	<b>4</b>	<b>203</b>	<b>33</b>	<b>240</b>
<b>Current liabilities</b>				
Current interest-bearing liabilities	137	-	-	137
Accounts payable	822	-	-	822
Tax liabilities	21	-	-	21
Other liabilities	100	-	-	100
Accrued expenses and deferred income	277	-	-	277
<b>Total current liabilities</b>	<b>1,357</b>	<b>-</b>	<b>-</b>	<b>1,357</b>
<b>Total liabilities</b>	<b>1,361</b>	<b>203</b>	<b>33</b>	<b>1,597</b>

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

## NOTE 28 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 in Group	
					31 Mar 2019	31 Mar 2018
Momentum Group Holding AB	559072-1378	Stockholm	500	100	50	50
<b>Total</b>					<b>50</b>	<b>50</b>
<b>Accumulated cost</b>						
At the beginning of the year					50	50
<b>Carrying amount at year-end</b>					<b>50</b>	<b>50</b>

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

	Reg. office, country	Holding %	
		31 Mar 2019	31 Mar 2018
Momentum Group Services AB	Sweden	100	100
Gigant AB	Sweden	100	100
Gigant Sverige AB	Sweden	100	100
Gigant Produktion AB	Sweden	100	100
TOOLS Sverige AB	Sweden	100	100
Momentum Industrial AB	Sweden	100	100
Rörick Elektriska Verkstad AB	Sweden	100	100
Mercus Yrkeskläder AB	Sweden	100	100
AB Carl A. Nilssons Elektriska Reparationsverkstad	Sweden	100	100
TriffiQ Företagsprofilering AB <sup>1)</sup>	Sweden	75	70
Knut Sehlins Industrivaruhus AB	Sweden	100	100
Elka Produkter AB	Sweden	70	70
Reklamproffsen Skandinavien AB	Sweden	70	70
Profilmakarna i Södertälje AB <sup>1) 2)</sup>	Sweden	75	-
TOOLS AS	Norway	100	100
TOOLS Løvd AS <sup>1)</sup>	Norway	100	-
Gigant AS	Norway	100	100
Gigant Työpiesteet OY	Finland	100	100
TOOLS Holding FI Oy	Finland	100	100
TOOLS Finland Oy	Finland	100	100
TOOLS Fastigheter Holding Oy	Finland	100	100
TOOLS Fastigheter Oy	Finland	100	100
JNF Momentum Køge A/S	Denmark	100	100

1) Company acquired in 2018/19.

2) The company is wholly owned by TriffiQ Företagsprofilering AB.

3) During the financial year, Momentum Group Holding AB, a subsidiary of Momentum Group AB, acquired a further 5 percent of the shares in the already partly owned subsidiary TriffiQ Företagsprofilering AB. The price paid for the shares was in accordance with the option arrangement entered into in conjunction with the initial acquisition of 70 percent of the shares in TriffiQ Företagsprofilering AB.

## NOTE 29 RELATED PARTIES

During the financial year, Momentum Group AB repurchased 6,000 of the call options issued as part of the call option programme 2017/21 (preceding year: 10,000 call options). The repurchases were conducted on market terms.

No other transactions having a material impact on the Group's position or earnings occurred between Momentum Group and its related parties during the financial year.

## 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 the accounting policies in Note 1. Of the Parent Company's total untaxed reserves of MSEK 63 (29), MSEK 14 (6) comprises deferred taxes included in the Group's recognised deferred tax liability.

	Parent Company	
	31 Mar 2019	31 Mar 2018
<b>Tax allocation reserve</b>		
Allocation 2018/19	34	-
Allocation 2017/18	29	29
<b>Total</b>	<b>63</b>	<b>29</b>

## NOTE 31 CASH-FLOW STATEMENT

	Group		Parent Company	
	2018/19	2017/18	2018/19	2017/18
<b>Cash and cash equivalents</b>				
The following subcomponents are included in cash and cash equivalents:				
Cash and bank	8	10	-	-
Total according to the balance sheet	8	10	-	-
<b>Total according to the cash-flow statement</b>	<b>8</b>	<b>10</b>	<b>-</b>	<b>-</b>
	Group		Parent Company	
	2018/19	2017/18	2018/19	2017/18
<b>Interest paid</b>				
Interest received	1	2	26	20
Interest paid	-7	-7	-6	-5
<b>Total</b>	<b>-6</b>	<b>-5</b>	<b>20</b>	<b>15</b>
	Group		Parent Company	
	2018/19	2017/18	2018/19	2017/18
<b>Adjustments for non-cash items</b>				
Depreciation and amortisation	47	37	0	0
Change in reserve for non-recurring costs	-15	-58	-	-
Change in other provisions	-1	0	-	-
Change in pension obligations	3	3	-	-
Profit from shares in associated companies	-	-2	-	-
Adjustment for interest paid/received	0	0	0	0
Other	-1	0	0	0
<b>Total</b>	<b>33</b>	<b>-20</b>	<b>0</b>	<b>0</b>
	Group			
	2018/19	2017/18		
<b>Acquisition of subsidiaries and other business units<sup>1)</sup></b>				
<b>Acquired assets:</b>				
Intangible non-current assets	37	77		
Other non-current assets	3	1		
Inventories	45	20		
Other current assets	16	36		
<b>Total assets</b>	<b>101</b>	<b>134</b>		
<b>Acquired non-controlling interests, provisions and liabilities:</b>				
Deferred tax liability	-1	-9		
Current operating liabilities	-38	-36		
Non-controlling interests	-	-13		
<b>Total non-controlling interests, provisions and liabilities</b>	<b>-39</b>	<b>-58</b>		
<b>Purchase consideration</b>	<b>-62</b>	<b>-76</b>		
Less/additional: Net cash in acquired business <sup>2)</sup>	-12	2		
Less: Additional purchase consideration	1	-		
Less: Fair value of previous share in associated company	-	2		
<b>Effect on cash and cash equivalents</b>	<b>-73</b>	<b>-72</b>		
	Group			
	2018/19	2017/18		
<b>Sale of financial non-current assets<sup>3)</sup></b>				
<b>Divested assets:</b>				
Carrying amount of shares in associated companies	-	7		
<b>Total assets</b>	<b>-</b>	<b>7</b>		
Capital gain	-	2		
<b>Total</b>	<b>-</b>	<b>9</b>		
Purchase consideration received	-	9		
<b>Effect on cash and cash equivalents</b>	<b>-</b>	<b>9</b>	<b>&gt;&gt;</b>	

1) Refer to Note 32 Acquisition of businesses.

2) Net of cash and cash equivalents and interest-bearing liabilities in the acquired businesses.

3) Pertains to the sale of shares in associated companies for Workplaces for Industries WFI AB.

## RECONCILIATION OF LIABILITIES DERIVING FROM FINANCING ACTIVITIES

Group	31 Mar 2018	Cash flow	Changes that do not impact cash flow			31 Mar 2019
			Liabilities in acquired companies <sup>1)</sup>	Redemption of liabilities in acquired companies <sup>1)</sup>	Translation differences	
Committed credit facility	202	-65	-	-	0	137
Revolving loan	103	32	-	-	2	137
Other credits	0	0	12	-12	-	0
<b>Total</b>	<b>305</b>	<b>-33</b>	<b>12</b>	<b>-12</b>	<b>2</b>	<b>274</b>

1) Cash flow from acquisitions of subsidiaries includes the net of cash and cash equivalents and interest-bearing liabilities in the row Cash flow from acquisitions of subsidiaries.

## NOTE 32 ACQUISITION OF BUSINESSES

## 2018/19

Momentum Group conducted four corporate acquisitions with closing during the 2018/19 financial year.

In April 2018, the subsidiary TriffiQ Företagsprofilering AB acquired all of the shares in Profilmakarna i Södertälje AB. The acquisition enabled the formation of a leading player in profile clothing, promotional products and workwear in Stockholm and Södertälje. At the acquisition, Profilmakarna generated annual revenue of approximately MSEK 25 and had eight employees. Closing took place in April 2018.

In May 2018, the subsidiary Momentum Industrial AB acquired Brammer's Swedish maintenance, repair and operations (MRO) business, comprising eight local sales and service units across Sweden. The acquisition strengthened Momentum Industrial's position as a leading supplier of industrial components with related services to Swedish industry. In total, the acquired units generated annual revenue of approximately MSEK 140 with healthy trade margins. The acquisition was carried out as a conveyance of assets and liabilities. Closing took place in May 2018.

In October 2018, the subsidiary TOOLS Finland Oy acquired the operations of MFG Components, a specialist transmission company. The acquisition strengthened TOOLS Finland's transmission offering, adding expertise, experience and customer contacts. At the acquisition, the business

generated annual revenue of approximately MEUR 1 and had three employees. The acquisition was carried out as a conveyance of assets and liabilities. Closing took place in October 2018.

In January 2019, the subsidiary TOOLS AS acquired all of the shares in the industrial reseller TOOLS Løvdal in Norway. TOOLS Løvdal has five local units that offer tools, workwear, industrial consumables and related services to companies operating primarily in industry, food and infrastructure. The acquisition further strengthened TOOLS' position as the leading supplier to Norwegian industry. At the acquisition, TOOLS Løvdal generated annual revenue of approximately MNOK 95 and had 28 employees. Closing took place in January 2019.

According to the preliminary acquisition analysis, the assets and liabilities included in the acquisitions during the financial year amounted to the following: The amounts below include a final adjustment of the preliminary acquisition analysis for AB Knut Sehlin's Industrivaruhus that was prepared in connection with the consolidation during the third quarter of 2017/18, which entailed that the carrying amount of the inventories was adjusted in an amount of MSEK -1. This adjustment corresponds to a remeasurement of deferred tax assets and recognised goodwill. The adjustment had no impact on cash flow or on earnings for 2018/19.

	Carrying amount on date of acquisition	Fair value adjustment	Fair value recognised in the Group
<b>Acquired assets</b>			
Intangible non-current assets	-	19	19
Other non-current assets	2	1	3
Inventories	50	-5	45
Other current assets	16	-	16
<b>Total assets</b>	<b>68</b>	<b>15</b>	<b>83</b>
<b>Acquired provisions and liabilities</b>			
Deferred tax liability	-	-1	-1
Current operating liabilities	-38	-	-38
<b>Total provisions and liabilities</b>	<b>-38</b>	<b>-1</b>	<b>-39</b>
<b>Net of identified assets and liabilities</b>	<b>30</b>	<b>14</b>	<b>44</b>
Goodwill			18
<b>Purchase consideration</b>			<b>62</b>
Additional: Net cash in acquired business <sup>1)</sup>			12
Less: Additional purchase consideration			-1
<b>Effect on the Group's cash and cash equivalents</b>			<b>73</b>

1) Net of cash and cash equivalents and interest-bearing liabilities in the acquired businesses.

**2017/18**

Momentum Group conducted four corporate acquisitions during the 2017/18 financial year.

In early July 2017, Momentum Group signed an agreement to acquire 70 percent of the shares in TriffiQ Företagsprofilering AB ("TriffiQ"). For the remaining 30 percent of the shares in TriffiQ, an option arrangement exists which entitles Momentum Group to purchase the remaining shares. TriffiQ is a leading reseller of workwear and protective footwear in Stockholm. TriffiQ generated annual revenue of approximately MSEK 70 with favourable profitability and had 18 employees. Closing took place in September 2017.

Since 2007, TOOLS Sweden has owned 30 percent of the shares in Knut Sehlins Industri-varuhus AB ("Sehlins"), a leading industrial reseller in Örnsköldsvik, Sweden. In October 2017, TOOLS acquired the remaining 70 percent of the shares in Sehlins, which thus became a wholly owned subsidiary. Sehlins generated annual revenue of approximately MSEK 40 and had 14 employees. Sehlins has been part of TOOLS since the chain was formed in 2003. Closing took place in October 2017.

In an effort to strengthen its offering and competitiveness, Gigant established a joint manufacturing company - Elka Produkter AB ("Elka") - together with its largest supplier, Workplaces for Industries WFI AB ("WFI"), in autumn 2017. Gigant previously owned 40 percent of the shares in WFI, which were divested in connection with the acquisition of 70 percent of the shares in Elka. Closing on the shares in Elka took place in October 2017.

In March 2018, Momentum Group acquired 70 percent of the shares in Reklamproffsen Skandinavien AB ("Reklamproffsen"). For the remaining 30 percent of the shares in Reklamproffsen, an option arrangement exists which entitles Momentum Group to purchase the remaining shares. Reklamproffsen is a leading reseller of promotional products, including workwear and profile clothing, in Örebro and the surrounding area. Reklamproffsen generated annual revenue of approximately MSEK 35 with favourable profitability and had 12 employees. Closing took place in March 2018.

According to the preliminary acquisition analysis, the assets and liabilities included in the acquisitions during the financial year amounted to the following:

	Carrying amount on date of acquisition	Fair value adjustment	Fair value recognised in the Group
<b>Acquired assets</b>			
Intangible non-current assets	-	37	<b>37</b>
Other non-current assets	1	-	<b>1</b>
Inventories	20	-	<b>20</b>
Other current assets	36	-	<b>36</b>
<b>Total assets</b>	<b>57</b>	<b>37</b>	<b>94</b>
<b>Acquired provisions and liabilities</b>			
Deferred tax liability	0	-9	<b>-9</b>
Current operating liabilities	-36	-	<b>-36</b>
<b>Total provisions and liabilities</b>	<b>-36</b>	<b>-9</b>	<b>-45</b>
<b>Net of identified assets and liabilities</b>	<b>21</b>	<b>28</b>	<b>49</b>
Goodwill			<b>40</b>
Non-controlling interests <sup>2)</sup>			<b>-13</b>
<b>Purchase consideration</b>			<b>76</b>
Less: Net cash in acquired business <sup>1)</sup>			<b>-2</b>
Less: Fair value of previous share in associated company			<b>-2</b>
<b>Effect on the Group's cash and cash equivalents</b>			<b>72</b>

1) Net of cash and cash equivalents and interest-bearing liabilities in the acquired businesses.

2) Non-controlling interest is calculated as the proportional share of the identified net assets.

## NOTE 33 EVENTS AFTER THE END OF THE FINANCIAL YEAR

### Acquisition of Lindström Group's PPE business in Finland

In March 2019, the subsidiary TOOLS Finland Oy acquired Lindström Group's personal protective equipment (PPE) business in Finland. Closing took place in early April 2019. The acquisition further strengthened TOOLS' position as a leading supplier of tools, PPE and related services to Finnish industry. At the acquisition, the acquired business generated annual revenue of approximately MEUR 6.2 with favourable profitability and had five employees. The acquisition was carried out as a conveyance of assets and liabilities.

### Acquisition of ETAB Industriautomation

The subsidiary Momentum Industrial acquired 70 percent of the shares in ETAB Industriautomation AB in early May 2019. The acquisition further strengthened Momentum Industrial's position as the leading supplier of industrial components to Swedish industry. At the acquisition, ETAB generated annual revenue of approximately MSEK 45 and had nine employees.

### Business area structure as of 1 April 2019

In order to create even stronger conditions for increased coordination and profitability in the Group's two business areas, the Group's business area structure was adjusted as of 1 April 2019. The adjustment mainly impacted the subsidiary Gigant AB, which was previously part of the Components & Services business area but became part of the Tools & Consumables business area as

of 1 April 2019. Above all, this change will facilitate increased coordination between Gigant and the TOOLS operations. Pro forma financial reporting for the 2018/19 financial year with respect to the changed business area structure is available in the appendix on page 19 of Momentum Group's Financial Report for 2018/19.

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

## NOTE 34 PARENT COMPANY DISCLOSURES

Momentum Group AB and its subsidiaries form the Momentum Group. The companies in the Momentum Group are leading suppliers of industrial consumables and components - as well as competitive services and maintenance - to professional end users in the Nordic region.

Momentum Group AB, Corporate Registration Number 559072-1352, is a registered limited liability company with its registered office in Stockholm, Sweden.

### Address of the head office:

Momentum Group AB (publ)  
P.O. Box 5900  
SE-102 40 Stockholm, Sweden  
www.momentum.group

## PROPOSED APPROPRIATION OF PROFIT

According to the consolidated balance sheet, retained earnings including net profit amounted to MSEK 1,236 at 31 March 2019, of which MSEK 229 comprised net profit.

The following amounts are at the disposal of the Annual General Meeting of the Parent Company Momentum Group AB:

Retained earnings	SEK 531,184 thousand
Net profit	SEK 80,028 thousand
	<b>SEK 611,212 thousand</b>

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

Dividend to shareholders, SEK 3.20 per share	SEK 88,849 thousand <sup>1)</sup>
To be brought forward	SEK 522,363 thousand
	<b>SEK 611,212 thousand</b>

<sup>1)</sup> Calculated based on the number of shares as of 31 March 2019, and with due consideration for the 500,000 Class B shares repurchased by the Company.

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 29 August 2019.

### 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, 11 June 2019

**Jörgen Wigh**  
Chairman

**Fredrik Börjesson**  
Director

**Charlotte Hansson**  
Director

**Stefan Hedelius**  
Director

**Gunilla Spongh**  
Director

**Ulf Lilius**  
President & CEO

Our Auditor's Report was submitted on 13 June 2019  
KPMG AB

**Håkan Olsson Reising**  
Authorised Public Accountant  
Auditor in Charge

**Johanna Hagström Jerkeryd**  
Authorised Public Accountant



# AUDITOR'S REPORT

To the General Meeting of Shareholders of Momentum Group AB (publ), corp. id 559072-1352

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

### Opinions

We have audited the annual accounts and consolidated accounts of Momentum Group AB (publ) for the financial year 2018-04-01—2019-03-31, except for the Corporate Governance Report on pages 21-26. The annual accounts and consolidated accounts of the Company are included on pages 17-62 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 2019 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 2019 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 Report on pages 21-26. 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 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 judgement, 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 Note 10 and accounting policies on pages 38-39 in the annual accounts and consolidated accounts for detailed information and description of the matter.

#### Description of key audit matter

The carrying value of goodwill is MSEK 522 as at 31 March 2019, which represents approximately 18 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 judgement.

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 judgements 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.

## 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 1-6, 12-15 and 67-73. The Board of Directors and the President & CEO 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 President & CEO

The Board of Directors and the President & CEO 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 President & CEO 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 President & CEO 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 President & CEO 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 ISA, we exercise professional judgement 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 President & CEO.

- Conclude on the appropriateness of the Board of Directors' and the President & CEO'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 President & CEO of Momentum Group AB (publ) for the financial year 2018-04-01—2019-03-31 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 President & CEO 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 President & CEO

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 President & CEO 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 President & CEO 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 judgement 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 judgement 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 Report

The Board of Directors is responsible for that the Corporate Governance Report on pages 21-26 has been prepared in accordance with the Annual Accounts Act.

Our examination of the Corporate Governance Report is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the Corporate Governance Report. This means that our examination of the Corporate Governance 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 opinions.

A Corporate Governance Report 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, P.O. Box 382, 101 27, Stockholm, Sweden was appointed auditor of Momentum Group AB (publ) by the General Meeting of Shareholders on 22 August 2018. KPMG AB or auditors operating at KPMG AB have been the Company's auditor since 2016.

Stockholm, 13 June 2019

KPMG AB

KPMG AB

**Håkan Olsson Reising**

Authorized Public Accountant  
Auditor in Charge

**Johanna Hagström Jerkeryd**

Authorized Public Accountant

# AUDITOR'S OPINION REGARDING THE STATUTORY SUSTAINABILITY REPORT

To the General Meeting of Shareholders of Momentum Group AB (publ), corp. id 559072-1352.

## ENGAGEMENT AND RESPONSIBILITY

It is the Board of Directors who is responsible for the Sustainability Report for the financial year 2018-04-01—2019-03-31 on pages 7–11 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, 13 June 2019

KPMG AB

KPMG AB

**Håkan Olsson Reising**

Authorized Public Accountant  
Auditor in Charge

**Johanna Hagström Jerkeryd**

Authorized Public Accountant

# MULTI-YEAR REVIEW

MSEK, unless otherwise indicated	2018/19	2017/18	2016/17 <sup>1)</sup>	2015/16 <sup>1)</sup>	2014/15 <sup>1)</sup>
Revenue	6,024	5,616	5,411	5,176	5,351
Operating profit	302	240	65	193	198
Adjusted operating profit	302	252	193	193	198
EBITA	318	262	195	193	198
Financial income and expenses	-6	-5	-11	-11	-17
Profit after financial items	296	235	54	182	181
Net profit	231	182	42	139	140
Of which, attributable to:					
Parent Company shareholders	229	181	42	139	140
Non-controlling interests	2	1	-	-	-
Intangible non-current assets	649	627	533	428	416
Tangible non-current assets	63	61	64	50	55
Financial non-current assets	22	26	41	30	33
Inventories	986	927	823	785	846
Current receivables	1,186	1,083	1,021	876	1,005
Cash and cash equivalents	8	10	69	525	372
<b>Total assets</b>	<b>2,914</b>	<b>2,734</b>	<b>2,551</b>	<b>2,694</b>	<b>2,727</b>
Equity attributable to Parent Company shareholders	1,303	1,155	1,007	939	980
Non-controlling interests	14	15	-	-	-
Interest-bearing liabilities and provisions	301	332	356	661	777
Non-interest-bearing liabilities and provisions	1,296	1,232	1,188	1,094	970
<b>Total equity and liabilities</b>	<b>2,914</b>	<b>2,734</b>	<b>2,551</b>	<b>2,694</b>	<b>2,727</b>
Operating margin, %	5.0%	4.3%	1.2%	3.7%	3.7%
Adjusted operating margin, %	5.0%	4.5%	3.6%	3.7%	3.7%
EBITA margin, %	5.3%	4.7%	3.6%	3.7%	3.7%
Profit margin, %	4.9%	4.2%	1.0%	3.5%	3.4%
Return on working capital (P/WC), %	25%	24%	21%	19%	17%
Return on working capital (EBITA/WC), %	27%	25%	21%	19%	17%
Return on capital employed, %	19%	17%	4%	12%	11%
Return on adjusted capital employed, %	19%	18%	16%	15%	14%
Return on equity, %	19%	17%	4%	14%	13%
Operational net loan liability	266	295	263	117	382
Equity/assets ratio, %	45%	42%	39%	35%	36%
Adjusted equity/assets ratio, %	45%	42%	40%	43%	42%
Earnings per share, SEK	8.20	6.45	1.50	4.95	4.95
Equity per share, SEK	46.70	40.95	35.65	33.20	34.65
Share price at the end of the period, SEK	93.40	100.00	-	-	-
Cash flow from operating activities	230	92	177	427	220
Cash flow from investing activities	-101	-99	-188	-28	29
Cash flow from financing activities	-131	-52	-448	-233	-175
Cash flow for the year	-2	-59	-459	166	74
No. of employees at the end of the period	1,684	1,647	1,660	1,573	1,618
Average no. of employees	1,671	1,654	1,576	1,602	1,633

1) The comparison years have been prepared as combined financial statements.  
For accounting policies concerning combined financial statements, refer to Momentum Group's Financial Report for 2016/17.

# BOARD OF DIRECTORS



**JÖRGEN WIGH**

Chairman of the Board since 2016.

**Born:** 1965. **Education:** M.Sc. Econ.

President & CEO of Lagercrantz Group AB.

**Other board assignments:** Director of Lagercrantz Group AB.

**Work experience:** Executive Vice President of Bergman & Beving. Founder of PriceGain. Management Consultant at McKinsey & Co., and Investment Manager at Spira Invest.

**Dependency conditions:** Independent in relation to the Company and senior management. Independent in relation to the Company's major shareholders.

**Shares owned:** 13,978 Class B shares (own holding).



**FREDRIK BÖRJESSON**

Director since 2016.

**Born:** 1978. **Education:** M.Sc. Econ.

President & CEO of Tisenhult-gruppen AB.

**Other board assignments:** Director of Lagercrantz Group AB and a number of companies in Tisenhult-gruppen

**Work experience:** Senior positions at Tisenhult-gruppen.

**Dependency conditions:** Independent in relation to the Company and senior management. Independent in relation to the Company's major shareholders.

**Shares owned:** 14,600 Class B shares (with family).



**CHARLOTTE HANSSON**

Director since 2016.

**Born:** 1962. **Education:** M.Sc.

**Other board assignments:** Chairman of Orio AB.

Director of DistIT AB, Green Cargo AB and Probi AB.

**Work experience:** President & CEO of MTD Morgontidig Distribution i Sverige AB. CEO of Jetpak Sweden. Senior positions at Jetpak, ASG/Danzas, Carl Zeiss and Beckman Coulter.

**Dependency conditions:** Independent in relation to the Company and senior management. Independent in relation to the Company's major shareholders.

**Shares owned:** 3,800 Class B shares (own holding) and 3,700 Class B shares (through companies).



**STEFAN HEDELIUS**

Director since 2016.

**Born:** 1969. **Education:** University studies in economics, various international executive education programmes. CEO of Human Care Group AB.

**Other board assignments:** Director of AddLife AB.

**Work experience:** CEO of NOTE AB. Vice President Brand and Marketing at Scandinavian Airlines (SAS) and senior positions at Ericsson, including Vice President Marketing and Communications, Head of Strategy and Marketing, and Vice President Ericsson Austria.

**Dependency conditions:** Independent in relation to the Company and senior management. Dependent in relation to the Company's major shareholders.

**Shares owned:** 1,500 Class B shares (own holding).



**GUNILLA SPONGH**

Director since 2016.

**Born:** 1966. **Education:** M.Sc. Eng.

**Other board assignments:** Director of AQ Group AB, Byggmax Group AB, Infranord AB, Pierce Holding AB, Ripasso Energy AB and SSG Partners A/S.

**Work experience:** CFO of Preem AB. International Business Director and CFO of Mekonomen Group. Senior positions at Cashguard, Enea and Electrolux.

**Dependency conditions:** Independent in relation to the Company and senior management. Independent in relation to the Company's major shareholders.

**Shares owned:** 1,350 Class B shares (own holding).

**Note:** Information on the Board of Directors' holdings of shares pertains to circumstances as of 11 June 2019.

# GROUP MANAGEMENT



## ULF LILIUS

President & CEO

Employee of the Group since 2002.

**Born:** 1972. **Education:** B.Sc. Econ.

**Work experience:** President & CEO of B&B TOOLS AB.

President & CEO of Momentum Industrial. Senior positions at Momentum Industrial and SKF.

**Shares owned:** 2,688 Class A shares and 195,512 Class B shares (with family).

**Call options:** 50,000.



## NIKLAS ENMARK

Executive Vice President & CFO.

Employee of the Group since 2017.

**Born:** 1972. **Education:** M.Sc. Econ.

**Work experience:** CFO of Axel Johnson International AB.

Executive Vice President & CFO of Lagercrantz Group AB.

Investment Manager at Investor Growth Capital.

**Shares owned:** 27,902 Class B shares (own holding).

**Call options:** 45,000.

## AUDITORS KPMG AB

### HÅKAN OLSSON REISING

Authorised Public Accountant. Stockholm, born 1961.

Håkan Olsson Reising has been Auditor in Charge for Momentum Group AB since 2017.

### JOHANNA HAGSTRÖM JERKERYD

Authorised Public Accountant. Stockholm, born 1984.

Johanna Hagström Jerkeryd has been cosignatory auditor for Momentum Group AB since 2019.

KMPG have been the auditors for Momentum Group AB since 2016.

**Note:** Information on Group management's holdings of shares and call options pertains to circumstances as of 11 June 2019.

# THE MOMENTUM GROUP SHARE

Momentum Group's Class B shares were listed on Nasdaq Stockholm on 21 June 2017. For the period from 1 April 2018 to 31 March 2019, the total trading volume was MSEK 605 and the share price decreased -7 percent. At the end of the financial year, Momentum Group had a market capitalisation of MSEK 2,640.

## MARKET LISTING

On 14 June 2017, an Extraordinary General Meeting of Shareholders in what was then the Parent Company B&B TOOLS AB approved the spin-off and separate listing of Momentum Group AB. Momentum Group's Class B shares were introduced on Nasdaq Stockholm's Mid Cap list on 21 June 2017. The share is traded under the ticker MMGR-B.

## PERFORMANCE OF THE MOMENTUM GROUP SHARE DURING 2018/19

During the period from 1 April 2018 to 31 March 2019, the market price of the Momentum Group share decreased -7 percent to SEK 93.40, which was the final paid price on 31 March 2019. During the same period, OMX Stockholm rose 5 percent. The highest and lowest prices paid during the period were SEK 128.60 (closing price on 3 August 2018) and SEK 77.20 (closing price on 27 December 2018), respectively.

As of 31 March 2019, Momentum Group's total market capitalisation

amounted to MSEK 2,640. During the year, six million Momentum Group shares were traded, at a total value of MSEK 605. Calculated on the total number of Class B shares outstanding, this corresponds to a turnover rate of 22 percent. Broken down by trading day, an average of approximately 24,100 Momentum Group shares were traded each day, at an average value of MSEK 2.4.

## SHARE CAPITAL

As of 31 March 2019, the share capital amounted to MSEK 57. The total number of shares was 28,265,416, of which 1,062,436 were Class A shares and 27,202,980 were Class B shares. The quotient value is SEK 2.00 per share. Each Class A share entitles the holder to ten votes and each Class B share to one vote. All shares carry equal rights to the Company's assets, earnings and dividends. Only the Class B share is listed on the Stockholm Stock Exchange. A conversion provision in the Articles of Association allows for conversion of Class A shares into Class B shares.

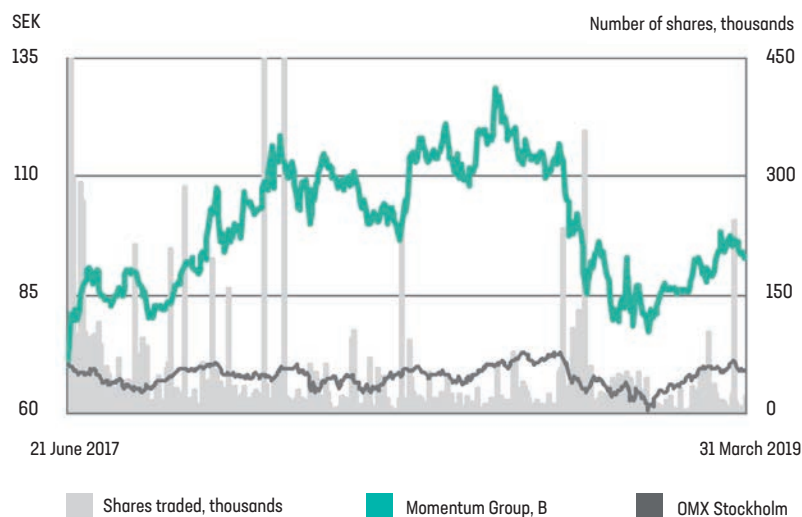
## REPURCHASE OF OWN SHARES

Momentum Group's holding of Class B treasury shares as of 31 March 2019 amounted to 500,000, equivalent to 1.8 percent of the total number of shares and 1.3 percent of the total number of votes. After a deduction for the shares repurchased by the Company, the number of shares outstanding as of 31 March 2019 totalled a net amount of 27,765,416.

Of the repurchased shares, all 500,000 Class B shares are intended to cover the Company's obligations to the holders of Momentum Group call options for repurchased Class B shares.

For further information regarding the terms of the share-based incentive programmes, refer to Note 5 on pages 43–45.

## SHARE PRICE DEVELOPMENT 21 JUNE 2017–31 MARCH 2019



THE MOMENTUM GROUP SHARE	2018/19	2017/18
Share price as of 31 March, SEK	93.40	100.00
Market capitalisation as of 31 March, MSEK	2,640	2,827
Dividend, SEK	3.20 <sup>1)</sup>	2.60
Shares outstanding, thousands	28,265	28,265
Number of shareholders as of 31 March	5,109	5,599
Highest share price during the financial year, SEK	128.60	118.60
Lowest share price during the financial year, SEK	77.20	70.25
Dividend yield <sup>2)</sup> , %	3.4 <sup>1)</sup>	2.6

1) As proposed by the Board of Directors.

2) Dividend divided by the share price on 31 March.



**DIVIDEND**

The dividend proposed by the Board of Directors for the 2018/19 financial year is SEK 3.20 per share, corresponding to a total of MSEK 89. The pay-out ratio is 39 percent of earnings per share.

**SHAREHOLDER STRUCTURE**

As of 31 March 2019, Momentum Group AB had 5,109 shareholders. Institutional investors, such as mutual funds, insurance companies and pension funds in Sweden and abroad, own approximately 82 percent of the total number of shares. The proportion of foreign ownership is approximately 25 percent of the total number of shares. The table below shows the ownership structure on 31 March 2019.

**ADDITIONAL INFORMATION**

Momentum Group's website is regularly updated with information concerning the share price, ownership changes and more.

**CLASSES OF SHARES AS OF 31 MARCH 2019<sup>1)</sup>**

	No. of shares	Proportion of	
		capital	votes
Class A shares	1,062,436	3.8%	28.5%
Class B shares	26,702,980	96.2%	71.5%
	<b>27,765,416</b>	<b>100.0%</b>	<b>100.0%</b>
Repurchased Class B shares	500,000		
<b>Total number of shares outstanding</b>	<b>28,265,416</b>		

1) Source: Euroclear Sweden.

**OWNERSHIP STRUCTURE AS OF 31 MARCH 2019<sup>1)</sup>**

Size class no. of shares	Owners		Shares	
	Number	% of total	Number	% of total
1-500	3,854	75.5%	505,992	1.8%
501-1,000	537	10.5%	441,048	1.6%
1,001-5,000	482	9.4%	1,111,773	4.0%
5,001-10,000	84	1.6%	623,592	2.2%
10,001-50,000	93	1.8%	1,856,809	6.7%
50,001-100,000	13	0.3%	893,359	3.2%
100,001-	46	0.9%	22,332,843	80.5%
<b>Total</b>	<b>5,109</b>	<b>100.0%</b>	<b>27,765,416</b>	<b>100.0%</b>

1) Source: Euroclear Sweden.

**MAJOR SHAREHOLDERS AS OF 31 MARCH 2019<sup>1)</sup>**

	Number		% of	
	Class A shares	Class B shares	Capital	Votes
Nordstjernan AB	495,848	930,459	5.1%	15.8%
Tom Hedelius	493,124		1.8%	13.2%
Swedbank Robur Funds		2,971,496	10.7%	8.0%
Handelsbanken Funds		2,585,000	9.3%	6.9%
SEB Investment Management		2,121,058	7.6%	5.7%
Handelsbankens Pensionskassa & Pensionsstiftelse		1,500,000	5.4%	4.0%
Fourth AP Fund		1,396,290	5.0%	3.7%
UBS Securities LLC		1,250,000	4.5%	3.3%
Fidelity Funds		1,162,488	4.2%	3.1%
Second AP Fund		839,490	3.0%	2.2%
Sandrew Aktiebolag		800,000	2.9%	2.1%
Catella Fondförvaltning		565,230	2.0%	1.5%
Third AP Fund		494,409	1.8%	1.3%
Banque Pictet & Cie (Europe)		460,684	1.7%	1.2%
Other	73,464	9,626,376	35.0%	28.0%
	<b>1,062,436</b>	<b>26,702,980</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Additional: Repurchased Class B shares</b>		500,000		
<b>Total</b>	<b>1,062,436</b>	<b>27,202,980</b>	<b>100.0%</b>	<b>100.0%</b>

1) Source: Euroclear Sweden.

# CALCULATION OF PERFORMANCE MEASURES

Momentum Group 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. Other units refer to the acquisition or divestment of units during the corresponding period.

Change in revenue for:	2018/19	2017/18
Comparable units in local currency	2.2%	2.1%
Currency effects	2.6%	0.2%
Number of trading days	0.5%	-2.7%
Other units	1.9%	4.2%
<b>Total change</b>	<b>7.3%</b>	<b>3.8%</b>

## ADJUSTED OPERATING PROFIT

Operating profit for the period adjusted for items affecting comparability. Items affecting comparability include revenue and expenses that do not arise regularly in the operating activities.

MSEK	2018/19	2017/18
<b>Operating profit</b>	<b>302</b>	<b>240</b>
<i>Items affecting comparability</i>		
Split and listing expenses	-	12
<b>Adjusted operating profit</b>	<b>302</b>	<b>252</b>

## EBITA

Adjusted operating profit before any impairment of goodwill and amortisation and impairment of other intangible assets in connection with corporate acquisitions and equivalent transactions.

MSEK	2018/19	2017/18
Adjusted operating profit	302	252
Amortisation of intangible assets in connection with corporate acquisitions	16	10
<b>EBITA</b>	<b>318</b>	<b>262</b>

## RETURN ON WORKING CAPITAL (P/WC)

Adjusted operating profit for the most recent 12-month period divided by average working capital measured as total working capital (accounts receivable and inventories less accounts payable) at the end of each month for the most recent 12-month period and the opening balance at the start of the period divided by 13.

MSEK	2018/19	2017/18
Average inventories	975	884
Average accounts receivable	956	895
Average accounts payable	-736	-732
<b>Average working capital (WC)</b>	<b>1,195</b>	<b>1,047</b>
Adjusted operating profit	302	252
<b>Return on working capital (P/WC), %</b>	<b>25%</b>	<b>24%</b>

## RETURN ON WORKING CAPITAL (EBITA/WC), %

EBITA for the most recent 12-month period divided by average working capital measured as total working capital (accounts receivable and inventories less accounts payable) at the end of each month for the most recent 12-month period and the opening balance at the start of the period divided by 13.

MSEK	2018/19	2017/18
EBITA	318	262
Average working capital	1,195	1,047
<b>EBITA</b>	<b>27%</b>	<b>25%</b>

## RETURN ON CAPITAL EMPLOYED, %

Operating profit plus financial income for the most recent 12-month period divided by average capital employed measured as the balance-sheet total less non-interest-bearing liabilities and provisions at the end of the most recent four quarters and the opening balance at the start of the period divided by five.

MSEK	2018/19	2017/18
<b>Average balance-sheet total</b>	<b>2,813</b>	<b>2,619</b>
<i>Average non-interest-bearing liabilities and provisions</i>		
Average non-interest-bearing non-current liabilities	-74	-57
Average non-interest-bearing current liabilities	-1,150	-1,149
<b>Average non-interest-bearing liabilities and provisions</b>	<b>-1,224</b>	<b>-1,206</b>
<b>Average capital employed</b>	<b>1,589</b>	<b>1,413</b>
Operating profit	302	240
Financial income	1	2
<b>Total operating profit + financial income</b>	<b>303</b>	<b>242</b>
<b>Return on capital employed, %</b>	<b>19%</b>	<b>17%</b>

## RETURN ON ADJUSTED CAPITAL EMPLOYED, %

Adjusted operating profit plus financial income for the most recent 12-month period divided by average adjusted capital employed measured as the balance-sheet total less non-interest-bearing liabilities and provisions as well as cash vis-a-vis the former Parent Company, B&B TOOLS AB, at the end of the most recent four quarters and the opening balance at the start of the period divided by five.

MSEK	2018/19	2017/18
Average capital employed	1,589	1,413
Average cash vis-a-vis B&B	-	-11
<b>Average adjusted capital employed</b>	<b>1,589</b>	<b>1,402</b>
Adjusted operating profit	302	252
Financial income	1	2
<b>Total adjusted operating profit + financial income</b>	<b>303</b>	<b>254</b>
<b>Return on adjusted capital employed, %</b>	<b>19%</b>	<b>18%</b>

## RETURN ON EQUITY, %

Net profit for the most recent 12-month period divided by average equity measured as total equity attributable to Parent Company shareholders at the end of the most recent four quarters and the opening balance at the start of the period divided by five.

MSEK	2018/19	2017/18
Average equity	1,220	1,070
Net profit	229	181
<b>Return on equity, %</b>	<b>19%</b>	<b>17%</b>

**OPERATIONAL NET LOAN LIABILITY**

Operational net loan liability measured as non-current interest-bearing liabilities and current interest-bearing liabilities, excluding net provisions for pensions, less cash and cash equivalents at the end of the period.

MSEK	2018/19	2017/18
Non-current interest-bearing liabilities	137	103
Current interest-bearing liabilities	137	202
Cash and cash equivalents	-8	-10
<b>Operational net loan liability</b>	<b>266</b>	<b>295</b>

**EQUITY/ASSETS RATIO AND ADJUSTED EQUITY/ASSETS RATIO, %**

The equity/assets ratio is calculated as equity attributable to Parent Company shareholders as a percentage of the balance-sheet total at the end of the period. Adjusted equity/assets ratio is calculated as equity attributable to Parent Company shareholders as a percentage of the balance-sheet total less cash vis-a-vis the former Parent Company, B&B TOOLS AB, at the end of the period.

MSEK	2018/19	2017/18
<i>Balance-sheet total</i>		
Balance-sheet total (closing balance)	2,914	2,734
Adjusted balance-sheet total (closing balance)	2,914	2,734
Equity (closing balance)	1,303	1,155
<b>Equity/assets ratio</b>	<b>45%</b>	<b>42%</b>
<b>Adjusted equity/assets ratio</b>	<b>45%</b>	<b>42%</b>

**DEFINITIONS****OPERATING MARGIN, %**

Operating profit relative to revenue.

**ADJUSTED OPERATING MARGIN, %**

Adjusted operating profit as a percentage of revenue.

**EBITA MARGIN, %**

EBITA as a percentage of revenue.

**PROFIT MARGIN, %**

Profit after financial items as a percentage of revenue.

**EQUITY PER SHARE, SEK**

Equity attributable to Parent Company shareholders divided by the number of shares at the end of the period.

**EARNINGS PER SHARE, SEK**

Net profit attributable to the Parent Company shareholders divided by the weighted number of shares. IFRS performance measure, refer to Note 18.

**WEIGHTED NUMBER OF SHARES AND DILUTION**

Average number of shares outstanding before or after dilution. Shares held by Momentum Group at any given time are not included in the number of shares outstanding. Dilution effects arise due to potential call options issued by the Company that can be settled using shares in share-based incentive programmes. In such cases, 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.

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