

# FINANCIAL REPORT 2019/20

1 April 2019-31 March 2020

## FINANCIAL YEAR 2019/20 (1 April 2019-31 March 2020)

- **Revenue** increased by 2 percent to MSEK 6,135 (6,024).
- **EBITA (excluding items affecting comparability of MSEK –14 pertaining to costs arising from the acquisition of Swedol)** rose by 6 percent to MSEK 338 (318), corresponding to an **EBITA margin** of 5.5 percent (5.3).
- **Adjusted operating profit (excluding items affecting comparability)** increased to MSEK 317 (302), corresponding to an **adjusted operating margin** of 5.2 percent (5.0). **Operating profit** amounted to MSEK 303 (302) and the **operating margin** to 4.9 percent (5.0).
- **Profit after financial items** totalled MSEK 283 (296).
- **Net profit** amounted to MSEK 217 (231).
- **Earnings per share** totalled SEK 7.70 (8.20).
- **Cash flow from operating activities** improved to MSEK 505.
- The **return on equity** was 16 percent (19) and the **return on working capital (P/WC)** was 28 percent (27).
- The **operational net loan liability** amounted to MSEK 166 (266) and the **equity/assets ratio** was 48 percent at the end of the financial year.
- Due to current uncertainty in the operating environment caused by the COVID-19 pandemic, the Board proposes that **no dividend be paid for 2019/20** (previous year: SEK 3.20 per share).

## FOURTH QUARTER (1 January-31 March 2020)

- **Revenue** totalled MSEK 1,539 (1,560).
- **EBITA (excluding items affecting comparability of MSEK –5)** rose by 10 percent to MSEK 91 (83), corresponding to an **EBITA margin** of 5.9 percent (5.3).
- **Adjusted operating profit (excluding items affecting comparability)** increased by 8 percent to MSEK 85 (79), corresponding to an **adjusted operating margin** of 5.5 percent (5.1). **Operating profit** amounted to MSEK 80 (79).
- **Net profit** amounted to MSEK 54 (61).
- The effect of the **COVID-19 pandemic** on the Group's operations is deemed to have been limited and demand remained stable in many markets and regions during the fourth quarter. It is not possible to describe with any certainty how the pandemic will impact Momentum Group in the coming quarters, but affected operations in the Group are taking suitable measures depending on how the market and the situation develops.
- **The acquisition of Swedol was completed during the fourth quarter, with closing on 1 April 2020.** The merger of TOOLS and Swedol creates an attractive business partner for Nordic customers, with favourable opportunities for improved efficiency and synergy gains.

### TRANSITION TO IFRS 16 AS OF 1 APRIL 2019

As of 1 April 2019, Momentum Group applies IFRS 16 *Leases*. The transition was made using the modified retrospective approach, which means that comparative figures have not been restated. The total transition effects on the balance sheet, income statement, cash flow and selected performance measures are reported in Note 5. Refer also to the accounting policies in Note 1.

## PRESIDENT'S STATEMENT

### A NEW GROUP TAKES SHAPE WITH TWO STRONG BUSINESS AREAS

As we at Momentum Group put another financial year behind us – our third as an independent company – it is as an entirely different group than the one we started the year as. I would therefore like to start by welcoming all of our new Swedol colleagues to the Momentum Group. At the same time, I would also like to extend my deep thanks to all of our dedicated employees across the entire Group for your hard work during the 2019/20 financial year – and to our customers and business partners for your continued confidence. We look forward to continuing our development and improvement journey together with all of you!

We are confident that the combination of TOOLS and Swedol's complementary customer focus and sales channels will contribute to an even stronger and more attractive business partner for our customers, suppliers and employees in the *business area Tools, Consumables, Workwear & Protective Equipment*. At the same time, we are continuing to develop and strengthen the Group's operations in the *business area Components & Services* and are continuously evaluating attractive acquisition opportunities in this area in order to further strengthen our position.

### CONTINUED POSITIVE EARNINGS PERFORMANCE DURING 2019/20

The performance in our main markets in Sweden, Norway and Finland was relatively stable during the year as a whole, but the COVID-19 pandemic had a negative impact on customer demand during the last weeks of March 2020. The Group's ability to deliver on our customer commitments has remained strong, as all units continued to operate and with a high delivery capacity. EBITA (adjusted for items affecting comparability we had during the year pertaining to costs arising from the acquisition of Swedol of approximately MSEK 14) increased by 6 percent to MSEK 338 for the year, corresponding to an EBITA margin of 5.5 percent. Our profitability measured as return on equity was 16 percent.

In summary, 2019/20 was another financial year that was "better than yesterday," while we also completed the largest acquisition in the Group's history. The continued healthy performance of Momentum Industrial, resulting in its best year ever in terms of revenue and earnings, is especially gratifying. Thanks to our focused initiatives, our cash flow from operating activities gradually strengthened during the year, even when adjusted for IFRS 16 effects.

### 2020/21 – A NEW YEAR WITH CHALLENGES AND OPPORTUNITIES

The Momentum Group now has total annual revenue of approximately SEK 9.5 billion and some 2,700 committed colleagues around the Nordic region. Momentum Group's financial position, cash flows and liquidity remain strong and we have a high level of financial preparedness for managing challenges as well as opportunities.

The COVID-19 pandemic continues to impact the global economy and will inevitably affect Momentum Group during the current year 2020/21. Our first priority is to continuously implement relevant preventative health measures to offer our employees, customers and other business partners a safe and sound work environment. During April and the beginning of May, the pandemic continued to negatively impact many customers, with lower activity and periodic closures of operations in certain customer segments, such as the automotive industry. At the same time, trends for a number of other customer segments were stable and demand in certain product areas, such as personal protective equipment, rose dramatically. We believe that the Group's decentralised business model is a major advantage in this volatile market situation. Adaptive measures are being urgently taken in the Group's operations, such as "short time working" and terminations in accordance with the supportive measures introduced in several countries, where such measures are deemed necessary and possible depending on developments in the level of activity, market conditions and the general situation. The total effect due to prevailing market conditions will likely have a negative impact on demand for the Group's products in the next few months. The cumulative effect on our earnings is currently difficult to predict and depends entirely on the depth and length of the decline in demand and the effects of the cost-reducing measures that are being taken. Turbulent times call for a warm heart and a cool head, and we intend to continue along the path we have established, with a focus on earnings growth, reduced funds tied up in working capital and corporate acquisitions in order to increase profitability. Momentum Group will take the necessary steps to responsibly safeguard earnings, liquidity and cash flows, even in the event of a protracted period of low demand due to the COVID-19 pandemic – to thereby strengthen conditions for the Group and its employees over the long term. Efforts to realise synergies and strengthen the customer offering through the coordination between TOOLS and Swedol are continuing unabated. Our decentralised profit responsibility, proximity to customers and our ability to adapt to changes in our operating environment have never been more important than right now.

Stockholm, May 2020

**Ulf Lilius**  
President & CEO

## MOMENTUM GROUP IN SUMMARY

	QUARTER 3 MONTHS ENDING 31 MAR			FULL-YEAR 12 MONTHS ENDING 31 MAR		
	2020	2019	Δ	2020	2019	Δ
Revenue, MSEK	1,539	1,560	-1%	6,135	6,024	2%
EBITA, MSEK	91	83	10%	338	318	6%
Operating profit, MSEK	80	79	1%	303	302	0%
<i>of which, items affecting comparability</i>	-5	-		-14	-	
Adjusted operating profit	85	79	8%	317	302	5%
Profit after financial items, MSEK	74	77	-4%	283	296	-4%
Net profit (after taxes), MSEK	54	61	-11%	217	231	-6%
Earnings per share, SEK	1.95	2.20	-11%	7.70	8.20	-6%
EBITA margin	5.9%	5.3%		5.5%	5.3%	
Operating margin	5.2%	5.1%		4.9%	5.0%	
Adjusted operating margin	5.5%	5.1%		5.2%	5.0%	
Profit margin	4.8%	4.9%		4.6%	4.9%	
Return on equity				16%	19%	
Return on working capital (EBITA/WC)				28%	27%	
Return on working capital (P/WC)				26%	25%	
Equity per share, SEK				56.95	46.70	22%
Equity/assets ratio				48%	45%	
Number of employees at the end of the period				1,651	1,684	-2%

## PROFIT AND REVENUE

### Fourth quarter (1 January-31 March 2020)

Revenue for the fourth quarter of the financial year decreased by 1 percent to MSEK 1,539 (1,560). Exchange-rate translation effects had an impact of MSEK -21 on revenue. Revenue for comparable units, measured in local currency and adjusted for the number of trading days, fell by approximately 3 percent compared with the corresponding quarter in the preceding year. Acquisitions contributed approximately 2 percent to total change in revenue. The quarter contained the same number of trading days as the corresponding quarter in the preceding financial year.

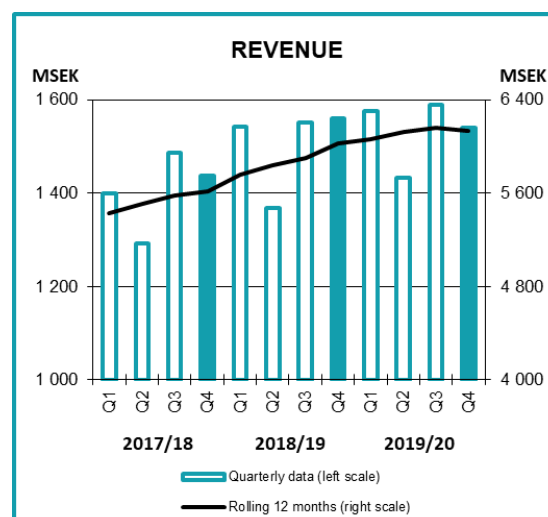
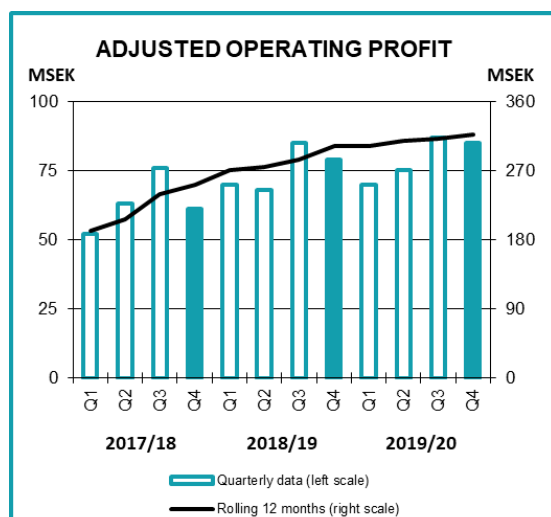
Operating profit for the quarter totalled MSEK 80 (79). Operating profit for the quarter includes items affecting comparability of MSEK -5 pertaining to costs for advisors and other costs arising from the acquisition of Swedol. Adjusted operating profit (excluding these items affecting comparability) thus amounted to MSEK 85 (79) and EBITA to MSEK 91 (83). Exchange-rate translation effects had a net impact of MSEK -1 (+1) on operating profit. The adjusted operating margin was 5.5 percent (5.1). Profit after financial items totalled MSEK 74 (77) and net profit amounted to MSEK 54 (61) for the quarter.

### Financial year 2019/20 (1 April 2019-31 March 2020)

Revenue for the full financial year increased by 2 percent to MSEK 6,135 (6,024). Exchange-rate translation effects had an impact of MSEK -1 on revenue. Revenue for comparable units, measured in local currency and adjusted for the number of trading days, fell by approximately 2 percent compared with the preceding year. Acquisitions contributed approximately 4 percent to total revenue growth. The financial year contained the same total number of trading days as the preceding year.

Operating profit for the financial year amounted to MSEK 303 (302). Operating profit includes items affecting comparability of MSEK -14 pertaining to advisors and other costs arising from the acquisition of Swedol. Adjusted operating profit (excluding these items affecting comparability) thus rose by 5 percent to MSEK 317 (302) and EBITA by 6 percent to MSEK 338 (318). Operating profit was charged with depreciation and impairment losses of MSEK -17 (-17) on tangible non-current assets and amortisation and impairment losses of MSEK -35 (-30) on intangible non-current assets. Exchange-rate translation effects had a net impact of MSEK 0 (+6) on operating profit. The adjusted operating margin was 5.2 percent (5.0).

Profit after financial items totalled MSEK 283 (296) and net profit amounted to MSEK 217 (231). This corresponds to earnings per share of SEK 7.70 (8.20).



## OPERATIONS

The Momentum Group comprises two business areas – Tools & Consumables and Components & Services. Group-wide includes the Group’s management, finance function, support functions (including internal communications, investor relations and legal affairs) and logistics operations in Sweden.

The beginning of the fourth quarter of the financial year was characterised by continued restraint and a cautious attitude among industrial customers in Sweden and Finland, although trends in different customer segments and product areas continued to vary. Demand in Norway was somewhat stronger, primarily in oil & gas as well as public administration. In some of the operations, the relatively mild winter continued to have a negative effect on sales of workwear suited for the cold and snow.

As the COVID-19 pandemic and the stringent measures from both society at large and individual companies started to take effect at the end of March, all operations in the Group observed growing caution and a negative effect on overall demand, even if sales of certain product groups and to certain customer segments increased. In total, sales and earnings performances for the entire Momentum Group were stable during the quarter.

### The Momentum Group

MSEK	QUARTER		FULL-YEAR	
	JAN-MAR 2020	JAN-MAR 2019	2019/20	2018/19
Revenue	<b>1,539</b>	1,560	<b>6,135</b>	6,024
Operating profit	<b>80</b>	79	<b>303</b>	302
of which, items affecting comparability	<b>-5</b>	-	<b>-14</b>	-
Adjusted operating profit	<b>85</b>	79	<b>317</b>	302
Operating margin	<b>5.2%</b>	5.1%	<b>4.9%</b>	5.0%
Adjusted operating margin	<b>5.5%</b>	5.1%	<b>5.2%</b>	5.0%

### Business area Tools & Consumables

This business area comprises TOOLS Sweden, TOOLS Norway, TOOLS Finland, Gigant, Mercus Yrkeskläder, TriffiQ Företagsprofilering, Reklamproffsen and Company Line, which offer products and services related to tools, industrial consumables and workplace equipment as well as workwear and profile clothing for the industrial and construction sectors in the Nordic region.

MSEK	QUARTER		FULL-YEAR	
	JAN-MAR 2020	JAN-MAR 2019	2019/20	2018/19
Revenue	<b>1,232</b>	1,268	<b>4,959</b>	4,925
Operating profit	<b>44</b>	46	<b>170</b>	180
of which, items affecting comparability	-	-	-	-
Adjusted operating profit	<b>44</b>	46	<b>170</b>	180
Operating margin	<b>3.6%</b>	3.6%	<b>3.4%</b>	3.7%
Adjusted operating margin	<b>3.6%</b>	3.6%	<b>3.4%</b>	3.7%

All operations in the business area *Tools & Consumables* noted a negative effect on sales from the COVID-19 pandemic during the end of March, even if the effect on total revenue during the fourth quarter of the financial year was relatively limited. Acquisitions contributed approximately 1 percent to the total increase in revenue, while revenue for comparable units in the business area decreased by 3 percent<sup>1</sup> during the entire quarter.

Revenue for *TOOLS Norway* increased by 1 percent<sup>1</sup> during the quarter, with a continued favourable trend primarily in the oil & gas sector, construction & civil engineering as well as public administration. Expansion and commissioning of the logistics function for *TOOLS Norway* resulted in extra costs of approximately MSEK 2 for operations during the quarter (a total of MSEK 14 for the financial year). The new logistics hub is now complete and is being continuously optimised, and the share of direct deliveries to end customers is gradually increasing.

Revenue for *TOOLS Sweden* decreased by 8 percent<sup>1</sup> during the quarter compared with the preceding year, partly due to a lingering cautious attitude among industrial customers, which could be seen even prior to the effects of the COVID-19 pandemic at the end of March, and lower sales of winter clothing. Efforts to increase profitability, including increased cost-efficiency, improved sales promotion and changes in purchasing, are proceeding according to plan and continue to contribute to higher gross margins and lower costs in the operations compared with the preceding year.

Revenue for *TOOLS Finland* rose by 1 percent<sup>1</sup> during the quarter compared with the preceding year, with an increase in sales to primarily small and medium-sized customers. There was a positive trend in all product groups up to the end of March. The personal protective equipment (PPE) business acquired from Lindström Group contributed to revenue and earnings during the quarter.

The cautious attitude among industrial companies, primarily in Sweden, had a negative impact on the development in *Gigant* during the quarter, while sales in the Group's niche companies within workwear & promotional products (*Mercus Yrkeskläder*, *TriffiQ Företagsprofilering*, *Reklamproffsen* and *Company Line*) were negatively impacted by weaker demand for winter clothing due to the mild winter.

Refer also to "President's statement" and "Operations" for information about the effects of the COVID-19 pandemic.

## Business area Components & Services

This business area comprises Momentum Industrial and its subsidiaries, which offer spare parts, service and repairs for customers in the industrial sector in the Nordic region.

MSEK	QUARTER		FULL-YEAR	
	JAN-MAR 2020	JAN-MAR 2019	2019/20	2018/19
Revenue	313	303	1,207	1,148
Operating profit	43	35	150	130
of which, items affecting comparability	-	-	-	-
Adjusted operating profit	43	35	150	130
Operating margin	13.7%	11.6%	12.4%	11.3%
Adjusted operating margin	13.7%	11.6%	12.4%	11.3%

The effects on sales in the business area *Components & Services* from the COVID-19 pandemic during the fourth quarter of the financial year were relatively limited, even if several larger industrial customers implemented cost-saving measures in their operations at the end of March. Revenue increased approximately 3 percent for the business area during the entire quarter, while revenue for comparable units decreased by 3 percent<sup>1</sup>.

Sales for *Momentum Industrial* increased in the major customer segments (pulp & paper, automotive industry and mining segment) during the quarter, although demand was negatively affected by the measures taken by customers at the end of March to address the COVID-19 pandemic. Measures to improve cost efficiency and customer cultivation had a positive effect on the gross margins and operating profit during the quarter.

Momentum Industrial's subsidiaries *Rörick Elektriska Verkstad* within service and repairs and *ETAB Industriautomation* within pneumatics and hydraulics continued to develop positively during the quarter. Refer also to "President's statement" and "Operations" for information about the effects of the COVID-19 pandemic.

## Group-wide and eliminations

An operating loss of MSEK -17 (-8) was reported for "Group-wide and eliminations" for the financial year, of which items affecting comparability accounted for MSEK -14 MSEK (-). Items affecting comparability pertain to costs for advisors and other costs arising from the public offer for Swedol, which was completed after the end of the 2019/20 financial year.

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

The Parent Company's revenue for the year amounted to MSEK 29 (24) and profit after financial items totalled MSEK 6 (10). The net profit for the year of MSEK 82 (80) includes Group contributions totalling MSEK 133 (127).

## EMPLOYEES

At the end of the financial year, the number of employees in the Group amounted to 1,651, compared with 1,684 at the beginning of the year.

## CORPORATE ACQUISITIONS

### ACQUISITION OF SWEDOL

On 11 November 2019, Momentum Group announced a recommended public offer to the shareholders of Swedol AB (publ). On 23 March 2020, the Board of Directors of Momentum Group resolved to complete the offer following scrutiny for compatibility with competition law by the national competition authorities in Sweden, Norway and Finland and the offer being accepted by shareholders representing approximately 98 percent of the shares in Swedol. Closing on the shares in Swedol took place on 1 April 2020. After an extended acceptance period for shares outstanding to 17 April 2020, Momentum Group holds approximately 98.8 percent of the shares and approximately 99.0 of the votes in Swedol. The last day for trading in Swedol's Class B shares on Nasdaq Stockholm was 20 April 2020 and Momentum Group has called for a compulsory redemption of the remaining shares outstanding in Swedol.

The combination of TOOLS and Swedol creates an attractive business partner for Nordic customers – including both smaller and larger companies in the industrial and construction sectors as well as other sectors, such as the public sector – in the areas of tools, workwear, personal protective equipment and consumables. The acquisition creates the prerequisites for increased efficiency and economies of scale, which will also be of benefit to the customers of both companies and lead to increased competition within the sector. Together, both businesses will benefit from common product ranges, procurement channels, more efficient logistics and Swedol's proprietary product brands as well as the development of an even better service offering and new digital solutions. Consequently, this will lead to a solid platform for continued expansion. Hence, the coordination between Swedol's and TOOLS' operations will create value for customers, suppliers, employees and owners.

### OTHER CORPORATE ACQUISITIONS DURING THE 2019/20 FINANCIAL YEAR

Momentum Group conducted three other corporate acquisitions with closing during the 2019/20 financial year.

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

In March 2019, the subsidiary TOOLS Finland Oy acquired Lindström Group's PPE (Personal Protective Equipment) business in Finland. The acquisition further strengthens TOOLS' position as a leading supplier of tools, PPE and related services to Finnish industry. As of the acquisition date, the acquired business generated annual revenue of approximately MEUR 6 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. ETAB is one of the leading industrial automation companies in Sweden and provides products and services in hydraulics, linear technology and pneumatics to industrial companies in Sweden. The acquisition further strengthens Momentum Industrial's position as the leading supplier of products and services in industrial components to Swedish industry. As of the acquisition date, ETAB generated annual revenue of approximately MSEK 45 and had nine employees. Closing took place in early June 2019.

#### Acquisition of Company Line

Momentum Group acquired 70 percent of the shares in Company Line Förvaltning AB in late June 2019. Company Line is one of the largest resellers of workwear and profile clothing in northern Sweden, with professional stores in Luleå and Kiruna. As of the acquisition date, Company Line generated annual revenue of approximately MSEK 75 and had 25 employees. Closing took place in conjunction with the acquisition.

In March 2020, Company Line Förvaltning AB acquired 100 percent of the shares in AMJ Papper AB. AMJ complements Company Line's operations in Kiruna with its offering of industrial packaging material and paper products to local customers. As of the acquisition date, AMJ generated annual revenue of approximately MSEK 15 and had six employees. Closing took place in conjunction with the acquisition.

Refer to Note 4 for a preliminary acquisition analysis regarding the acquisitions during the financial year and a summary of acquisitions completed since the 2015/16 financial year.

## PROFITABILITY, CASH FLOW AND FINANCIAL POSITION

The Group's profitability, measured as the return on equity, amounted to 16 percent (19) and the return on working capital (EBITA/WC) to 28 percent (27) for the 2019/20 financial year. The return on capital employed for the year amounted to 14 percent (19).

Cash flow from operating activities before changes in working capital for the financial year totalled MSEK 487 (235). During the year, inventories decreased by MSEK 15 and operating receivables by MSEK 70. Operating liabilities decreased by MSEK 67. Accordingly, cash flow from operating activities for the year amounted to MSEK 505 (230), of which MSEK 105 (68) was attributable to the fourth quarter. The transition to IFRS 16 affected cash flow from operating activities in an amount of MSEK 212 for the year. Refer also to Note 5.

Cash flow for the financial year was also impacted in a net amount of MSEK -18 (-28) pertaining to investments in and divestments of non-current assets, a net amount of MSEK -66 (-73) pertaining to the acquisition of subsidiaries and other business units, and a net amount of MSEK -212 in financing activities pertaining to the transition to IFRS 16.

At the end of the financial year, the Group's operational net loan liability amounted to MSEK 166 (266). Dividends totalling MSEK 89 were paid out during the year. Cash and cash equivalents, including unutilised granted credit facilities, totalled MSEK 1,791, of which MSEK 1,153 was reserved for the acquisition of Swedol that closed on 1 April 2020. The equity/assets ratio at the end of the year was 48 percent, compared with 45 percent at the beginning of the financial year. Refer also to Note 5.

Equity per share, both before and after dilution, totalled SEK 56.95 at the end of the financial year, compared with SEK 46.70 at the beginning of the year.

The Group's normalised tax rate, with its current geographic mix, is approximately 22 percent.

## SHARE STRUCTURE AND REPURCHASE OF OWN SHARES

At the end of the financial year, share capital totalled MSEK 102. As a result of the acquisition of Swedol, the Board of Directors of Momentum Group resolved on a directed issue of 22,633,876 Class B shares to shareholders of Swedol at the end of March 2020. The acquisition of Swedol closed on 1 April 2020. The distribution by class of share on 31 March 2020 was as follows:

CLASS OF SHARE	AS OF 31 MARCH 2020
Class A shares	1,062,436
Class B shares	49,836,856
<b>Total number of shares before repurchasing</b>	<b>50,899,292</b>
<i>Less: Repurchased Class B shares</i>	<i>-500,000</i>
<b>Total number of shares after repurchasing</b>	<b>50,399,292</b>

In the end of April 2020, the Board of Directors resolved on a directed issue of another 6,897 Class B shares to shareholders of Swedol who had accepted the public offer during the extended acceptance period until 17 April 2020. The total number of shares after this new share issue was 50,906,189.

As of 31 March 2019, Momentum Group's holding of Class B treasury shares totalled 500,000. There were no changes to the holding of treasury shares during the financial year. Accordingly, the number of Class B shares held in treasury as of 31 March 2020 amounted to 500,000, corresponding to 1.0 percent of the total number of shares and 0.8 percent of the total number of votes.

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 2020 was SEK 67.50 SEK and the issued call options thus did not result in any dilution effect during the financial year.

There have been no changes in the holding of treasury shares after the end of the financial year.

## TRANSACTIONS WITH RELATED PARTIES

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

## RISKS AND UNCERTAINTIES

Momentum Group's earnings, financial position and strategic position are impacted by a number of internal factors that are within the control of Momentum Group as well as a number of external factors where the Group's ability to influence the course of events is limited. The most important external risk factors for Momentum Group are the economic and market situation as well as the development in the number of employees in the industrial and construction sectors combined with structural changes and the competitive situation. The risks and uncertainties impacting the Group are the same as in earlier periods, even if uncertainty over future developments in the market and demand is deemed to have increased on account of the ongoing COVID-19 pandemic. For more information about the Group's risks and uncertainties, refer to page 34 of Momentum Group's Annual Report for 2018/19. The Parent Company is impacted indirectly by the above risks and uncertainties through its function in the Group.

## MOTIONS TO THE ANNUAL GENERAL MEETING ON 31 AUGUST 2020

Momentum Group AB's Annual General Meeting will be held on Monday, 31 August 2020, at 4:00 p.m. CET at IVA's Conference Centre, Grev Turegatan 16, Stockholm, Sweden.

Due to current uncertainty in the operating environment caused by the COVID-19 pandemic, the Board of Directors in Momentum Group AB proposes that no dividend be paid for 2019/20 (previous year: SEK 3.20 per share). When the current uncertainty over the future development has decreased, the Board intends to resume dividend payments by Momentum Group AB in accordance with the Company's dividend policy, which states that 30–50 percent of earnings per share are to be distributed over a business cycle.

## EVENTS AFTER THE END OF THE FINANCIAL YEAR

### ***Closing on the shares in Swedol on 1 April 2020.***

On 11 November 2019, Momentum Group announced a recommended public offer to the shareholders of Swedol AB (publ). Following scrutiny for compatibility with competition law by the national competition authorities in Sweden, Norway and Finland and acceptance of the offer by shareholders representing approximately 98 percent of the shares in Swedol, on 23 March 2020 the Board of Momentum Group decided to complete the offer and carry out a directed issue of 22,633,876 Class B shares for shareholders in Swedol. Closing on the shares in Swedol took place on 1 April 2020.

After an extended acceptance period for shares outstanding to 17 April 2020, Momentum Group holds approximately 98.8 percent of the shares and approximately 99.0 of the votes in Swedol. On 20 April 2020, the Momentum Group Board resolved on a directed issue of another 6,897 Class B shares to shareholders of Swedol who had accepted the public offer during the extended acceptance period. The last day for trading in Swedol's Class B shares on Nasdaq Stockholm was 20 April 2020 and Momentum Group has called for a compulsory redemption of the remaining shares outstanding in Swedol.

### ***Business area structure as of 1 April 2020***

From 1 April 2020, Swedol is part of Momentum Group's business area *Tools & Consumables*, together with the Group's subsidiaries in TOOLS, Gigant and workwear & promotional products as well as the Group's logistics function in Sweden. At the same time, the business area changed its name to *Tools, Consumables, Workwear & Protective Equipment*. Swedol's President Clein Johansson Ullenvik is the Business Area Manager.

The new business area will be reported externally for the first time in the Interim Report for the first quarter of the 2020/21 financial year, which will be published on 16 July 2020. The new business area's pro forma financial information for the 2019/20 financial year will be presented in a separate press release ahead of this report.

### ***COVID-19 pandemic measures***

Subsidiaries in the Momentum Group are continuing to prepare and carry out measures appropriate for their specific operations depending on how the market and the situation develop due to the COVID-19 pandemic. Effects and measures taken will be presented in coming reports.

Refer also to "President's statement" and "Operations" as well as "Business Area Tools & Consumables" and "Business Area Components & Services" for information about the effects of the COVID-19 pandemic as well as measures taken.

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



Stockholm, 13 May 2020

**Ulf Lilius**

President & CEO

This report has not been subject to special review by the Company's auditors.

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**Contact information**

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**Dates for forthcoming financial information**

**Presentation of Financial Report 2019/20** – Conference call today, Wednesday, 13 May 2020, at 11:00 a.m. CET. Refer to [www.momentum.group](http://www.momentum.group) for information about telephone numbers and the link to the webcast.

**Annual Report for the 2019/20 financial year** will be published at the end of June 2020 and will be available on the Company's website on the same date.

**Interim Report (3 months) – 1 April-30 June 2020** will be published on 16 July 2020.

**Momentum Group AB's Annual General Meeting 2020** will be held at IVA's Conference Centre, Grev Turegatan 16 in Stockholm on 31 August 2020 at 4:00 p.m. CET.

**Interim Report (6 months) – 1 April-30 September 2020** will be published on 23 October 2020.

**Interim Report (9 months) – 1 April-31 December 2020** will be published on 11 February 2021.

**Financial Report 2020/21 – 1 April 2020-31 March 2021** will be published on 12 May 2021.

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*The information in this report is such that Momentum Group AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 8:00 a.m. CET on 13 May 2020.*

*This document is in all respects a translation of the Swedish original Financial Report. In the event of any differences between this translation and the Swedish original, the latter shall prevail.*

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## BUSINESS AREAS

### REVENUE BY BUSINESS AREA

MSEK	QUARTER		FULL-YEAR	
	JAN-MAR 2020	JAN-MAR 2019	2019/20	2018/19
Tools & Consumables	1,232	1,268	4,959	4,925
Components & Services	313	303	1,207	1,148
Group-wide	32	33	130	126
Eliminations	-38	-44	-161	-175
<b>Momentum Group</b>	<b>1,539</b>	<b>1,560</b>	<b>6,135</b>	<b>6,024</b>

### REVENUE BY QUARTER

MSEK	2019/20				2018/19			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Tools & Consumables	1,232	1,283	1,157	1,287	1,268	1,257	1,119	1,281
Components & Services	313	312	284	298	303	308	263	274
Group-wide	32	34	32	32	33	31	31	31
Eliminations	-38	-41	-41	-41	-44	-44	-44	-43
<b>Momentum Group</b>	<b>1,539</b>	<b>1,588</b>	<b>1,432</b>	<b>1,576</b>	<b>1,560</b>	<b>1,552</b>	<b>1,369</b>	<b>1,543</b>

### OPERATING PROFIT/LOSS BY BUSINESS AREA

MSEK	QUARTER		FULL-YEAR	
	JAN-MAR 2020	JAN-MAR 2019	2019/20	2018/19
Tools & Consumables	44	46	170	180
Components & Services	43	35	150	130
Group-wide	-7	-2	-19	-8
Eliminations	0	0	2	0
<b>Momentum Group</b>	<b>80</b>	<b>79</b>	<b>303</b>	<b>302</b>

### OPERATING PROFIT/LOSS BY QUARTER

MSEK	2019/20				2018/19			
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Tools & Consumables	44	48	38	40	46	55	34	45
Components & Services	43	39	36	32	35	33	32	30
Group-wide	-7	-11	1	-2	-2	-3	2	-5
Eliminations	0	2	0	0	0	0	0	0
<b>Momentum Group</b>	<b>80</b>	<b>78</b>	<b>75</b>	<b>70</b>	<b>79</b>	<b>85</b>	<b>68</b>	<b>70</b>

### ADJUSTED OPERATING PROFIT/LOSS BY BUSINESS AREA

MSEK	QUARTER		FULL-YEAR	
	JAN-MAR 2020	JAN-MAR 2019	2019/20	2018/19
Tools & Consumables	44	46	170	180
Components & Services	43	35	150	130
Group-wide	-2	-2	-5	-8
Eliminations	0	0	2	0
<b>Momentum Group</b>	<b>85</b>	<b>79</b>	<b>317</b>	<b>302</b>

## GROUP SUMMARY<sup>2</sup>

### INCOME STATEMENT

MSEK	QUARTER		FULL-YEAR	
	JAN-MAR 2020	JAN-MAR 2019	2019/20	2018/19
Revenue	1,539	1,560	6,135	6,024
Other operating income	1	1	4	4
<b>Total operating income</b>	<b>1,540</b>	<b>1,561</b>	<b>6,139</b>	<b>6,028</b>
Cost of goods sold	-969	-985	-3,864	-3,804
Personnel costs	-296	-311	-1,189	-1,188
Depreciation, amortisation, impairment losses and reversal of impairment losses	-66	-13	-264	-47
Other operating expenses	-129	-173	-519	-687
<b>Total operating expenses</b>	<b>-1,460</b>	<b>-1,482</b>	<b>-5,836</b>	<b>-5,726</b>
<b>Operating profit</b>	<b>80</b>	<b>79</b>	<b>303</b>	<b>302</b>
Financial income	1	0	1	1
Financial expenses	-7	-2	-21	-7
<b>Net financial items</b>	<b>-6</b>	<b>-2</b>	<b>-20</b>	<b>-6</b>
<b>Profit after financial items</b>	<b>74</b>	<b>77</b>	<b>283</b>	<b>296</b>
Taxes	-20	-16	-66	-65
<b>Net profit</b>	<b>54</b>	<b>61</b>	<b>217</b>	<b>231</b>
Of which, attributable to:				
Parent Company shareholders	54	61	214	229
Non-controlling interest	0	0	3	2
Earnings per share, SEK				
– before dilution	1.95	2.20	7.70	8.20
– after dilution	1.95	2.20	7.70	8.20

### STATEMENT OF COMPREHENSIVE INCOME

MSEK	QUARTER		FULL-YEAR	
	JAN-MAR 2020	JAN-MAR 2019	2019/20	2018/19
Net profit	54	61	217	231
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>				
<b>Components that will not be reclassified to net profit</b>				
Remeasurement of defined-benefit pension plans	0	1	-3	0
Tax attributable to components that will not be reclassified	0	0	1	0
	0	1	-2	0
<b>Components that will be reclassified to net profit</b>				
Translation differences	-22	22	-27	8
Fair value changes for the year in cash-flow hedges	3	-1	2	0
Tax attributable to components that will be reclassified	0	0	0	0
	-19	21	-25	8
<b>Other comprehensive income for the period</b>	<b>-19</b>	<b>22</b>	<b>-27</b>	<b>8</b>
<b>Total comprehensive income for the period</b>	<b>35</b>	<b>83</b>	<b>190</b>	<b>239</b>
Of which, attributable to:				
Parent Company shareholders	35	83	187	237
Non-controlling interest	0	0	3	2

<sup>2</sup> As of 1 April 2019, the Group applies IFRS 16 Leases. The transition was made using the modified retrospective approach, which means that comparative figures have not been restated. The total transition effects on the balance sheet, income statement, cash flow and selected performance measures are reported in Note 5. Refer also to the accounting policies in Note 1.

## BALANCE SHEET

MSEK	31 MAR 2020	31 MAR 2019
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible non-current assets	660	649
Tangible non-current assets	61	63
Right-of-use assets	491	-
Financial investments	2	2
Deferred tax assets	18	20
<b>Total non-current assets</b>	<b>1,232</b>	<b>734</b>
<b>Current assets</b>		
Inventories	985	986
Accounts receivable	964	1,044
Current receivables - non-cash issue	1,487	-
Other current receivables	125	142
Cash and cash equivalents	1,157	8
<b>Total current assets</b>	<b>4,718</b>	<b>2,180</b>
<b>TOTAL ASSETS</b>	<b>5,950</b>	<b>2,914</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity attributable to Parent Company shareholders	2,869	1,303
Non-controlling interest	19	14
<b>Total equity</b>	<b>2,888</b>	<b>1,317</b>
<b>Non-current liabilities</b>		
Non-current interest-bearing liabilities	1,245	137
Non-current lease liabilities	305	-
Provisions for pensions	31	27
Other non-current liabilities and provisions	71	76
<b>Total non-current liabilities</b>	<b>1,652</b>	<b>240</b>
<b>Current liabilities</b>		
Current interest-bearing liabilities	78	137
Current lease liabilities	206	-
Accounts payable	764	822
Other current liabilities	362	398
<b>Total current liabilities</b>	<b>1,410</b>	<b>1,357</b>
<b>TOTAL LIABILITIES</b>	<b>3,062</b>	<b>1,597</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,950</b>	<b>2,914</b>
Financial net loan liability	708	293
Operational net loan liability	166	266

## STATEMENT OF CHANGES IN EQUITY

MSEK	Equity attributable to Parent Company shareholders				Non-controlling interest	Total equity
	Share capital	Reserves	Retained earnings, including net profit	Total		
<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	229	2	231
Other comprehensive income		8	0	8		8
Dividend			-73	-73		-73
Premium received for issued share options			2	2		2
Repurchase of own shares			-22	-22		-22
Changes in share of partly owned subsidiaries			2	2	-2	0
Dividends paid in partly owned subsidiaries			-	-	-1	-1
Change in value of option liability <sup>1)</sup>			2	2		2
<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>
Change in accounting policy <sup>2)</sup>			-8	-8		-8
Net profit			214	214	3	217
Other comprehensive income		-25	-2	-27		-27
Dividend			-89	-89		-89
Non-cash issue <sup>3)</sup>	45		1,442	1,487		1,487
Acquisitions of partly owned subsidiaries			-	-	9	9
Changes in share of partly owned subsidiaries			5	5	-5	0
Dividends paid in partly owned subsidiaries			-	-	-2	-2
Option liability, acquisitions <sup>4)</sup>			-17	-17		-17
Change in value of option liability <sup>1)</sup>			1	1		1
<b>Closing equity, 31 March 2020</b>	<b>102</b>	<b>-15</b>	<b>2,782</b>	<b>2,869</b>	<b>19</b>	<b>2,888</b>

1) Pertains to a change in the value of the call/put options in relation to non-controlling interests carried out in conjunction with the acquisitions of partly owned subsidiaries.

2) Transition to IFRS 16. Refer to accounting policies in Note 1 and the total transition effects on the balance sheet, income statement, cash flow and selected performance measures in Note 5.

3) A new issue of a total of 22,633,876 Class B shares pertaining to the public offer to the shareholders in Swedol AB (publ). Capital contributed in kind consisting of shares in Swedol was transferred to the Group on 1 April 2020 and recognised on 31 March 2020 as a current receivable pertaining to the non-cash issue.

4) Refers to the value of call/put options in relation to the non-controlling interests in the acquired subsidiaries ETAB Industriautomation AB and Company Line Förvaltning AB, which entail that: a) Momentum Group is entitled to purchase the remaining shares from the shareholders (call option), and b) the shareholders are entitled to sell their shares to Momentum Group (put option). The call options expire during the 2021/22 financial year and can thereafter be extended for a period of one year at a time. The put options can be exercised until the 2020/21 financial year. The price of the options is dependent on certain results being achieved in the respective company.

**CASH-FLOW STATEMENT**

MSEK	QUARTER		FULL-YEAR	
	JAN-MAR 2020	JAN-MAR 2019	2019/20	2018/19
<b>Operating activities</b>				
Operating activities before changes in working capital	122	61	487	235
Changes in working capital	-17	7	18	-5
<b>Cash flow from operating activities</b>	<b>105</b>	<b>68</b>	<b>505</b>	<b>230</b>
<b>Investing activities</b>				
Acquisition of intangible & tangible non-current assets	-4	-9	-18	-28
Sale of intangible & tangible non-current assets	0	0	0	0
Acquisition of subsidiaries & other business units	-8	-27	-66	-73
<b>Cash flow from investing activities</b>	<b>-12</b>	<b>-36</b>	<b>-84</b>	<b>-101</b>
<b>Cash flow before financing</b>	<b>93</b>	<b>32</b>	<b>421</b>	<b>129</b>
<b>Financing activities</b>				
Financing activities	1,028	-29	729	-131
<b>Cash flow for the period</b>	<b>1,121</b>	<b>3</b>	<b>1,150</b>	<b>-2</b>
Cash and cash equivalents at the beginning of the period	37	5	8	10
Exchange-rate differences in cash and cash equivalents	-1	0	-1	0
<b>Cash and cash equivalents at the end of the period</b>	<b>1,157</b>	<b>8</b>	<b>1,157</b>	<b>8</b>

**KEY PER-SHARE DATA**

SEK	QUARTER		FULL-YEAR	
	JAN-MAR 2020	JAN-MAR 2019	2019/20	2018/19
Earnings before dilution	1.95	2.20	7.70	8.20
Earnings after dilution	1.95	2.20	7.70	8.20
Equity, at the end of the period*			56.95	46.70
Equity after dilution, at the end of the period*			56.95	46.70
<b>NUMBER OF SHARES OUTSTANDING IN THOUSANDS</b>				
Number of shares outstanding before dilution	50,399	27,765	50,399	27,765
Weighted number of shares outstanding before dilution	27,765	27,765	27,765	27,911
Weighted number of shares outstanding after dilution	27,765	27,765	27,765	27,911

\* Equity per share is calculated based on the total number of shares outstanding, given the contributions in equity and the increase in the number of shares from the non-cash issue to the shareholders in Swedol AB, which was registered in March 2020.

**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 any 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.

Momentum Group held 500,000 Class B shares as of 31 March 2020 and has issued 500,000 call options for repurchased treasury shares. Since the average share price is lower than the redemption prices of SEK 121.60 per call option ("2017 share-based incentive programme") and SEK 137.30 per call option ("2018 share-based incentive programme"), respectively no dilution effect existed as of 31 March 2020. Refer also to page 7.

## PARENT COMPANY IN SUMMARY

### INCOME STATEMENT

MSEK	QUARTER		FULL-YEAR	
	JAN-MAR 2020	JAN-MAR 2019	2019/20	2018/19
Revenue	7	7	29	24
Other operating income	0	2	2	2
<b>Total operating income</b>	<b>7</b>	<b>9</b>	<b>31</b>	<b>26</b>
Operating expenses	-9	-13	-41	-36
<b>Operating profit/loss</b>	<b>-2</b>	<b>-4</b>	<b>-10</b>	<b>-10</b>
Financial income and expenses	1	5	16	20
<b>Profit/loss after financial items</b>	<b>-1</b>	<b>1</b>	<b>6</b>	<b>10</b>
Appropriations	99	93	99	93
<b>Profit before taxes</b>	<b>98</b>	<b>94</b>	<b>105</b>	<b>103</b>
Taxes	-21	-21	-23	-23
<b>Net profit</b>	<b>77</b>	<b>73</b>	<b>82</b>	<b>80</b>

### STATEMENT OF COMPREHENSIVE INCOME

MSEK	QUARTER		FULL-YEAR	
	JAN-MAR 2020	JAN-MAR 2019	2019/20	2018/19
Net profit	77	73	82	80
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD</b>				
<b>Components that will not be reclassified to net profit</b>				
	-	-	-	-
<b>Components that will be reclassified to net profit</b>				
	-	-	-	-
<b>Other comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>77</b>	<b>73</b>	<b>82</b>	<b>80</b>

### BALANCE SHEET

MSEK	31 MAR 2020	31 MAR 2019
<b>ASSETS</b>		
Intangible non-current assets	0	0
Tangible non-current assets	0	-
Financial non-current assets	829	877
Current receivables	1,821	363
Cash and cash equivalents	1,153	-
<b>Total assets</b>	<b>3,803</b>	<b>1,240</b>
<b>EQUITY, PROVISIONS AND LIABILITIES</b>		
Equity	2,147	667
Untaxed reserves	97	63
Provisions	-	-
Non-current liabilities	1,245	137
Current liabilities	314	373
<b>Total equity, provisions and liabilities</b>	<b>3,803</b>	<b>1,240</b>

## NOTES

### NOTE 1 ACCOUNTING POLICIES

The Financial Report for the Group was prepared in accordance with IFRS and by applying IAS 34 *Interim Financial Reporting*, the Swedish Annual Accounts Act and the Swedish Securities Market Act. In addition to the financial statements and associated notes, disclosures in accordance with IAS 34.16A are also presented in other sections of the report. The Financial Report for the Parent Company was prepared in accordance with the Swedish Annual Accounts Act and the Swedish Securities Market Act, which conforms to the provisions detailed in RFR 2 *Accounting for Legal Entities*. The same accounting policies and bases of judgement as in Momentum Group's Annual Report for 2018/19 have been applied, with the exception of the new standard IFRS 16 *Leases* which applies as of 1 April 2019.

Momentum Group's business area structure 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. The comparative figures have been restated for the adjusted business areas as of 1 April 2018.

#### IFRS 16 Leases

IFRS 16 *Leases* applies as of 1 April 2019 and replaces IAS 17 *Leases* and IFRIC 4 *Determining Whether an Arrangement Contains a Lease*. The standard primarily entails changes for the lessee, since the distinction between operating and financial leases has been removed. Lessees are to recognise a right-of-use asset representing the right to use the underlying asset and a lease liability representing the obligation to make lease payments for each lease. In the income statement, interest and depreciation are recognised instead of lease expenses.

Upon transition to the new standard, Momentum Group has chosen to apply the modified retrospective approach, which does not require restating of comparative periods. Comparative information will continue to be recognised in accordance with IAS 17 *Leases* and IFRIC 4 *Determining Whether an Arrangement Contains a Lease*.

As of 1 April 2019, The Group recognises new assets and liabilities for operating leases primarily for warehouses and store facilities. The expenses for these leases have also changed since the Group recognises depreciation for right-of-use assets and interest expense for lease liabilities. In addition, the Group no longer recognises provisions for operating leases deemed to be onerous. The Group has chosen to apply the practical expedient permitted in the standard, which entails adjusting the right-of-use asset by the amount recognised as a provision for expected credit losses in connection with the transition.

The right-of-use assets attributable to earlier operating leases are primarily 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. Lease commitments in connection with the transition have been discounted by the Group's incremental borrowing rate. The incremental borrowing rate is established per country based on a risk-free interest rate with a duration equivalent to the average tenor for leases plus expenses for the Group and its subsidiaries' estimated credit risk and type of asset.

Low-value leases (right-of-use leases with a replacement value less than approximately SEK 50 thousand) are not included in lease liability but continue to be expensed on a straight-line basis over the lease term. Short-term leases (leases with a term of 12 months or less) are not deemed to be material in the Group.

The total effects on the balance sheet, income statement, cash flow and selected performance measures in connection with the transition to IFRS 16 are presented in Note 5.

### NOTE 2 OPERATING SEGMENTS

The Group's operating segments comprise 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 CEO and CFO, are the Group's chief operating decision makers.

**Tools & Consumables** comprises TOOLS Sweden, TOOLS Norway, TOOLS Finland, Gigant, Mercus Yrkeskläder, Triffiq Företagsprofilering, Reklamproffsen Skandinavien and Company Line, which offer products and services related to tools, industrial consumables and workplace equipment as well as workwear and profile clothing for the industrial, construction and public sectors in the Nordic region. **Components & Services** comprises Momentum Industrial and its subsidiaries, which offer spare parts, service and repairs for customers in the industrial sector in the Nordic region. **Group-wide** includes the Group's management, finance function, support functions and logistics operations in Sweden. The support functions include internal communications, investor relations and legal affairs. Financial income and expenses are not distributed by operating segment but rather are recognised in their entirety in Group-wide.

Intra-Group pricing between the operating segments occurs on market terms. The accounting policies are the same as those applied in the consolidated financial statements. Revenue presented for the geographic markets is based on the domicile of the customers.

MSEK	APR 2019-MAR 2020 (12 MON)				
	Tools & Consumables	Components & Services	Group-wide	Eliminations	Group total
<b>Revenue</b>					
From external customers by geographic area					
Sweden	1,907	1,148	1	-	<b>3,056</b>
Norway	1,894	24	-	-	<b>1,918</b>
Finland	996	2	-	-	<b>998</b>
Other countries	155	8	-	-	<b>163</b>
From other segments	7	25	129	-161	-
<b>Total</b>	<b>4,959</b>	<b>1,207</b>	<b>130</b>	<b>-161</b>	<b>6,135</b>
MSEK	APR 2018-MAR 2019 (12 MON)				
	Tools & Consumables	Components & Services	Group-wide	Eliminations	Group total
<b>Revenue</b>					
From external customers by geographic area					
Sweden	1,988	1,066	2	-	<b>3,056</b>
Norway	1,797	27	-	-	<b>1,824</b>
Finland	980	2	-	-	<b>982</b>
Other countries	152	10	-	-	<b>162</b>
From other segments	8	43	124	-175	-
<b>Total</b>	<b>4,925</b>	<b>1,148</b>	<b>126</b>	<b>-175</b>	<b>6,024</b>

### NOTE 3 FINANCIAL INSTRUMENTS

Momentum Group measures financial instruments at fair value or cost in the balance sheet depending on their classification. In addition to items in the financial net debt, financial instruments also include accounts receivable and accounts payable. The fair value of all of the Group's financial assets is estimated to correspond with their carrying amount. 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.

MSEK	31 MAR 2020	31 MAR 2019
<b>Financial assets measured at fair value</b>		
Financial investments	1	1
<b>Financial assets measured at amortised cost</b>		
Long-term receivables	1	1
Accounts receivable	964	1,044
Cash and cash equivalents	1,157	8
<b>Total financial assets</b>	<b>2,123</b>	<b>1,054</b>
<b>Financial liabilities measured at fair value</b>		
Option liability	35	31
<b>Financial liabilities measured at amortised cost</b>		
Interest-bearing liabilities	1,834	274
Accounts payable	764	822
<b>Total financial liabilities</b>	<b>2,633</b>	<b>1,127</b>

### NOTE 4 ACQUISITIONS

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

MSEK	Carrying amount on acquisition date	Adjustment to fair value	Fair value recognised in the Group
<b>Acquired assets:</b>			
Intangible non-current assets	-	19	19
Right-of-use assets	-	9	9
Other non-current assets	0	-	0
Inventories	39	-	39
Other current assets	28	-	28
<b>Total assets</b>	<b>67</b>	<b>28</b>	<b>95</b>
<b>Acquired provisions and liabilities:</b>			
Lease liabilities	-	-9	-9
Deferred tax liability	-	-3	-3
Current operating liabilities	-26	-	-26
<b>Total provisions and liabilities</b>	<b>-26</b>	<b>-12</b>	<b>-38</b>
<b>Net of identified assets and liabilities</b>	<b>41</b>	<b>16</b>	<b>57</b>
Goodwill			26
Non-controlling interest <sup>1)</sup>			-9
<b>Purchase consideration</b>			<b>74</b>
Less/Additional: Net cash in acquired business <sup>2)</sup>			-4
Less: Additional purchase consideration			-4
<b>Effect on consolidated cash and cash equivalents</b>			<b>66</b>

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

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

Corporate acquisitions carried out since the 2015/16 financial year:

ACQUISITION	TIME (possession taken)	REVENUE <sup>1)</sup>	NO. OF EMPLOYEES <sup>1)</sup>	BUSINESS AREA
AB Carl A. Nilssons El. Rep.verkstad, SE	September 2015	MSEK 20	13	Components & Services
Tønsberg Maskinforretning AS, NO	April 2016	MNOK 20	10	Tools & Consumables
Astrup Industrivarer AS, NO	November 2016	MNOK 240	50	Tools & Consumables
Arboga Machine Tool AB, SE	March 2017	MSEK 10	5	Components & Services
Triffiq Företagsprofilering AB <sup>2)</sup> , SE	September 2017	MSEK 70	18	Tools & Consumables
AB Knut Sehlin's Industrivaruhus, SE	October 2017	MSEK 40	14	Tools & Consumables
Elka Produkter AB <sup>2)</sup> , SE	October 2017	- <sup>3)</sup>	10	Tools & Consumables
Reklamproffsen Skandinavien AB <sup>2)</sup> , SE	March 2018	MSEK 35	12	Tools & Consumables
Profilmakama i Södertälje AB, SE	April 2018	MSEK 25	8	Tools & Consumables
MRO business from Brämmer <sup>4)</sup> , SE	May 2018	MSEK 140	33	Components & Services
MFG Components Oy <sup>3)</sup> , FI	October 2018	MEUR 1	3	Tools & Consumables
TOOLS Løvdal AS, NO	January 2019	MNOK 95	28	Tools & Consumables
PPE business from Lindström Group <sup>4)</sup> , FI	April 2019	MEUR 6	5	Tools & Consumables
ETAB Industriautomation AB <sup>2)</sup> , SE	June 2019	MSEK 45	9	Components & Services
Company Line Förvaltning AB <sup>2)</sup> , SE	June 2019	MSEK 75	25	Tools & Consumables
AMJ Papper AB, SE	March 2020	MSEK 15	6	Tools & Consumables
<b>After the end of the financial year</b>				
Swedol AB <sup>5)</sup> , SE / NO / FI	April 2020	MSEK 3,650	1,100	Tools & Consumables

1) Refers to information for the full year on the date of acquisition.

2) Momentum Group acquired 70 percent of the shares in each company.

3) The current operations of Elka Produkter AB were established in autumn 2017. Accordingly, there is no full-year information available regarding comparable revenue.

4) The acquisition was carried out as a conveyance of assets and liabilities.

5) After the completion of the public offer to the shareholders in Swedol AB, Momentum Group's holding amounted to approximately 98.8 percent of the shares as of 13 May 2020. Compulsory redemption of the remaining shares in Swedol has been called for.



## NOTE 5 TRANSITION EFFECTS OF IFRS 16

As of 1 April 2019, the Group applies IFRS 16 *Leases*. Due to the implementation of IFRS 16, the Group has reclassified operating leases as right-of-use assets or lease liabilities recognised in the balance sheet. Upon transition to IFRS 16, Momentum Group recognised MSEK 543 for right-of-use assets and MSEK 563 for lease liabilities. The aggregate average incremental borrowing rate for all contracts, by which the Group's lease commitments were discounted in connection with the transition, amounted to approximately 2 percent.

As shown in the tables below, the recognition of depreciation of right-of-use assets instead of lease payments had a net impact of MSEK +10 on operating profit during the financial year 2019/20. Depreciation of right-of-use assets totalled MSEK 212. Interest on lease liabilities had a negative impact of MSEK 11 on net financial items.

The effects on the balance sheet, income statement, cash flow and selected performance measures are reported in the tables below.

### EFFECTS OF IFRS 16 ON THE CONSOLIDATED BALANCE SHEET IN CONNECTION WITH THE TRANSITION AS OF 1 APRIL 2019

MSEK	Closing balance 31 Mar 2019, before transition to IFRS 16	Adjustment due to transition to IFRS 16	Adjusted opening balance 1 Apr 2019
<b>ASSETS</b>			
Right-of-use assets	-	543	<b>543</b>
<i>of which, buildings and premises</i>	-	472	<b>472</b>
<i>of which, vehicles</i>	-	61	<b>61</b>
<i>of which, other assets</i>	-	10	<b>10</b>
Deferred tax assets	20	2	<b>22</b>
<b>Total non-current assets</b>	<b>734</b>	<b>545</b>	<b>1,279</b>
Other current receivables	142	-22	<b>120</b>
<b>Total current assets</b>	<b>2,180</b>	<b>-22</b>	<b>2,158</b>
<b>TOTAL ASSETS</b>	<b>2,914</b>	<b>523</b>	<b>3,437</b>
<b>EQUITY AND LIABILITIES</b>			
Equity attributable to Parent Company shareholders	1,303	-8	<b>1,295</b>
<b>Total equity</b>	<b>1,317</b>	<b>-8</b>	<b>1,309</b>
Non-current lease liabilities	-	362	<b>362</b>
Other non-current liabilities and provisions	76	-16	<b>60</b>
<b>Total non-current liabilities</b>	<b>240</b>	<b>346</b>	<b>586</b>
Current lease liabilities	-	201	<b>201</b>
Accounts payable	822	-14	<b>808</b>
Other current liabilities	398	-2	<b>396</b>
<b>Total current liabilities</b>	<b>1,357</b>	<b>185</b>	<b>1,542</b>
<b>TOTAL LIABILITIES</b>	<b>1,597</b>	<b>531</b>	<b>2,128</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,914</b>	<b>523</b>	<b>3,437</b>

### EFFECTS OF IFRS 16 ON THE CONSOLIDATED INCOME STATEMENT DURING THE FINANCIAL YEAR 2019/20

MSEK	FULL-YEAR 2019/20 [IFRS 16]	Effect of IFRS 16	FULL-YEAR 2019/20 [IAS 17]
<b>Total operating income</b>	<b>6,139</b>	-	<b>6,139</b>
Cost of goods sold	-3,864	-	-3,864
Personnel costs	-1,189	-	-1,189
Depreciation, amortisation, impairment and reversal of impairment losses	-264	-212	-52
Other operating expenses	-519	222	-741
<b>Total operating expenses</b>	<b>-5,836</b>	<b>10</b>	<b>-5,846</b>
<b>Operating profit</b>	<b>303</b>	<b>10</b>	<b>293</b>
Financial income	1	-	1
Financial expenses	-21	-11	-10
<b>Net financial items</b>	<b>-20</b>	<b>-11</b>	<b>-9</b>
<b>Profit after financial items</b>	<b>283</b>	<b>-1</b>	<b>284</b>
Taxes	-66	0	-66
<b>Net profit</b>	<b>217</b>	<b>-1</b>	<b>218</b>

### EFFECTS OF IFRS 16 ON THE GROUP'S PERFORMANCE MEASURES (SELECTED)

	12 MON ENDING 31 MAR 2020 [IFRS 16]	Effect of IFRS 16	12 MON ENDING 31 MAR 2020 [IAS 17]
EBITA, MSEK	<b>338</b>	10	328
Adjusted operating profit, MSEK	<b>317</b>	10	307
Operating profit, MSEK	<b>303</b>	10	293
EBITA margin, %	<b>5.5%</b>	0.2%	5.3%
Adjusted operating margin, %	<b>5.2%</b>	0.2%	5.0%
Operating margin, %	<b>4.9%</b>	0.1%	4.8%
Profit margin, %	<b>4.6%</b>	0.0%	4.6%
Earnings per share, SEK	<b>7.70</b>	-0.25	7.95
Cash flow from operating activities, MSEK	<b>505</b>	212	293
Cash flow for the period*, MSEK	<b>1,150</b>	-	1,150
Return on working capital (EBITA/WC), %	<b>28%</b>	1%	27%
Return on working capital (P/WC), %	<b>26%</b>	1%	25%
Return on capital employed, %	<b>14%</b>	-4%	18%
Return on equity, %	<b>16%</b>	0%	16%
Financial net loan liability (closing balance), MSEK	<b>708</b>	511	197
Operational net loan liability (closing balance), MSEK	<b>166</b>	-	166
Equity/assets ratio, %	<b>48%</b>	-5%	53%

#### \* EFFECTS OF IFRS 16 ON CASH FLOW FOR THE PERIOD

Since most of the lease payment is recognised as financing activities, cash flow from financing activities has declined, with a corresponding increase in cash flow from operating activities. The interest portion of the lease payment remains as cash flow from operating activities and is included in net financial items, paid.

## PERFORMANCE MEASURES – DEFINITIONS & CALCULATIONS

Momentum Group uses certain financial performance measures in its analysis of the operations and their performance that are not defined in accordance with IFRS. Momentum Group believes that these alternative performance measures provide valuable information for the Company's Board of Directors, owners and investors, since they enable a more accurate assessment of current trends and the Company's performance when combined with other performance measures calculated in accordance with IFRS. Since not all listed companies calculate these financial performance measures in the same way, there is no guarantee that the information is comparable with other companies' performance measures of the same name. Hence, these financial performance measures must not be viewed as a replacement for those measures calculated in accordance with IFRS. Insofar as the performance measures are used and commented on by business area (operating segment), the derivation of the performance measures is also presented at this level.

	12 MONTHS ENDING			
	31 MAR 2020	31 MAR 2019	31 MAR 2018	31 MAR 2017
<b>IFRS PERFORMANCE MEASURES</b>				
Net profit, MSEK	217	231	182	42
Earnings per share, SEK	7.70	8.20	6.45	1.50
<b>ALTERNATIVE PERFORMANCE MEASURES</b>				
<i>Performance measures related to the income statement</i>				
Revenue, MSEK	6,135	6,024	5,616	5,411
Operating profit, MSEK	303	302	240	65
Adjusted operating profit, MSEK	317	302	252	193
EBITA, MSEK	338	318	262	195
Profit after financial items, MSEK	283	296	235	54
Operating margin, %	4.9%	5.0%	4.3%	1.2%
Adjusted operating margin, %	5.2%	5.0%	4.5%	3.6%
EBITA margin, %	5.5%	5.3%	4.7%	3.6%
Profit margin, %	4.6%	4.9%	4.2%	1.0%
<i>Performance measures related to profitability</i>				
Return on working capital (P/WC), %	26%	25%	24%	21%
Return on working capital (EBITA/WC), %	28%	27%	25%	21%
Return on capital employed, %	14%	19%	17%	4%
Return on equity, %	16%	19%	17%	4%
<i>Performance measures related to financial position</i>				
Financial net loan liability (closing balance), MSEK	708	293	322	287
Operational net loan liability (closing balance), MSEK	166	266	295	263
Equity (closing balance)*, MSEK	2,869	1,303	1,155	1,007
Equity/assets ratio, %	48%	45%	42%	39%
<i>Other performance measures</i>				
Number of employees at the end of the period	1,651	1,684	1,647	1,660
Share price at the end of the period, SEK	67.50	93.40	100.00	-

\* Refers to equity attributable to Parent Company shareholders.

### DEFINITIONS OF PERFORMANCE MEASURES

#### Revenue

Own invoicing, commission-based revenue from commission sales and side revenue.

#### Operating profit

Profit before financial items and tax.

#### Adjusted operating profit

Operating profit adjusted for items affecting comparability.

#### EBITA

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

#### 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.

#### 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.

**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.

**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. The average balance-sheet total has been adjusted for current assets regarding the non-cash issue and reserved cash and cash equivalents pertaining to the acquisition of Swedol AB.

**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. Average equity was adjusted for the non-cash issue registered in March 2020 pertaining to the acquisition of Swedol AB.

**Financial net loan liability (closing balance)**

Financial net loan liability measured as non-current interest-bearing liabilities and current interest-bearing liabilities, less cash and cash equivalents at the end of the period.

**Operational net loan liability (closing balance)**

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

**Equity/assets ratio, %**

Equity attributable to Parent Company shareholders as a percentage of the balance-sheet total 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.

**DERIVATION OF ALTERNATIVE PERFORMANCE MEASURES**

MSEK	12 MONTHS ENDING			
	31 MAR 2020	31 MAR 2019	31 MAR 2018	31 MAR 2017
<b>ADJUSTED OPERATING PROFIT</b>				
Operating profit	303	302	240	65
<i>Items affecting comparability</i>				
Acquisition related expenses	14	-	-	-
Restructuring expenses	-	-	-	94
Split and listing expenses	-	-	12	34
<b>Adjusted operating profit</b>	<b>317</b>	<b>302</b>	<b>252</b>	<b>193</b>

MSEK	12 MONTHS ENDING			
	31 MAR 2020	31 MAR 2019	31 MAR 2018	31 MAR 2017
<b>WORKING CAPITAL</b>				
<i>Average operating assets</i>				
Average inventories	1,021	975	884	823
Average accounts receivable	966	956	895	821
<b>Total average operating assets</b>	<b>1,987</b>	<b>1,931</b>	<b>1,779</b>	<b>1,644</b>
<i>Average operating liabilities</i>				
Average accounts payable	-759	-736	-732	-709
<b>Total average operating liabilities</b>	<b>-759</b>	<b>-736</b>	<b>-732</b>	<b>-709</b>
<b>Average working capital</b>	<b>1,228</b>	<b>1,195</b>	<b>1,047</b>	<b>935</b>
Adjusted operating profit	317	302	252	193
<b>Return on working capital (P/WC), %</b>	<b>26%</b>	<b>25%</b>	<b>24%</b>	<b>21%</b>

MSEK	12 MONTHS ENDING			
	31 MAR 2020	31 MAR 2019	31 MAR 2018	31 MAR 2017
<b>EBITA</b>				
Adjusted operating profit	317	302	252	193
Amortisation of intangible non-current assets incurred in connection with acquisitions	21	16	10	2
<b>EBITA</b>	<b>338</b>	<b>318</b>	<b>262</b>	<b>195</b>
Average working capital	1,228	1,195	1,047	935
<b>Return on working capital (EBITA/WC), %</b>	<b>28%</b>	<b>27%</b>	<b>25%</b>	<b>21%</b>

MSEK	12 MONTHS ENDING			
	31 MAR 2020	31 MAR 2019	31 MAR 2018	31 MAR 2017
<b>CAPITAL EMPLOYED</b>				
Average balance-sheet total	3,320	2,813	2,619	2,719
<i>Average non-interest-bearing liabilities and provisions</i>				
Average non-interest-bearing non-current liabilities	-74	-74	-57	-14
Average non-interest-bearing current liabilities	-1,147	-1,150	-1,149	-1,073
<b>Total average non-interest-bearing liabilities and provisions</b>	<b>-1,221</b>	<b>-1,224</b>	<b>-1,206</b>	<b>-1,087</b>
<b>Average capital employed</b>	<b>2,099</b>	<b>1,589</b>	<b>1,413</b>	<b>1,632</b>
Operating profit	303	302	240	65
Financial income	1	1	2	2
<b>Total operating profit + financial income</b>	<b>304</b>	<b>303</b>	<b>242</b>	<b>67</b>
<b>Return on capital employed, %</b>	<b>14%</b>	<b>19%</b>	<b>17%</b>	<b>4%</b>

MSEK	12 MONTHS ENDING			
	31 MAR 2020	31 MAR 2019	31 MAR 2018	31 MAR 2017
<b>RETURN ON EQUITY</b>				
Average equity*	1,333	1,220	1,070	1,008
Net profit*	214	229	181	42
<b>Return on equity, %</b>	<b>16%</b>	<b>19%</b>	<b>17%</b>	<b>4%</b>

\* Refers to equity and earnings attributable to Parent Company shareholders.

MSEK	12 MONTHS ENDING			
	31 MAR 2020	31 MAR 2019	31 MAR 2018	31 MAR 2017
<b>FINANCIAL NET LOAN LIABILITY (CLOSING BALANCE)</b>				
Non-current interest-bearing liabilities	1,581	164	130	174
Current interest-bearing liabilities	284	137	202	182
Cash and cash equivalents	-1,157	-8	-10	-69
<b>Financial net loan liability (closing balance)</b>	<b>708</b>	<b>293</b>	<b>322</b>	<b>287</b>

MSEK	12 MONTHS ENDING			
	31 MAR 2020	31 MAR 2019	31 MAR 2018	31 MAR 2017
<b>OPERATIONAL NET LOAN LIABILITY (CLOSING BALANCE)</b>				
Financial net loan liability	708	293	322	287
Financial lease liabilities	-511	-	-	-
Net provisions for pensions	-31	-27	-27	-24
<b>Operational net loan liability (closing balance)</b>	<b>166</b>	<b>266</b>	<b>295</b>	<b>263</b>

MSEK	12 MONTHS ENDING			
	31 MAR 2020	31 MAR 2019	31 MAR 2018	31 MAR 2017
<b>BALANCE-SHEET TOTAL</b>				
Balance-sheet total (closing balance)	5,950	2,914	2,734	2,551
Equity (closing balance)*	2,869	1,303	1,155	1,007
<b>Equity/assets ratio, %</b>	<b>48%</b>	<b>45%</b>	<b>42%</b>	<b>39%</b>

\* Refers to equity attributable to Parent Company shareholders.

### 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 the effect on sales in local currency depending on the difference in the number of trading days compared with the comparative period. Other units refer to acquired or divested units during the corresponding period.

	QUARTER		FULL-YEAR	
	JAN-MAR 2020	JAN-MAR 2019	2019/20	2018/19
<b>Change in revenue for:</b>				
Comparable units in local currency	-2.8%	2.8%	-1.7%	2.2%
Currency effects	-1.2%	1.8%	0.0%	2.6%
Number of trading days	0.5%	1.7%	0.0%	0.5%
Other units	2.2%	2.2%	3.5%	1.9%
<b>Total change</b>	<b>-1.3%</b>	<b>8.5%</b>	<b>1.8%</b>	<b>7.2%</b>