momentumgroup

ANNUAL REPORT
2019/20

2019/20 in brief

Revenue amounted to:

MSEK 6,135

EBITA increased by:

6% TO MSEK 338

Return on equity was:

16%

Earnings per share amounted to:

SEK 7.70

MOMENTUM GROUP ANNUAL GENERAL MEETING 2020

The Annual General Meeting for Momentum Group AB (publ) will take place on 31 August 2020 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 27 July 2020 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.

Contents

Momentum Group AB's statutory Annual Report for 2019/20 is presented on pages 21-73. These pages have been reviewed by the Company's auditors in accordance with the Auditor's Report on pages 74-76.

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.

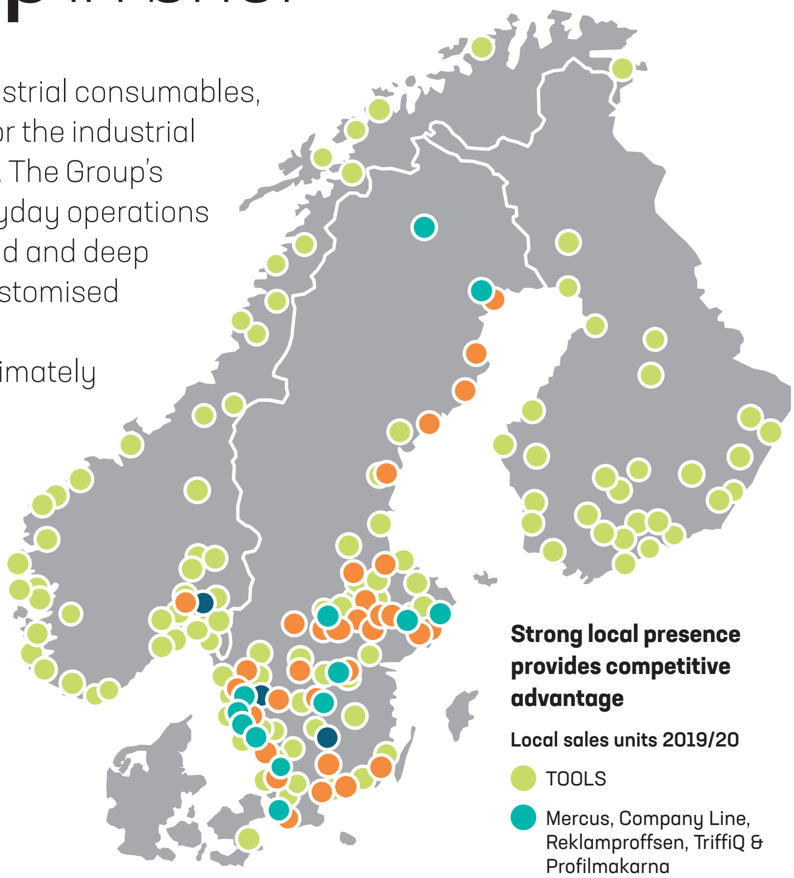
Momentum Group in brief

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.

In 2019/20, the Group had, in total, approximately 160 local sales units in Sweden, Norway and Finland. The merger with Swedol in 2020/21 will complement TOOLS' local units with more than 100 Swedol stores in Sweden, Norway, Finland and Estonia.

» Read more about Swedol and the merger with TOOLS on pages 8–9.

Today, the Group has some 2,700 employees and annual revenue of approximately SEK 9.5 billion.



Strong local presence provides competitive advantage

Local sales units 2019/20

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

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.

1906 Technology trading company Bergman & Beving founded.

1976 Bergman & Beving listed on the stock exchange.

1994 Engros AB Ferro acquired.

1999 TOOLS Norway established as a partner chain.

2001 Spin-off of Addtech & Lagercrantz Group.

2003 TOOLS Sweden established as a partner chain.

2004 Momentum Industrial acquired.

2005 TOOLS Finland established through the acquisition of Ruuska Group.

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.

The business areas' various offerings

Tools, Consumables, Workwear & Protective Equipment

As of 1 April 2020

THE MULTI-SPECIALIST FOR PROFESSIONAL USERS – Swedol

OCCUPATIONAL HEALTH & SAFETY – TOOLS Sweden, TOOLS Norway and TOOLS Finland

BETTER WORKPLACES – Gigant

WORKWEAR & PROMOTIONAL PRODUCTS – Mercus Yrkeskläder, TriffiQ Företagsprofilering, Reklamproffsen and Company Line

Components & Services

SUSTAINABLE PRODUCTION – Momentum Industrial, Rörick Elektriska Verkstad, ETAB Industriautomation and Carl A Nilssons El Rep Verkstad

2012
Increased decentralisation and customer focus.

2016
Momentum Group founded.

2017
Spin-off and listing on Nasdaq Stockholm, and acquisition of TriffiQ Företagsprofiliering.

2018
Acquisitions of Brammer's MRO business in Sweden and Reklamproffsen.

2019
Acquisitions of ETAB Industriautomation, TOOLS Løvold, Company Line and Lindström Group's PPE business in Finland.

2020
Acquisition of Swedol – merger of TOOLS and Swedol.

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 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!

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 we saw that the COVID-19 pandemic had a negative impact on customer demand during the last weeks of March 2020. However, the Group's ability to deliver on our customer commitments remained strong, as all units continued to operate and with a high delivery capacity. EBITA (adjusted for the 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.

TURBULENT TIMES CALL FOR A WARM HEART AND A COOL HEAD

The COVID-19 pandemic is currently affecting 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. Momentum Group is also taking 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.

We believe that the Group's decentralised business model is a major advantage in the present highly 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 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.

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.

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. 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.

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, June 2020

Ulf Lilius
President & CEO

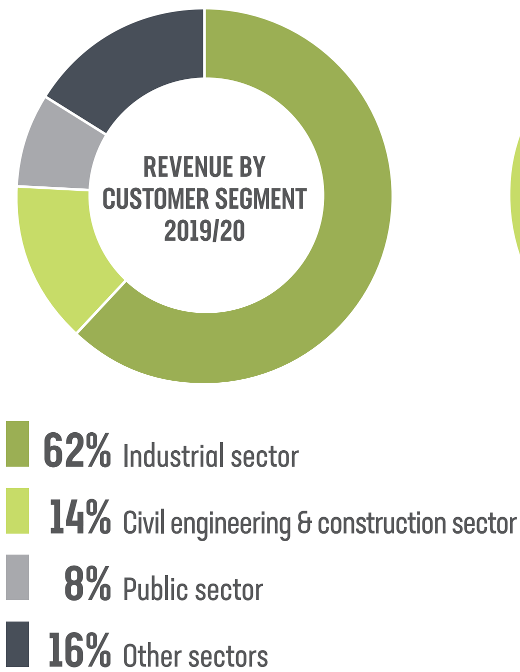
The Nordic market for industrial consumables and components

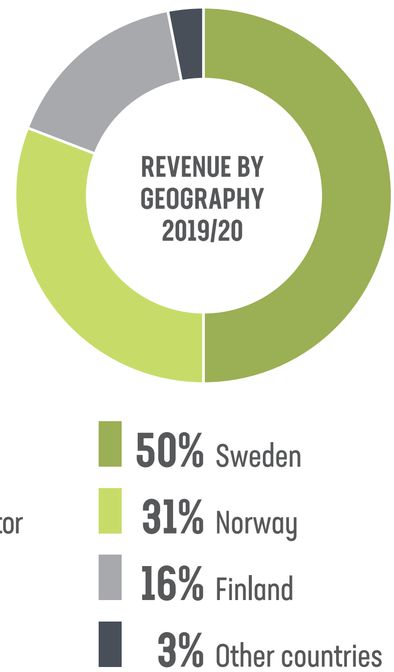
MOMENTUM GROUP OPERATES in the market for industrial consumables, industrial components and related services in Sweden, Norway and Finland. Industrial consumables comprise such products as hand tools, machinery, workwear, personal protective equipment, fastening elements and workplace equipment. These 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 fuelling 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.





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.

COMPETITIVE ADVANTAGE

CUSTOMER VALUE ADVANTAGE

Ability to **create and charge** for **higher customer value** than the competition.

- In-depth customer insight
- Product & service quality
- Breadth and depth of offering
- Availability
- Best customer service in the market
- Superior customer relations
- Value-based offering

COST ADVANTAGE

Ability to deliver **at a lower cost** than the competition.

Economies of scale:
- Logistics
- IT

Process efficiency:
- Sales
- Offering development

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 10–15.

BUSINESS AND FINANCIAL TARGETS –"Earnings growth and profitability"
Momentum Group's Board of Directors has established the following financial targets and dividend policy:

- **Earnings growth.** The Momentum Group aims to achieve earnings growth (EBITA) 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 EBITA (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 EBITA (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

Since 1 April 2020, the Group's strategic focus has centred on three main areas:

INTEGRATION AND SYNERGIES IN THE BUSINESS AREA TOOLS, CONSUMABLES, WORKWEAR & PROTECTIVE EQUIPMENT
The acquisition of Swedol in April 2020 creates new opportunities for the future. 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 customers, suppliers and employees. The merger will create the prerequisites for increased efficiency and scalability and together, both businesses will benefit from joint product ranges, procurement channels, more efficient logistics and 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.

CONTINUED DEVELOPMENT AND IMPROVEMENT INITIATIVES IN ALL OF THE GROUP'S COMPANIES
Momentum Group's decentralised business model is one key to the success of the Group – that businesses and employees, within a given framework, can make fast business decisions, implement adaptive measures and feel individual responsibility as close as possible to the customer. Focus on continuous improvements, increased efficiency and coordination between businesses as well as a high level of cost awareness in all companies contribute to long-term profitability and strengthened positions in the markets where each company operates. This also includes continuously developing, strengthening and complementing the Group's service and product offering.

ACQUISITION-DRIVEN GROWTH – STRATEGY IN THE BUSINESS AREA COMPONENTS & SERVICES
Corporate acquisitions are an important part of Momentum Group's growth strategy for the business area Components & Services over the next few years. The acquisitions may strengthen existing operations or complement the business area with new products and product areas, services and expertise and specialist segments. 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.

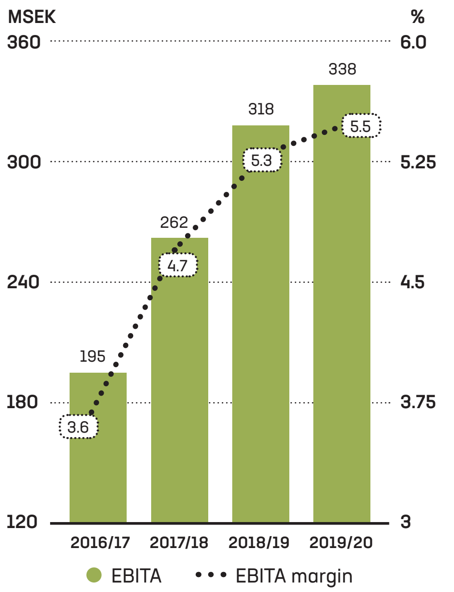
Development since spin-off and listing in June 2017

11 ACQUISITIONS WITH A TOTAL OF MSEK 650 IN ANNUAL REVENUE AS OF MARCH 2020
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.

ACQUISITION OF SWEDOL AND MERGER WITH TOOLS CREATE OPPORTUNITIES FOR THE FUTURE
In April 2020, the Group completed its largest acquisition to date when Swedol became part of the Momentum Group.

» Read more about Swedol and the merger with TOOLS on pages 8–9.

INCREASED FOCUS HAS YIELDED RESULTS
The Group's EBITA has increased an average of 18 percent per year, and the return on equity has increased from 4 percent to 16 percent.



The merger between Swedol and TOOLS **creates opportunities for the future**

In November 2019, Momentum Group announced a recommended public offer to the shareholders of Swedol AB (publ). Following the completion of the acquisition in April 2020, an even stronger and more attractive business partner is now created for customers and suppliers within tools, consumables, workwear and protective equipment through the merger of Swedol and TOOLS.

Swedol and TOOLS will be the leading player within tools, consumables, workwear and protective equipment in the Nordic region.

Swedol in brief

Swedol offers high-quality products and services for the professional user's needs and requests. The company is a multi-specialist that combines breadth and depth within selected specialist segments. The offering focuses on five key customer segments and includes a product range within tools and consumables, as well as workwear and protective equipment. Swedol meets customers through an omni-channel concept where stores, websites and field sales interact to create a comprehensive and personal experience. In combination with efficient processes in logistics, purchasing, IT, etc., this create a scalable business model for the operations.

Swedol is active in the geographic markets of Sweden, Norway, Finland and the Baltic States. The offering is gathered within the concept brands Swedol, Grolls and Univern.

VISION

Swedol is the partner that best meets the needs and preferences of professional users.

BUSINESS CONCEPT

Swedol offers quality products and services in a simple and professional way. Via the company's different concepts, professional users are efficiently supplied with products at attractive prices.

STRATEGIC GOALS

Swedol's five strategic goals and one overall strategic goal for digitisation provide guidance to the organisation on how it is to work to achieve it vision. The company's quality and sustainability work is an integrated part of strategic control and monitoring.

- We shall generate profitable growth through organic growth and acquisitions.
- We shall develop an attractive and differentiating offering for selected customer groups.
- We shall have efficient and quality assured processes.
- We shall be a genuinely sustainable company.
- We shall be an attractive employer with enthusiastic and knowledgeable employees.

We shall leverage digitisation opportunities.

Financial year 2019 –

Revenue,
MSEK 3,622

Operating profit,
MSEK 336

Employees (approximately)
1,100

No. of stores
103

The merger of TOOLS and Swedol

The merger will take place by combining Swedol's and TOOLS' complementary customer focus and sales channels. Synergies and economies of scale will be achieved through improved purchasing terms with a larger volume, higher share of proprietary brands, the development of services and digital solutions, etc.

DIVISION **Workwear and protective equipment**

Swedol is one of the Nordic region's leading players in workwear and personal protective equipment. The Workwear and protective equipment division offers professional users a broad and specialised range of products with a focus on strong brands. The product range is divided into the four product groups Workwear, Footwear, Gloves and Technical Protective Equipment. To offer customers market-leading products in all product areas, the product range comprises both proprietary and external brands.

- **Technical Protective Equipment** – Full range of well-known brands in hearing protection, helmets, breathing equipment, fall protection and more.
- **Footwear** – A broad selection of occupational footwear, safety footwear and casual footwear from leading external and proprietary brands.
- **Gloves** – Customised selection of precision and power gloves from proprietary and external brands.
- **Workwear** – Broad product range including heavy and light workwear, high-visibility clothing and multi standard clothing. Proprietary brands are complemented with well-known external brands.

Proprietary brands

Gesto, Björnkläder, Balance, NYTELLO, UNIVERN, 1832

DIVISION **Tools and consumables**

The Tools and consumables division is one of the leading suppliers to professional users in the Tools, Consumables and vehicle accessories product groups as well as in Farming, forestry and gardens. The division offers customers a broad range that combines quality with value for money and specialist competence in selected areas that are particularly important for customers. As a leading supplier, a balanced mix is needed between proprietary and external brands.

- **Farming, forestry and gardens** – The product range includes gardening and forest machinery, tools, electric fencing and hunting and slaughter products.
- **Tools** – The product range includes hand tools, power tools, welding equipment, compressed air machines, workshop fixtures and fittings.
- **Consumables and vehicle accessories** – The product range includes products in fluidics, lifting and loading, oil & chemicals, electrics and plumbing, vehicle accessories and workplace equipment.

Proprietary brands

swedol, AWARD, Nima, 4USE, INNO

Proprietary brand products

AmPro, NUAIR

About the **2019/20 Sustainability Report**

Momentum Group has prepared the Company's Sustainability Report for the 2019/20 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 2019/20 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 6–7, which are impacted by the Group's risks and opportunities, as reported on page 42. Material sustainability-related risks and the Group's handling of these risks are presented on page 11. The auditor's opinion regarding the statutory Sustainability Report can be found on page 77.

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 its 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 supply 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 THE 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. Based on these, 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 6–7) and the Group's continual dialogue with its various stakeholders (pages 14–15) 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.

» **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.

» **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.

» **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 2019/20 in the respective areas, are reported on the following pages.

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 in 2019/20, 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.

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 2019/20:
The Group aims to achieve an annual reduction of carbon emissions from company cars in accordance with the policy for these cars.

Outcome for 2019/20:
For the Group's company cars in Sweden, the average carbon emissions per kilometre driven decreased by 3 percent during the year compared with the Group's policy.

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 2019/20 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 2019/20 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 business ethics and financial responsibility:
Code of Conduct, self-evaluation tools for suppliers, Quality Policy

Goals and performance measures for 2019/20:
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 2019/20:
Some 70 percent of the Group's total purchase volume for the year of approximately MSEK 3,900 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 Human Resources 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.

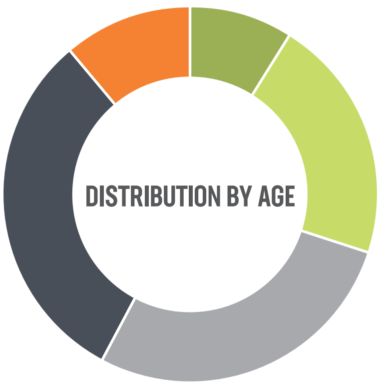
While employees are expected to satisfy the requirements of their professional roles, they also have the opportunity to receive active support in order to continuously improve their competence, develop their areas of responsibility and attitudes, and thus strengthen their performance. Managers in the 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 2019/20:
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 2019/20:
During the year, almost 90 percent of the Group's approximately 1,700 employees had documented performance reviews with their immediate supervisors.

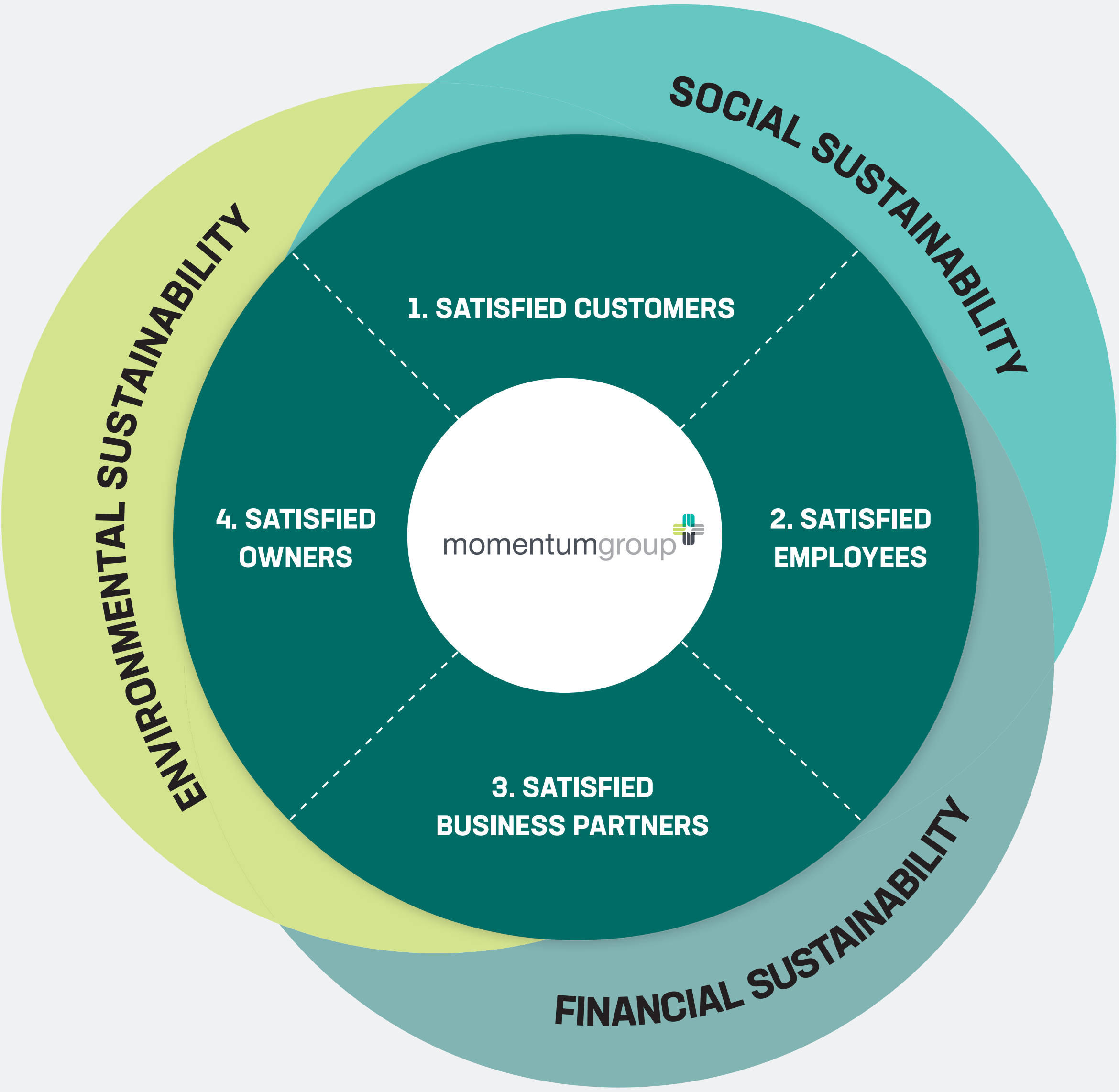


- **9%** 29 years or younger
- **21%** 30–39 years
- **28%** 40–49 years
- **31%** 50–59 years
- **11%** 60 years or more

- **15%** Less than 2 years
- **29%** 2–5 years
- **17%** 6–10 years
- **14%** 11–15 years
- **25%** 16 years or more

Employees	2019/20	2018/19
Average no. of employees	1,700	1,671
Percentage women	21 %	20 %
Percentage men	79 %	80 %

Equality in regard to gender distribution is an imoprtant issue in Momentum Group, since more men than women traditionally work in technology trading with consumables and components for the manufacturing industry. Consequently, 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 the Momentum Group contribute to.

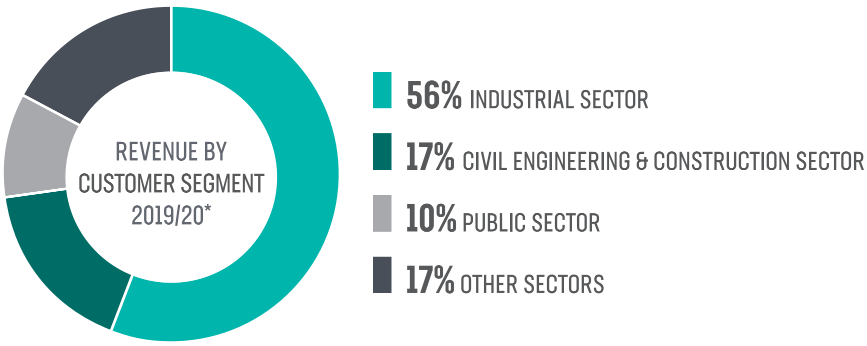
Objective	Comments
Satisfied customers Work in the best interests of new and existing customers by continuously developing and offering products and services that meet customer expectations in terms of function, quality, safety, environmental impact and supply reliability. A conscientious focus on service 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.
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, Workwear & Protective Equipment

As of 1 April 2020, the business area Tools, Consumables, Workwear & Protective Equipment comprises Swedol, TOOLS Sweden, TOOLS Norway, TOOLS Finland, Gigant, Mercus Yrkeskläder, TriffiQ Företagsprofilering, Reklamproffsen and Company Line, which offer products and services related to tools, consumables, workwear, personal protective equipment and workplace equipment, as well as workwear and profile clothing for the industrial, construction and public sectors in the Nordic region.

The total number of employees* was approximately:

1,250



* Does not include Swedol, the acquisition of which was closed after the end of the financial year on 1 April 2020.

DIVISION SWEDOL

Swedol is part of the Momentum Group as of 1 April 2020.

Read more about Swedol and the merger with TOOLS on pages 8–9.

DIVISION TOOLS

In total, TOOLS has some 1,050 employees and 111 local sales units, of which 38 are in Sweden, 45 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 1,500 in Sweden, MSEK 1,850 in Norway and MSEK 1,050 in Finland.

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.

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

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.

DIVISION WORKWEAR & PROMOTIONAL PRODUCTS

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

MERCUS YRKESKLÄDER currently has eight stores in Sweden and is one of the larger 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.

TriffiQ, with its subsidiary Profilmakarna, generates annual revenue of approximately MSEK 65 and has approximately 20 employees.

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 corporate 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.

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

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

Company Line, with its subsidiary AMJ Papper, generates annual revenue of approximately MSEK 90 and has approximately 30 employees.

COMPANY LINE is a leading Swedish reseller of workwear, profile clothing and promotional products, with professional stores and showrooms in Kiruna and Luleå. The company commands a strong position in northern Sweden thanks to its long-standing experience, value-adding offering and high level of expertise in customised corporate profiling, workwear and personal protective equipment for professionals.

Its subsidiary AMJ Papper offers industrial packaging material and paper products to local customers in Kiruna.

Components & Services

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.

Financial year 2019/20 –

Revenue amounted to:

MSEK 1,207

Operating profit increased to:

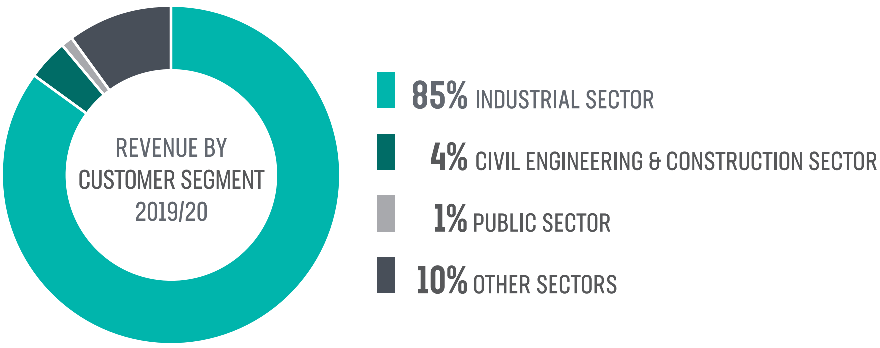
MSEK 150

The operating margin was:

12.4%

The total number of employees was approximately:

320



MOMENTUM

Momentum Industrial generates annual revenue of approximately MSEK 1,100 and has approximately 275 employees.

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 controls and monitoring, logistics solutions and on-call services. The company's customers primarily operate in the process and manufacturing industry, including pulp & paper, 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 production stoppages, longer durability and, ultimately, lower costs, usage and energy consumption for the customer.

Subsidiaries

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

ETAB Industriautomation generates annual revenue of approximately MSEK 50 and has approximately 10 employees.

Carl A Nilssons El Rep Verkstad generates annual revenue of approximately MSEK 30 and has approximately 10 employees.

ANNUAL REPORT
2019/20

Administration Report
with Corporate Governance Report

1 April 2019–31 March 2020

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 2019–31 March 2020 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 10–15.

PROFIT AND REVENUE

Profit

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 of MSEK –17 (–17) on tangible non-current assets and amortisation 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 amounted to MSEK 283 (296) and net financial items to MSEK –20 (–6). The profit margin was 4.6 percent (4.9).

Net profit amounted to MSEK 217 (231). This corresponds to earnings per share of SEK 7.70 (8.20).

Revenue

Revenue rose by 2 percent to MSEK 6,135 (6,024). Exchange-rate translation effects had an impact of MSEK –1 on revenue. For comparable units1, revenue fell by approximately 2 percent compared with the preceding year. Acquisitions contributed approximately 4 percent to total revenue growth. The financial year included the same total number of trading days as the preceding year.

OPERATIONS

The market situation for the industrial sector in the Group's main markets was characterised by continued restraint and a cautious attitude among customers in primarily Sweden and Finland during the year, although trends varied substantially in different customer segments and product areas. Demand in Norway was somewhat stronger, primarily in oil & gas as well as public administration. In some of the businesses, the relatively mild winter had a negative effect on sales of workwear suited for the cold and snow in the latter part of the financial year.

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 2020, all businesses 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 year.

Business area Tools & Consumables

During the year, this business area comprised 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.

All operations in the business area Tools & Consumables noted a negative effect on sales from the COVID-19 pandemic during the end of March 2020 even if the pandemic's effect on total revenue during the financial year was relatively limited. Revenue for the entire business area increased by approximately 1 percent, while revenue for comparable units in the business area decreased by 3 percent[1] during the year. Operating profit amounted to MSEK 170 (180) and the operating margin to 3.4 percent (3.7).

Revenue for TOOLS Norway increased by 3 percent[1] during the year, with a continued favourable trend primarily in the oil & gas sector, construction & civil engineering as well as public adminis-

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

tration. Expansion and commissioning of the logistics function for TOOLS Norway resulted in extra costs of approximately MSEK 14 for the business during the year. The new logistics hub outside of Oslo 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 7 percent[1] during the year 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 2020, 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 were largely unchanged[1] during the year 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 the Lindström Group contributed to both revenue and earnings during the year.

The cautious attitude among industrial companies, primarily in Sweden, had a negative impact on the development in Gigant during the year. Sales in the Group's niche companies within workwear and promotional products (Mercus Yrkeskläder, TriffiQ Företagsprofilering, Reklamproffsen and Company Line) were impacted by the increased level of cautious among industrial customers and by weaker demand for winter clothing due to the mild winter in the latter part of the year.

Business area Tools, Consumables, Workwear & Protective Equipment as of 1 April 2020.

From 1 April 2020, Swedol is part of this business area together with the 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

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.

The effects on sales in the business area Components & Services from the COVID-19 pandemic during the financial year were relatively limited, even if several larger industrial customers implemented cost-saving measures in their operations at the end of March 2020. Revenue increased approximately 5 percent for the entire business area during the year, while revenue for comparable units increased by 1 percent[1]. Operating profit rose by 15 percent to MSEK 150 (130) and the operating margin increased to 12.4 percent (11.3).

Sales for Momentum Industrial increased in the major customer segments (pulp & paper, automotive industry and mining segment) during the year, although demand was negatively affected by the measures taken by customers at the end of March 2020 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 year. The financial year was the best year ever in terms of revenue and earnings for Momentum Industrial.

Momentum Industrial's subsidiaries Rörick Elektriska Verkstad and Carl A Nilssons El Rep Verkstad within service and repairs and ETAB Industriautomation within pneumatics and hydraulics continued to develop positively during the year.

Group-wide and eliminations

An operating loss of MSEK –19 (–8) was reported for "Group-wide", of which items affecting comparability accounted for MSEK –14 (–). 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.

Parent Company

The Parent Company's revenue amounted to MSEK 29 (24) and profit after financial items to MSEK 6 (10). The net profit for the year of MSEK 2 (80) includes Group contributions paid totalling MSEK –66 (127).

The Parent Company's balance sheet total amounted to MSEK 3,626 (1,240), with equity accounting for 57 percent (58) of total assets. At year-end, cash and cash equivalents amounted to MSEK 1,153 (0), which were reserved for the acquisition of Swedol that closed on 1 April 2020, and external interest-bearing liabilities to MSEK 1,323 (274).

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 percent 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 equip-

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

ment 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 AB 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 32 Acquisitions of businesses on pages 70–72 for information about the acquisitions with closing during and after the 2019/20 financial year.

PROFITABILITY

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 financial year. The return on capital employed for the year amounted to 14 percent (19).

CASH FLOW AND FINANCIAL POSITION

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). The transition to IFRS 16 affected cash flow from operating activities in an amount of MSEK 212 for the year.

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. In conjunction with the acquisition of Swedol, the Group has secured new credit facilities that replaced the existing financing as of 1 April 2020. Maturity periods and fixed-interest periods for interest-bearing liabilities and additional financing are presented in Note 24 Financial risks and risk management on pages 62–64.

The equity/assets ratio at the end of the year was 48 percent, compared with 45 percent at the beginning of the financial year. 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 Swedish tax rate, which also applies to the Parent Company, was 21.4 percent during the financial year. The Group's normalised tax rate, with its current geographic mix, is approximately 22 percent.

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. The average number of employees during the year was 1,700 (1,671).

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 2019/20 and is presented in the

Sustainability Report on pages 10–15. The auditor's opinion regarding the statutory sustainability report can be found on page 77.

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 2019/20 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 42 and Note 24 Financial risks and risk management on pages 62–64.

FUTURE DEVELOPMENT

The Group intends to continue along the path it has established, with a focus on earnings growth, reduced funds tied up in working capital and corporate acquisitions in order to increase profitability. 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.

The effect of the ongoing 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 past 2019/20 year It is not possible to describe with any certainty how the pandemic will impact Momentum Group in the coming financial year, but all operations in the Group are carefully monitoring developments and taking suitable measures depending on how the market and the situation develops. Momentum Group intends to 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.

Another focus area in the short and medium term concerns efforts to realise synergies and strengthen the customer offering by continuing the coordination of TOOLS and Swedol in the business area Tools, Consumables, Workwear & Protective Equipment with undiminished energy.

Alongside of this, the Group is continuing to strive to strengthen the business area Components & Services over the next few years through an acquisition-driven growth strategy. The acquisitions may strengthen existing operations or complement the business area with new products and product areas, services and expertise as well as specialist segments.

DIVIDEND 2020

Momentum Group's dividend policy states that 30–50 percent of earnings per share are to be distributed over a business cycle.

Due to current uncertainty in the operating environment caused by the COVID-19 pandemic, the Board of Directors 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 from Momentum Group in coming years according to the Company's dividend policy.

Proposed appropriation of profit

The Board's and the CEO's proposed appropriation of profit is presented on page 73.

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 to 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 percent 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.

Refer to Note 32 Acquisitions of businesses on pages 70–72 for information about the acqusitions with closing during and after teh 2019/20 financial year.

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 Head of the Business Area.

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. Supplementary financial information for the new business area (including Swedol) for the 2019/20 financial year was presented in a separate press release published on 24 June 2020.

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.

Reversal of Group contributions

After the publication of the Financial Report for 2019/20 on 13 May 2020, it has been decided to reverse some recognised but unpaid Group contributions from subsidiaries in the Group to the Parent Company. The net effect on net profit for the Parent Company from these adjustments amounts to MSEK –80 (including the effect of adjustments to the tax allocation reserves and current tax) and with the equivalent effect on non-restricted earnings. These adjustments only affected the Group's deferred tax liabilities and assets, thus affecting the Group's balance-sheet total by MSEK –10.

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

Corporate Governance Report 2019/20

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 2019/20 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 2020 Annual General Meeting.

Momentum Group deviates from one 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.

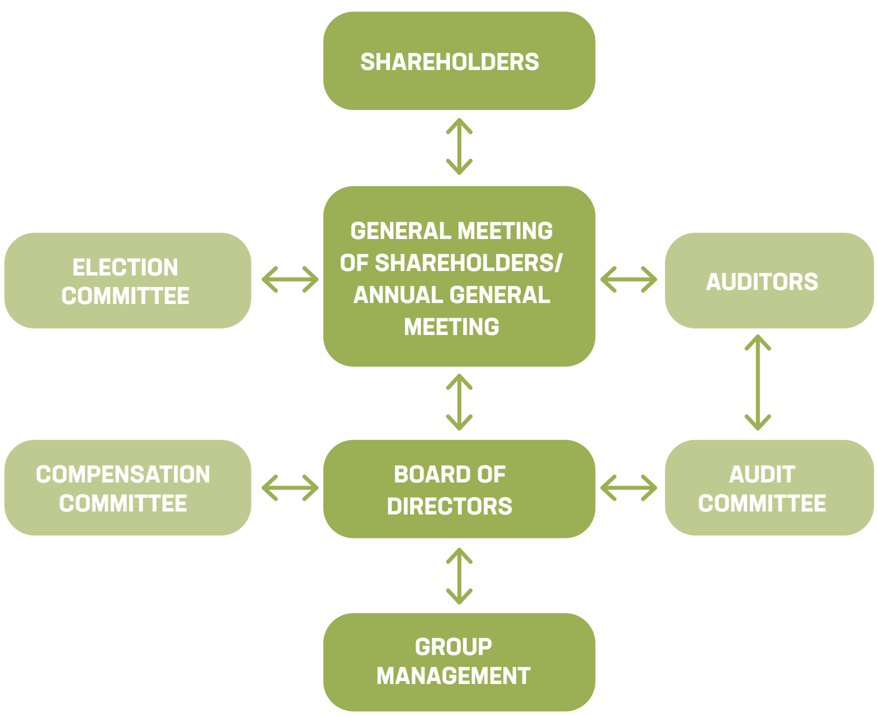
The Corporate Governance Report constitutes a part of the formal annual accounts and has been reviewed by the Company's auditors.

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

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.

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

The share capital amounts to approximately 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
Total number of shares before repurchasing	**50,899,292**
Less: Repurchased Class B shares	-500,000
Total number of shares after repurchasing	**50,399,293**

At 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 is 50,906,189.

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 Class B shares to one vote each. 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 2020, Nordstjernan AB held 22.6 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. As of 31 March 2020, Momentum Group had approximately 4,900 shareholders.

Further information regarding Momentum Group's shares and ownership structure as of 30 April 2020 is presented in the section on Momentum Group's share on pages 80–81.

Repurchase of own shares and incentive programmes

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 quotient value of this holding amounted to SEK 1,000,000 as of 31 March 2020.

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. When fully exercised, the number of outstanding Class B shares will increase by 500,000, corresponding to 1.0 percent of the total number of shares and 0.8 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 on 29 August 2019

The Annual General Meeting of Momentum Group AB was held on 29 August 2019 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 100 shareholders participated in the Meeting, representing a combined total of 62 percent of the votes in the Company. Four of the regular directors and the Company's auditors attended the Meeting.

Among other decisions, the Meeting resolved to pay a dividend of SEK 3.20 per share and discharged the Company's directors and CEO from liability for their administration of the Company during 2018/19. The Company's President & CEO, Ulf Lilius, presented the Group's operations and earnings for the 2018/19 financial year and commented on the Group's performance in the first quarter of the 2019/20 financial year. Directors Charlotte Hansson, Stefan Hedelius and Gunilla Spongh were re-elected and Johan Sjö and Göran Näsholm were elected as new directors. Johan Sjö was elected Chairman of the Board. Former director Fredrik Börjesson and Chairman of the Board Jörgen Wigh had declined re-election.

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.

Extraordinary General Meeting on 17 December 2019

As a result of the public offer to shareholders to acquire all shares outstanding in Swedol AB (publ) as announced in November 2019, an Extraordinary General Meeting was held in Momentum Group AB on 17 December 2019. The offer meant shareholders in Swedol were given a choice between a cash consideration and a share consideration consisting of new B shares in Momentum Group in exchange for their shares in Swedol and the Extraordinary General Meeting resolved, with the requisite majority, to authorise the Board of Directors to issue new shares. The Meeting resolved to authorise the Board, for the period until the next Annual General Meeting, on one or more occasions to resolve to issue no more than 33,280,000 Class B shares in the Company. Only shareholders in Swedol will be entitled to subscribe for these shares and subscribed shares are to be paid for with non-cash consideration comprising shares in Swedol. The public offer ended on 20 April 2020 and was accepted by shareholders representing approximately 99 percent of the total number of shares and votes in Swedol. Momentum Group has called for the compulsory redemption of shares outstanding in Swedol.

In accordance with the authorisation for the new share issue, the Board of Directors of Momentum Group resolved on two directed issues of a total of 22,640,773 Class B shares to shareholders of Swedol in March and April 2020, respectively.

ELECTION COMMITTEE

The Annual General Meeting in August 2018 resolved on the principles for the annual appointment of an Election Committee in Momentum Group that apply until further notice. In accordance with these principles, the Chairman of the Board was authorised to contact the largest shareholders, in terms of votes, not later than 31 January 2020 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 2020 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 2020 comprises Marianne Flink (appointed by Swedbank Robur Fonder), Lilian Fossum Biner (appointed by Handelsbanken Fonder), Stefan Hedelius (appointed by Tom Hedelius), Tobias Lönnevall (appointed by Nordstjernan) and Chairman of the Board Johan Sjö. The other members have appointed Tobias Lönnevall, as the representative for the largest shareholder, to serve as Chairman of the Election Committee. Marianne Flink was appointed spokesperson for the Election Committee at the next Annual General Meeting. The composition of the Election Committee was presented in a press release on 14 April 2020.

The Election Committee's complete motions regarding the Board of Directors and auditors will be presented in the notice of the 2020 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 2019/20

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 29 August 2019: Johan Sjö (Chairman), Charlotte Hansson, Stefan Hedelius, Göran Näsholm and Gunilla Spongh. A detailed presentation of these directors, including information on other assignments and work experience, is available on page 78 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.

Since January 2020, the Board of Directors also includes an employee representative, Pernilla Andersson.

According to the resolution of the Annual General Meeting, each director elected by the Annual General Meeting receives a fee of SEK 280,000. The Chairman of the Board receives a fee of

SEK 610,000. 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 60,000 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 1,890,000.

Refer to the table below for a summary of the members of the Board elected by the Annual General Meeting, 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 the Company and 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 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 businesses, 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

BOARD COMPOSITION, ATTENDANCE, DEPENDENCY CONDITIONS AND FEES FOR 2019/20

			No. of meetings attended			Dependent in relation to [1]		
Regular directors	Year of election	Position	Board of Directors	Audit Committee	Compensation Committee	Momentum Group	Major shareholders	Fee, SEK
No. of meetings			16	7	1			
Johan Sjö	2019	Chairman Compensation Committee Chairman	11 [2]	3 [2]	– [3]	No	Yes	660,000 [4]
Charlotte Nilsson	2016	Director	16	7		No	No	280,000
Stefan Hedelius	2016	Director	16	7	– [3]	No	No	330,000 [4]
Göran Näsholm	2019	Director	10 [2]	3 [2]		No	No	280,000
Gunilla Spongh	2016	Director Audit Committee Chairman	14	7		No	No	340,000 [4]

1) According to the definitions in the Swedish Corporate Governance Code.
2) Elected as Board member at the Annual General Meeting on 29 August 2019.
3) Not a member of the Compensation Committee at the Committee meeting in May 2019.
4) Of which, SEK 50,000 per person pertains to work on the Compensation Committee (Johan Sjö and Stefan Hedelius) and SEK 60,000 pertains to fees to the Chairman of the Audit Committee (Gunilla Spongh).

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 16 Board meetings during the 2019/20 financial year, including a statutory meeting and six meetings per capsulam. The Board's work during the year focused on issues pertaining to the public offer to shareholders in Swedol and other corporate acquisitions, monitoring the restructuring of the logistics function in TOOLS Norway and other improvement measures in the TOOLS businesses, the Group's organisation and strategic development, ongoing business operations, earnings and profitability trends and the Group's financial position.

Refer to the table on page 29 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 51–53). 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.

Since 29 August 2019, the Compensation Committee consists of Chairman of the Board Johan Sjö (Chairman of the Compensation Committee) and Director Stefan Hedelius. 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 2019/20 financial year, during which minutes were taken[1].

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.

1) Chairman and Committee member at this meeting were Jörgen Wigh (Chairman of the Board at the time) and Fredrik Börjesson (Board member at the time), respectively. These stepped down at the Annual General Meeting in August 2019.

The Chairman of the Audit Committee is Gunilla Spongh. The Chairman possesses accounting and audit expertise. The Audit Committee held seven meetings during the 2019/20 financial year, during which minutes were taken.

During the year, SEK 60,000 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 in the 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 and 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 2019/20, Momentum Group's management also included Executive Vice President & CFO Niklas Enmark. Remuneration to Group management for the 2019/20 financial year and a description of the Company's incentive programmes are presented in Note 5 Employees and personnel costs on pages 51–53.

For more detailed information about Group management, refer to page 79.

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 2019 Annual General Meeting for the period until the end of the 2020 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 1 (0) during the 2019/20 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. The guidelines for determining remuneration and other terms of employment for senior management for the 2019/20 financial year, which were adopted by the Annual General Meeting on 29 August 2019, are presented in Note 5 Employees and personnel costs on page 53.

For the 2020/21 financial year, the Board of Directors proposes that the Annual General Meeting on 31 August 2020 resolve to adopt guidelines for remuneration and other terms of employment for senior management in Momentum Group as follows. This proposal for guidelines was prepared in accordance with the new rules in the Swedish Companies Act, including the preparation of guidelines for remuneration of senior management introduced on 10 June 2019. The guidelines are to be applied for remuneration agreed after the 2020 Annual General Meeting and to subsequent amendments to remuneration already agreed. The guidelines do not apply to remuneration resolved by the General Meeting of Shareholders. As regards employment relationships governed by other rules than Sweden's, that refer to pension benefits and other benefits, appropriate adjustments may take place to comply with mandatory rules or established local standards, and to satisfy, as far as possible, the overarching purpose of these guidelines. Items stipulated for the Company also apply where applicable for the Group.

The guidelines' promotion of the Company's business strategy, long-term interests and sustainability

The successful implementation of the Company's business strategy and protection of the company's long-term interests, including its sustainability, requires that Momentum Group can recruit and retain qualified employees. This requires that the Company can offer competitive total remuneration, which is made possible through these guidelines. Total remuneration is to be in line with market conditions and competitive and be linked to responsibility and authority.

Forms of remuneration, etc.

Remuneration is to be in line with market conditions and comprise the following components: fixed salary, possible variable salary according to a separate agreement, pension and other benefits. A General Meeting of Shareholders may in addition – and independent of these guidelines – resolve on, for example, share and share price-based remuneration.

Fixed salary

The fixed salary shall consist of a fixed cash salary and be reviewed on an annual basis. The fixed salary shall be competitive and reflect the requirements placed on the role in terms of qualifications, responsibility, complexity and the manner in which it contributes to achieving the business targets. The fixed salary shall also reflect the performance of the senior executive and thus be individual and differentiated.

Variable salary

In addition to fixed salary, the President & CEO and other senior management may periodically, according to a separate agreement, receive variable salary for fulfilling agreed criteria. Any variable salary may consist of an annual cash salary, and be equivalent to not more than 50 percent of the fixed annual salary.

A fundamental balance must exist between fixed and variable salary to avoid unhealthy risk taking. The fixed salary is to account for a sufficient portion of the senior executive's total remuneration to allow the variable portion to be reduced to zero. The variable salary shall be linked to one or more predetermined and measurable criteria determined by the Board of Directors and that may be financial, such as the Group's and/or the business area's earnings growth, profitability and cash flow, or non-financial, such as sustainability, customer satisfaction and quality. The targets link the senior executive's remuneration to the Company's earnings, and thus promote the implementation of the Company's business strategy, long-term value creation and competitiveness. The terms and bases of calculation of variable salary shall be determined for each financial year. Fulfilment of the criteria for payment of variable salary must be measurable over a period of one financial year. Variable salary is regulated the year after qualification.

The degree to which the criteria were met is assessed when the measurement period for fulfilling the criteria for the payment of variable salary ends. The Board of Directors is responsible for determining variable cash payments to the President & CEO. Variable cash payments to other senior executives are determined by the Compensation Committee. As regards financial targets, the assessment is based on the Company's latest published financial information.

The terms for variable salary should be designed so that the Board, in the event of exceptional financial conditions, is able to limit or refrain from making variable salaries should such action be deemed reasonable. In drawing up variable remuneration for the company management, the Board must consider including provisions that (i) impose conditions on the payment of a portion of such remuneration requiring that the achievements on which the payment was based is shown to be sustainable over time, and (ii) enable the Company to reclaim such remuneration paid on the basis of information that is later shown to be manifestly erroneous.

Further variable cash payments may be paid in extraordinary circumstances, assuming that such extraordinary arrangements are of limited duration and are only introduced at an individual level either to recruit or retain senior executives, or as remuneration for extraordinary work duties beyond the individual's ordinary work duties. Such remuneration may not exceed an amount corresponding to 20 percent of the fixed annual salary and not be paid more than once per year and per individual. A decision on such remuneration shall be made by the Board of Directors based on a proposal from the Compensation Committee.

Pension

The President & CEO and other senior executives are covered by a defined-contribution pension, whose size depends on the outcome of the pension insurance policies taken out. Premiums for the defined-contribution pension must not exceed 40 percent of the fixed annual salary.

Other benefits

Other benefits, including company car, travel concessions, extra healthcare insurance and occupational health services, shall be in line with market conditions and only constitute a limited share of total remuneration. Premiums and other costs pursuant to such benefits shall amount to not more than 10 percent of the fixed annual salary in total.

Conditions in the case of termination

All senior executives must observe a period of notice of up to 6 months if notice is given by the employee. If employment is terminated by the Company, the period of notice applied is up to 12 months. If employment is terminated by the Company, senior executives may be entitled, in addition to salary and other employment benefits during the period of notice, to severance pay corresponding to up 12 months fixed salary. Severance pay is not offset against other income. No severance pay is to be paid if notice is given by the employee.

In addition to severance pay, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid when the former executive is not entitled to severance pay. Remuneration shall be based on the fixed salary paid on the date of termination and shall amount to not more than 60 percent of the fixed salary on the date of termination, subject to mandatory collective agreement provisions, and be paid for the period covered by the non-compete undertaking, which shall amount to not more than 12 months after the end of employment.

Salary and terms of employment
In the preparation of the Board's proposal for these remuneration guidelines, salary and employment conditions for employees of the Company have been taken into account by including information on the employees' total remuneration, the components of the remuneration and increase and growth rate over time, in the Compensation Committee's and the Board's basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

Preparation and decision-making process
The Board of Directors has approved the establishment of a Compensation Committee. The Committee's duties include preparing principles for remuneration of senior executives and the Board's decision on proposals for guidelines for remuneration of senior executives. The Board shall prepare a proposal for new guidelines at least every fourth year and submit it to the Annual General Meeting. The guidelines shall be in force until new guidelines are adopted by the General Meeting of Shareholders. The Compensation Committee shall also monitor and evaluate the programme for variable remuneration of senior executives, the application of the guidelines for the remuneration of senior executives, as well as the current remuneration structures and compensation levels in the Company. Remuneration of the President & CEO shall be decided by the Board of Directors after being prepared and recommended by the Compensation Committee, within the scope of established remuneration principles. Remuneration of other senior executives shall be decided by the Compensation Committee, within the scope of established remuneration principles and after consulting with the President & CEO. The President & CEO and other senior executives do not participate in the Board's or Compensation Committee's processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Share-based incentive programmes resolved by the General Meeting of Shareholders
The Board of Directors shall each year assess the need for a share-based incentive programme and when necessary present proposals for a decision to the Annual General Meeting. A decision on any share and share price-based incentive programme addressed to senior executives shall be made by a General Meeting of Shareholders and contribute to long-term value growth. Senior executives may be offered an equivalent incentive to that which would have been paid under a share or share-based incentive programmes, if such a programme is impracticable in the country where a senior executive is tax resident, or if in the Company's view such participation cannot take place at a reasonable administrative cost or economic contribution. The cost and investment for the Company and incentive and financial outcome for such senior executives shall under such circumstances essentially correspond to the share or share price-based incentive programme.

Derogation from the guidelines
The Board may resolve to derogate from the guidelines, either in full or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. As stated above, the Compensation Committee's duties include the preparation of the Board's decision on remuneration issues, which also refers to decisions on derogation from the guidelines. If the Board resolves to derogate from the guidelines, the decision shall be reported at the next Annual General Meeting.

Information on approved remuneration not yet due for payment
In accordance with the transitional provisions in the new rules in the Swedish Companies Act, including the preparation of guidelines for remuneration of senior management introduced on 10 June 2019, the proposal for remuneration guidelines shall contain information on previously approved remuneration not yet due for payment. In addition to the obligation to pay ongoing employee benefits such as salaries, pensions and other benefits, no previously approved remuneration exists to any senior executives that is not yet due for payment. Further information on remuneration of senior executives is presented in Note 5 Employees and personnel costs on pages 51–53.

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 2019/20 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	2019/20	2018/19
Revenue	3	6,135	6,024
Other operating income	4	4	4
Total operating income		**6,139**	**6,028**
Cost of goods sold		–3,864	–3,804
Personnel costs	5	–1,189	–1,188
Depreciation, amortisation, impairment losses and reversal of impairment losses		–264	–47
Other operating expenses	6, 12	–519	–687
Total operating expenses		**–5,836**	**–5,726**
Operating profit	3	**303**	**302**
Financial income		1	1
Financial expenses		–21	–7
Net financial items	7	**–20**	**–6**
Profit after financial items		**283**	**296**
Taxes	9	–66	–65
Net profit		**217**	**231**
Attributable to:			
Parent Company shareholders		214	229
Non-controlling interests		3	2
Earnings per share (SEK)	18	7.70	8.20

Statement of comprehensive income

Amounts in MSEK	Note	2019/20	2018/19
Net profit		**217**	**231**
Other comprehensive income			
Components that will not be reclassified to net profit			
Remeasurement of defined-benefit pension plans		–3	0
Tax attributable to components that will not be reclassified	9	1	0
Total		**–2**	**0**
Components that will be reclassified to net profit			
Translation differences		–27	8
Fair value changes for the year in cash-flow hedges		2	0
Tax attributable to components that will be reclassified	9	0	0
Total		**–25**	**8**
Other comprehensive income for the year		**–27**	**8**
Comprehensive income for the year		**190**	**239**
Attributable to:			
Parent Company shareholders		187	237
Non-controlling interests		3	2

Balance sheet

Amounts in MSEK	Note	31 Mar 2020	31 Mar 2019
ASSETS			
Non-current assets			
Intangible non-current assets	10	660	649
Tangible non-current assets	11	61	63
Right-of-use assets	12	491	–
Financial investments		1	1
Other long-term receivables	16	1	1
Deferred tax assets	9	18	20
Total non-current assets		**1,232**	**734**
Current assets			
Inventories	14	985	986
Tax assets		12	28
Accounts receivable	24	964	1,044
Prepaid expenses and accrued income	15	73	86
Other receivables	16	1,517	28
Cash and cash equivalents		1,157	8
Total current assets		**4,708**	**2,180**
Total assets		**5,940**	**2,914**
EQUITY AND LIABILITIES			
Equity	17		
Share capital		102	57
Other contributed capital		–	–
Reserves		–15	10
Retained earnings, including net profit		2,782	1,236
Equity attributable to Parent Company shareholders		**2,869**	**1,303**
Non-controlling interests		**19**	**14**
Total equity		**2,888**	**1,317**
Non-current liabilities			
Non-current interest-bearing liabilities	24	1,125	137
Non-current lease liabilities	24	305	–
Non-current non-interest-bearing liabilities	20	35	31
Provisions for pensions	19	31	27
Other provisions	20	0	16
Deferred tax liabilities	9	26	29
Total non-current liabilities		**1,522**	**240**
Current liabilities			
Current interest-bearing liabilities	24	198	137
Current lease liabilities	24	206	–
Accounts payable		764	822
Tax liabilities		19	21
Other liabilities	21	94	100
Accrued expenses and deferred income	22	249	277
Total current liabilities		**1,530**	**1,357**
Total liabilities		**3,052**	**1,597**
Total equity and liabilities		**5,940**	**2,914**

Statement of changes in equity

	Equity attributable to Parent Company shareholders					
Amounts in MSEK	Share capital	Reserves	Retained earnings, including net profit	**Total**	Non-controlling interests	**Total equity**
Closing equity, 31 March 2018	**57**	**2**	**1,096**	**1,155**	**15**	**1,170**
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 ownership share in partly owned subsidiaries			2	**2**	–2	**0**
Dividends paid in partly owned subsidiaries				**-**	–1	**–1**
Change in value of option liability [1]			2	**2**		**2**
Closing equity, 31 March 2019	**57**	**10**	**1,236**	**1,303**	**14**	**1,317**
Change in accounting policy [2]			–8	**–8**		**–8**
Net profit			214	**214**	3	**217**
Other comprehensive income		–25	–2	**–27**		**–27**
Dividend			–89	**–89**		**–89**
Non-cash issue [3]	45		1,442	**1,487**		**1,487**
Acquisitions of partly owned subsidiaries				**-**	9	**9**
Changes in ownership share in partly owned subsidiaries			5	**5**	–5	**0**
Dividends paid in partly owned subsidiaries				**-**	–2	**–2**
Option liability, acquisitions [4]			–17	**–17**		**–17**
Change in value of option liability [1]			1	**1**		**1**
Closing equity, 31 March 2020	**102**	**–15**	**2,782**	**2,869**	**19**	**2,888**

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

2) Transition to IFRS 16. Refer to the accounting policies in Note 1.

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 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

Amounts in MSEK	Note	2019/20	2018/19
Operating activities			
Profit after financial items		283	296
Adjustments for non-cash items	31	258	33
Income taxes paid		–54	–94
Cash flow from operating activities before changes in working capital		**487**	**235**
Cash flow from changes in working capital			
Change in inventories		15	–7
Change in operating receivables		70	–72
Change in operating liabilities		–67	74
Changes in working capital		**18**	**–5**
Cash flow from operating activities		**505**	**230**
Investing activities			
Purchase of tangible non-current assets		–16	–17
Proceeds from sale of tangible non-current assets		0	0
Acquisition of intangible non-current assets		–2	–11
Acquisition of subsidiaries/operating segments, net effect on liquidity	31	–66	–73
Cash flow from investing activities		**–84**	**–101**
Cash flow before financing		**421**	**129**
Financing activities			
Dividend paid to Parent Company shareholders		–89	–73
Dividend paid to non-controlling interests		–2	–1
Repurchase of own shares		–	–22
Premium received for issued share options		–	2
Acquisition of non-controlling interests		–11	–2
Borrowings		1,157	32
Repayment of loans		–326	–67
Cash flow from financing activities		**729**	**–131**
Cash flow for the year		**1,150**	**–2**
Cash and cash equivalents at the beginning of the year		8	10
Exchange-rate differences in cash and cash equivalents		–1	0
Cash and cash equivalents at year-end	31	**1,157**	**8**

Income statement

Amounts in MSEK	Note	2019/20	2018/19
Revenue	3	29	24
Other operating income	4	2	2
Total operating income		**31**	**26**
Personnel costs	5	–28	–25
Depreciation, amortisation, impairment losses and reversal of impairment losses		0	0
Other operating expenses	6, 12	–13	–11
Total operating expenses		**–41**	**–36**
Operating loss		**–10**	**–10**
Profit from financial items:			
Profit from participations in Group companies	7	–	–
Profit from other securities and receivables recognised as non-current assets	7	25	26
Other interest income and similar profit/loss items	7	0	0
Interest expenses and similar profit/loss items	7	–9	–6
Net financial items		**16**	**20**
Profit after financial items		**6**	**10**
Appropriations	8	–3	93
Profit before tax		**3**	**103**
Taxes	9	–1	–23
Net profit		**2**	**80**

Statement of comprehensive income

Amounts in MSEK	Note	2019/20	2018/19
Net profit		**2**	**80**
Other comprehensive income			
Components that will not be reclassified to net profit		–	–
Components that will be reclassified to net profit		–	–
Other comprehensive income for the year		–	–
Comprehensive income for the year		**2**	**80**

Balance sheet

Amounts in MSEK	Note	31 Mar 2020	31 Mar 2019
ASSETS			
Non-current assets			
Intangible non-current assets	11	0	0
Financial non-current assets			
Participations in Group companies	28	50	50
Receivables from Group companies	13	779	827
Total financial non-current assets		829	877
Total non-current assets		**829**	**877**
Current assets			
Current receivables			
Receivables from Group companies		109	349
Tax assets		24	11
Other receivables	16	1,503	1
Prepaid expenses and accrued income		8	2
Total current receivables		1,644	363
Cash and bank		1,153	–
Total current assets		**2,797**	**363**
Total assets		**3,626**	**1,240**
EQUITY, PROVISIONS AND LIABILITIES			
Equity	17		
Restricted equity			
Share capital		102	57
Non-restricted equity			
Share premium reserve		1,442	–
Retained earnings		521	530
Net profit		2	80
Total equity		**2,067**	**667**
Untaxed reserves	30	**–**	**63**
Non-current liabilities			
Liabilities to credit institutions	24	1,125	137
Liabilities to Group companies		–	–
Total non-current liabilities		**1,125**	**137**
Current liabilities			
Liabilities to credit institutions	24	198	137
Accounts payable		3	1
Liabilities to Group companies		222	227
Tax liabilities		–	–
Other liabilities		1	1
Accrued expenses and deferred income	22	10	7
Total current liabilities		**434**	**373**
Total equity, provisions and liabilities		**3,626**	**1,240**

Statement of changes in equity

Amounts in MSEK	Restricted equity Share capital	Non-restricted equity Holding of treasury shares	Share premium reserve	Retained earnings	Net earnings	Total equity
Closing equity, 31 March 2018	**57**	**–27**	–	**575**	**75**	**680**
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**
Closing equity, 31 March 2019	**57**	**–49**	**-**	**579**	**80**	**667**
Reversal of earnings				80	–80	**0**
Net profit					2	**2**
Other comprehensive income						**-**
Non-cash issue[1]	45		1,442			**1,487**
Dividend				–89		**–89**
Closing equity, 31 March 2020	**102**	**–49**	**1,442**	**570**	**2**	**2,067**

1) 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 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.

Cash-flow statement

Amounts in MSEK	Note	2019/20	2018/19
Operating activities			
Profit after financial items		6	10
Adjustments for non-cash items	31	–6	0
Income taxes paid		–14	–46
Cash flow from operating activities before changes in working capital		**–14**	**–36**
Cash flow from changes in working capital			
Change in current receivables and liabilities to Group companies		42	41
Change in operating receivables		–15	0
Change in operating liabilities		5	2
Changes in working capital		**32**	**43**
Cash flow from operating activities		**18**	**7**
Investing activities			
Acquisition of intangible non-current assets		–	0
Cash flow from investing activities		**0**	**0**
Cash flow before financing		**18**	**7**
Financing activities			
Dividend		–89	–73
Repurchase of own shares		–	–22
Premium received for issued share options		–	2
Change in long-term receivables and liabilities to Group companies		53	–12
Group contributions paid and received		127	131
Borrowings		1,157	32
Repayment of loans		–113	–65
Cash flow from financing activities		**1,135**	**–7**
Cash flow for the year		1,153	0
Cash and cash equivalents at the beginning of the year		–	–
Exchange-rate differences in cash and cash equivalents		–	–
Cash and cash equivalents at year-end	31	**1,153**	**-**

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. The COVID-19 pandemic that affected the entire global economy in spring 2020 and so too the Momentum Group and its customers, suppliers and employees is also impacting demand at present and to some degree, access to products and services for the Group.

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 web-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 – not least by the acquisition of the Swedol reseller chain in spring 2020.

Sustainable and circular approach

Customers, suppliers, employees and society at large are making greater demands on a sustainable and circular approach in all business operations. This entails increasing demands on companies in Momentum Group to view sustainability as a natural part of daily operations and to develop and offer products and services that meet these high expectations. A description of Momentum Group's sustainability-related risks and its sustainability activities is available in the Group's 2019/20 Sustainability Report on pages 10–15.

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 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) and a number of smaller regional logistics centres in Norway. 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

NOTES TABLE OF CONTENTS

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 30 June 2020. 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 31 August 2020.

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 balance-sheet date refer to both favourable and unfavourable events that occur between the balance-sheet date and the date at the beginning of the following financial year when the financial statements are signed by the members of the Board of Directors and the President & CEO. Information is provided in the Annual Report about any significant events after the 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 classification and their fair value after a deduction for selling expenses. Offsetting of receivables and liabilities and of income and costs occurs only when required or when expressly permitted in an accounting recommendation.

The stated accounting policies for the Group have been applied consistently for all periods presented in the 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

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.

Transition approach and practical expedients applied

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.* The Group's lease portfolio primarily comprises leases related to warehouse and store facilities as well as vehicles.

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

Note 1 cont.

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. The Group has chosen to apply the following provisions for earlier operating leases when transitioning to IFRS 16 *Leases*:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Adjusted right-of-use asset in an amount recognised as provisions for operating leases that comprised onerous contracts immediately before the date of initial application as an alternative to performing an impairment review.
- Right-of-use assets and lease liabilities were not recognised for leases for which the lease term ends within 12 months or earlier of the transition date (short-term leases).
- Excluded certain initial direct costs in measurement of the right-of-use asset on the date of initial application.
- Used hindsight in determining the lease term if the contract contains options to extend or terminate the lease.

Effects on the financial statements

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. The total effects on the balance sheet are presented in the table.

Effects on the balance sheet as of 1 April 2019 (MSEK)	
Right-of-use assets	543
Deferred tax assets	2
Prepaid expenses and accrued income	–22
Equity	–8
Non-current lease liabilities	362
Other provisions	–16
Current lease liabilities	201
Accounts payable	–14
Accrued expenses and deferred income	–2

The table below shows the difference between operating lease commitments under IAS 17 as of 31 March 2019 and the initial application of lease liabilities under IFRS 16 discounted using the incremental borrowing rate as of 1 April 2019:

Operating lease commitments as of 31 March 2019	**612**
Discount rate effect	–45
Other effects	–4
Lease liabilities under IFRS 16 as of 1 April 2019	**563**

Other effects in the table above mainly relate to contracts classified as short-term leases and contracts for low-value assets as well as extension options in the contracts for which there is reasonable certainty that these options will be exercised, that affected the lease liability in conjunction with the transition.

The recognition of depreciation on right-of-use assets instead of lease payments is estimated to have impacted operating profit in an amount of MSEK +10. Interest on lease liabilities had a negative impact of MSEK -11 on net financial items.

Since repayment of the principal portion of the lease liability is recognised as a financing activity, cash flow from financing activities decreases 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.

A selection of effects of IFRS 16 on the Group's performance measures are presented in the following table.

2019/20 (MSEK)	**Under IFRS 16**	**Effect of IFRS 16**	**Under IAS 17**
Operating profit	303	10	293
Earnings per share, SEK	7.70	-0.25	7.95
Cash flow from operating activities for the period	505	212	293
Cash flow from investing activities for the period	-84	–	-84
Cash flow from financing activities for the period	729	-212	941
Cash flow for the period	1,150	–	1,150
Equity/assets ratio	48%	-5%	53%

New IFRSs that have not yet been applied

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 OF CURRENT AND NON-CURRENT ITEMS

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 »

Note 1 cont.

net profit. For divestments that lead to a loss of controlling influence but where a holding remains, the holding is measured at fair value and the change in value is recognised in net profit. The financial statements of subsidiaries are consolidated from the date of acquisition until the date when the controlling influence ceases.

Associated companies

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

Dividends received from associated companies reduce the carrying amount of the investment. The Group's portion of other comprehensive income in associated companies is recognised 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 translations 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. Income is recognised in an amount that reflects the consideration to which the company expects to be entitled for transferring products and/or services to a customer when control has been transferred to the customer.

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.

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 that are mainly based on costs incurred, compared with total expected costs for each identified performance obligation.

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.

LEASES

Policies applied as of 1 April 2019

When a contract is entered into, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Lease components are separated from non-lease components for leases for buildings (such as warehouse and store facilities). For leases related to other classes of assets (such as vehicles and other assets), lease components and any non-lease components are recognised as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the commencement date of the lease. The right-of-use assets is initially measured at cost, which comprises the lease liability's initial value plus the lease payments made at or before the commencement date and any initial direct costs. The right-of-use asset is depreciated on a straight-line basis from the commencement date to the earlier of the end of the useful life of the asset or the end of the lease term, which for the Group is normally the end of the lease term. In cases when the cost of the right-of-use asset reflects that the Group will exercise an option to purchase the underlying asset, the asset is depreciated at the end of its useful life.

The lease liability – which is divided into non-current and current parts – is initially measured at the present value of remaining lease payments during the estimated lease term. When determining the lease term, the extension option is only included when it is reasonably certain that the option will be exercised. Periods after an option to terminate are only included in the lease term when it is reasonably certain that the termination option will not be exercised.

Lease payments are discounted using the Group's incremental borrowing rate, which reflects the Group's credit risk. The incremental borrowing rate is an interest rate that reflects the term of each lease. The following lease payments are included in the measurement of a lease liability:

- fixed payments, less any lease incentives received in conjunction with signing the lease,
- variable lease payments depending on an index or a rate, initially measured using the index or rate on the commencement date,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease if the lease term reflects the lessee exercising the option to terminate the lease.

Variable lease payments not based on an index or a rate (including property tax) are not included in the measurement of the lease liability, but recognised in the consolidated statement of comprehensive income in the period in which they occur.

Subsequent measurement of the lease liability is carried out by reducing the carrying amount to reflect the lease payments made and increasing the carrying amount to reflect the interest on the lease liability using the effective interest rate method.

The lease liability and corresponding right-of-use asset will be remeasured when

- the lease term changes or the assessment of an option to purchase changes. The lease liability is then remeasured by discounting the revised lease payments using a revised discount rate,
- the lease payments are revised due to changes in an index or a rate or when the amounts expected to be payable under a residual value guarantee change. The lease liability is then remeasured by discounting the revised lease payments using an unchanged discount rate

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Note 1 cont.

(unless the changes in the lease payments are the result of a revised variable rate, in which case a revised discount rate is used), or

- the lease is modified, and the modification is not recognised as a separate lease. The lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

No right-of-use asset or lease liability is recognised for leases with a term of 12 months or less, or where the underlying asset is of low-value, less than SEK 50 thousand. Lease payments for these leases are recognised on a straight-line basis over the term of the lease.

Policies applied until 31 March 2019

Operating leases

Costs related to operating leases are recognised in net profit on a straight-line basis over the term of the lease. Rewards 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.

Finance 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 that are measured and recognised in the Group in accordance with the rules of IFRS 9 *Financial instruments* and are 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 related to call and put options issued on 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 into one of the following categories: financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income and financial assets or liabilities at amortised cost. A financial instrument's classification determines the subsequent measurement of the instrument after the initial recognition. The classification of financial assets is based on the company's business model for holding the financial assets and the asset's contractual cash flow characteristics. The Group's holdings of financial instruments are classified as follows:

Financial assets at fair value through profit or loss

Financial assets measured at fair value through profit or loss include 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.

Financial assets at amortised cost

Financial assets measured at amortised cost comprise holdings of receivables and other debt instruments for which the objective of the Group's business model is only to receive the principal amount and any interest and which generate cash flows that are solely payments of principal and interest on the principal amount outstanding. 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 less expected credit losses. Any impairment requirement for the receivables is determined based on individual testing, taking into consideration earlier experience of customer losses on similar receivables.

Financial assets 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 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 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 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 »

Note 1 cont.

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.

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.

Depreciation 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 own 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

Note 1 cont.

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 2019, Alecta's surplus in the form of its collective solvency margin was 148 percent (142). 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 is based on the interest rate arising on the discounting of the net obligation, meaning the interest on the obligation, plan assets and 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. As of 1 April 2019, contracts covered by IFRS 16 have been recognised as an impairment of a right-of-use asset.

TAXES

Income taxes consist of current taxes and deferred taxes. Income taxes are recognised in net profit, except when the underlying transaction is recognised in other comprehensive income or in equity, in which case the associated tax effect is also recognised in other comprehensive income or in equity. Current taxes are taxes to be paid or refunded relating to the current year, with the application of the tax rates resolved, or in practice resolved, as of the balance-sheet date. Current taxes also include adjustments of current taxes attributable to earlier periods. Deferred taxes are calculated in accordance with the balance-sheet method based on temporary differences between the carrying amount of assets and liabilities and the value of assets and liabilities for tax purposes. Temporary differences arising from the recognition of consolidated goodwill are not taken into account. Nor are temporary differences attributable to participations in subsidiaries and associated companies that are not expected to be reversed within the foreseeable future. The measurement of deferred taxes is based on how the carrying amount of assets or liabilities is expected to be realised or settled. Deferred taxes are calculated using the tax rates and tax rules resolved, or in practice resolved, as of the balance-sheet date. Deferred tax assets pertaining to deductible temporary differences and loss carryforwards are recognised only to the extent that it is probable that it will be possible to utilise them. The value of deferred tax assets is reduced when it is no longer deemed probable that it will be possible to utilise them.

CONTINGENT LIABILITIES

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

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 A*ccounting 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 which exceptions from / additions to should 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.

Changes in 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. The new lease policies, in accordance with IFRS 16, which were adopted by the Group were not applied by the Parent Company. The Parent Company has applied an exception in RFR 2, meaning the Parent Company recognises existing leases in the same manner as in previous years.

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 »

Note 1 cont.

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 decided not to apply IFRS 9 to financial instruments. However, some of the principles in IFRS 9 are still applicable – such as impairment, recognition/derecognition, criteria for the application of hedge accounting and the effective interest method for interest income and expense.

In the Parent Company, financial non-current assets are measured at cost less any impairment, while financial current assets are measured at the lower of cost or net realisable value. For financial assets recognised at amortised cost, the impairment requirements under IFRS 9 are applied.

In accordance with the exemptions granted in RFR 2, the Parent Company has elected not to apply the provisions of IFRS 9 regarding financial guarantee contracts 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 2019/20 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.

During the year, **Tools & Consumables** comprised 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.

Components & Services comprised Momentum Industrial and its subsidiaries, which offer spare parts, service and repairs for customers in the industrial sector in the Nordic region. **Group-wide** included 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.

Items affecting comparability pertain to costs for advisors and other costs relating to the public offer for Swedol announced on 11 November 2019.

	2019/20					2018/19				
Revenue	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	1,907	1,148	1	–	**3,056**	1,988	1,066	2	–	**3,056**
Norway	1,894	24	–	–	**1,918**	1,797	27	–	–	**1,824**
Finland	996	2	–	–	**998**	980	2	–	–	**982**
Other countries	155	8	–	–	**163**	152	10	–	–	**162**
From other segments	7	25	129	–161	**-**	8	43	124	–175	**-**
Total	**4,959**	**1,207**	**130**	**-161**	**6,135**	**4,925**	**1,148**	**126**	**-175**	**6,024**
Adjusted operating profit/loss	170	150	–5	2	**317**	180	130	–8	0	**302**
Items affecting comparability	–	–	–14	–	**-14**	–	–	–	–	**-**
Operating profit/loss	**170**	**150**	**-19**	**2**	**303**	**180**	**130**	**-8**	**0**	**302**
Net financial items	–	–	–20	–	**-20**	–	–	–6	–	**-6**
Profit/loss after financial items	**170**	**150**	**-39**	**2**	**283**	**180**	**130**	**-14**	**0**	**296**
Goodwill	392	161	–	–	**553**	371	151	–	–	**522**
Other assets	2,249	508	3,063	–433	**5,387**	2,096	445	598	–747	**2,392**
Total assets	**2,641**	**669**	**3,063**	**-433**	**5,940**	**2,467**	**596**	**598**	**-747**	**2,914**
Liabilities	1,463	420	1,621	–433	**3,071**	1,346	472	538	–745	**1,611**
Other disclosures										
Investments	9	3	6	–	**18**	22	3	3	–	**28**
Depreciation and amortisation	–215	–34	–15	–	**-264**	–41	–4	–2	–	**-47**

The columns "Group-wide" and "Eliminations" pertaining to assets comprise eliminations of intra-segment receivables and internal gains on inventories of MSEK 433, intra-segment receivables of MSEK 286 and undistributed assets of MSEK 2,777 primarily for the non-cash issue and reserved liquidity regarding the acquisition of Swedol.

The columns "Group-wide" and "Eliminations" pertaining to liabilities comprise eliminations of intra-segment liabilities of MSEK 433, intra-segment liabilities of MSEK 129 and undistributed liabilities of MSEK 1,492.

The columns "Group-wide" and "Eliminations" pertaining to assets comprise eliminations of intra-segment receivables and internal gains on inventories of MSEK 747, 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 745, intra-segment liabilities of MSEK 173 and undistributed liabilities of MSEK 365.

REVENUE BY CLASS OF INCOME

	Group		Parent Company	
	2019/20	**2018/19**	**2019/20**	**2018/19**
Revenue				
Sale of goods	5,963	5,874	–	–
Service assignments	143	122	29	24
Commissions, bonuses and other income	29	28	–	–
Total	**6,135**	**6,024**	**29**	**24**

Income in the Parent Company pertains to intra-Group services totalling MSEK 29.

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.

Non-current assets	**2019/20**	**2018/19**
Sweden	441	421
Norway	85	112
Finland	193	177
Other countries	2	2
Group total	**721**	**712**

Note 4 Other operating income

	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
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	2
Total	**4**	**4**	**2**	**2**

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

Note 5 Employees and personnel costs

	2019/20			2018/19		
Average no. of employees by country	Men	Women	Total	Men	Women	Total
Sweden, Parent Company	5	3	**8**	4	3	**7**
Sweden, subsidiaries	730	212	**942**	725	216	**941**
Norway	371	83	**454**	362	74	**436**
Finland	233	45	**278**	227	43	**270**
Denmark	11	4	**15**	11	4	**15**
Other countries	1	2	**3**	1	1	**2**
Group total	**1,351**	**349**	**1,700**	**1,330**	**341**	**1,671**

Percentage women	**2019/20**	**2018/19**
Parent Company		
Board of Directors	40	40
Group management	0	0
Group		
Boards of directors	23	15
Other senior management	21	22

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

Costs for employee benefits and directors’ fees	**2019/20**	**2018/19**
Parent Company		
Salaries and other remuneration	18	16
Pension costs, defined-benefit plans	0	0
Pension costs, defined-contribution plans	4	3
Social security contributions	6	6
Subsidiaries		
Salaries and other remuneration	915	907
Pension costs, defined-benefit plans	1	3
Pension costs, defined-contribution plans	83	83
Social security contributions	193	200
Group total	**1,220**	**1,218**

	2019/20		2018/19	
Salaries and other remuneration distributed between Board of Directors/senior management and other employees	Board of Directors and President	Other employees	Board of Directors and President	Other employees
Parent Company total	11	7	9	7
(of which, bonuses, etc.)	*2*	*0*	*2*	*0*
Subsidiaries total	15	900	15	892
(of which, bonuses, etc.)	*1*	*7*	*1*	*22*
Group total	**26**	**907**	**24**	**899**

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

Note 5 cont.

SALARIES 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 2019 according to the table below. Special remuneration was paid for committee work in 2019/20, with members of the Compensation Committee receiving SEK 50 thousand each (two people) and the Chairman of the Audit Committee receiving SEK 60 thousand.

Group management

Salaries and remuneration to the Group's management for the 2019/20 financial year have been paid in accordance with the guidelines for remuneration resolved by the Annual General Meeting in August 2019.

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 2017/21 and 2018/22 call option programmes (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. On 31 March 2020, 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, the size of which 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. On 31 March 2020, 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.

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) PROGRAMME

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 2019/20 financial year amounted to SEK 400 thousand, which was expensed in 2019/20 and paid in May 2020.

REMUNERATION AND OTHER BENEFITS TO THE BOARD OF THE PARENT COMPANY AND GROUP MANAGEMENT 2019/20

SEK thousand	Director's fee/Fixed salary	Variable salary and LTI	Other benefits	Pension costs	**Total**	Call options outstanding (no.)
Board of Directors						
Johan Sjö, Chairman[1]	660				**660**	
Göran Näsholm, Director	280				**280**	
Charlotte Hansson, Director	280				**280**	
Stefan Hedelius, Director[1]	330				**330**	
Gunilla Spongh, Director[2]	340				**340**	
Total	**1,890**	**-**	**-**	**-**	**1,890**	**-**
Group management						
Ulf Lilius, President & CEO	4,688	604	80	1,381	**6,753**	50,000
Niklas Enmark, Executive Vice President & CFO	2,729	746	96	767	**4,338**	45,000
Total	**7,417**	**1,350**	**176**	**2,148**	**11,091**	**95,000**

1) Member of the Compensation Committee as of the statutory meeting of the Board on 29 August 2019.
2) Audit Committee Chairman.

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.)
Board of Directors						
Jörgen Wigh, Chairman[1]	650				**650**	
Fredrik Börjesson, Director[1]	325				**325**	
Charlotte Hansson, Director	275				**275**	
Stefan Hedelius, Director	275				**275**	
Gunilla Spongh, Director[2]	325				**325**	
Total	**1,850**	**-**	**-**	**-**	**1,850**	**-**
Group management						
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
Total	**6,815**	**1,590**	**179**	**2,292**	**10,876**	**95,000**

1) Member of the Compensation Committee until the Annual General Meeting on 29 August 2019.
2) Audit Committee Chairman.

Note 5 cont.

CALL OPTION PROGRAMME 2018/2022

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 by share repurchases.

The offering is linked to a subsidy corresponding to the call premium, 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 2017/2021

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 by share repurchases.

The offering was linked to a subsidy corresponding to the call premium, which meant that an amount of SEK 9.60 per acquired call option would be paid to the holder. The subsidy was paid by the holder's employer in December 2019 based on the condition that all originally acquired call options in this programme remained and that the individual still was an employee of the Group.

CALL OPTIONS ISSUED AND OUTSTANDING AS OF 31 MARCH 2020

	Date of issue	Redemption period	Redemption price, SEK	No. of options issued	No. of options outstanding	Settlement method
Group						
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
Parent Company						
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 2019/20

These guidelines apply for remuneration to the President & CEO and other members of senior management in Momentum Group. Momentum Group strives 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's 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 periods 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 29 August 2019. These guidelines have been applied to all agreements entered into with the President & CEO and other members of Group management during 2019/20.

Note 6 Fees to auditors

	Group		Parent Company	
	2019/20	2018/19	2019/20	2018/19
KPMG				
Audit assignment	3	3	1	1
Tax advisory services	0	0	–	–
Other assignments	1	0	1	0
Total fees to KPMG	**4**	**3**	**2**	**1**
Other auditors				
Audit assignment	0	0	–	–
Tax advisory services	–	–	–	–
Other assignments	0	–	–	–
Total fees to other auditors	**0**	**0**	**–**	**–**
Total fees to auditors	**4**	**3**	**2**	**1**

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	**2019/20**	**2018/19**
Other financial income	1	1
Financial income	**1**	**1**
Interest expenses on liabilities to credit institutions	–5	–4
Interest expenses on leases	–11	–
Net interest expenses on defined-benefit pensions	–1	–1
Other financial expenses	–4	–2
Financial expenses	**–21**	**–7**
Net financial items	**–20**	**–6**

Parent Company	**2019/20**	**2018/19**
Profit from participations in Group companies	–	–
Interest income, Group companies	25	26
Interest income, other	0	0
Interest income and similar profit/loss items	**25**	**26**
Interest expenses on liabilities to credit institutions	–5	–4
Interest expenses, other	–1	–1
Other financial expenses	–3	–1
Interest expenses and similar profit/loss items	**–9**	**–6**
Profit from financial items	**16**	**20**

Note 8 Appropriations

Parent Company	**2019/20**	**2018/19**
Group contributions received	–	159
Group contributions paid	–66	–32
Tax allocation reserve, change for the year	63	–34
Total	**–3**	**93**

Note 9 Taxes

TAXES RECOGNISED IN PROFIT OR LOSS	Group 2019/20	Group 2018/19	Parent Company 2019/20	Parent Company 2018/19
Tax expense for the period	-68	-58	-1	-23
Adjustment of taxes attributable to earlier years	0	1	0	–
Deferred tax	2	-8	–	–
Total recognised tax expense	**-66**	**-65**	**-1**	**-23**

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			
	2019/20	%	2018/19	%	2019/20	%	2018/19	%
Profit before tax	283		296		3		103	
Taxes at an average tax rate	-62	22	-65	22	-1	21.4	-23	22
Tax effect of:								
Changed tax rate	0		1		–		–	
Taxes attributable to earlier years	0		1		–		–	
Non-deductible expenses	-4		-2		0		0	
Non-taxable income	0		0		–		–	
Other items	0		0		–		–	
Total tax	**-66**		**-65**		**-1**		**-23**	

TAXES RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME

Group	2019/20	2018/19
Deferred tax on defined-benefit pension plans	1	0
Total	**1**	**0**

DEFERRED TAX RECOGNISED IN THE BALANCE SHEET

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

	31 Mar 2020			31 Mar 2019		
Group	Receivables	Liabilities	Net	Receivables	Liabilities	Net
Intangible assets	0	-12	**-12**	0	-13	**-13**
Buildings and land	–	-1	**-1**	–	-1	**-1**
Machinery and equipment	4	–	**4**	3	–	**3**
Leased assets	2	–	**2**	–	–	**-**
Inventories	4	–	**4**	11	–	**11**
Accounts receivable	2	–	**2**	2	–	**2**
Untaxed reserves	–	-13	**-13**	–	-15	**-15**
Pension provisions	4	–	**4**	3	–	**3**
Other provisions	1	–	**1**	0	–	**0**
Loss carryforwards	1	–	**1**	1	–	**1**
Other	0	0	**0**	0	–	**0**
Total	**18**	**-26**	**-8**	**20**	**-29**	**-9**

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 2020	31 Mar 2019
Opening balance at the beginning of the year, net	**-9**	**-1**
Taxes charged against net profit	2	-8
Taxes on items recognised in consolidated comprehensive income	1	0
Taxes on business combinations	-3	0
Transition to IFRS 16	2	–
Translation differences	-1	0
Closing balance at year-end, net	**-8**	**-9**

Note 10 Intangible non-current assets

	2019/20					2018/19				
	Acquired intangible assets			Internally developed		Acquired intangible assets			Internally developed	
Group	Goodwill	Customer relations	Other	Software	**Total**	Goodwill	Customer relations	Other	Software	**Total**
Accumulated cost										
At the beginning of the year	522	95	94	5	**716**	500	76	84	5	**665**
Investments			2		**2**			11		**11**
Acquisition of subsidiaries	26	19			**45**	18	19			**37**
Sales and disposals					**0**			-1		**-1**
Reclassifications					**-**					**-**
Translation differences	5	-5	-6		**-6**	4	0	0		**4**
At year-end	**553**	**109**	**90**	**5**	**757**	**522**	**95**	**94**	**5**	**716**
Accumulated amortisation										
At the beginning of the year	–	-30	-36	-1	**-67**	–	-14	-24	–	**-38**
Amortisation for the year		-21	-14	0	**-35**		-16	-13	-1	**-30**
Sales and disposals					**0**			1		**1**
Translation differences		3	2		**5**		0	0		**0**
At year-end	**-**	**-48**	**-48**	**-1**	**-97**	**-**	**-30**	**-36**	**-1**	**-67**
Impairment losses on cost										
At the beginning of the year					**-**					**-**
Impairment losses for the year					**-**					**-**
At year-end	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Carrying amount at the beginning of the year	**522**	**65**	**58**	**5**	**649**	**500**	**62**	**60**	**5**	**627**
Carrying amount at year-end	**553**	**61**	**42**	**4**	**660**	**522**	**65**	**58**	**4**	**649**

	2019/20	**2018/19**
Parent Company	**Licences**	**Licences**
Accumulated cost		
At the beginning of the year	0	0
Investments	–	0
At year-end	**0**	**0**
Accumulated amortisation		
At the beginning of the year	0	0
Amortisation for the year	0	0
At year-end	**0**	**0**
Carrying amount at the beginning of the year	**0**	**0**
Carrying amount at year-end	**0**	**0**

IMPAIRMENT TESTING OF GOODWILL

The recognised value of goodwill was tested prior to the balance-sheet date of 31 March 2020 using the balance sheet of 31 December 2019 as a base. The Group's total goodwill value of MSEK 553 (522) has been allocated by operating segment according to the table below:

Goodwill	**31 Mar 2020**	**31 Mar 2019**
Tools & Consumables	392	371
Components & Services	161	151
Total goodwill	**553**	**522**

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 normally based on the target scenario for each operating segment for the forthcoming financial year, with forecasts of earnings and cash flows for subsequent years. In view of the COVID-19 pandemic, scenario analyses have been drawn up with adjusted assumptions of market and demand trends for the coming five-year period.

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 in each operating area. 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 discount rate is applied on total assets not including right-of-use assets and with lease payments included in the cash flow for each cash-generating unit. Hence, the discount rate is comparable to discount rates used in previous years. The testing of goodwill values did not indicate any impairment requirement.

Discount rate, before tax	**31 Mar 2020**	**31 Mar 2019**
Tools & Consumables	11.0 %	11.0 %
Components & Services	11.0 %	10.5 %

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	2019/20 Buildings and land	2019/20 Leasehold improve-ments	2019/20 Machinery and equipment	2019/20 Construction in progress	2019/20 Total	2018/19 Buildings and land	2018/19 Leasehold improve-ments	2018/19 Machinery and equipment	2018/19 Construction in progress	2018/19 Total
Accumulated cost										
At the beginning of the year	35	46	235	0	**316**	34	42	236	2	**314**
Investments		3	8	5	**16**		1	13	3	**17**
Acquisition of subsidiaries			0		**0**			2		**2**
Sales and disposals			-1		**-1**		-2	-18	0	**-20**
Reclassifications			1	-1	**0**		5	0	-5	**0**
Translation differences	2	-2	-6		**-6**	1	0	2		**3**
At year-end	**37**	**47**	**237**	**4**	**325**	**35**	**46**	**235**	**0**	**316**
Accumulated amortisation										
At the beginning of the year	-28	-28	-197		**-253**	-26	-26	-201		**-253**
Amortisation for the year	0	-4	-13		**-17**	-1	-4	-12		**-17**
Sales and disposals			1		**1**		2	18		**20**
Translation differences	-2	2	5		**5**	-1	0	-2		**-3**
At year-end	**-30**	**-30**	**-204**	**0**	**-264**	**-28**	**-28**	**-197**	**0**	**-253**
Carrying amount at the beginning of the year	**7**	**18**	**38**	**0**	**63**	**8**	**16**	**35**	**2**	**61**
Carrying amount at year-end	**7**	**17**	**33**	**4**	**61**	**7**	**18**	**38**	**0**	**63**

Note 12 Leases

The effect of the transition to IFRS 16 on the Group's leases is described in Note 1. Due to the transition approach applied by the Group in the transition to IFRS 16, the comparative information has not been restated to reflect the new requirements.

The Group's lease portfolio primarily comprises leases related to warehouse and store facilities as well as vehicles. The average term of leases for premises is 3–5 years. Longer terms mainly pertain to leases for warehouse and logistics facilities. Extension options are mainly taken into account for those leases with an ordinary term of less than three years, unless specific circumstances indicate with reasonable certainty that the option to extend will be exercised. Other right-of-use assets in the table below refer mainly to machinery and equipment used in the Group's warehouse and logistics operations. The lease term for vehicles and other assets essentially corresponds to the non-cancellable period of the lease.

Right-of-use assets	Premises	Vehicles	Other	**Total**
Opening carrying amount as of 1 April 2019	**472**	**61**	**10**	**543**
Acquisitions	65	29	2	96
Extensions and remeasurements	84	-1	1	84
Depreciation during the year	-171	-37	-4	-212
Translation differences	-19	-1	0	-20
Closing balance as of 31 March 2020	**431**	**51**	**9**	**491**

Cash flow

The total cash flow for leases amounted to MSEK -229 during the financial year. This amount includes amounts recognised as lease liabilities, and amounts paid for variable lease payments, short-term leases and low-value leases.

Lease liabilities

A maturity analysis of lease liabilities is presented in Note 24 Financial risks and risk management.

Amounts recognised in profit or loss

Profit or loss shows the following amounts relating to leases:

	2019/20
Depreciation of right-of-use assets	-212
Interest on lease liabilities	-11
Variable lease payments not included in the measurement of the lease liability	-2
Income from sub-leasing of right-of-use assets	3
Cost of short-term leases	-1
Cost of low-value leases, not short-term leases of low value	-5

Non-cancellable lease payments amount to:	**Group 2018/19**	**Parent Company 2019/20**	**Parent Company 2018/19**
Leases in which the Group/the Company is the lessee			
Within 1 year	172	1	2
Between 1 and 5 years	392	2	3
Later than 5 years	48	-	-
Total	**612**	**3**	**5**
Expensed operating lease payments amount to:			
Minimum lease payments	226	2	2
Total leasing costs	**226**	**2**	**2**

Note 13 Receivables from Group companies

Parent Company	**31 Mar 2020**	**31 Mar 2019**
Carrying amount at the beginning of the year	**827**	**812**
Additional assets	–	34
Deducted assets	-48	-19
Total	**779**	**827**

Note 14 Inventories

Group	31 Mar 2020	31 Mar 2019
Finished goods and goods for resale	985	986
Total	**985**	**986**

Cost of goods sold includes net change in the Group's obsolescence reserve and impairment losses during the year of MSEK +12 (-10). Net change includes realisation of earlier impairment losses

Note 15 Prepaid expenses and accrued income

Group	31 Mar 2020	31 Mar 2019
Prepaid expenses		
Rents	3	22
Insurance premiums	1	0
Licences	3	1
Leases	0	3
Computer costs	6	3
Bank and financial expenses	7	1
Other prepaid expenses	6	6
Accrued income		
Delivery of goods	7	6
Commission and bonus income	36	40
Other accrued income	4	4
Total	**73**	**86**

Note 16 Long-term receivables and other receivables

	Group	
Long-term receivables classified as non-current assets	**31 Mar 2020**	**31 Mar 2019**
Pension funds	0	0
Long-term receivables	1	1
Total	**1**	**1**

	Group		Parent Company	
Other receivables classified as current assets	**31 Mar 2020**	**31 Mar 2019**	**31 Mar 2020**	**31 Mar 2019**
Non-cash consideration	1,487	–	1,487	–
VAT receivable	4	2	2	–
Tax account	8	20	0	–
Advance payments	11	3	–	–
Derivative hedging instruments	4	0	–	–
Other receivables[1]	3	3	14	1
Total	**1,517**	**28**	**1,503**	**1**

1) Other receivables in the Parent Company primarily refers to transaction charges related to the acquisition of Swedol which will be included in the carrying amount of holdings in subsidiaries, but expensed in the Group in accordance with IFRS 3.

Note 17 Equity

CLASSES OF SHARES

As of 31 March 2020, the share capital amounted to MSEK 102. 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 2020	31 Mar 2019
Class A shares	1,062,436	1,062,436
Class B shares	49,836,856	27,202,980
Total no. of shares before repurchasing	**50,899,292**	**28,265,416**
Less: Repurchased Class B shares	–500,000	–500,000
Total no. of shares after repurchasing	**50,399,292**	**27,765,416**

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

Class A shares	2019/20	2018/19
Number of Class A shares at the beginning of the year	1,062,436	1,062,436
Number of Class A shares at year-end	**1,062,436**	**1,062,436**

Class B shares	2019/20	2018/19
Number of Class B shares at the beginning of the year	27,202,980	27,202,980
Non-cash issue[1]	22,633,876	–
Number of Class B shares at year-end	**49,836,856**	**27,202,980**

1) In connection with 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.

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 2020, the Group held 500,000 class B shares (500,000) 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. If fully exercised, the number of outstanding Class B shares will increase by 250,000, corresponding to 0.5 percent of the total number of shares and 0.4 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. If fully exercised, the number of outstanding Class B shares will increase by 250,000, corresponding to 0.5 percent of the total number of shares and 0.4 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 on 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.

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Note 17 cont.

Group	31 Mar 2020	31 Mar 2019
Translation reserve		
Opening translation reserve	10	2
Translation effect for the year	–27	8
Closing translation reserve	**–17**	**10**

Hedging reserve

The hedging reserve covers the change in value of the foreign-exchange forward contracts hedged. At the end of the year, the value of the hedging reserve amounted to MSEK 2.

Group	31 Mar 2020	31 Mar 2019
Hedging reserve		
Opening hedging reserve	0	0
Hedging for the year	2	0
Transferred to profit or loss	0	0
Tax attributable to hedges for the year	0	0
Closing hedging reserve	**2**	**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 2,067, of which MSEK 102 was restricted equity.

Dividend

The Company's dividend policy states that 30–50 percent of earnings per share are to be distributed over a business cycle. Due to current uncertainty in the operating environment caused by the COVID-19 pandemic, the Board of Directors has proposed that no dividend be paid for 2019/20 (previous year: SEK 3.20 per share). The proposal is subject to approval by the Annual General Meeting to be held on 31 August 2020.

MSEK	31 Mar 2020	31 Mar 2019
SEK 0 (3.20) per share	–	89

Proposed appropriation of profit (SEK)	
The following funds are at the disposal of the General Meeting of Shareholders:	1,965,909,728
To be brought forward	1,965,909,728
Total	**1,965,909,728**

Note 18 Earnings per share

	Before dilution		After dilution	
	2019/20	2018/19	2019/20	2018/19
Earnings per share, SEK	7.70	8.20	7.70	8.20

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 before dilution for 2019/20 was based on net profit attributable to the ordinary shareholders in the Parent Company amounting to MSEK 214 (229) and a weighted average number of shares outstanding during 2019/20 amounting to 27,765,416 (27,911,249). The two components have been calculated in the following manner:

Net profit attributable to Parent Company shareholders, before dilution

	2019/20	2018/19
Net profit attributable to Parent Company shareholders	214	229
Profit attributable to Parent Company shareholders, before dilution	**214**	**229**

Weighted average number of shares outstanding, before dilution

Stated in thousands of shares	2019/20	2018/19
Total number of shares as of 1 April	50,899	28,265
Effect of holding of treasury shares	–500	–354
Effect of non-cash issue	–22,634	–
Number of shares for calculation of earnings per share	**27,765**	**27,911**

EARNINGS PER SHARE AFTER DILUTION

The calculation of earnings per share after dilution for 2019/20 was based on profit attributable to the ordinary shareholders in the Parent Company amounting to MSEK 214 (229) and a weighted average number of shares outstanding during 2019/20 amounting to 27,765,416 (27,911,249). The two components have been calculated in the following manner:

Net profit attributable to Parent Company shareholders, after dilution

	2019/20	2018/19
Net profit attributable to Parent Company shareholders	214	229
Profit attributable to Parent Company shareholders, after dilution	**214**	**229**

Weighted average number of shares outstanding, after dilution

Stated in thousands of shares	2019/20	2018/19
Total number of shares as of 1 April	50,899	28,265
Effect of holding of treasury shares	–500	–354
Effect of non-cash issue	–22,634	
Effect of share-option programmes[1]	–	–
Number of shares for calculation of earnings per share	**27,765**	**27,911**

1) As of 31 March 2019, Momentum Group AB had two outstanding call option programmes for which the redemption prices 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

During the year, Momentum Group had defined-benefit pension plans in Sweden and Norway. The defined-benefit pension plans in Norway were redeemed in their entirety during the financial year. 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 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 2020	31 Mar 2019
Pension obligations unfunded plans, present value	31	27
Pension obligations funded plans, present value	2	4
Plan assets, fair value	–2	–4
Net pension obligations	**31**	**27**

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 2020	31 Mar 2019
Plan assets for pension obligations	0	0
Provisions for pensions and similar commitments	31	27
Net liabilities according to the balance sheet	**31**	**27**
Of which, credit insured through PRI Pensionsgaranti	14	13

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 2020	31 Mar 2019
Opening balance	27	25
Benefits earned during the year	1	2
Interest expense	1	1
Benefits paid	–1	–1
Remeasurement recognised in other comprehensive income	3	0
Translation differences	–	–
Pension obligations unfunded plans, present value	**31**	**27**

Pension obligations funded plans	31 Mar 2020	31 Mar 2019
Opening balance	4	16
Benefits earned during the year	0	0
Interest expense	0	1
Benefits paid	0	–1
Remeasurement recognised in other comprehensive income	0	–1
Redemption of pension obligations	–2	–11
Other	0	0
Translation differences	0	0
Pension obligations funded plans, present value	**2**	**4**

Present value of pension obligation specified by category (%)	31 Mar 2020	31 Mar 2019
Active	11	27
Paid-up policy holders	64	53
Pensioners	25	20
Total	**100**	**100**

Plan assets	31 Mar 2020	31 Mar 2019
Opening balance	4	15
Interest income recognised in profit or loss	0	1
Funds contributed by employers	0	0
Funds paid to employees	0	–1
Remeasurement recognised in other comprehensive income	0	–1
Redemption of pension obligations	–2	–10
Other	0	0
Translation differences	0	0
Plan assets, fair value	**2**	**4**

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

Plan assets	31 Mar 2020	31 Mar 2019
Cash and cash equivalents	1	1
Equity instruments	0	0
Debt instruments	1	2
Properties	0	0
Other assets	0	1
Plan assets, fair value	**2**	**4**

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 2 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 2020	31 Mar 2019
Opening balance	27	26
Pension costs, defined-benefit plans	2	3
Benefits paid	–1	–2
Funds contributed by employers	0	0
Funds paid to employees	0	1
Remeasurement recognised in other comprehensive income	3	0
Redemption of pension obligations	0	–1
Other	0	0
Translation differences	0	0
Closing balance	**31**	**27**

Pension costs

Costs recognised in net profit	2019/20	2018/19
Pensions earned during the period	1	2
Net interest expense	1	1
Pension costs, defined-benefit plans	**2**	**3**
Pension costs, defined-contribution plans	87	86
Pension costs in net profit	**89**	**89**

Note 19 cont.

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.

	2019/20	2018/19	
Actuarial assumptions	**Sweden**	**Sweden**	**Norway**
Discount rate, 31 March, %	2.25	2.3	2.5
Expected salary increase, %	2.75	2.75	2.25
Expected inflation, % [1]	1.75	1.5	0
Expected remaining period of service, years	11.7	9.3	1.3

1) Inflation assumption is equivalent to pension indexation.

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
Length of life assumptions at 65 years of age – retired members:	
Men	21.7
Women	24.2
Length of life assumptions at 65 years of age for members who are 40 years of age	
Men	23.4
Women	25.2

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 are discount rate, future salary increases, inflation and expected length of life. The principles for determining the discount rate are described in Note 1.

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, where DUS14 has been applied since 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	3
Salary increases, +0.50%/–0.50%	0	0
Inflation, +0.50%/–0.50%	3	3
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 2020, the average weighted term of the total pension obligation was 20.6 years (20.4), of which unfunded PRI pensions in Sweden had an average weighted term of 21.3 years (21.2).

The Group estimates that MSEK 1 will be paid in 2020/21 to funded and unfunded defined-benefit plans recognised as defined-benefit plans, and MSEK 25 will be paid in 2020/21 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 2020	31 Mar 2019
Non-current non-interest-bearing liabilities		
Option liability, acquisitions	35	31
Total	**35**	**31**
Specification		
Carrying amount at the beginning of the period	31	35
Acquisition of partly owned subsidiary	17	–
Remeasurement pertaining to the change in ownership share in partly owned subsidiary	-12	-3
Other unrealised changes in value	-1	-1
Carrying amount at the end of the period	**35**	**31**
Provisions classified as non-current liabilities		
Guarantee commitments	0	0
Restructuring [1]	0	16
Total	**0**	**16**
Specification		
Carrying amount at the beginning of the period	16	19
Provisions made during the period	0	0
Amount utilised during the period	0	-3
Change in accounting policy [1]	-16	–
Translation differences	0	0
Carrying amount at the end of the period	**0**	**16**

1) Provision for restructuring relates entirely to unutilised premises. In conjunction with the transition to IFRS 16, the provision is recognised as a reduction in the value of the right-of-use asset.

Note 21 Other liabilities

Group	31 Mar 2020	31 Mar 2019
Employee withholding taxes	20	25
VAT liability	72	70
Other operating liabilities	2	5
Total	**94**	**100**

Note 22 Accrued expenses and deferred income

	Group		Parent Company	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
Accrued expenses				
Salaries and remuneration to employees	138	160	5	4
Social security contributions	66	72	2	3
Bonuses, refunds to customers/suppliers	9	8	–	–
Operating and premises costs	1	3	–	–
Auditors' fees	2	2	0	0
Other consulting fees	3	0	3	–
Restructuring	0	1	–	–
Shipping costs	5	2	–	–
IT and computer costs	4	5	–	–
Other accrued expenses	19	21	–	–
Deferred income				
Marketing income	1	1	–	–
Other deferred income	1	2	–	–
Total	**249**	**277**	**10**	**7**

Note 23 Pledged assets and contingent liabilities

	Group		Parent Company	
	31 Mar 2020	31 Mar 2019	31 Mar 2020	31 Mar 2019
Pledged assets				
In the form of pledged assets for own liabilities and provisions				
Corporate mortgages	–	–	–	–
Total pledged assets	–	**–**	–	**–**
Contingent liabilities				
Guarantees for subsidiaries [1]	–	–	14	13
Guarantees, other	2	2	–	–
Total contingent liabilities	**2**	**2**	**14**	**13**

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 rental agreement with an external party for the Group's warehouse and logistics property in Alingsås. The annual rental cost amounts to approximately MSEK 11 and the agreement 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 Group's Financial Policy each year, which includes guidelines, goals and frameworks 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.

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Note 24 cont.

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	2019/20	2018/19
NOK	174	194
EUR	–204	–205
USD	–18	–17
GBP	–8	–1

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, USD and GBP.

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 2020	31 Mar 2019
NOK/SEK	17	54
USD/SEK[1]	2	4
EUR/SEK[1]	61	36
GBP/SEK[1]	3	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	**2019/20**	**2018/19**
Outcome translated to average rate for the preceding year	6,136	5,876
Currency translation		
NOK	–30	82
EUR	28	63
DKK	1	3
Total currency translation	**–1**	**148**
Outcome	**6,135**	**6,024**

Operating profit	**2019/20**	**2018/19**
Outcome translated to average rate for the preceding year	303	296
Currency translation		
NOK	–1	3
EUR	1	3
DKK	0	0
Total currency translation	**0**	**6**
Outcome	**303**	**302**

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%	**2019/20**	**2018/19**
Effect		
– Revenue	+/- 150	+/- 144
– Operating profit	+/- 4	+/- 6

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

	Average rate		Balance-sheet rate	
Currency	**2019/20**	**2018/19**	**31 Mar 2020**	**31 Mar 2019**
NOK	1.059	1.076	0.942	1.075
EUR	10.662	10.383	11.019	10.422
USD	9.592	8.936	9.951	9.282
DKK	1.429	1.392	1.476	1.396

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 2020	31 Mar 2019
NOK	327	382
EUR	344	300
DKK	14	14

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 2020, the Group does not hold any interest derivative instruments.

The debt portfolio comprises a committed credit facility, revolving credit facilities with fixed-interest periods of three months and bank loans. The bank loans raised in March 2020 pertain exclusively to the acquisition of Swedol, which closed in April 2020. As of 1 April 2019, the Group has also recognised interest-bearing liabilities relating to leases in conjunction with the transition to IFRS 16. 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 average loan liability during the year and same fixed-interest periods, 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 2020	**SEK**	**EUR**	**NOK**	**Total**
Committed credit facility	78	–	–	**78**
Revolving credit facility	–	88	–	**88**
Bank loans	1,157	–	–	**1,157**

Liabilities to credit institutions per currency, 31 March 2019	**SEK**	**EUR**	**NOK**	**Total**
Committed credit facility	137	–	–	**137**
Revolving credit facility	–	104	33	**137**

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

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Note 24 cont.

trading in financial instruments may only be conducted with one of the large Nordic commercial banks. Current investments of any surplus liquidity are made with 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 the end of the financial year, the Parent Company had access to a committed credit facility of MSEK 400, of which MSEK 322 was unutilised. The credit facility is renewed on an annual basis with a maturity date of March 2021. In addition to this committed credit facility, the Group had an unutilised revolving credit facility totalling MSEK 400, of which MSEK 312 was unutilised.

In conjunction with the acquisition of Swedol, the Group negotiated new credit facilities, including a new revolving credit facility totalling MSEK 1,200 to replace the revolving credit facility above as of 1 April 2020. The new revolving credit facility has a term of three years, with a two-year extension option.

The existing and new financing is linked to financial covenants that the Group is obligated to fulfil every quarter. The primary covenants by which Momentum Group is measured are the interest coverage ratio and the equity/assets ratio. There are specific definitions for each component. As of 31 March 2020, the financial 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 2,633 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 2020		Matures		
Maturity structure financial liabilities	Carrying amount	Future payment amount	Within 1 year	After 1 year within 5 years	After 5 years
Interest-bearing financial liabilities to credit institutions	1,323	1,414	219	618	577
Interest-bearing lease liabilities	511	557	211	311	35
Accounts payable and other non-interest-bearing financial liabilities	799	800	764	36	–
Financial liabilities	**2,633**	**2,771**	**1,194**	**965**	**612**

	31 Mar 2019		Matures		
Maturity structure financial liabilities (undiscounted cash flows)	Carrying amount	Future payment amount	Within 1 year	After 1 year within 5 years	After 5 years
Interest-bearing financial liabilities to credit institutions	274	277	140	137	–
Accounts payable and other non-interest-bearing financial liabilities	853	854	822	32	–
Financial liabilities	**1,127**	**1,131**	**962**	**169**	**-**

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 check is made 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	**2019/20**	**2018/19**
Accounts receivable	**979**	1,056
Accumulated reserve for doubtful accounts receivable	–15	–12
Accounts receivable, net	**964**	**1,044**

Specification of change in reserve for doubtful accounts receivable	**2019/20**	**2018/19**
Carrying amount at the beginning of the period	–12	–16
Change related to confirmed credit losses	3	4
Change related to expected credit losses	–7	0
Translation differences	1	0
Carrying amount at the end of the period	**–15**	**–12**

Maturity analysis:		
– not past due	898	982
– receivables past due by 1–30 days	62	53
– receivables past due by 31–60 days	7	5
– receivables past due by 61–90 days	4	2
– receivables past due by >90 days	8	14
Total receivables	**979**	**1,056**

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

	31 Mar 2020			31 Mar 2019		
Group	Interest-bearing	Non-interest bearing	**Total**	Interest-bearing	Non-interest bearing	**Total**
ASSETS						
Intangible non-current assets	–	660	**660**	–	649	**649**
Tangible non-current assets	–	61	**61**	–	63	**63**
Right-of-use assets	–	491	**491**	–	–	**-**
Financial non-current assets	2	–	**2**	2	–	**2**
Deferred tax assets	–	18	**18**	–	20	**20**
Total non-current assets	**2**	**1,230**	**1,232**	**2**	**732**	**734**
Current assets						
Inventories	–	985	**985**	–	986	**986**
Tax assets	–	12	**12**	–	28	**28**
Accounts receivable	–	964	**964**	–	1,044	**1,044**
Prepaid expenses and accrued income	–	73	**73**	–	86	**86**
Other receivables	–	1,517	**1,517**	–	28	**28**
Cash and bank	1,157	–	**1,157**	8	–	**8**
Total current assets	**1,157**	**3,551**	**4,708**	**8**	**2,172**	**2,180**
Total assets	**1,159**	**4,781**	**5,940**	**10**	**2,904**	**2,914**
LIABILITIES						
Non-current liabilities						
Non-current interest-bearing liabilities	1,430	–	**1,430**	137	–	**137**
Non-current non-interest-bearing liabilities	–	35	**35**	–	31	**31**
Provisions for pensions	31	–	**31**	27	–	**27**
Other provisions	–	0	**0**	–	16	**16**
Deferred tax liabilities	–	26	**26**	–	29	**29**
Total non-current liabilities	**1,461**	**61**	**1,522**	**164**	**76**	**240**
Current liabilities						
Current interest-bearing liabilities	404	–	**404**	137	–	**137**
Accounts payable	–	764	**764**	–	822	**822**
Tax liabilities	–	19	**19**	–	21	**21**
Other liabilities	–	94	**94**	–	100	**100**
Accrued expenses and deferred income	–	249	**249**	–	277	**277**
Total current liabilities	**404**	**1,126**	**1,530**	**137**	**1,220**	**1,357**
Total liabilities	**1,865**	**1,187**	**3,052**	**301**	**1,296**	**1,597**
Interest-bearing net liabilities	**-706**			**-291**		

Note 26 Financial assets and liabilities

Group	31 Mar 2020	31 Mar 2019
FINANCIAL ASSETS		
Financial assets measured at fair value		
Financial investments	1	1
Derivative hedging instruments	4	0
Financial assets measured at amortised cost		
Long-term receivables	1	1
Accounts receivable	964	1,044
Cash and cash equivalents	1,157	8
Total financial assets	**2,127**	**1,054**
FINANCIAL LIABILITIES		
Financial liabilities measured at fair value		
Option liability [1]	35	31
Derivative hedging instruments	0	0
Financial liabilities measured at amortised cost		
Interest-bearing liabilities	1,834	274
Accounts payable	764	822
Total financial liabilities	**2,633**	**1,127**

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 the discounted cash flow method and are thus included in level 3 according to IFRS 13.

Parent Company	31 Mar 2020	31 Mar 2019
FINANCIAL ASSETS		
Financial assets measured at amortised cost		
Receivables from Group companies	1,087	1,176
Cash and cash equivalents	1,153	–
Total financial assets	**2,240**	**1,176**
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost		
Liabilities to credit institutions	1,323	274
Liabilities to Group companies	222	227
Accounts payable	3	1
Total financial liabilities	**1,548**	**502**

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

Group **Amounts expected to be recovered**	Within 12 months	After 12 months	Total
ASSETS			
Intangible non-current assets[1]	34	626	**660**
Tangible non-current assets[1]	16	45	**61**
Right-of-use assets[1]	205	286	**491**
Financial non-current assets			
Financial investments	0	1	**1**
Other long-term receivables	0	1	**1**
Deferred tax assets	0	18	**18**
Total non-current assets	**255**	**977**	**1,232**
Current assets			
Inventories	985		**985**
Tax assets	12		**12**
Accounts receivable	964		**964**
Prepaid expenses and accrued income	73		**73**
Other receivables	1,517		**1,517**
Cash and bank	1,157		**1,157**
Total current assets	**4,708**		**4,708**
Total assets	**4,963**	**977**	**5,940**

Group **Amounts expected to be paid**	Within 12 months	After 12 months	After 5 years	Total
LIABILITIES				
Non-current liabilities				
Non-current interest-bearing liabilities	0	568	557	**1,125**
Non-current lease liabilities	0	273	32	**305**
Non-current non-interest-bearing liabilities	0	35	–	**35**
Provisions for pensions	1	2	28	**31**
Other provisions	0	0	0	**0**
Deferred tax liabilities	2	23	1	**26**
Total non-current liabilities	**3**	**901**	**618**	**1,522**
Current liabilities				
Current interest-bearing liabilities	198			**198**
Current lease liabilities	206			**206**
Accounts payable	764			**764**
Tax liabilities	19			**19**
Other liabilities	94			**94**
Accrued expenses and deferred income	249			**249**
Total current liabilities	**1,530**			**1,530**
Total liabilities	**1,533**	**901**	**618**	**3,052**

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 2020	**31 Mar 2019**
Momentum Group Holding AB	559072-1378	Stockholm	500	100	50	50
Total					**50**	**50**
Accumulated cost						
At the beginning of the year					50	50
Carrying amount at year-end					**50**	**50**

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

	Reg. office, country	Holding %	
		31 Mar 2020	**31 Mar 2019**
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 [3]	Sweden	89	75
Knut Sehlins Industrivaruhus AB	Sweden	100	100
Elka Produkter AB	Sweden	70	70
Reklamproffsen Skandinavien AB	Sweden	70	70
Profilmakarna i Södertälje AB [2]	Sweden	89	75
Company Line Förvaltning AB [1]	Sweden	70	–

	Reg. office, country	Holding %	
		31 Mar 2020	**31 Mar 2019**
Company Line AB [1,5]	Sweden	70	–
Company Line Workwear AB [1,5]	Sweden	70	–
Company Line i Kiruna AB [1,5]	Sweden	70	–
Souvenirer i Norr AB [1,5]	Sweden	70	–
Company Line i Stockholm AB [1,5]	Sweden	70	–
AMJ Papper AB [1,5]	Sweden	70	–
ETAB Industriautomation AB [1]	Sweden	70	–
TOOLS AS	Norway	100	100
TOOLS Løvold AS [4]	Norway	–	100
Gigant AS	Norway	100	100
Gigant Työpisteet 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) The company was acquired in 2019/20.
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 14 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.
4) The company merged with TOOLS AS in 2019/20.
5) The company is wholly owned by Company Line Förvaltning AB.

Note 29 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.

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.

	Parent Company	
	31 Mar 2020	**31 Mar 2019**
Tax allocation reserve		
Allocation 2019/20	–	–
Allocation 2018/19	–	34
Allocation 2017/18	–	29
Total	**–**	**63**

Note 31 Cash-flow statement

Cash and cash equivalents	Group 2019/20	Group 2018/19	Parent Company 2019/20	Parent Company 2018/19
The following subcomponents are included in cash and cash equivalents:				
Cash and bank	1,157	8	1,153	–
Total according to the balance sheet	1,157	8	1,153	–
Total according to the cash-flow statement	**1,157**	**8**	1,153	–

Interest paid	Group 2019/20	Group 2018/19	Parent Company 2019/20	Parent Company 2018/19
Interest received	1	1	25	26
Interest paid	–27	–7	–15	–6
Total	**–26**	**–6**	**10**	**20**

Adjustments for non-cash items	Group 2019/20	Group 2018/19	Parent Company 2019/20	Parent Company 2018/19
Depreciation and amortisation	264	47	0	0
Change in reserve for non-recurring costs	–2	–15	–	–
Change in other provisions	0	–1	–	–
Change in pension obligations	2	3	–	–
Adjustment for interest paid/received	–6	0	–6	0
Other	0	–1	0	0
Total	**258**	**33**	**–6**	**0**

Acquisition of subsidiaries and other business units [1]	Group 2019/20	Group 2018/19
Acquired assets:		
Intangible non-current assets	45	37
Right-of-use assets	9	–
Other non-current assets	0	3
Inventories	39	45
Other current assets	28	16
Total assets	**121**	**101**
Acquired non-controlling interests, provisions and liabilities:		
Deferred tax liability	-3	-1
Lease liabilities	-9	–
Current operating liabilities	-26	-38
Non-controlling interests	-9	–
Total non-controlling interests, provisions and liabilities	**-47**	**-39**
Purchase consideration	**-74**	**-62**
Less/additional: Net cash in acquired business [2]	4	-12
Less: Additional purchase consideration	4	1
Effect on cash and cash equivalents	**-66**	**-73**

1) Refer to Note 32 Acquisition of businesses
2) Net of cash and cash equivalents and interest-bearing liabilities in the acquired businesses.

RECONCILIATION OF LIABILITIES DERIVING FROM FINANCING ACTIVITIES

				Changes that do not impact cash flow				
Group	**31 Mar 2019**	Transition to IFRS 16	Cash flows	Liabilities in acquired companies [1]	Redemption of liabilities in acquired companies [1]	Translation differences	New and remeasured leases	**31 Mar 2020**
Committed credit facility	**137**	–	-59	–	–	0	–	**78**
Revolving loan	**137**	–	-54	–	–	5	–	**88**
Bank loans	**–**	–	1,157	–	–	–	–	**1,157**
Lease liabilities	**–**	563	-212	9	–	-20	171	**511**
Other credits	**0**	–	0	1	-1	–	–	**0**
Total	**274**	**563**	**832**	**10**	**-1**	**-15**	**171**	**1,834**

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 *acquisition of subsidiaries.*

Note 32 Acquisition of businesses

2019/20 FINANCIAL YEAR

Acquisition of Swedol, which closed on 1 April 2020

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 percent of the votes in Swedol. The last trading day for 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 total purchase consideration for the acquisition amounted to MSEK 2,724 (excluding acquisition costs), of which the non-cash issue's share was MSEK 1,487 and the remaining share was a cash settlement. Fair value for the 22,640,773 Class B shares in Momentum Group issued as part of the purchase consideration has been based on the listed share price for Momentum Group's Class B shares on 1 April 2020 of SEK 65.70 per share. Acquisition costs totalling MSEK 14 were recognised as other operating expenses.

In accordance with the preliminary acquisition analysis presented below, MSEK 1,119 of the purchase consideration was allocated to goodwill, MSEK 550 to brands and MSEK 430 to customer relations. The allocation to brands and customer relations was based on the discounted value of future cash flows attributable to each class of assets, when an assessment was conducted that included margin, tied-up capital and turnover rate of the customer base. The value of goodwill was based on the expectation that the Momentum Group's position in the markets in question will strengthen and other synergies in areas such as purchasing, store coordination and logistics that the Group expects to realise through the acquisition.

Income and earnings in the acquired business

If the acquisition had been completed on 1 April 2019, a preliminary consolidated income statement at 31 March 2020 for Momentum Group, including Swedol, would have shown total revenue of MSEK 9,780 and net profit after tax of MSEK 425 for the 2019/20 financial year. These amounts have been calculated based on the Swedol Group's earnings, adjusted for additional depreciation and amortisation that would have arisen if the adjustment to fair value for tangible and intangible non-current assets had been applied from 1 April 2019, together with attributable tax effects. There are no material differences in accounting policies between Momentum Group and the acquired business since Swedol applied IFRS in its historical financial statements.

According to the preliminary acquisition analysis, the assets and liabilities included in the acquisition of Swedol amount in total to the following.

ACQUISITION OF SWEDOL, WHICH CLOSED ON 1 APRIL 2020	Fair value recognised in the Group
Acquired assets	
Brands	550
Customer relations	430
Other intangible non-current assets	52
Buildings and land	220
Other tangible non-current assets	191
Right-of-use assets	578
Deferred tax assets	10
Inventories	1,018
Other receivables	437
Cash and cash equivalents	25
Total assets	**3,511**
Acquired provisions and liabilities	
Interest-bearing liabilities – credit institutions	527
Interest-bearing liabilities – leases	546
Deferred tax liability	317
Other current liabilities	516
Total provisions and liabilities	**1,906**
Net of identified assets and liabilities	**1,605**
Goodwill [1]	1,119
Non-controlling interests	0
Purchase consideration	**2,724**
Less: New share issue	–1,487
Less: Puchase consideration related to compulsory redemption	–46
Additional: Net debt in Swedol	503
Effect on the Group's cash and cash equivalents	**1,694**

1) No part of recognised goodwill is expected to be tax deductible.

Note 32 cont.

Other corporate acquisitions during the 2019/20 financial year

Momentum Group conducted three other corporate acquisitions with closing during the 2019/20 financial year. The acquired operations, including an additional acquisition by a subsidiary, have total annual revenue of approximately MSEK 200. None of these acquisitions is deemed significant enough to require a separate presentation of the acquisition analysis. The total purchase consideration for the acquisitions was MSEK 74.

In March 2019, the subsidiary TOOLS Finland Oy acquired Lindström Group's Personal Protective Equipment (PPE) business in Finland. At the acquisition date, the acquired operation 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.

The subsidiary Momentum Industrial acquired 70 percent of the shares in ETAB Industriautomation AB in early May 2019. At the acquisition date, ETAB generated annual revenue of approximately MSEK 45 and had nine employees. Closing took place in early June 2019.

Momentum Group acquired 70 percent of the shares in Company Line Förvaltning AB in late June 2019. At 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. At the acquisition date, AMJ generated annual revenue of approximately MSEK 15 and had six employees. Closing took place in conjunction with the acquisition.

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

OTHER CORPORATE ACQUISITIONS DURING THE 2019/20 FINANCIAL YEAR	Carrying amount on date of acquisition	Fair value adjustment	**Fair value recognised in the Group**
Acquired assets			
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**
Total assets	**67**	**28**	**95**
Acquired provisions and liabilities			
Lease liabilities	–	-9	**-9**
Deferred tax liability	–	-3	**-3**
Current operating liabilities	–26	–	**-26**
Total provisions and liabilities	**-26**	**-12**	**-38**
Net of identified assets and liabilities	**41**	**16**	**57**
Goodwill			**26**
Non-controlling interests[1]			**-9**
Purchase consideration			**74**
Less/additional: Net cash in acquired business [2]			**-4**
Less: Additional purchase consideration			**-4**
Effect on the Group's cash and cash equivalents			**66**

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.

2018/19 FINANCIAL YEAR

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. At the acquisition date, 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. At the acquisition date, the acquired units generated total 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. At the acquisition date, 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 had five local units that offer tools, workwear, industrial consumables and related services to companies operating primarily in industry, food and infrastructure. At the acquisition date, TOOLS Løvold generated annual revenue of approximately MNOK 95 and had 28 employees. Closing took place in January 2019.

»

Note 32 cont.

According to the final acquisition analysis, total 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 Sehlins Industrivaruhus, 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. The preliminary acquisition analysis was prepared in connection with consolidation during the third quarter of 2017/18.

CORPORATE ACQUISITIONS DURING THE 2018/19 FINANCIAL YEAR	Carrying amount on date of acquisition	Fair value adjustment	**Fair value recognised in the Group**
Acquired assets			
Intangible non-current assets	–	19	**19**
Other non-current assets	2	1	**3**
Inventories	50	–5	**45**
Other current assets	16	–	**16**
Total assets	**68**	**15**	**83**
Acquired provisions and liabilities			
Deferred tax liability	–	–1	**–1**
Current operating liabilities	–38	–	**–38**
Total provisions and liabilities	**–38**	**–1**	**–39**
Net of identified assets and liabilities	**30**	**14**	**44**
Goodwill			**18**
Purchase consideration			**62**
Additional: Net cash in acquired business [2]			**12**
Less: Additional purchase consideration			**–1**
Effect on the Group's cash and cash equivalents			**73**

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.

Note 33 Events after the balance-sheet date

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 a scrutiny for compability with competition law by the national competition authorities of 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 percent 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 takeover bid 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.

Refer also to Note 32 Acquisition of businesses on pages 70–72.

Business area structure as of 1 April 2020
As of 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 Head of the Business Area.

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. Supplementary financial information for the new business area (including Swedol) for the 2019/20 financial year was presented in a separate press release on 24 June 2020.

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.

Reversal of Group contributions
After the publication of the Financial Report for 2019/20 on 13 May 2020, it has been decided to reverse some recognised but unpaid Group contributions from subsidiaries in the Group to the Parent Company. The net effect on net profit for the Parent Company from these adjustments amounts to MSEK -80 (including the effect of adjustments to the tax allocation reserves and current tax) and with the equivalent effect on non-restricted earnings. These adjustments only affected the Group's deferred tax liabilities and assets, thus affecting the Group's balance-sheet total by MSEK -10..

No other significant events affecting the Group have occurred after the balance-sheet date.

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 2,782 at 31 March 2020, of which MSEK 214 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 1,964,141 thousand
Net profit	SEK 1,769 thousand
	SEK 1,965,910 thousand

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

To be brought forward	SEK 1,965,910 thousand
	SEK 1,965,910 thousand

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 31 August 2020.

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 in general 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, 30 June 2020

Johan Sjö
Chairman

Charlotte Hansson
Director

Stefan Hedelius
Director

Göran Näsholm
Director

Gunilla Spongh
Director

Pernilla Andersson
Director –
Employee representative

Ulf Lilius
President & CEO

Our Auditor's Report was submitted on 2 July 2020
KPMG AB

Håkan Olsson Reising
Authorised Public Accountant
Auditor in Charge

Johanna Hagström Jerkeryd
Authorised Public Accountant

TRANSLATION FROM THE SWEDISH ORIGINAL

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 2019-04-01—2020-03-31, except for the Corporate Governance Report on pages 26–34. The annual accounts and consolidated accounts of the Company are included on pages 21–73 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 2020 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 2020 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 26–34. 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 page 47 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 553 as at 31 March 2020, which represents approximately 9 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 also 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 1–9, 16–19 and 78–84. 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 misstatements, 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 2019-04-01—2020-03-31 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 26–34 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 29 August 2019. KPMG AB or auditors operating at KPMG AB have been the Company's auditor since 2016.

Stockholm, 2 July 2020

KPMG AB	KPMG AB
Håkan Olsson Reising Authorized Public Accountant Auditor in Charge	**Johanna Hagström Jerkeryd** Authorized Public Accountant

TRANSLATION FROM THE SWEDISH ORIGINAL

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 2019-04-01—2020-03-31 on pages 10–15 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, 2 July 2020

KPMG AB

Håkan Olsson Reising
Auktoriserad revisor
Huvudansvarig revisor

KPMG AB

Johanna Hagström Jerkeryd
Auktoriserad revisor

Board of Directors

JOHAN SJÖ
Chairman of the Board since 2019.
Born: 1967.
Education: M.Sc. Econ.
Senior Advisor at Nordstjernan AB.
Other board assignments: Chairman of AddLife AB, Opti-Group AB and Prosero Security Group. Director of Addtech AB, Camfil AB and M2 Asset Management AB.
Work experience: President & CEO of the Addtech Group and senior positions in the Bergman & Beving Group. Senior positions at Alfred Berg/ABN Amro.
Dependency conditions: Independent in relation to the Company and senior management. Dependent in relation to the Company's major shareholders.
Shares owned: 27,400 Class B shares (own holding).

CHARLOTTE HANSSON
Director since 2016.
Born: 1962.
Education: M.Sc.
Other board assignments: Chairman of Orio AB and Link Top Holding A/S. Director of DistIT AB, Green Cargo AB, PROBI AB and STENA Trade & Industry 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 in the Ericsson Group, 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. Independent in relation to the Company's major shareholders.
Shares owned: 1,500 Class B shares (own holding).

GÖRAN NÄSHOLM
Director since 2019.
Born: 1955.
Education: M.Sc. in Mechanical Engineering & M.Sc. Econ.
Other board assignments: Chairman of Malef Holding AB. Director of Clas Ohlson AB, Martin & Servera AB and Pegroco Invest AB.
Work experience: President & CEO of Ahlsell AB. Senior positions in the Ahlsell Group, President of Jirva AB, Purchasing Director at Calor Celsius AB and senior positions in the Alfa Laval Group.
Dependency conditions: Independent in relation to the Company and senior management. Independent in relation to the Company's major shareholders.
Shares owned: 30,000 Class B shares (own holding).

GUNILLA SPONGH
Director since 2016.
Born: 1966.
Education: M.Sc. Eng. and Industrial Economics.
Other board assignments: Director of AQ Group AB, Bygg-max Group AB, Consivo AB, Infranord AB, Lernia AB, Pierce Holding AB, Swedish Stirling AB and Systemair AB.
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: 1,550 Class B shares (own holding).

PERNILLA ANDERSSON
Director since 2020. Employee representative.
Born: 1969
Senior Operative Purchaser, Gigant AB.
Shares owned: –

Note: Information on the Board of Directors' holdings of shares pertains to circumstances as of 29 June 2020.

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 203,323 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: 35,302 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 29 June 2020.

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 2019 to 31 March 2020, the total trading volume was MSEK 1,081 and the share price decreased by 28 percent. At the end of the financial year, Momentum Group had a market capitalisation of MSEK 3,430. Since the listing in 2017 until 30 April 2020, the share price has risen by 26 percent.

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 2019/20

During the period from 1 April 2019 to 31 March 2020, the market price of the Momentum Group share decreased by 28 percent to SEK 67.50, which was the final paid price on 31 March 2020. During the same period, OMX Stockholm decreased by 5 percent. The highest and lowest prices paid during the period were SEK 125.00 (closing price on 22 May 2019) and SEK 56.30 (closing price on 23 March 2020), respectively.

Since the listing on Nasdaq Stockholm on 21 June 2017 until 30 April 2020, the Momentum Group's share price has risen by 26 percent. During the same period, OMX Stockholm rose by 1 percent.

As of 31 March 2020, Momentum Group's total market capitalisation amounted to MSEK 3,430. During the year, approximately 10.5 million Momentum Group shares were traded, at a total value of MSEK 1,081. Calculated on the total number of Class B shares outstanding during the year, this corresponds to a turnover rate of 38 percent. Broken down by trading day, an average of approximately 42,000 Momentum Group shares were traded each day, at an average value of about MSEK 4.3.

NON-CASH ISSUE TO SHAREHOLDERS IN SWEDOL AB

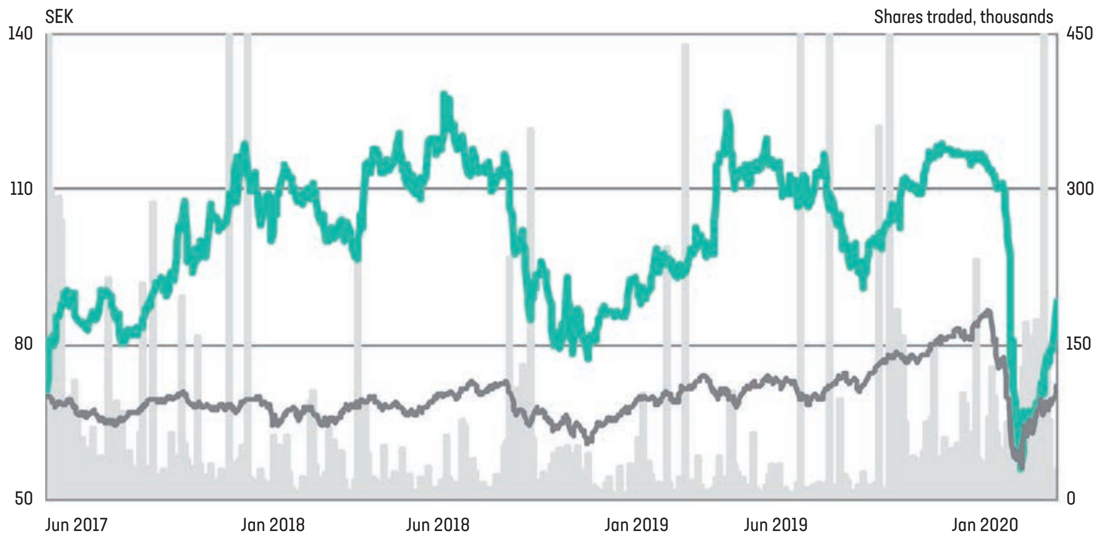
As a result of the public offer to the shareholders of Swedol AB (publ) during the financial year, the Board of Directors of Momentum Group resolved on a directed issue of 22,633,876 Class B shares to shareholders of Swedol at the end of March 2020. The acquisition of Swedol closed on 1 April 2020.

SHARE CAPITAL

As of 31 March 2020, the share capital amounted to MSEK 102 following the non-cash issue to shareholders in

THE MOMENTUM GROUP SHARE	2019/20	2018/19	2017/18
Share price as of 31 March, SEK	67.50	93.40	100.00
Market capitalisation as of 31 March, MSEK	3,430	2,640	2,827
Dividend, SEK	–[1]	3.20	2.60
Shares outstanding, thousands	50,899	28,265	28,265
Number of shareholders as of 31 March	4,910	5,109	5,599
Highest share price during the financial year, SEK	125.00	128.60	118.60
Lowest share price during the financial year, SEK	56.30	77.20	70.25
Dividend yield[2], %	–[1]	3.4	2.6

1) As proposed by the Board of Directors.
2) Dividend divided by the share price on 31 March.



SHARE PRICE DEVELOPMENT
21 June 2017–30 April 2020

Swedol referred to above. The total number of shares was 50,899,292, of which 1,062,436 were Class A shares and 49,836,856 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 2020 amounted to 500,000, equivalent to 1.0 percent of the total number of shares and 0.8 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 2020 totalled a net amount of 50,399,292. 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 51–53.

DIVIDEND

Momentum Group's dividend policy states that 30–50 percent of earnings per share are to be distributed over a business cycle. Due to current uncertainty in the operating environment caused by the COVID-19 pandemic, the Board of Directors proposes that no dividend be paid for the 2019/20 financial year. When the current uncertainty over the future development has decreased, the Board intends to resume dividend payments from Momentum Group in coming years according to the Company's dividend policy.

SHAREHOLDER STRUCTURE

Following the registration of the non-cash issue to shareholders in Swedol, Momentum Group had 5,824 shareholders as of 30 April 2020. Institutional investors, such as mutual funds, insurance companies and pension funds in Sweden and abroad, owned approximately 90 percent of the total number of shares. The proportion of foreign ownership was approximately 13 percent of the total number of shares.

The table below shows the ownership structure on 30 April 2020.

ADDITIONAL INFORMATION

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

	Number		% of	
MAJOR SHAREHOLDERS AS OF 30 APRIL 2020[1]	**Class A shares**	**Class B shares**	**Capital**	**Votes**
Nordstjernan AB	495,848	25,901,137	52.4%	51.5%
Tom Hedelius	493,124	0	1.0%	8.2%
Swedbank Robur Funds		2,971,496	5.9%	5.0%
Handelsbanken Funds		2,651,046	5.3%	4.4%
BNP Paribas SEC Services		1,432,643	2.8%	2.4%
Handelsbankens Pensionskassa & Pensionsstiftelse		1,200,000	2.4%	2.0%
UBS Securities LLC		1,147,895	2.3%	1.9%
Carnegie Funds		1,076,788	2.1%	1.8%
Länsförsäkringar Fund Management		1,012,602	2.0%	1.7%
Fidelity Funds		852,273	1.7%	1.4%
Sandrew Aktiebolag		800,000	1.6%	1.3%
BNY Mellon NA		520,189	1.0%	0.9%
Third AP Fund		412,792	0.8%	0.7%
CBNY-DFA-INT SML CAP V		341,612	0.7%	0.6%
Other	73,464	9,023,280	18.0%	16.2%
	1,062,436	**49,343,753**	**100.0%**	**100.0%**
Additional: Repurchased Class B shares		500,000		
Total	**1,062,436**	**49,843,753**	**100.0%**	**100.0%**

1) Source: Euroclear Sweden.

CLASSES OF SHARES AS OF 30 APRIL 2020[1]		**Proportion of**	
	No. of shares	**capital**	**votes**
Class A shares	1,062,436	2.1%	17.7%
Class B shares	49,343,753	97.9%	82.3%
	50,406,189	**100.0%**	**100.0%**
Additional: Repurchased Class B shares	500,000		
Total number of shares outstanding	**50,906,189**		

OWNERSHIP STRUCTURE AS OF 30 APRIL 2020[1]	**Owners**		**Shares**	
Size class, no. of shares	**Number**	**% of total**	**Number**	**% of total**
1–500	4,494	1.1%	561,071	0.9%
501–1,000	583	0.9%	469,005	0.8%
1,001–5,000	510	2.2%	1,118,223	2.0%
5,001–10,000	93	1.4%	696,634	1.2%
10,001–50,000	83	3.4%	1,744,825	3.2%
50,001–100,000	17	2.3%	1,184,345	2.0%
100,001–	44	88.7%	45,132,086	89.9%
Total	**5,824**	**100.0%**	**50,906,189**	**100.0%**

1) Source: Euroclear Sweden.

SHARE CAPITAL DEVELOPMENT AS OF 30 APRIL 2020

The following table shows the historical development of share capital since the foundation of Momentum Group.

		Change in number of shares		Total number of shares			
Date	Event	Class A shares	Class B shares	Class A shares	Class B shares	Change in share capital, SEK	Total share capital, SEK
8 Aug 2016	New formation	500[1]		500[1]		50,000	50,000
31 Mar 2017	Split 1/50	24,500[1]	–	25 000[1]	–	0	50,000
31 Mar 2017	Introduction of separate share classes	–	–	25,000	–		
31 Mar 2017	New share issue	1,038,780	27,201,636	1,063,780	27,201,636	56,480,832	56,530,832
2 Aug 2017	Conversion of Class A shares	-1,344	+ 1,344	1,062,436	27,202,980	0	56,530,832
27 Mar 2020	Directed issue to shareholders in Swedol AB	–	22,633,876	1,062,436	49,836,856	45,267,752	101,798,584
24 Apr 2020	Directed issue to shareholders in Swedol AB	–	6,897	1,062,436	49,843,753	13,794	101,812,378

1) Prior to the introduction of separate share classes, Momentum Group AB had only one share class. For formatting purposes, these shares are presented in the column for Class A shares.

Multi-year review

MSEK, unless otherwise indicated	2019/20	2018/19	2017/18	2016/17[1]	2015/16[1]	2014/15[1]
Revenue	6,135	6,024	5,616	5,411	5,176	5,351
Operating profit	303	302	240	65	193	198
Adjusted operating profit	317	302	252	193	193	198
EBITA	338	318	262	195	193	198
Financial income and expenses	-20	-6	-5	-11	-11	-17
Profit after financial items	283	296	235	54	182	181
Net profit	217	231	182	42	139	140
Of which, attributable to:						
Parent Company shareholders	214	229	181	42	139	140
Non-controlling interests	3	2	1	–	–	–
Intangible non-current assets	660	649	627	533	428	416
Tangible non-current assets	61	63	61	64	50	55
Right-of-use assets	491	–	–	–	–	–
Financial non-current assets	20	22	26	41	30	33
Inventories	985	986	927	823	785	846
Current receivables	2,566	1,186	1,083	1,021	876	1,005
Cash and cash equivalents	1,157	8	10	69	525	372
Total assets	**5,940**	**2,914**	**2,734**	**2,551**	**2,694**	**2,727**
Equity attributable to Parent Company shareholders	2,869	1,303	1,155	1,007	939	980
Non-controlling interests	19	14	15	–	–	–
Interest-bearing liabilities and provisions	1,865	301	332	356	661	777
Non-interest-bearing liabilities and provisions	1,187	1,296	1,232	1,188	1,094	970
Total equity and liabilities	**5,940**	**2,914**	**2,734**	**2,551**	**2,694**	**2,727**
Operating margin, %	4.9%	5.0%	4.3%	1.2%	3.7%	3.7%
Adjusted operating margin, %	5.2%	5.0%	4.5%	3.6%	3.7%	3.7%
EBITA margin, %	5.5%	5.3%	4.7%	3.6%	3.7%	3.7%
Profit margin, %	4.6%	4.9%	4.2%	1.0%	3.5%	3.4%
Return on working capital (P/WC), %	26%	25%	24%	21%	19%	17%
Return on working capital (EBITA/WC), %	28%	27%	25%	21%	19%	17%
Return on capital employed, %	14%	19%	17%	4%	12%	11%
Return on equity, %	16%	19%	17%	4%	14%	13%
Financial net loan liability	708	293	322	287	136	405
Operational net loan liability	166	266	295	263	117	382
Equity/assets ratio, %	48%	45%	42%	39%	35%	36%
Earnings per share, SEK	7.70	8.20	6.45	1.50	4.95	4.95
Equity per share, SEK	56.95	46.70	40.95	35.65	33.20	34.65
Share price at the end of the period, SEK	67.50	93.40	100.00	–	–	–
Cash flow from operating activities	505	230	92	177	427	220
Cash flow from investing activities	-84	-101	-99	-188	-28	29
Cash flow from financing activities	729	-131	-52	-448	-233	-175
Cash flow for the year	1,150	-2	-59	-459	166	74
No. of employees at the end of the period	1,651	1,684	1,647	1,660	1,573	1,618
Average no. of employees	1,700	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.

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:	**2019/20**	**2018/19**
Comparable units in local currency	–1.7%	2.2%
Currency effects	0.0%	2.6%
Number of trading days	0.0%	0.5%
Other units	3.5%	1.9%
Total change, %	**1.8%**	**7.2%**

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	**2019/20**	**2018/19**
Operating profit	**303**	**302**
Items affecting comparability		
Acquisition-related costs	14	–
Adjusted operating profit	**317**	**302**

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	**2019/20**	**2018/19**
Adjusted operating profit	317	302
Amortisation of intangible assets in connection with corporate acquisitions	21	16
EBITA	**338**	**318**

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	**2019/20**	**2018/19**
Average inventories	1,021	975
Average accounts receivable	966	956
Average accounts payable	–759	–736
Average working capital (WC)	**1,228**	**1,195**
Adjusted operating profit	317	302
Return on working capital (P/WC), %	**26%**	**25%**

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	**2019/20**	**2018/19**
EBITA	338	318
Average working capital	1,228	1,195
Return on working capital (EBITA/WC), %	**28%**	**27%**

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.

MSEK	**2019/20**	**2018/19**
Average balance-sheet total	**3,320**	**2,813**
Average non-interest-bearing liabilities and provisions		
Average non-interest-bearing non-current liabilities	–74	–74
Average non-interest-bearing current liabilities	–1,147	–1,150
Average non-interest-bearing liabilities and provisions	**–1,221**	**–1,224**
Average capital employed	**2,099**	**1,589**
Operating profit	303	302
Financial income	1	1
Total operating profit + financial income	**304**	**303**
Return on capital employed, %	**14%**	**19%**

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 regarding the acquisition of Swedol AB.

MSEK	**2019/20**	**2018/19**
Average equity	1,333	1,220
Net profit	214	229
Return on equity, %	**16%**	**19%**

FINANCIAL NET LOAN LIABILITY

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.

MSEK	**2019/20**	**2018/19**
Non-current interest-bearing liabilities	1,461	164
Current interest-bearing liabilities	404	137
Cash and cash equivalents	–1,157	–8
Financial net loan liability	**708**	**293**

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OPERATIONAL NET LOAN LIABILITY

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.

MSEK	2019/20	2018/19
Non-current interest-bearing liabilities	1,461	164
Current interest-bearing liabilities	404	137
Financial lease liabilities	–511	–
Net provisions for pensions	–31	–27
Cash and cash equivalents	–1,157	–8
Operational net loan liability	**166**	**266**

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.

MSEK	2019/20	2018/19
Balance-sheet total (closing balance)	5,940	2,914
Equity (closing balance)	2,869	1,303
Equity/assets ratio, %	**48%**	**45%**

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 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.

AMOUNTS

The amounts stated in the notes refer to MSEK (SEK million) unless otherwise stated.

PRODUCTION: MOMENTUM GROUP IN COLLABORATION WITH BYN KOMMUNIKATIONSBYRÅ.
TRANSLATION: THE BUGLI COMPANY.
PHOTOS: JANN LIPKA ET AL.
PRINT: NORRKÖPINGS TRYCKERI.

momentumgroup

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