# 2015

## ANNUAL REPORT

CHRISTIAN BERNER TECH TRADE

# INDEX



*"All-time high in Christian Berner Tech Trade's first year as a listed company"*

Bo Söderqvist
CEO, Christian Berner Tech Trade AB

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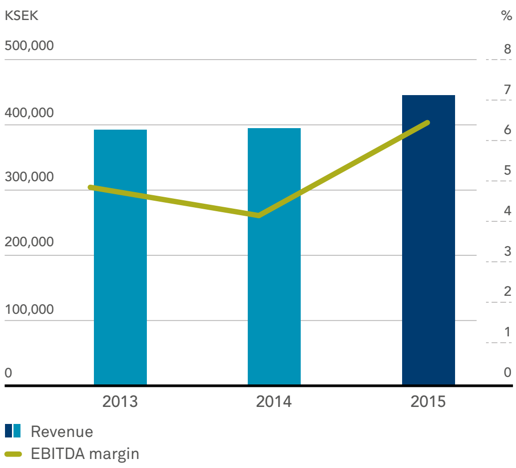
# THE YEAR IN BRIEF

- Total revenue increased by 13.4 per cent to SEK 446.7 (394.0) million.
- Earnings before depreciation (EBITDA) amounted to SEK 28.6 (16.0) million, an increase of 79.4 per cent.
- The EBITDA margin was 6.4 (4.1) per cent.
- Order intake was SEK 430.0 (411.1) million.
- Earnings per share before and after dilution was SEK 1.20 (0.92).
- Return on equity for the year as a whole was 31.0 (25.4) per cent.
- The equity ratio for the 12-month period was 49.3 (47.8) per cent.
- Cumulative cash flow for the year was SEK 24.2 million (SEK 42.1 million including the effect of a new share issue of SEK 41.3 million).
- The Board proposes a dividend of 0.50 (0.25) per share.

| KPI'S<br>KSEK | 2015 | 2014 | 2013 |
|---|---|---|---|
| Total revenue | 446,741 | 394,037 | 393,617 |
| Revenue growth | 13.4% | 0.1% | 9.3% |
| EBITDA | 28,656 | 15,972 | 18,738 |
| EBITDA margin | 6.4% | 4.1% | 4.8% |
| Operating profit/loss | 24,098 | 11,163 | 14,051 |
| Operating margin % | 5.4% | 2.8% | 3.6% |
| Net financial items | 10 | –11 | -992 |
| Profit/loss for the period | 22,485 | 8,634 | 9,818 |
| Total assets | 174,807 | 144,671 | 113,006 |
| Earnings per share (SEK) | 1.20 | 0.92 | 32,727 |
| Equity ratio, % | 49.3% | 47.8% | 16.5% |
| Return on equity | 31.0 % | 25.4% | 78.3% |
| Cash flow | 24,244 | 42,145 | 2,448 |
| Number of shares at close of period | 18,759 | 18,759 | 300 |

Definition of key performance indicators, see page 69.

REVENUE AND EBITDA MARGIN



# CHRISTIAN BERNER TECH TRADE IN BRIEF

Buying technical components, materials and advanced equipment is a process that often involves many decisions. With more than 115 years of experience as a strategic partner and adviser of manufacturers and customers, Christian Berner Tech Trade is able to organise and streamline this decision-making process. This leads to increased efficiency for both the company's customers and suppliers. By offering technical solutions that lower costs and reduce environmental impact, the company creates added value for its customers.

## A COMPANY WITH A HIGH LEVEL OF TECHNICAL EXPERTISE

Christian Berner was founded in 1897 and is today one of the leading technology trading companies in the Nordic region.

Christian Berner markets and sells high-quality components, systems and services with a high technical content from leading international manufacturers to industries and the public sector throughout the Nordic region. In addition, it also provides consultation, analysis of the customer's technical requirements, development, installation and service.

Christian Berner's key products include technical products within environmental technology, such as materials to reduce vibration and noise, filtration and process technology, UV equipment and industrial equipment.

## STRENGTHS AND COMPETITIVE ADVANTAGES

**HIGH LEVEL OF TECHNICAL EXPERTISE**
Christian Berner's long experience and the technical expertise of its staff ensure an excellent knowledge and understanding of the customer's solutions needs.

**ATTRACTIVE PARTNER**
Its stable, long-term partnerships with leading suppliers enable Christian Berner to provide customers with high-quality, technologically advanced products.

**PROFITABLE GROWTH**
Christian Berner is a profitable company that is growing. The company's high-quality products and system solutions are in demand on the market, which provides excellent conditions for long-term development.

REVENUE GROWTH 2015

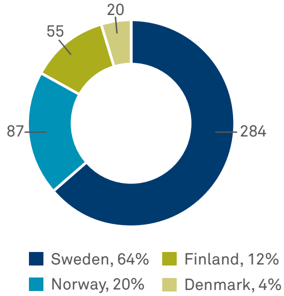
**13.4%**

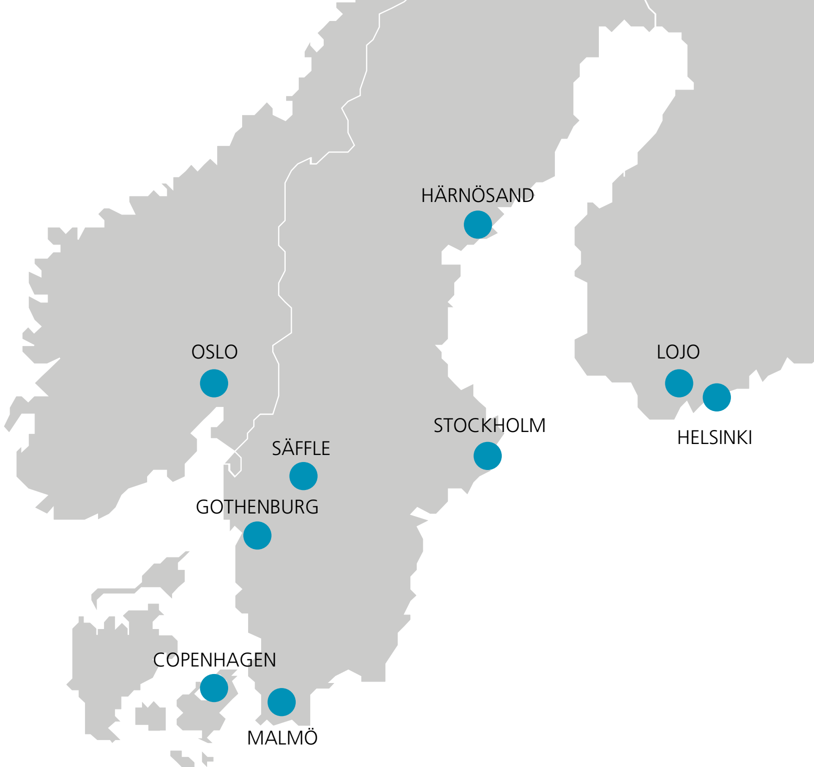
## MARKETS

Christian Berner operates from nine sales offices in Sweden, Norway, Finland and Denmark. The company's market can be divided into products for recurring needs and products of an investment nature and Christian Berner is active on both of these sub-markets in a number of selected niches.

Christian Berner's key customer segments are the pulp and paper industry, engineering industry, construction industry, food industry and petrochemicals and refineries. The company has around 150 suppliers, many of them leaders in their niches. Christian Berner has low dependency on individual customers.

**REVENUE BY MARKET 2015, SEK MILLION**




## VISION

Christian Berner Tech Trade will be the leading partner for technical solutions.

## BUSINESS CONCEPT

Christian Berner Tech Trade supplies technical solutions, products and service to businesses and public sector organisations in the Nordic countries. The company enhances the competitiveness of its customers and simplifies their daily lives, through qualified needs analysis, consulting, service and development. Our main competitive advantages are our high levels of technical expertise, service and delivery reliability.

## BUSINESS AREAS

Christian Berner's operations are divided into two business areas: Materials Technology and Process & Environment. Materials Technology is focused on the sale of a range of materials, including engineering plastics and vibration-damping and noise-reduction elastic materials. Process & Environment includes Christian Berner's operational areas that focus on customers with a need for process equipment and turnkey systems.

# ON A NEW LEVEL AFTER A STRONG YEAR

2015 was a very good year for Christian Berner Tech Trade. With revenue growth of 13 per cent, I can confirm that we are growing faster than the market. Profit increased by 79 per cent to SEK 28.6 million and the EBITDA margin was 6.4 per cent. This compares with just over four per cent in 2014, when we set ourselves the target of achieving eight per cent per annum over a business cycle. So we are now more than half way to our destination.

**ALL AREAS ARE CONTRIBUTING**

The strong performance in 2015 can be explained by good development in our markets and by the fact that we are doing a lot of things right in the company. Many of our areas have reached new heights, which is extremely pleasing.

Overall, there was good development on the Nordic markets. It was a very strong year for us on the Swedish market, and results in Denmark were a clear improvement on previous performance. Norway also enjoyed better development, with good willingness to invest in land-based industries. Finland had it tougher, however, but the trend there looks somewhat brighter for the future.

Both our business areas responded well to the increased demand on the markets. The Materials Technology business area had a strong year on all markets with good sales growth and its EBITDA margin has stabilised at around eight per cent. Our other business area, Process & Environment, reported much improved results in 2015 and has the potential for further development in the future.

**GREATER INTERNAL EFFICIENCY**

The reorganisation carried out in autumn 2014 has helped to improve sales efficiency, with the contribution per salesperson higher in 2015 than in the past. There is still capacity for further growth with the existing organisation, however, so continued growth is not dependent on recruitment.

We have worked hard during the year to increase the cost-effectiveness of the company. In 2015, we decided to relocate from our warehouse in Vantaa, Finland, and also to close down the Special Alloys product area in Sweden. These measures will provide cost savings of around SEK 2.5 million per year going forward. As we head into 2016, I can confirm that the company now has much better cost-efficiency.

We now also have the ability to accelerate and put on the brakes at the same time by reallocating resources to those areas where we are seeing increased growth and profitability. This is made possible in part by our highly skilled employees, with most of our salespeople also trained engineers. A high level of technical knowledge also makes it easier to learn applications and solutions in other areas.

**GROWTH ORGANICALLY AND THROUGH ACQUISITIONS**

Going forward, we will continue to focus on growth, both organic and through acquisitions. We have all the conditions in place to be able to add quality companies to the Christian Berner group in 2016. We are working hard and focusing on identifying companies where we

**+79%**

Increase in profit from 2014

# *"Best year ever"*

**Bo Söderqvist**
CEO, Christian Berner Tech Trade AB

can help to continue to develop the business as its owner.

Despite the current uncertainty in the wider economy, the trend on our markets is generally looking good for the future, but we want to achieve growth whatever the economic conditions. Through increased value-added sales, where we complement our high-quality products by providing assistance throughout, from advice to ongoing service, we can deliver solutions that enhance the competitiveness of our customers. One area where we can help to do this is in system solutions, where we deliver turnkey systems to meet the specific needs of our customers.

**A MORE PROFESSIONAL COMPANY**

2015 was our first full year as a listed company and I can confirm that the stock exchange listing has had a positive impact on the company. We will be taking the next step in this development in the second half of 2016 when we plan to move the company's listing to Nasdaq Small Cap, which among other things provides the opportunity for more people to invest in Christian Berner.

It is important for us to have a competitive return for our shareholders and in 2015 we paid a dividend at the upper end of our target range. We are also well-placed to be able to do this again in the future, thanks to the vastly improved earnings performance during the year and the good prospects for 2016.

**THE NEXT STAGE OF DEVELOPMENT**

I look forward with confidence to 2016, which has great potential to be another good year for the company. With a strong 2015 behind us, we are making new ground and our development is undoubtedly heading in the right direction – the company is now at a level it has never been before.

With continued focus on cost-efficiency, profitability and growth, together with skilled employees and high-quality customer solutions in the form of products and services, all the conditions are in place for being able to take another step in the company's development in 2016. Finally, I would like to say a big thank you to all our staff, customers and suppliers for your commitment and excellent cooperation throughout the year.

**Bo Söderqvist**
CEO, Christian Berner Tech Trade

# TRENDS AND DRIVING FORCES FOR GROWTH

Christian Berner Tech Trade's growth is mainly dependent on growth in the industries in which the company's customers operate. Growth in customer segments is in turn dependent on various macro-economic factors. Although Christian Berner has low dependency on individual customers, it is important for the company to have a good understanding of these factors in order to be able to deliver solutions that help our customers face their challenges.

## GLOBAL TRENDS AND DRIVING FORCES

Globally, there are a number of trends and driving forces at macro level that affect the business of Christian Berner's customers. By providing solutions that meet the various challenges and opportunities of these macro trends, Christian Berner can help customers to manage these developments, which in turn contributes to higher growth and profitability for the company.

### Larger and more affluent population

Globalisation has helped to achieve an increasingly broader distribution of goods and knowledge. At the same time, the world's population continues its rapid growth, life expectancy is increasing and more people around the world are achieving a higher standard of living. This leads to increased demand for a range of goods and services and for better technology in an increasingly digitised world.

### Stricter environmental requirements

The increase in consumption demands sustainable growth, with better management and more efficient use of limited resources. This, together with a greater need to consider the environment brought about by climate change, and a shortage of raw materials and energy, for example, creates a need for even more efficient manufacturing processes for a wide range of goods.

### Increased urbanisation

The greater environmental awareness of consumers and the need for sustainable development are driving demand for locally produced goods. At the same time, people all over the world are increasingly moving to the cities. This increased urbanisation, with more people living in a smaller area, places great demands on solutions for cleaner air and sustainable growth for cities with a properly functioning infrastructure.

### Local solutions to global challenges

There are good opportunities for Christian Berner to contribute here through its activities and range by providing solutions that meet the challenges and opportunities of global macro trends. The company supplies a variety of systems and components designed to increase efficiency in the production process, and these lead, for example, to lower energy consumption, less waste in production and long life span.

In the Paper Technology product area, Christian Berner's solutions help to reduce environmental impact, including through lower energy consumption.

Another example is in Vibration Technology, where Christian Berner creates good working and living environments in increasingly densely populated cities. Minimising noise and vibration helps to protect people and sensitive equipment, and also creates better and quieter environments.

Another important area is UV water treatment, where the company's UV equipment solutions ensure healthy drinking water in a cost-effective manner with low energy consumption and reduced environmental impact compared with alternative methods.

## TRENDS AND DRIVING FORCES IN THE NORDIC REGION

### Customer-driven trends and driving forces

The underlying growth in Christian Berner's markets is mainly dependent on growth in the industries in which the company's customers operate. Christian Berner's key customer segments are the pulp and paper industry, engineering industry, construction industry, food industry and petrochemicals and refineries.

The underlying growth in customer segments is dependent on a number of macro-economic factors, including the general economic situation and business expectations for the future. Increased industrial production and investment in the technology trading industry has a positive impact on recurring sales, consisting of wear goods and consumables. Investment-driven sales are affected by economic factors such as GDP growth and the industry's future confidence.

Among Christian Berner's customers there are three clear trends that have a positive impact on the company's business. Firstly, many industrial companies in Northern Europe are focusing more on their core business, which increases the need for close cooperation with suppliers who have a high level of technical knowledge about the customer's needs and processes. Secondly, many customers are aiming to streamline their internal service and maintenance departments, which increases demand for external service and support.

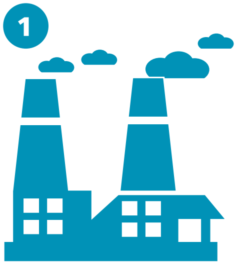
Thirdly, industrial companies are generally trying to use fewer suppliers in order to lower administrative costs and shorten lead times, thereby reducing tied-up capital. This means that customers are looking for suppliers who can offer a broad range of products and services and deliver across the entire Nordic region.

### Strong development on the Nordic markets

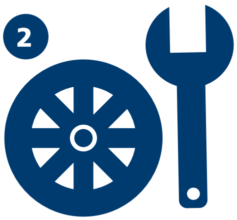
The generally positive trend on the Nordic markets in 2015 has been reflected in an increased willingness to invest within the industry, which has had a positive impact on Christian Berner's business.

During 2015, Christian Berner's two business areas have been able to meet the increased demand for the company's products and services. Materials Technology experienced particularly good development and profitability in all Nordic countries thanks to strong demand, particularly for construction and infrastructure projects. The positive trend in Process & Environment can largely be explained by the fact that Christian Berner's products and services were able to meet the increased willingness to invest within the industry, particularly in Sweden, Denmark and Norway.

## THREE CLEAR CUSTOMER TRENDS:




Industrial companies focusing on core business




Smaller service and maintenance departments


Fewer suppliers for shorter lead times

# GOALS AND STRATEGIES AND FUTURE FOCUS AREAS

Christian Berner Tech Trade has formulated clear goals for the business, as well as strategies to achieve these goals. These strategies will enable the company to manage its focus areas in a proper and effective manner in the future.

### VISION

Christian Berner Tech Trade will be the leading partner for technical solutions.

### MISSION

Christian Berner Tech Trade develops and helps its clients with the right solution.

### BUSINESS CONCEPT

Christian Berner Tech Trade supplies technical solutions, products and service to businesses and public sector organisations in the Nordic countries. We make our customers more competitive and simplify their daily lives through qualified needs analysis, consulting, service and development. Our main competitive advantages are our high levels of technical expertise, service and delivery reliability.

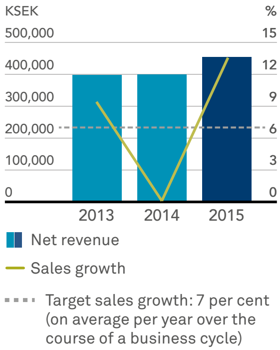
### FINANCIAL TARGETS AND OUTCOME

Christian Berner has clearly formulated financial targets for the business.

### VALUE CREATION AND ADDED VALUE

Christian Berner acts as an intermediary and adviser on the sale of technical products and systems. The foundation of Christian Berner's value creation is the products that the company offers to customers. The products have a high quality, high added value and high technical content.

NET REVENUE AND SALES GROWTH 2013–2015




| Target area | Target | Outcome 2015 |
|---|---|---|
| Sales growth | 7 per cent (on average per year over the course of a business cycle) | 13.4 per cent |
| EBITDA margin | 8 per cent (on average per year over the course of a business cycle) | 6.4 per cent |
| Equity ratio | 35 per cent | 49.3 per cent |
| Return on equity | 20 per cent | 31.0 per cent |
| Dividend | 30–50 per cent of profit after tax | 42.0 per cent |

Christian Berner creates added value for its customers by offering consultancy services, processing, system solutions, installation and service in connection with the sale of its products. This added value that is offered to customers creates a long-term relationship, which generates additional sales.

Christian Berner works hard to develop the range it offers to customers and focuses on value-added sales linked to the traditional sales of components and systems. Providing added value outside traditional trading operations also leads to increased sales and improved margins for the company.

## STRATEGIES FOR ACHIEVING OUR GOALS

Christian Berner has set clear goals for sales growth and shareholder dividends. The company's strategy for achieving these goals is to work on the following key elements: increased value-added sales, a focus on environmental technology, a clear growth strategy, long-term partnerships with leading suppliers, and strong market positions, a sales organisation with a high level of technical expertise and a decentralised organisation with a strong local presence.

### Increased value-added sales

Christian Berner sees a clear opportunity to create added value for customers and suppliers by including the company's knowledge base as part of the offer. By offering customers its expertise, the company generates additional sales with higher margins and increased order volumes. This is achieved by providing products with a higher technical content and also consultancy services.

Work on value-added sales continued in 2015, among other things by clarifying what Christian Berner offers in terms of consulting, processing, installation, system solutions and service. This enables the company to support customers throughout the process, from advice to continuous service.

### Focus on environmental technology

In today's society, environmental considerations are an integral part of the decision-making process and an increasing number of investments are environmentally driven. Christian Berner has therefore identified a strategic niche for the future in supplying solutions for customer processes and equipment that comply with increasingly stringent legislation and controls. As well as the environmental benefits, the company's technical solutions also create economic benefits for customers, including through greater efficiency and lower raw material costs.

### Growth strategy

Christian Berner has a clear growth strategy. The company's growth will be achieved partly by growing within new and existing product areas, and partly by broadening the range, for example through enhanced support, training and other aftermarket services.

Growth will be achieved both organically and through acquisitions on the Nordic market. Christian Berner's growth creates increasingly high barriers to entry for potential competitors and also reduces the risk of suppliers establishing their own sales organisations in the markets where the company operates. Business development and growth are therefore strategic tools for the reduction of operational risk.

SUSTAINABLE PRODUCTS

SUSTAINABLE PRODUCTION

QUIET ENVIRONMENTS

CLEAN WATER

**Strong supplier partnerships and market positions**

Christian Berner collaborates with suppliers which, through their own product development, provide market-leading, high-quality products with a high technical content. For suppliers, a partnership with Christian Berner is the most profitable way to sell their products on the markets in which the company operates. The company's supplier relationships are stable and long term and in many cases go back a long way.

Its combination of market-leading products from the best suppliers makes Christian Berner an attractive partner for customers. The company focuses on selling products within selected niches where it can achieve a leading position. This results in strong market positions, which is a prerequisite for good profitability.

**Sales organisation with a high level of technical expertise**

Christian Berner's product and service range has a high technical content and includes a high level of service and qualified technical advice. This requires the company's salespeople to have in-depth technical expertise in their respective niches and extensive knowledge of the customers' production processes.

**Decentralised organisation**

Christian Berner's management model is characterised by decentralisation, because the best business decisions are made in close proximity to the customer by the people who know the customer's needs and processes best. Giving subsidiaries responsibility for their own results provides a high degree of flexibility and promotes a strong entrepreneurial spirit.

**ACQUISITION STRATEGY**

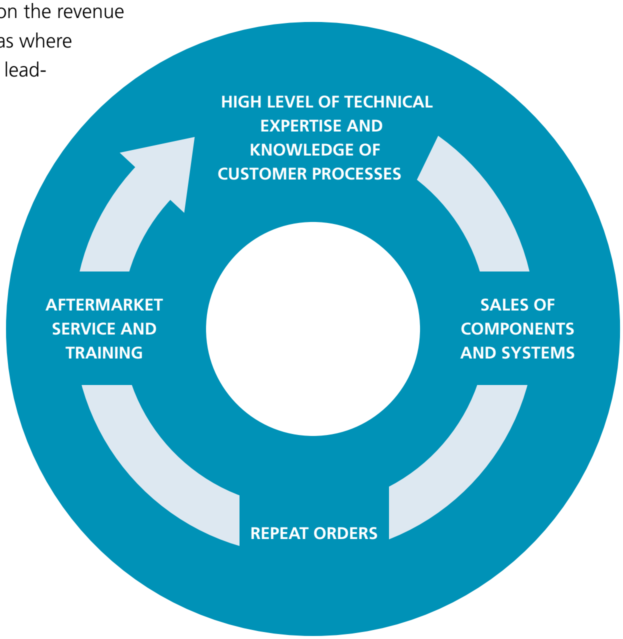
Acquisitions are part of Christian Berner's long-term growth strategy. The acquisitions made must strengthen and advance the company's position within priority areas by bringing new products and new knowledge and by strengthening Christian Berner's existing offering to customers.

Over the past eight years, Christian Berner has completed five acquisitions and the company continues to analyse a number of potential acquisition candidates. Christian Berner's acquisition policy is based on a number of guidelines, where profitability is the key requirement, in order to ensure the quality of the acquisition target.

Priority acquisition targets are companies where current revenue dominates on the revenue side and within product areas where Christian Berner is already a leading market player.

Christian Berner has a tried-and-tested acquisition process for the analysis, implementation and realisation of acquisitions. Its aim is to structure the acquisition process and ensure the quality of the acquisitions made. Over time, the company has built up an extensive network of customers, suppliers and other stakeholders.

CHRISTIAN BERNER'S SALES PROCESS



# VALUE CREATION IN MULTIPLE DIMENSIONS

Christian Berner Tech Trade creates value by simplifying and improving the activities of customers and suppliers, as well as by generating a return for shareholders. At the same time, the company's operations also help to create value based on environmental and social aspects.

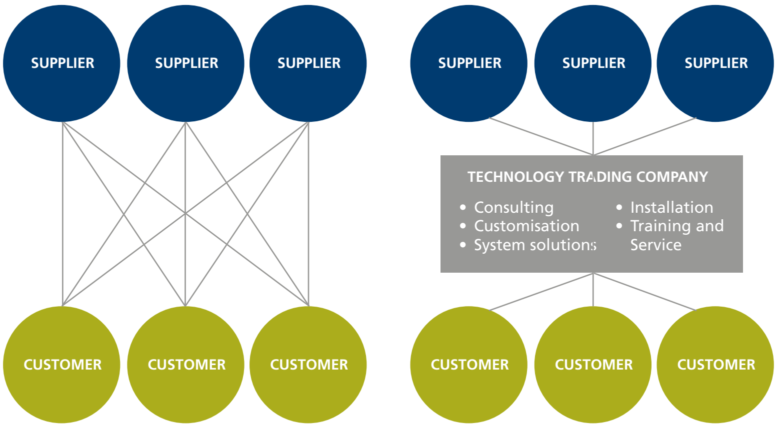
## VALUE CREATION FOR CUSTOMERS AND SUPPLIERS

As a technology trading company, Christian Berner Tech Trade creates value for both customers and suppliers by structuring and streamlining the value chain. In doing so, the company is able to reduce transaction costs in the value chain.

A market without a technology trading company as an intermediary, strategic partner and adviser has resource-intensive contacts and high transaction costs. Markets where a technology trading company does act as an intermediary, strategic partner and adviser on the other hand, have simpler purchasing and sales processes.

Christian Berner's position as an intermediary between the manufacturer and the end customer enables it to promote and extend the company's share of the value chain, for example by carrying out some manufacturing and assembly of systems and components for the customer. This, together with the customisation and delivery of complete system solutions, which combine different products from different suppliers, creates further added value for customers.

STRUCTURING AND STREAMLINING THE VALUE CHAIN




This diagram shows a market without a structuring technology trading company as an intermediary. The market is characterised by resource-intensive contacts and high transaction costs.

This diagram shows a market structure where a technology trading company acts as an intermediary. Technology trading companies simplify the purchasing and sales processes in the market and also provide technical knowledge and service.

**Christian Berner creates value for customers through:**

- Professional advice on the choice of components and systems in an increasingly complex supplier market
- Tailored turnkey solutions with components from a number of different suppliers
- Support, training and other aftermarket services, plus access to a local partner
- Reduction in the number of supplier contacts and the transaction costs these involve

**Christian Berner creates value for suppliers through:**

- Access to a technically qualified sales organisation with established customer relationships and local market knowledge
- Access to information about customer production processes through established customer relationships
- Local market knowledge
- Lower cost than having their own local organisation
- Marketing

**Christian Berner creates value for shareholders through:**

Christian Berner creates value for shareholders through, among other things, the positive development of the share price and a dividend that gives a good direct return and dividend growth. The aim is for the dividend to be 30–50 per cent of the profit after tax.

PROPOSED DIVIDEND PERCENTAGE OF PROFIT FOR 2015

**42%**


## FOCUS AREAS

Among many important issues, in 2016 Christian Berner will be particularly focusing on the company's desire to grow both organically and through acquisitions, on continuing to improve profitability, and on the return to shareholders by increasing the company's earnings per share.

**Focus on growth**
In 2016, Christian Berner will focus on creating the conditions for continued good organic growth on the one hand, and on achieving success in the company's efforts to acquire quality companies that create value for customers on the other. Christian Berner has good conditions for making future acquisitions, thanks, among other things, to a strong financial position.

**Focus on profitability**
In 2015, Christian Berner reported a much improved profit compared with the previous year. Establishing profitability at a good level and then increasing it further remains a priority for the company going forward. This will be done through increased customer focus, among other things, whereby Christian Berner, in combination with high-quality products, will offer even more added value to customers in the form of consulting, system solutions, installation and service, and also continue its efforts to become more cost-effective.

**Focus on return for shareholders**
Christian Berner has set a clear target for the shareholder dividend. The company's strong results in 2015 and robust financial position create favourable conditions for being able to increase the return for shareholders. The decision made by the Board of Directors to apply for listing on Nasdaq Stockholm, Small Cap in the second half by 2016 is part of Christian Berner's efforts to create the conditions for further growth and development. The change of listing also creates opportunities to reach out to new investors.

# A COMPANY WITH MANY STRENGTHS

Christian Berner Tech Trade has extensive experience in technology trading on the Nordic markets, where the company acts as a strategic partner and adviser to customers and suppliers on the sale of components, systems and services with a high technical content.

**A LEADING PLAYER IN THE NORDIC REGION**

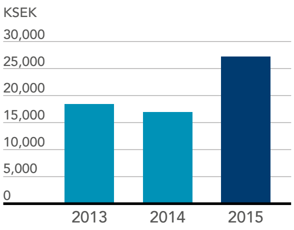
Christian Berner is one of the leading technology trading groups in the Nordic region. The company's biggest market is Sweden, followed by Norway, Finland and Denmark. The company operates from nine sales offices throughout the Nordic region, with five in Sweden, two in Finland and one each in Norway and Denmark.

The market can be divided into products for recurring needs and investment-related products. Christian Berner is active on both these sub-markets in a number of selected niches, where the products have specific properties that are important to customer production processes. Sales of products for recurring needs are characterised by more stable revenue streams and are less sensitive to economic conditions than sales of products of an investment nature which are characterised by long decision-making processes and large order values.

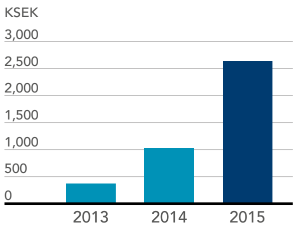
In 2015, Christian Berner's operations in Sweden, Norway and Denmark all experienced positive development, while Finland had a weaker year. In Sweden, there was an increase in the number of enquiries from the construction sector and industry, for example, which drove growth during the year. Denmark also saw strong demand from industry and the construction sector in 2015, which contributed to increased revenue.

In Norway, investments from land-based industry resulted in a sharp increase in sales during the past year. The economic situation in Finland had an impact on Christian Berner's business, but the company implemented a number of cost-cutting measures and there were signs of recovery towards the end of the year.

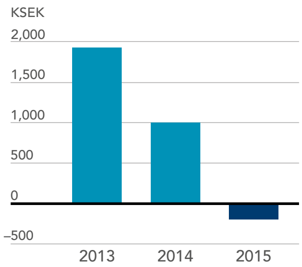
**EBITDA, SWEDEN**



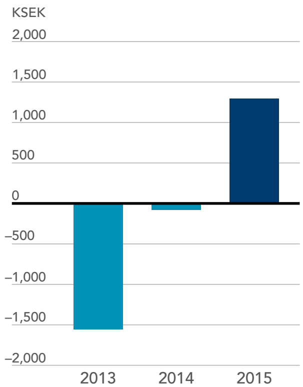

**EBITDA, NORWAY**




**EBITDA, FINLAND**




**EBITDA, DENMARK**



The market outlook for 2016 remains good. The willingness to invest within Nordic industry is expected to remain strong, creating good conditions for the continued strong growth of Christian Berner's sales in the future.

**TWO BUSINESS AREAS**

Christian Berner's operations are organised into two business areas: Materials Technology and Process & Environment. Materials Technology involves the sale of a range of materials, such as plastics and vibration-damping and noise-reduction materials, primarily to the paper and construction industries, but also to the mining industry and the infrastructure industry, including railways, underground and rail transport. Process & Environment focuses primarily on the sale of process equipment and turnkey systems, mainly to the paper industry, water treatment plants, the public sector and the process industry.

**DIVERSIFIED CUSTOMER BASE**

Christian Berner's customers operate in a large number of industries. The company focuses on customers with recurring needs which operate in industries with good conditions for sustained competitive production on Christian Berner's home markets. These industries are often characterised by a high degree of automation, high distribution costs and large initial investment.

Christian Berner has low dependency on individual customers. In 2015, the company's largest customer accounted for approximately 1 per cent of net revenue, while the ten largest customers together accounted for around 10 per cent. The company's key customer segments are the paper and pulp industry, engineering industry, construction industry, food industry, water treatment, and petrochemicals and refineries.

**CLOSE PARTNERSHIPS WITH LEADING SUPPLIERS**

Christian Berner has around 150 suppliers, many of them leaders in their niches. Most of the company's suppliers are based in Western Europe and the USA and manufacture products with the market's best quality.

Christian Berner attaches great importance to monitoring and evaluating each supplier's capacity for long-term competitiveness with regard to price and quality.

Christian Berner has close partnerships and stable, long-term relationships with its suppliers. This helps to secure new and continuing contracts on the company's home markets. The company's dependence on individual suppliers is relatively low. In 2015, the largest supplier accounted for approximately 10 per cent of Christian Berner's net revenue, while the ten largest suppliers together accounted for around 45 per cent.

**STRENGTHS AND COMPETITIVE ADVANTAGES**

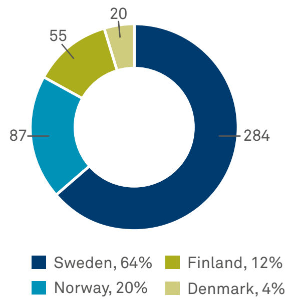
Christian Berner's main competitive advantages are high levels of technical expertise, service and delivery reliability. The company's technical expertise, knowledge of the customer's production processes, ability to customise products and systems and its product quality mean that Christian Berner is able to help customers keep the total cost of production down.

Christian Berner's high level of technical expertise and broad customer base make the company an attractive partner for suppliers. Its stable, long-term partnerships with suppliers that are leaders in their respective niches enable Christian Berner to provide customers with high-quality, technologically advanced products.

Christian Berner's ability to attract, maintain and enhance cooperation with leading suppliers contributes to the company's leading positions within several niches.

Christian Berner is organised according to the principle of decentralised decision-making. Making business decisions in close proximity to customers by the people who know the customer's needs and processes best creates two distinct competitive advantages in the form of increased customisation and flexibility.

**REVENUE BY MARKET 2015, SEK MILLION**



# SOLUTIONS FOR TODAY'S MODERN SOCIETY

The Materials Technology business area brings together the operational areas of Christian Berner Tech Trade that focus on the sale of a range of materials, such as plastics and solutions for vibration damping and noise reduction. 2015 was a year in which the business area's revenue increased by 4.2 per cent to a total of SEK 172.1 million. The profitability of the business area also increased, with an operating profit (EBITDA) of SEK 14.4 million.

**MARKET AND CUSTOMERS**

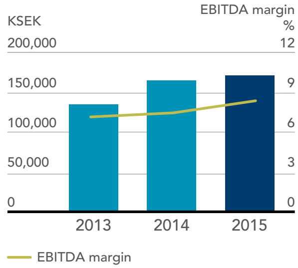
Christian Berner's customers within Materials Technology are primarily in the construction industry, infrastructure, paper industry, energy and basic industries. Customer demand is increasing, partly because of high capacity utilisation, which means greater wear and the need for ongoing maintenance, and partly because of major investment decisions where the company's materials form part of the investment. An important competitive advantage in this area is quick and easy delivery, which is why Christian Berner keeps large parts of the business area's products in stock.

**INCREASED REVENUE AND PROFITABILITY**

Materials Technology achieved revenue of SEK 172.1 million in 2015, which is a 4.2 per cent increase on the previous year. Profitability also increased, with the business area's operating profit (EBITDA) totalling SEK 14.4 million, which corresponds to an EBITDA margin of 8.4 per cent.

In 2015, the Vibration Technology product area enjoyed particularly strong growth in all Nordic countries, with strong demand coming mainly from construction and infrastructure projects. Christian Berner is the market leader in vibration-damping materials and this market is expected to continue to grow in the future in line with ever-increasing urbanisation.

MATERIALS TECHNOLOGY REVENUE 2013–2015




Sales trend for the Materials Technology business area.

## QUIETER TRAMS IN GOTHENBURG

The growth and concentration of cities brings a great need for efficient transport solutions that have little impact on their surroundings, for example by minimising noise and vibration.

In 2015, Christian Berner installed a track damping system for the city of Gothenburg for encasing 680 metres of tram rails in central Gothenburg.

The solution not only contributed to a quieter Gothenburg but also reduced maintenance costs and cut construction time in half. The city of Gothenburg got a smooth and efficient turnkey solution using the technology of the future.

**PRODUCT AREAS**

Christian Berner's products within Materials Technology are divided into the product areas Technical Plastics and Vibration Technology.

**Technical Plastics**

Christian Berner is a complete Nordic plastics supplier and offers everything from semi-finished goods to machined parts in high-quality plastic materials and the most common engineering plastics. The company has a broad customer base, with the key industries being the paper industry and the mining industry, alongside products for materials handling systems.

**Vibration Technology**

In today's modern society, there is an increasing need to dampen vibrations and noise. Christian Berner supplies vibration-damping materials in a range of applications to several sectors, primarily construction, industry and rail transport. In addition to vibration damping, the company's products also help to reduce the costs of operation and maintenance.

## SAFER AND CHEAPER BIOGAS PRODUCTION

When biogas is produced, the food waste is fed forward in the process using screw conveyors. To prevent the screws from wearing the trough, it is lined with a smooth plastic surface. The low friction of plastic also brings an energy saving.

When Jönköping Energi wanted to replace the lining in two screw conveyors at their biogas plant, they came to Christian Berner. The key factor in their decision was that Christian Berner was able to meet Jönköping Energi's demanding requirements for easy installation, long lifespan and trouble-free operation.

Christian Berner's solution contributed to a safer production process and reduced maintenance costs, prompting Jönköping Energi to come back with a repeat order in the autumn.

WEAR LINING FOR BIOGAS PLANT

# BROAD RANGE FOR THE INDUSTRY

The Process & Environment business area includes Christian Berner Tech Trade's operational areas that focus on customers with a need primarily for process equipment and turnkey systems. In 2015, the business area reported strong growth, with revenue increasing by 20 per cent to a total of SEK 273.8 million. The profitability of the business area also increased, as it reported EBITDA of SEK 16.6 million.

**MARKET AND CUSTOMERS**

Christian Berner's customers in Process & Environment are mainly within the paper industry, the public sector and the process industry. Sales are made both in the context of large investment projects and in repeat business for ongoing maintenance. An important factor for the business area's profitability and growth is the major investments that the company's customers decide on and implement.

**STRONG GROWTH IN 2015**

Sales within the Process & Environment business area rose sharply during 2015. Revenue was SEK 273.8 million, which represents an increase of 20 per cent compared with 2014. Profitability within Process & Environment has also improved, with the business area's operating profit, EBITDA, reaching SEK 16.6 million for the year, which corresponds to an EBITDA margin of 6.1 per cent.

The success of the Process & Environment business area was dependent, among other things, on the company's offering being able to meet the increasing willingness to invest in the industry, particularly in Sweden, Denmark and Norway.

**PRODUCT AREAS**

Christian Berner's products within Process & Environment are divided into the following areas: Instruments and Analysis, Disinfection Systems, Packaging and Filling, Powder and Drying Technology, Liquid Processes, Pumps, High-Pressure Pumps, Filter Technology, Steam, Gas and Energy and Paper Technology.

**Instruments and Analysis**

Christian Berner offers a wide range of measuring instruments, from simple pH measurement to complete and fully automated measuring systems. It also offers installation, service, calibration and certification.

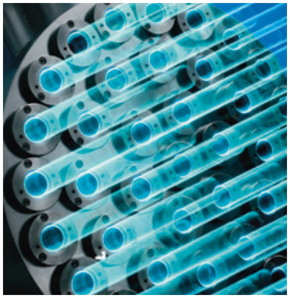
**Disinfection Systems**

To remove bacteria from drinking water, Christian Berner offers UV and ozone systems, as well as various dosing systems for disinfectant chemicals. The company provides individual components, complete system solutions, consultancy, installation and commissioning and service.

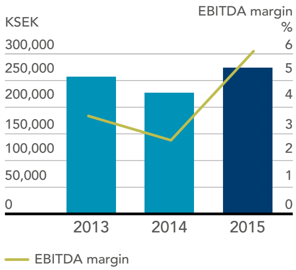
**Packaging and Filling**

Christian Berner delivers cost-effective solutions with the best machines on the market for packaging, filling and sealing. It also offers installation, training, routine inspection and service.

DISINFECTION SYSTEMS



**PROCESS & ENVIRONMENT REVENUE 2013–2105**




Sales trend for the Process & Environment business area.

## MORE RENEWABLE FUEL IN FINLAND

At Stora Enso's plant in Sunila, Finland, they develop bio-based products with a higher added value that helps customers to reduce their environmental impact.

Christian Berner represented Kiln Flame Systems, who delivered the silo, transport system and burners for the blast furnaces at the plant. Stora Enso needed a supplier that could deliver all the systems as well as the skills required to meet the challenge this involved.

The solutions helped to increase the use of renewable fuels and so reduced carbon dioxide emissions.

**Powder and Drying Technology**
A powder or dry bulk material may have many forms and properties, which can be vital for the function. Christian Berner helps customers to find the right manufacturing process in this area and offers all the parts for a complete production line.

**Liquid Processes**
Christian Berner's extensive experience in liquid processes enables it to help customers find the right product, machine or plant for mixing, separation, wet milling and homogenisation, based on their needs and specifications.

**Pumps**
Christian Berner provides everything from components to complete system solutions for dosing, measurement, transport and disinfection systems. The range of pumps is aimed particularly at dosing and hygienic transport pumps for the food and pharmaceuticals industries.

**High-Pressure Pumps**
In the field of high pressure technology, Christian Berner offers the latest in industrial applications of high pressure water. A high level of service, expertise and experience are combined with high-quality products made by market-leading companies.

**Filter Technology**
Christian Berner is a complete filter provider, with the market's widest range from leading manufacturers, and is able to help customers with all kinds of liquid filtration. The benefits are many, including reduced volumes of waste, lower energy consumption and little to no fluid losses.

**Steam, Gas and Energy**
Christian Berner supplies steam and gas turbines and turbo and screw compressors for industrial applications, as well as venturi technology, for example for the recovery of steam, transport of gas and to create a vacuum.

**Paper Technology**
Christian Berner's long tradition of cooperation with the Nordic paper mills has given it a broad expertise in paper technology in all forms, from machine investment to plastic wear parts. The company's offering leads to reduced environmental impact, including lower energy consumption, less waste and a long life span.

## TAILORED QUALITY SOLUTION FOR NEW FACTORY IN NORWAY

When Swix Sport, one of the skiing industry's strongest brands, built a new factory in Lillehammer, Norway, they had stringent demands in terms of the quality of the production equipment.

To further enhance the production quality at the new factory, Christian Berner delivered twelve process tanks with specially-adapted stirrers to manage the various process steps in the production of, among other things, ski wax.

Christian Berner was chosen after a tough competition with other suppliers, having presented the best and most affordable technical solution.

# A RESPONSIBLE BUSINESS THAT CREATES VALUE

In addition to creating economic value for Christian Berner's customers, suppliers and shareholders, the company also wants to contribute value creation through consideration for the environment and social responsibility.

**ENVIRONMENTAL CONSIDERATIONS**

In its operations, Christian Berner promotes environmentally sustainable development with an environmental awareness throughout the transaction chain, from supplier to customer. Christian Berner represents suppliers who share the company's basic approach to environmental issues. Good management and a focus on reducing negative environmental impact influences the selection of products handled by Christian Berner.

Christian Berner supports its customers with environmentally sound solutions through qualified needs analysis, consulting, service and development. The company helps customers in their choice of resource-efficient solutions and products. Christian Berner offers products and systems that either directly or indirectly improve the environment in many areas, such as clean water for millions of people, silent and vibration-free environments, and new products made from renewable resources. Christian Berner leads the way in these areas through its solutions and products.

Internal environmental work at Christian Berner is based on the commitment and participation of employees. The company works primarily to reduce its internal environmental impact in terms of transport and energy consumption.

**SOCIAL RESPONSIBILITY**

Christian Berner acts with ethical responsibility. The company takes a holistic view, centred around good business ethics, the environment, human rights and the company's future. Christian Berner complies with the UN Global Compact, ILO, OECD guidelines for multinational enterprises and the international conventions relevant to the company.

Christian Berner works with leading suppliers who share the company's values with regard to quality, development and ethics. Christian Berner's employees are expected to work and act in accordance with the company's values, with the watchwords being business acumen, development, ethics and morals.

Christian Berner works on the basic principle that all people have equal worth and that there should be fair relationships between individuals and groups. No one should be discriminated against or victimised, and the company strives for diversity in terms of gender, ethnicity and social background. Guidelines and procedures for how employees should act in the event of harassment, victimisation or discrimination are documented and communicated. Christian Berner's equality work is documented in the company's equality plan.

# THE INDUSTRY'S MOST TECHNICALLY SKILLED EMPLOYEES

For Christian Berner Tech Trade, it is important to be as close to customers as possible. That is why the company attaches great importance to the extensive technical expertise of employees, who provide customers with the best possible support, and why it has chosen a decentralised organisation and decision-making.

## EMPLOYEES WITH EXTENSIVE TECHNICAL EXPERTISE

The business skills and extensive technical knowledge of our employees is vital to Christian Berner's development. The company has 126 employees and around 100 of these are salespeople, the majority of them with technical training.

The high level of technical expertise that Christian Berner's employees possess is a competitive advantage for the company. In order to maintain and further strengthen this advantage, Christian Berner attaches great importance to continuing professional development. This is accomplished in part through the company's business school for all employees, where the focus is on further developing and strengthening business acumen. All managers with responsibility for staff at Christian Berner are offered management training to help them develop in this role.

Continuing professional development will contribute to the company's goals and strategies, both in the short term and the long term, and will help to develop the business and its employees to equip them to meet future demands and needs. Both managers and employees have a responsibility for identifying continuing professional development.

## DECENTRALISED ORGANISATION

The basic principle for Christian Berner's organisation and decision-making is decentralisation, because the best business decisions are made in close proximity to customers and suppliers by the people who know the customer's needs and processes best. This leads to clear competitive advantages in the form of increased customisation and flexibility.

Christian Berner's sales organisation consists mainly of sales engineers and to some extent inside sales staff. Each market has its own sales organisations, which creates opportunities for personal follow-up on results and performance.

# THE SHARE

2015 was Christian Berner Tech Trade's first full year as a listed company. The company's positive share price trend reflects the development of Christian Berner's activities as a whole.

**STRONG SHARE PERFORMANCE**

Christian Berner Tech Trade was listed on Nasdaq Stockholm, First North in October 2014. The share has performed well and in 2015 the share price rose by 66.0 per cent, which is better than the First North index, which in the same year increased by 44.2 per cent.

Christian Berner has a total of 370 shareholders, with the largest being Christian Berner Invest, Ernström Kapital AB and Lannebo Micro Cap.

The company creates value for its shareholders through, among other things, the good development of the share price, as well as by targeting a dividend that gives shareholders a good direct return and dividend growth. Christian Berner's aim is for the dividend to be 30–50 per cent of the profit after tax.

## PROPOSED DIVIDEND 2015

**0.50 SEK/ SHARE**

42% of the profit

**PRICE TREND 2015**

**PLANNED CHANGE OF LISTING IN 2016**

In 2015, the Board of Directors decided that the company will apply for listing on Nasdaq Stockholm, Small Cap. This change of listing is part of Christian Berner's efforts to create conditions for further growth and development. The aim is for the listing to take place during the second half of 2016 and that this change of listing will create opportunities to reach out to new investors and increase interest in the share and the company.

| SHAREHOLDER | Class A shares | Class B shares | Shares | Share of capital | Share of votes |
|---|---|---|---|---|---|
| Christian Berner Invest AB | 1,250,000 | 10,264,651 | 11,514,651 | 61.4% | 75.9% |
| Ernström Kapital AB | | 2,295,455 | 2,295,455 | 12.2% | 7.6% |
| Lannebo Micro Cap | | 2,045,455 | 2,045,455 | 10.9% | 6.8% |
| Granit Småbolag | | 250,000 | 250,000 | 1.3% | 0.8% |
| Svante Carlsson Invest AB | | 248,767 | 248,767 | 1.3% | 0.8% |
| Grenspecialisten förvaltning AB | | 246,000 | 246,000 | 1.3% | 0.8% |
| Försäkringsaktiebolaget, Avanza Pension | | 229,792 | 229,792 | 1.2% | 0.8% |
| Bo Söderqvist | | 200,000 | 200,000 | 1.1% | 0.7% |
| Nordnet Pensionsförsäkring AB | | 176,790 | 176,790 | 0.9% | 0.6% |
| Remium AB | | 174,410 | 174,410 | 0.9% | 0.6% |
| Other | | 1,378,078 | 1,378,078 | 7.3% | 4.6% |
| | **1,250,000** | **17,509,398** | **18,759,398** | **100%** | **100%** |

# BOARD OF DIRECTORS

### JOACHIM BERNER

Chairman of the Board since 2014.
*Born*: 1962

*Education*: Fil. mag. in Economics, Gothenburg School of Business, Economics and Law

*Other assignments*: Industrial advisor to Accendo Capital, CapMan and Segulah. Chairman of the Board of Christian Berner Invest AB, Gårdaverken AB, Lautex Oy, Mitt-I AB and the Gothenburg School of Business, Economics and Law Corporate Advisory Board. Board Member of NHST Media Group AS and Yrkesakademin AB.

*Shareholding*: 1,250,000 class A shares and 10,264,651 class B shares through Christian Berner Invest AB

### NICOLAS BERNER WOLF

Board Member since 2008.
*Born:* 1983

*Education:* Graduate Engineer in Engineering Physics from Chalmers University of Technology

*Other assignments:* R&D Engineer and Business Developer at MoorLink Solutions AB

*Shareholding:* 1,250,000 class A shares and 10,264,651 class B shares through Christian Berner Invest AB, plus 30,000 class B shares privately held

### ANDERS BIRGERSSON

Board Member since 2009.
*Born:* 1958

*Education:* Graduate Engineer in Mechanical Engineering from Chalmers University of Technology and Business Administration at the University of Skövde

*Other assignments:* CEO, President and Board Member of VBG Group AB. Chairman of the Board of VBG Group Truck Equipment AB, Board Member of KMT Precision Grinding AB and Sparbanken Lidköping AB.

*Shareholding:* 3,818 class B shares

### MALIN DOMSTAD

Board Member since 2015.
*Born:* 1970

*Education:* B Sc Industrial Automation

*Other assignments:* Vice President Purchasing, Kongsberg Automotive

*Shareholding:* 1,200 class B shares

### LARS GATENBECK

Board Member since 2014.
*Born:* 1956

*Education:* Med. Dr. and Physician at Karolinska Institutet

*Other assignments:* CEO and Chairman of the Board of Life Equity Group Holding AB, Chairman of the Board of CellaVision AB, Life Medical Sweden AB and Memira Holding AB. Board Member of Dataflow Group PTY, Cancerföreningen and Stiftelsen Silviahemmet. Trustee of the King Gustav V Jubilee Foundation. Industrial adviser to EQT and Industrifonden.

*Shareholding:* 16,364 class B shares

### CHARLOTTA UTTERSTRÖM

Board Member since 2011.
*Born:*1972

*Education:* Graduate in Economics from the School of Business, Economics and Law at the University of Gothenburg

*Other assignments:*
CEO, Certaincy AB

*Shareholding:* 1,309 class B shares

### SOHRAB MOSHIRI

Board Member since 2015.
*Born:* 1985

Employee representative.

*Education:* Graduate Engineer KTH Royal Institute of Technology, PTK basic training for corporate board members.

*Other assignments:* Chairman of the Akademikerföreningen, Member of Brf Lindarnas Allé

*Shareholding:* –

### KURT OLOFSSON

Board Member since 2004.
*Born:* 1952

Employee representative.

*Education:* PTK basic training for corporate board members.

*Other assignments:* –

*Shareholding:* –

### AUDITOR

Audit firm PWC AB, company registration number 556029-6740. Chief Auditor, Magnus Götenfelt (born 1963). Magnus Götenfelt is an authorised public accountant and a member of FAR.

# MANAGEMENT

## BO SÖDERQVIST

CEO, Christian Berner Tech Trade AB
*Born:* 1963
*Background:* 1985 product manager, 1997 regional manager, business area manager, 2003 CEO BE Group. 2010 CEO, Christian Berner Tech Trade AB
*Shareholding:* 200,000 class B shares

## ANNA BOQVIST

CFO, Christian Berner Tech Trade AB
*Born:* 1973
*Education:* Training in Education at Lund University and training in Business Administration at Lund University and Kalmar University
*Background:* Financial Controller Nordic Stryker AB 2003–2007. Financial Controller EMEA GE Healthcare UK 2007–2012
*Shareholding:* 21,818 class B shares

## NICOLAI LENSCHOW

CEO, Christian Berner AS
*Born:* 1956
*Education:* Graduate Engineer in Marine Technology from the Norwegian Institute of Technology, training in Economics from the Institute of Managerial Economics in Oslo
*Shareholding:* 5,455 class B shares

### ERIK THORUP

CEO, A/S Christian Berner
*Born:* 1963
*Education:* Graduate Engineer in Mechanical Engineering from the Technical University of Denmark, Bachelor's degree in Business Administration – International Business from the Copenhagen Business School.
*Background:* Sales Manager Granzow A/S 1996–1998, Product Manager ABS Pumper 1998–1999.
*Shareholding:* 2,182 class B shares

### HENRIK WESTERHOLM

CEO, Christian Berner OY
*Born:* 1970
*Education:* Engineer in Machine Automation from the Institute of Technology in Helsinki.
*Background:* Sales engineer, Business area manager Bosch Rexroth OY 1995–2006
*Shareholding:* 8,727 class B shares

# CHRISTIAN BERNER DIRECTORS' REPORT

The Board of Directors and CEO of Christian Berner Tech Trade AB (publ), company registration number 556026–3666, with its registered office in Mölnlycke, hereby submit the annual report and consolidated financial statements for the 2015 financial year.

## OPERATIONS

Christian Berner was founded in 1897 and is today one of the leading technology trading companies in the Nordic region. Christian Berner markets and sells high-quality components, systems and services with a high technical content from leading international manufacturers to industries and the public sector throughout the Nordic region. In addition, it also provides consultation, analysis of the customer's technical requirements, development, installation and service. Christian Berner's key products include technical products within environmental technology, such as materials to reduce vibration and noise, filtration and process technology, UV equipment and industrial equipment. By offering technical solutions that lower costs and reduce environmental impact, the company creates added value for its customers.

## BUSINESS DURING THE YEAR

### The market

The generally positive trend on the Nordic markets in 2015 has been reflected in an increased willingness to invest within the industry, which has had a positive impact on Christian Berner's business. During 2015, Christian Berner's two business areas have been able to meet the increased demand for the company's products and services. Materials Technology experienced particularly good development and profitability in all Nordic countries thanks to strong demand, particularly for construction and infrastructure projects. The positive trend in Process & Environment can largely be explained by the fact that Christian Berner's products and services were able to meet the increased willingness to invest within the industry, particularly in Sweden, Denmark and Norway.

## SIGNIFICANT EVENTS DURING THE YEAR

**Listing on Nasdaq**
The Board of Christian Berner Tech Trade AB has decided that the company will apply for listing on Nasdaq, Stockholm, Small Cap in 2016. The change of listing is part of the company's efforts to create conditions for further growth and development.

**Closure of the Special Alloys product area**
The Special Alloys product area was discontinued in 2015 (due to falling sales and declining profitability). The effect is an annual saving of around SEK 1.5 million. The company constantly re-evaluates its product portfolio as development in the field of materials is rapid.

**Transition to IFRS**
The company is moving to IFRS consolidated financial statements from the Year-End Report on the fourth quarter.

**Relocation from warehouse in Vantaa, Finland**
Cost-saving measures within warehousing and production, with the company moving out of the warehouse in Vantaa, resulting in an annual saving of around SEK 1 million.

**Revenue and operating profit/loss**

The Group's total revenue for the period was SEK 446.7 (394.0) million, which is an improvement of 13.4 per cent on 2014. Operating profit (EBITDA) was SEK 28.6 (16.0) million and the order intake for the year was SEK 430.0 (411.1) million, representing growth of 4.6 per cent.

Sweden had revenue of SEK 284.5 (252.6) million during the financial year. This represents growth of almost 12.6 per cent. The increase in EBITDA generated from both sales growth, especially on own account, and from cost efficiencies, increased by 61.0 per cent to SEK 27.3 (16.9) million. Sweden delivered an EBITDA margin of 9.6 (6.7) per cent, driven largely by Materials Technology, but Process & Environment is also now contributing here. Sweden's figures are negatively impacted by SEK 2.8 million relating to the closure of Special Alloys.

Danish operations stabilised during the year and revenue rose to SEK 19.7 (15.3) million. Process & Environment was particularly successful in its sales of packaging machines. EBITDA was SEK 1.3 (–0.1) million, with an EBITDA margin of 6.6 per cent.

Norway, which struggled partly with the offshore market, nevertheless increased revenue by 20.3 per cent to SEK 87.5 (72.7) million, thanks to increased sales of process and production equipment as well as strong sales of vibration-damping material. EBITDA of SEK 2.6 (1.0) million was negatively affected by a bad debt of SEK 1.4 million. The EBITDA margin amounted to 3.0 (1.4) per cent.

Finland's revenue increased slightly to SEK 55.0 (53.4) million. Sales of vibration-damping material in Materials Technology delivered particularly good results. However, the earnings for the year at EBITDA level were negative at SEK –0.2 (0.9) million. During the year the company has worked on cost-saving initiatives in logistics, such as consolidating warehouses and streamlining freight.

Christian Berner's two business areas – Materials Technology and Process & Environment – continue to thrive and are developing in the right direction.

Materials Technology had revenue of SEK 172.1 (165.1) million and profitability, EBITDA, of SEK 14.4 (12.4) million for the year.

Sales within the Process & Environment business area rose sharply during the year. Revenue was SEK 273.8 (228.3) million, which is an improvement of 20.0 per cent on 2014. Profitability within Process & Environment has also been improved. The profit, or EBITDA, was SEK 16.6 (6.5) million.

## FINANCIAL POSITION

**Return**

Return on equity after financial items was 31.0 (25.4) per cent.

**Cash flow**

Cash flow from operating activities was SEK 35.8 (11.3) million. Cash flow from financing activities totalled SEK –10.9 (32.5) million. In 2015, the company issued a dividend totalling SEK 4.7 million and made the final payment of SEK 4.0 million in relation to an acquisition loan.

**Equity ratio and debt ratio**

The equity ratio at 31 December was 49.3 (47.8) per cent. The debt ratio was –2.9 (–1.1).

## ENVIRONMENTAL IMPACT

The subsidiaries of CBTT operate activities that require a permit under the Swedish Environmental Code. None of the Group's companies are involved in any environmental disputes.

## EMPLOYEES

The average number of employees in the CBTT Group during the year was 126 (127).

## GUIDELINES FOR REMUNERATION

The remuneration principles for senior executives state that the remuneration of the CEO and other members of senior management can consist of a basic salary, variable remuneration, pension and other benefits. The adopted guidelines for the remuneration of senior executives are described in note 2.16 and note 7 of this annual report.

## OUTLOOK

Christian Berner currently sees no indications of any general change in the demand situation compared with 2015. Despite the prevailing uncertainty in the wider economy, it is still hoped that 2016 will continue to see development in a positive direction. The ambition is to continue to generate growth in 2016 through organic growth as well as through acquisitions and to take further steps towards an average annual EBITDA margin of eight per cent over a business cycle.

The company sees no significant risks or uncertainties ahead other than the general industrial market conditions.

## PARENT COMPANY

### Share capital and shareholders

Christian Berner Tech Trade AB is a public company. It has total share capital of SEK 292.6 million distributed across a total of 18,759,398 shares, divided into 1,250,000 class A shares and 17,509,398 class B shares, all of which have a par value of SEK 15.6.

All class A shares entitle the holder to ten (10) votes at the General Meeting and all class B shares entitle the holder to one (1) vote at the General Meeting.

### Results and financial position

The main functions of the parent company are to take responsibility for business development, acquisitions, financing, management and analysis. No sales activity takes place at the parent company and this is instead recognised at each subsidiary. Revenue of SEK 10.0 (10.8) million relates to the invoicing of intra-Group services.

## APPROPRIATION OF EARNINGS, SEK THOUSAND

| **The following is at the disposal of the Annual General Meeting:** | |
|---|---|
| Retained earnings | 59,983 |
| Profit for the year | 9,050 |
| | 69,033 |
| **The Board of Directors proposes** | |
| Dividend of SEK 0.50 per share | 9,380 |
| Carried forward to new account | 59,653 |
| | 69,033 |

### Proposed decision on profit sharing

The Board proposes that a dividend be paid totalling SEK 9,380,000, which is equivalent to SEK 0.50 per share.

The Board proposes that the dividend payment be made immediately after the Annual General Meeting.

It is the opinion of the Board that the proposed dividend is justifiable in relation to the demands that the nature, scope and risks of the business place on the size of the equity and the company's consolidation requirements, liquidity and financial position in general. This opinion should be viewed against the background of the information contained in the annual report. The company management is not planning any significant changes to the existing business, such as major investments, sales or liquidation. For more information about the company's results and financial position, see the following income statement and balance sheet and the related supplementary information.

| MULTI-YEAR COMPARISON GROUP* | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|---|
| Total revenue, SEK thousand | 446,741 | 394,037 | 393,617 | 360,222 | 356,059 | 308,627 |
| Profit after financial items, SEK thousand | 24,108 | 11,151 | 13,059 | 2,753 | 8,061 | –4,248 |
| Profit as a % of total revenue | 5.4 | 2.8 | 3.3 | 0.8 | 2.3 | –1.4 |
| Balance sheet total, SEK thousand | 174,807 | 144,671 | 113,006 | 101,199 | 111,419 | 84,271 |
| Equity/assets ratio (%) | 49.3 | 47.8 | 16.5 | 14.6 | 14.0 | 15.7 |
| Return on equity (%) | 31.0 | 25.4 | 78.3 | 18.2 | 55.9 | –51.5 |
| Return on total capital (%) | 15.4 | 9.1 | 13.5 | 3.9 | 9.1 | –3.7 |
| Quick ratio (%) | 161.9 | 153.2 | 90.3 | 82.9 | 83.6 | 98.9 |

* See supplementary information for definitions of key ratios

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| KSEK | Note | 2015 | 2014 | 2013 |
|---|---|---|---|---|
| **Operating income** | | | | |
| Net revenue | 5 | 445,553 | 393,663 | 392,801 |
| Other operating income | 6 | 1,188 | 374 | 816 |
| **Total operating income** | | **446,741** | **394,037** | **393,617** |
| Goods for resale | | –276,168 | –237,027 | –241,389 |
| Other external costs | 8, 9, 27 | –39,538 | –40,655 | –37,264 |
| Staff costs | 7 | –102,560 | –100,382 | –96,225 |
| Depreciation/write-down of property, plant and equipment and intangible assets | 14, 15 | –4,557 | –4,810 | –4,688 |
| **Total operating expenses** | | **–422,643** | **–382,874** | **–379,566** |
| **Operating profit/loss** | | **24,098** | **11,163** | **14,051** |
| Financial income | 10, 11 | 427 | 590 | 421 |
| Financial expenses | 10, 11 | –417 | –601 | –1,413 |
| Financial expenses – net | | 10 | –11 | –992 |
| **Pre-tax profit/loss** | | **24,108** | **11,151** | **13,059** |
| Income tax | 12 | –1,624 | –2,517 | –3,241 |
| **Profit/loss for the year** | | 22,485 | 8,634 | 9,818 |
| **Other comprehensive income** | | | | |
| **Items that may subsequently be reversed to profit and loss** | | | | |
| Translation differences | | –791 | 369 | –271 |
| **Other comprehensive income for the year, net after tax** | | **–791** | **369** | **–271** |
| **TOTAL COMPREHENSIVE INCOME FOR THE YEAR** | | **21,694** | **9,003** | **9,547** |
| The profit for the year and the total comprehensive income are entirely attributable to the parent company's shareholders. | | | | |
| **Earnings per share** | | | | |
| Earnings per share before dilution (SEK) | 13 | 1.20 | 0.92 | 32,727 |
| Earnings per share after dilution (SEK) | 13 | 1.20 | 0.92 | 32,727 |

The notes on pages 36–60 form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| KSEK | Note | 31/12/2015 | 31/12/2014 | 31/12/2013 | 01/01/2013 |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| **Intangible non-current assets** | | | | | |
| Goodwill | 14 | 225 | 225 | 225 | 225 |
| Distribution rights | 14 | 7,405 | 8,695 | 9,985 | 11,275 |
| **Total intangible non-current assets** | | **7,630** | **8,920** | **10,210** | **11,500** |
| **Property, plant and equipment** | | | | | |
| Machinery and equipment | 15 | 10,483 | 10,726 | 11,317 | 12,321 |
| **Total property, plant and equipment** | | **10,483** | **10,726** | **11,317** | **12,321** |
| **Financial assets** | | | | | |
| Other non-current receivables | 16 | 166 | 273 | 317 | 311 |
| **Total financial assets** | | **166** | **273** | **317** | **311** |
| Deferred tax assets | 23 | 3,594 | – | – | – |
| **Total non-current assets** | | **21,873** | **19,918** | **21,844** | **24,132** |
| **Current assets** | | | | | |
| **Inventories, etc.** | | | | | |
| Finished goods and goods for resale | | 19,101 | 20,492 | 21,220 | 19,839 |
| Advance payments to suppliers | | 1,583 | 1,639 | 627 | 1,081 |
| **Total inventories, etc.** | | **20,684** | **22,132** | **21,848** | **20,920** |
| **Current receivables** | | | | | |
| Trade receivables | 16, 17 | 55,849 | 51,840 | 54,620 | 50,265 |
| Receivables from Group companies | 16, 27 | – | – | 5,024 | – |
| Current tax asset | | – | – | 1,558 | – |
| Other current receivables | | 2,321 | 650 | 927 | 1,142 |
| Prepaid expenses and accrued income | 19 | 2,381 | 2,138 | 1,442 | 1,561 |
| Cash and cash equivalents | 20 | 71,699 | 47,993 | 5,743 | 3,179 |
| **Total current receivables** | | **132,251** | **102,621** | **69,314** | **56,147** |
| **Total current assets** | | **152,935** | **124,753** | **91,161** | **77,067** |
| **TOTAL ASSETS** | | **174,807** | **144,671** | **113,006** | **101,199** |

The notes on pages 36–60 form an integral part of these consolidated financial statements.

| KSEK | Note | 31/12/2015 | 31/12/2014 | 31/12/2013 | 01/01/2013 |
|---|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | | |
| **Equity** | | | | | |
| Share capital | | 625 | 625 | 300 | 300 |
| Other capital contributions | | 41,228 | 41,228 | – | – |
| Reserves | | –693 | 98 | –271 | – |
| Retained earnings (incl. profit/loss for the year) | | 45,026 | 27,231 | 18,597 | 14,434 |
| **Total equity** | | **86,186** | **69,182** | **18,626** | **14,734** |
| | | | | | |
| **Liabilities** | | | | | |
| **Non-current liabilities** | | | | | |
| Bank overdraft facility | 22 | – | – | – | 364 |
| Liabilities to credit institutions | 16, 22 | 5,087 | 6,970 | 9,670 | 12,166 |
| Liabilities to Group companies | 16, 22, 27 | – | – | 6,606 | 6,166 |
| Deferred tax liabilities | 23 | 1,840 | 1,534 | 1,333 | 65 |
| **Total non-current liabilities** | | **6,927** | **8,504** | **17,609** | **18,761** |
| | | | | | |
| **Current liabilities** | | | | | |
| Liabilities to credit institutions | 16.22 | 2,349 | 4,818 | 5,672 | 7,636 |
| Advance payments from customers | | 3,728 | 3,125 | 2,120 | 4,151 |
| Trade payables | 16 | 34,436 | 28,191 | 29,390 | 25,329 |
| Liabilities to Group companies | 16, 22, 27 | – | – | 7,250 | 2,806 |
| Current tax liabilities | | 4,037 | 67 | – | 149 |
| Other current liabilities | | 11,826 | 10,471 | 10,358 | 9,868 |
| Accrued expenses and prepaid income | 24 | 25,318 | 20,313 | 21,981 | 17,765 |
| **Total current liabilities** | | **81,693** | **66,985** | **76,771** | **67,704** |
| | | | | | |
| **Total liabilities** | | **88,620** | **75,489** | **94,380** | **86,465** |
| | | | | | |
| **TOTAL EQUITY AND LIABILITIES** | | **174,807** | **144,671** | **113,006** | **101,199** |
| | | | | | |
| Pledged assets | 25 | 26,538 | 26,602 | 50,742 | 16,571 |
| Contingent liabilities | 26 | – | – | 96,601 | 89,411 |

The notes on pages 36–60 form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| KSEK | Note | Share capital | Other capital con-tributions | Reserves | Retained earnings including total com-prehensive income for the period | Total equity |
|---|---|---|---|---|---|---|
| **Opening balances at 1 January 2013 according to adopted balance sheet** | | **300** | **–** | **–** | **14,434** | **14,734** |
| **Effect of transition to IFRS reporting** | 29 | | | | **225** | **225** |
| **Opening balances at 1 January 2013, adjusted in line with the new principle** | | **300** | **–** | **–** | **14,659** | **14,959** |
| Profit/loss for the year | | – | – | – | 9,593 | 9,593 |
| Other comprehensive income for the year | | – | | –271 | | –271 |
| **Total comprehensive income** | | **–** | **–** | **–271** | **9,593** | **9,322** |
| Group contributions | | – | – | – | –7,250 | –7,250 |
| Tax effect of Group contributions | | – | – | – | 1,595 | 1,595 |
| **Total transactions with shareholders, recognised directly in equity** | | **–** | **–** | **–** | **–5,655** | **–5,655** |
| **Closing balance at 31 December 2013, adjusted in line with the new principle** | | **300** | **–** | **–271** | **18,597** | **18,626** |
| **Opening balance at 1 January 2014, adjusted in line with the new principle** | | **300** | **–** | **–271** | **18,597** | **18,626** |
| Profit/loss for the year | | – | – | – | 8,634 | 8,634 |
| Other comprehensive income for the year | | – | – | 369 | – | 369 |
| **Total comprehensive income** | | **–** | **–** | 369 | 8,634 | 9,003 |
| Bonus share issue | 21 | 200 | – | – | – | 200 |
| New share issue | 21 | 125 | 41,228 | – | – | 41,353 |
| **Total transactions with shareholders, recognised directly in equity** | | 325 | 41,228 | – | – | 41,553 |
| **Closing balance at 31 December 2014, adjusted in line with the new principle** | | 625 | 41,228 | 98 | 27,231 | 69,182 |
| **Opening balance at 1 January 2015, adjusted in line with the new principle** | | **625** | **41,228** | **98** | **27,231** | **69,182** |
| Profit/loss for the year | | – | – | – | 22,485 | 22,485 |
| Other comprehensive income for the year | | – | – | –791 | – | –791 |
| **Total comprehensive income** | | – | – | –791 | 22,485 | 21,694 |
| **Total transactions with shareholders, recognised directly in equity. Dividend to shareholders** | | – | – | – | –4,690 | –4,690 |
| **Closing balance at 31 December, adjusted in line with the new principle 2015** | | **625** | **41,228** | **–693** | **45,026** | **86,186** |

The notes on pages 36–60 form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

| KSEK | 2015 | 2014 | 2013 |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Cash flow from operations | 27,883 | 14,330 | 16,033 |
| Interest paid and similar items | –272 | –310 | –1,413 |
| Interest received and similar items | 427 | 590 | 420 |
| Income tax paid/refunded | –1,828 | –386 | –2,097 |
| **Cash flow from operating activities before changes in working capital** | **26,210** | **14,224** | **12,943** |
| | | | |
| **Cash flow from changes in working capital** | | | |
| Increase/decrease in inventories | 1,448 | –1,283 | –928 |
| Increase/decrease in operating assets | –5,038 | 7,315 | –9,044 |
| Increase/decrease in operating liabilities | 13,208 | –8,999 | 3,930 |
| **Total change in working capital** | **9,618** | **–2,967** | **–6,042** |
| | | | |
| **Cash flow from operating activities** | **35,828** | **11,257** | **6,901** |
| | | | |
| **Cash flow from investing activities** | | | |
| Acquisition of property, plant and equipment | –1,136 | –1,887 | –154 |
| Disposal of property, plant and equipment | 377 | 336 | 9 |
| Change in financial assets | 107 | –24 | –61 |
| **Cash flow from investing activities** | **–652** | **–1,575** | **–206** |
| | | | |
| **Cash flow from financing activities** | | | |
| New share issue | – | 41,353 | – |
| Change in bank overdraft facilities | – | – | –363 |
| Change in liabilities to Group companies | – | –6,606 | 440 |
| Other current financial liabilities | – | 56 | –1,898 |
| Repayment of loans | –6,242 | –2,340 | –2,426 |
| Dividend | –4,690 | – | – |
| **Cash flow from financing activities** | **–10,932** | **32,463** | **–4,247** |
| | | | |
| **Cash flow for the period** | **24,244** | **42,145** | **2,448** |
| Cash and cash equivalents at the start of the period | 47,993 | 5,743 | 3,179 |
| Exchange difference in cash and cash equivalents | –538 | 105 | 116 |
| **Cash and cash equivalents at end of year** | **71,699** | **47,993** | **5,743** |

The notes on pages 36–60 form an integral part of these consolidated financial statements.

# NOTES

Amounts are in thousands of Swedish kronor (SEK '000) unless otherwise indicated.

## NOTE 1 – GENERAL INFORMATION

Christian Berner Tech Trade AB (the parent company) and its subsidiaries (together the Group) market, sell and supply components, systems and services with a high technical content. The range includes quality products, consultancy services, system solutions, installation, services and processing for customers in industry and the public sector. The products come from around 150 suppliers who in most cases are leaders in their respective niches. The Group has operations in Sweden, Norway, Finland and Denmark, with the largest market being Sweden.

The parent company is a limited liability company registered in Sweden and with its registered office in Mölnlycke. The postal address of head office is Box 88, SE–435 22 Mölnlycke, Sweden, and the visiting address is Designvägen 1, Mölnlycke, Sweden.

The Board of Directors approved these consolidated financial statements for publication on 6 April 2016.

All amounts are reported in thousands of Swedish kronor (SEK '000), unless otherwise indicated. The figures in brackets relate to the previous year.

## NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

The significant accounting principles applied in the preparation of these consolidated financial statements are described below. These principles have been applied consistently to all the years presented, unless otherwise stated.

### 2.1 BASIS FOR PREPARATION OF THE REPORTS

The consolidated financial statements for the Christian Berner Tech Trade (publ) group ("Christian Berner") have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Corporate Groups, and International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee (IFRS IC) as adopted by the EU. They have been prepared using the cost method.

These consolidated financial statements are the first consolidated financial statements of the Christian Berner Tech Trade Group to be prepared in accordance with IFRS. Historical financial information has been recalculated from 1 January 2013, which is the date of transition to IFRS. Details of the transition from the accounting principles previously applied to IFRS and the impact of this transition on the income statement and equity are described in note 29.

All reports prepared in compliance with IFRS require the use of a number of significant accounting estimates. Furthermore, the management is required to make certain assessments upon application of the Group's accounting principles. Those areas that involve a high degree of judgement or complexity, or areas where assumptions and estimates are significant for the consolidated financial statements are indicated in note 4.

### 2.1.1 CHANGES IN ACCOUNTING PRINCIPLES AND DISCLOSURES

**New standards and interpretations that have not yet been applied by the Group**

A number of new standards and interpretations come into effect for financial years beginning after 1 January 2015, which have not been applied in the preparation of these financial statements. Below is a preliminary assessment of the impact of the standards considered relevant for the Group:

IFRS 9 "Financial Instruments" addresses the classification, measurement and recognition of financial assets and liabilities. It replaces those parts of IAS 39 that deal with the classification and measurement of financial instruments. IFRS 9 retains a mixed measurement approach, but simplifies this approach in some respects. There will be three measurement classifications for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. How an instrument is classified depends on the company's business model and the instrument's characteristics. Investments in equity instruments are to be recognised at fair value through profit or loss, but there is also an option to recognise the instrument at fair value through other comprehensive income on initial recognition. There is then no reclassification to profit or loss on the disposal of the instrument. There is no change to the classification and measurement of financial liabilities, except in cases where a liability is recognised at fair value through profit or loss based on the fair value option. This standard applies to financial years beginning on or after 1 January 2018 (not yet adopted by the EU). Earlier application is permitted. The Group has not yet evaluated the impact of the introduction of this standard.

IFRS 15 "Revenue from Contracts with Customers" specifies how revenue is to be recognised. The principles on which IFRS 15 is based will provide the users of financial statements with more useful information about the company's revenue. The increased disclosure requirements mean that information must be provided about the type of revenue, the date of settlement, uncertainties relating to revenue recognition and cash flow attributable to the company's customer contracts. Under IFRS 15, revenue must be recognised when the customer gains control over the good or service sold and is able to use and obtain the benefits of the good or service. IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction contracts and the related SIC and IFRIC. IFRS 15 becomes effective on 1 January 2018 (not yet adopted by the EU). Early application is permitted. The Group has not yet evaluated the impact of the introduction of this standard.

Note 2 cont.

IFRS 16 "Leases". In January 2016, the IASB published a new lease standard that will replace IAS 17 Leases and the related interpretations IFRIC 4, SIC–15 and SIC–27. The standard requires assets and liabilities relating to all leases, with some exceptions, to be recognised on the balance sheet. This recognition is based on the view that the lessee has a right to use an asset for a specific period of time and at the same time an obligation to pay for that right. Recognition by the lessor will essentially remain unchanged. The standard applies to financial years beginning on or after 1 January 2019. Early application is permitted. The EU has not yet adopted this standard. The Group has not yet evaluated the impact of IFRS 16.

None of the other IFRS or IFRIC interpretations that have not yet entered into force are expected to have any significant impact on the Group.

**2.2 CONSOLIDATION**

**2.2.1 Basic accounting principles**

*Subsidiaries*

Subsidiaries are all companies (including structured companies) over which the Group has a controlling influence. The Group controls a company when it is exposed or entitled to a variable return from its holdings in the company and is able to influence the return through its influence over the company.

Subsidiaries are included in the consolidated financial statements as of the date on which the controlling influence is transferred to the Group. They are excluded from the consolidated financial statements as of the date on which the controlling influence ceases.

The purchase method is used for reporting the Group's business combinations. The purchase price for the acquisition of a subsidiary is the fair value of the transferred assets, the liabilities assumed by the Group to the former owners of the acquired company and the shares issued by the Group. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values on the acquisition date.

Costs associated with acquisitions are expensed as they arise.

Goodwill is initially measured as the amount by which the total purchase price and any fair value of non-controlling interests at the date of acquisition exceeds the fair value of identifiable net assets acquired. If the purchase price is lower than the fair value of the acquired company's net assets, the difference is recognised directly in the income statement.

Intra-Group transactions, balance sheet items, and income and expenses from transactions between Group companies are eliminated. Gains and losses resulting from intra-Group transactions that are recognised in assets are also eliminated. Where applicable, the accounting principles of subsidiaries have been amended to guarantee a consistent application of the Group's principles.

**2.3 SEGMENT REPORTING**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is the function responsible for allocating resources and assessing the performance of the operating segments. Within the Group, this function has been identified as the CEO, who makes strategic decisions.

**2.4 TRANSLATION OF FOREIGN CURRENCY**

*Functional currency and reporting currency*

The different units of the Group have the local currency as their functional currency, as the local currency has been defined as the currency used in the primary economic environment in which the unit mainly operates. Swedish kronor (SEK), the functional currency of the parent company and the presentation currency of the Group, is used in the consolidated financial statements.

*Transactions and balance sheet items*

Transactions in foreign currencies are translated to the functional currency at the exchange rates that apply on the transaction date. Foreign exchange gains and losses arising from such transactions and upon translation of monetary assets and liabilities in foreign currencies at closing date rates are recognised in operating profit in the income statement.

Foreign exchange gains and losses relating to loans and cash and cash equivalents are recognised in the income statement as financial income or financial expenses. All other foreign exchange gains and losses are recognised in the item "Other gains/losses – net" in the income statement.

*Translation of foreign Group companies*

The results and financial position of all Group companies with a functional currency different to the reporting currency are translated to the Group's reporting currency. The assets and liabilities on each balance sheet are translated from the functional currency of the foreign operation to the Group's reporting currency, Swedish kronor, at the exchange rate prevailing on the balance sheet date. The income and expenses in each income statement are translated to Swedish kronor at the average exchange rate prevailing at each transaction date. Translation differences arising on the translation of foreign operations are recognised in other comprehensive income.

**2.5 INTANGIBLE ASSETS**

*Goodwill*

Goodwill arises on the acquisition of subsidiaries and refers to the amount by which the purchase price exceeds Christian Berner's share of the fair value of identifiable assets, liabilities and contingent liabilities of the acquired company and the fair value of non-controlling interests in the acquired company.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies from the acquisition. Each unit or group of units to which goodwill has been allocated corresponds to the lowest level in the Group at which the goodwill in question is monitored for internal management. Goodwill is monitored at operating segment level.

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate possible impairment. The carrying amount of goodwill is compared with the recoverable amount, which is the higher of the value in use and the fair value less selling expenses.

Note 2 cont.

*Distribution rights*
The Group's intangible assets consist of distribution rights. Distribution rights acquired separately are recognised at cost. Distribution rights acquired through a business combination are recognised at fair value at the acquisition date. Distribution rights have a definable useful life and are recognised at cost less accumulated impairment. Impairment is performed on a straight-line basis in order to allocate the cost of distribution rights over their estimated useful life of 10 years.

**2.6 PROPERTY, PLANT AND EQUIPMENT**
Property, plant and equipment is recognised at cost less depreciation. Cost includes expenses that can be directly attributed to the acquisition of the asset.

Additional expenses are added to the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will accrue to the Group and the cost of the asset can be reliably measured. The carrying amount of a replaced part is removed from the balance sheet. All other forms of repairs and maintenance are recognised as expenses in the income statement in the period in which they are incurred.

Straight-line depreciation is applied as follows:

| | |
|---|---|
| Equipment | 10 years |
| Machinery, vehicles | 5–7 years |
| Computer equipment | 5 years |

Residual values and useful lives of assets are tested at the end of each reporting period and adjusted where required. The carrying amount of an asset is written down immediately to its recoverable value if the asset's carrying amount exceeds its estimated recoverable value.

Gains and losses on the sale of property, plant and equipment are determined by comparing the sale proceeds and the carrying amount, whereby the difference is recognised in other operating income or other operating expenses in the income statement.

**2.7 IMPAIRMENT OF NON-FINANCIAL ASSETS**
Intangible assets that have an indefinite useful life or intangible assets that are not ready for use, are not written down but are tested annually for impairment. Assets that are written down are assessed for a reduction in value whenever events or changes in circumstances indicate that the carrying amount may no longer be recoverable. A write-down is made of the amount by which the asset's carrying amount exceeds its recoverable value. The recoverable value is the higher of the asset's fair value less selling expenses and its value in use. When assessing the need for write-down, assets are grouped at the lowest levels at which are there separate identifiable cash flows (cash-generating units). For assets, other than financial assets and goodwill, which have previously been written down, a test is carried out on each balance sheet date to ascertain whether a reversal should be made.

**2.8 INVENTORIES**
Inventories consist of finished goods and goods for resale. Inventories are recognised at the lower of cost and net realisable value. The cost is determined using the weighted average prices for each homogeneous group of products.

**2.9 FINANCIAL INSTRUMENTS – GENERAL**
Financial instruments are included in various balance sheet items and are described below.

**2.9.1 Classification**
The Group classifies its financial assets and liabilities in the following categories: loan receivables and trade receivables, and other financial liabilities. The classification depends on the purpose for which the financial asset or liability was acquired.

*Loan receivables and trade receivables*
Loan receivables and trade receivables are financial assets that do not constitute a derivative, that have fixed payments or payments that can be determined and that are not listed on an active market. They are included in current assets, with the exception of items maturing later than 12 months from the balance sheet date, which are classified as non-current assets. The Group's "loan receivables and trade receivables" consist of other non-current assets (to the extent this relates to deposits), trade receivables, receivables from Group companies, cash and cash equivalents and the financial instruments recognised under other current receivables and accrued receivables.

*Other financial liabilities*
The Group's current and non-current liabilities credit institutions, current and non-current liabilities to Group companies, trade payables and the element of other current liabilities and accrued liabilities that relates to financial instruments are classified as other financial liabilities.

**2.9.2 Recognition and measurement**
Financial instruments are recognised initially at fair value plus transaction costs. Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred and the Group has transferred virtually all risks and benefits associated with ownership to another party. Financial liabilities are removed from the balance sheet when the obligation in the agreement has been fulfilled or has otherwise expired.

Loan receivables and trade receivables, as well as other financial liabilities are recognised after the time of acquisition at amortised cost using the effective interest method.

**2.9.3 Offsetting financial instruments**
Financial assets and liabilities are offset and recognised net on the balance sheet only when there is a legal right to offset the recognised amounts and the intention is to settle them as a net amount or simultaneously realise the asset and settle the liability.

Note 2 cont.

### 2.9.4 Impairment of financial instruments

*Assets recognised at amortised cost*

At the end of each reporting period, the Group assesses whether there is objective evidence of a need for the impairment of a financial asset or group of financial assets. A financial asset or group of financial assets requires impairment and is written down only if there is objective evidence of a need for impairment as a result of one or more events occurring after the initial recognition of the asset where this event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be estimated reliably.

The impairment is calculated as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The asset's carrying amount is written down and the impairment amount is recognised in the consolidated income statement under "other external costs" or under net financial items, depending on the financial asset that is impaired. If the need for impairment reduces in a subsequent period and this reduction can be objectively related to an event occurring after the impairment was recognised, the previously recognised impairment is reversed in the consolidated income statement under "other external costs" or under net financial items, depending on the financial asset that was impaired.

### 2.10 TRADE RECEIVABLES

Trade receivables are financial instruments that consist of amounts due from customers for goods and services sold in operating activities. If payment is expected within one year or less, they are classified as current assets. If not, they are recognised as non-current assets.

Trade receivables are recognised initially at fair value and subsequently at amortised cost by applying the effective interest method, less any provisions for impairment.

### 2.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents is a financial instrument and includes, both on the balance sheet and in the statement of cash flows, bank deposits.

### 2.12 TRADE PAYABLES

Trade payables are a financial instrument and relate to obligations to pay for goods and services acquired in operating activities from suppliers. Trade payables are classified as current liabilities if they fall due within one year. If not, they are recognised as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently at amortised cost by applying the effective interest method.

### 2.13 BORROWING

Borrowing is a financial instrument and is recognised initially at fair value, net of transaction costs. Borrowing is subsequently recognised at amortised cost and any difference between the amount received (net of transaction costs) and the amount repayable is recognised in the income statement over the term of the loan by applying the effective interest method.

Borrowing is classified as current liabilities unless the Group has an unconditional right to postpone payment of the debt for at least 12 months after the end of the reporting period.

### 2.14 PROVISIONS

Provisions are recognised when the Group has a legal or constructive obligation as a result of previous events, it is probable that an outflow of resources will be required to settle the obligation and an amount has been reliably estimated.

If there are a number of similar obligations, an assessment is made of the probability of an outflow of resources being required to settle this group of obligations as a whole. A provision is reported even if the probability of an outflow relating to a particular item in this group of obligations is small.

The provisions are valued at the present value of the amount expected to be required in order to settle the obligation. A discount rate before tax that reflects a current market assessment of the time-related value of money and the risks associated with the provision is used here. The increase in the provision relating to the passage of time is recognised as an interest expense.

### 2.15 CURRENT AND DEFERRED TAXES

The tax expense for the period comprises current and deferred tax. The current tax expense is calculated on the basis of the tax regulations enacted or substantively enacted at the balance sheet date in the countries where the parent company and its subsidiaries operate and generate taxable income.

Deferred tax is recognised in accordance with the balance sheet method for all temporary differences between the tax values of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is calculated using the tax rates that apply or have been announced at the balance sheet date and which are expected to apply when the relevant deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets on loss carryforwards are recognised to the extent it is probable that future taxable profit will be available against which the loss can be utilised.

Deferred tax assets and liabilities are offset when there is a legal right to offset current tax assets and tax liabilities, the deferred tax assets and tax liabilities relate to taxes charged by the same tax authority and relate to either the same tax subject or a different tax subject and there is an intention to settle the balances through net payments.

### 2.16 EMPLOYEE REMUNERATION

*Pension obligations*

The Group has both defined benefit and defined contribution pension plans. The defined benefit plans consist of ITP 2 plans (see below for a more detailed description). A defined contribution pension plan is a pension plan under which the Group pays fixed contributions to a separate legal entity. The Group has no legal or constructive obligations to pay further contributions if this legal entity does not have sufficient assets to pay all employee benefits relating to the employees' service in current or previous periods.

Note 2 cont.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions are paid. The contributions are recognised as staff costs when they fall due. Prepaid contributions are recognised as an asset to the extent that the Group may benefit from a cash refund or a reduction in future payments.

In some parts of the Group, there are staff in Sweden who are covered by an ITP 2 plan. The ITP 2 plan's defined benefit pension obligations for old-age and family pension are secured through an insurance policy at Alecta. According to a statement of the Swedish Financial Reporting Board (UFR 10 Classification of ITP plans financed by insurance at Alecta) this is a multi-employer defined-benefit plan. For this period, the company has not had sufficient access to the information required in order to report its proportional share of the plan obligation and of the plan assets and costs and has therefore been unable to report the plan as a defined benefit plan. The ITP 2 pension plan, which is secured through an insurance policy at Alecta, is therefore reported as a defined contribution plan. The premium for the defined benefit old-age and family pension is individually calculated and is dependent, among other things, on salary, pension previously earned and expected remaining period of service.

The CEO has a pension solution in the form of an endowment policy pledged for pension obligations. The asset is a financial instruments measured at fair value through profit or loss (see section 2.9 above). The liability, i.e. the pension obligation, has the same value as the asset plus additional special payroll tax. The obligation is reported net in the consolidated financial statements.

**2.17 REVENUE RECOGNITION**

Revenue is measured at the fair value of the consideration received or that will be received and is equivalent to the amounts received for goods sold less discounts, returns and value-added tax.

The Group recognises revenue when the amount can be measured reliably, it is probable that future economic benefits will accrue to the company and specific criteria have been met for each of the Group's activities as described below.

*Sale of goods*

The Group sells technical components, materials and advanced equipment. Sales of goods are recognised when a Group company has delivered the product to a customer. Delivery is not considered to have taken place until the products have been dispatched to the specified location, the risks of obsolescence and loss have been transferred to the customer and either the customer has accepted the products in accordance with the contract of sale, the conditions for acceptance have expired or the Group has objective evidence that all criteria for acceptance have been fulfilled.

*Sale of services*

The Group sells services in the form of consultancy, analysis, development, installation and service. Revenue from the sale of services is recognised in the period in which the services are performed. Revenues are calculated by determining the degree of completion of the specific transaction based on the proportion of the services performed in relation to the total services to be performed.

**2.18 INTEREST INCOME**

Interest income is recognised using the effective interest method. When the value of a receivable in the category of loan receivables and trade receivables has fallen, the Group reduces the carrying amount to its recoverable value, which is the estimated future cash flow, discounted at the original effective interest rate for the instrument, and continues to recognise the discounting effect as interest income. Interest income on impaired loan receivables and trade receivables is recognised at the original effective interest rate.

**2.19 DIVIDEND INCOME**

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

**2.20 LEASES**

The Group has leases that are classified as operating leases and finance leases. Operating leases are leases where a significant portion of the risks and benefits of ownership is retained by the lessor. Finance leases are those where the economic risks and benefits associated with ownership have essentially been transferred to the Group. The Group acts solely as a lessee and its leases relate mainly to vehicles, machinery and property. The leases for vehicles and machinery have been classified as finance leases.

When recognising a finance lease, the asset is recognised as a non-current asset on the Group's balance sheet and is valued initially at the lower of the leased asset's fair value and the present value of the minimum lease payments under the contract.

For operating leases, lease payments are expensed over the term of the lease based on usage.

**2.21 DIVIDENDS**

The dividend paid to the parent company's shareholders is reported as a liability in the consolidated financial statements in the period when the dividend was approved by the parent company's shareholders.

**2.22 STATEMENT OF CASH FLOWS**

The statement of cash flows has been prepared using the indirect method. The reported cash flow comprises solely transactions that resulted in the inflow and outflow of funds.

## NOTE 3 – FINANCIAL RISK MANAGEMENT

### 3.1 FINANCIAL RISK FACTORS

The Group's activities expose it to various financial risks: market risk (primarily currency risk), credit risk and liquidity risk. The Group's overall risk management policy focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the Group's financial results. The Group uses derivative financial instruments to hedge certain risk exposures. However, the Group does not apply hedge accounting.

Risk management is handled by a central finance department (Group Finance) in accordance with the finance policy established by the Board. Group Finance identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

**a) Market risk**

The Group operates internationally and is exposed to currency risks arising from various currency exposures, primarily with regard to the euro (EUR) and the Norwegian krone (NOK). Currency risk arises from future business transactions, recognised assets and liabilities, and net investments in foreign operations.

Currency risk arises when future business transactions are denominated in a currency that is not the functional currency of the unit. The Group's purchases of goods are largely made in EUR. Futures contracts are entered into in order to hedge the risk of purchasing in EUR. However, the Group does not apply hedge accounting. Sales take place primarily in each unit's functional currency, which means that trade receivables are not exposed to exchange rate fluctuations to any significant extent.

The Group's risk management policy is to hedge all significant anticipated cash flows (mainly purchases of goods) in foreign currency. In light of the above, a three-per-cent change in the value of the Swedish krona relative to other currencies would have an insignificant impact on earnings related to financial instruments at the balance sheet date.

The Group has a number of holdings in foreign operations, the net assets of which are exposed to currency risks. Currency exposure arising from the net assets of the Group's foreign operations is insignificant, and the Group has therefore chosen not to hedge these.

**b) Credit risk**

Credit risk is managed at Group level, with the exception of credit risk relating to outstanding trade receivables. Each Group company is responsible for examining and analysing the credit risk of each new customer before the standard terms of payment and delivery are offered. Credit risk arises from cash and cash equivalents, derivative instruments and deposits with banks and financial institutions, including outstanding receivables and agreed transactions. Individual risk limits are set based on internal or external credit assessments in accordance with the limits set by the Group management. The use of credit limits is regularly monitored.

No credit limits were exceeded during the reporting period, and management does not expect any losses due to non-payment by these counterparties.

Temporary liquidity surpluses may be invested, except in bank deposits, treasury bills or commercial papers with a K1 rating or equivalent international rating, with a maximum maturity of 360 days.

**c) Liquidity risk**

Cash flow forecasts are drawn up by the Group's operating companies and aggregated by Group Finance. Group Finance carefully monitors rolling forecasts of the Group's liquidity reserve to ensure that the Group has sufficient cash to meet the needs of operating activities. The Group has good liquidity and good cash flow and therefore does not currently envisage any additional borrowing requirements.

Note 3 cont.

The table below provides an analysis of the Group's non-derivative financial liabilities, distributed by the contractual time to maturity at the balance sheet date. The amounts indicated in the table are the contractual, undiscounted cash flows.

| **At 31 December 2015** | **Less than 3 months** | **Between 3 months and 1 year** | **1–2 years** | **2–5 years** | **More than 5 years** |
|---|---|---|---|---|---|
| Liabilities to credit institutions | 33 | 74 | 83 | 84 | – |
| Liabilities to credit inst. re: finance leases | 565 | 1,748 | 1,060 | 517 | – |
| Trade payables | 33,795 | 641 | – | – | – |
| **At 31 December 2014** | | | | | |
| Liabilities to credit institutions | 542 | 1,628 | 2,100 | 203 | – |
| Liabilities to credit inst. re: finance leases | 663 | 1,683 | 1,167 | 559 | – |
| Trade payables | 28,191 | – | – | – | – |
| **At 31 December 2013** | | | | | |
| Liabilities to credit institutions | 882 | 1,625 | 2,118 | 2,235 | 8 |
| Liabilities to credit inst. re: finance leases | 724 | 2,137 | 2,299 | 1,090 | 21 |
| Liabilities to Group companies | – | 13,856 | – | – | – |
| Trade payables | 29,390 | – | – | – | – |
| **At 1 January 2013** | | | | | |
| Liabilities to credit institutions | 2,893 | 2,063 | 2,167 | 4,267 | 166 |
| Liabilities to credit inst. re: finance leases | 802 | 2,408 | 1,864 | 1,574 | 162 |
| Liabilities to Group companies | – | 2,366 | 6,606 | – | – |
| Trade payables | 25,328 | – | – | – | – |

### 3.2 CAPITAL MANAGEMENT

The Group's objective with regard to the capital structure is to safeguard the Group's ability to continue its operations so it can continue to generate a return for the shareholders and benefits for other stakeholders and to maintain an optimum capital structure in order to keep capital costs down.

In order to maintain or adjust the capital structure, the Group can change the dividend paid to the shareholders, repay capital to the shareholders, issue new shares or sell assets to reduce debt.

Just like other companies in the industry, the Group assesses the capital on the basis of the debt ratio. This key figure is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including the items Liabilities to credit institutions, both current and non-current, as well as Liabilities to Group companies, non-current on the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as Equity on the consolidated balance sheet plus net debt.

| | **2015** | **2014** | **2013** |
|---|---|---|---|
| Total borrowing (note 21) | 7,436 | 11,788 | 29,198 |
| Less: cash and cash equivalents (note 19) | 71,699 | 47,993 | 5,743 |
| Net debt | –64,263 | –36,205 | 23,455 |
| **Total equity** | **21,923** | **32,977** | **42,081** |
| Debt ratio | –2.9 | –1.1 | 0.6 |

The reduction in the debt ratio in 2014 was primarily the result of a new share issue.

## NOTE 4 – SIGNIFICANT ACCOUNTING ESTIMATES AND ASSESSMENTS

**4.1 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSESSMENTS**
The Group makes estimates and assumptions regarding the future. The accounting estimates that result from these will – by definition – rarely correspond to the actual outcome. The estimates and assumptions that involve a significant risk of essential adjustments to the carrying amounts of assets and liabilities over the next financial year are outlined below.

*Valuation of loss carryforward*
The Group annually analyses whether the tax loss carryforwards in the Group will be utilised in the future and should therefore be recognised as a deferred tax asset. Deferred tax assets are only recognised for loss carryforwards for which it is probable that they can be utilised against future taxable profit and against taxable temporary differences. Christian Berner has recognised deferred tax assets for part of the loss carryforwards in Denmark and Finland, as it is considered probable that these loss carryforwards can be utilised against future profits.

## NOTE 5 – SEGMENT INFORMATION

The CEO is the Group's chief operating decision-maker. The company management has determined the operating segments based on the information processed by the CEO and used as a basis for allocating resources and assessing performance.

The CEO assesses operations from both a geographic perspective and a business area perspective. As the geographic perspective has been judged to be superior to the product area perspective, Christian Berner has four operating segments: Sweden, Norway, Finland and Denmark. The business areas are described in more detail at the end of this note.

The CEO assesses the performance of the operating segments primarily on the basis of EBITDA. This measure is earnings before interest, taxes, depreciation and amortisation of property, plant and equipment and intangible assets.

*Revenue*
Sales between segments take place on market terms. The revenue from external parties that is reported to the CEO is valued in the same way as in the company's external financial reporting.

| | 2015 | | | 2014 | | | 2013 | | |
|---|---|---|---|---|---|---|---|---|---|
| | **Segment revenue** | **Sales between segments** | **Revenue from external customers** | **Segment revenue** | **Sales between segments** | **Revenue from external customers** | **Segment revenue** | **Sales between segments** | **Revenue from external customers** |
| Sweden | 287,071 | 2,591 | 284,480 | 255,201 | 2,617 | 252,584 | 264,953 | 2,095 | 262,858 |
| Norway | 87,521 | | 87,521 | 72,748 | | 72,748 | 74,696 | – | 74,696 |
| Finland | 55,053 | | 55,053 | 53,396 | | 53,396 | 41,276 | – | 41,276 |
| Denmark | 19,687 | | 19,687 | 15,309 | | 15,309 | 14,787 | – | 14,787 |
| CBTT | – | | | – | | | – | | – |
| **Total** | **449,332** | **2,591** | **446,741** | **396,654** | **2,617** | **394,037** | **395,712** | **2,095** | **393,617** |

**Total revenue from external customers is broken down as follows:**

| | **2015** | **2014** | **2013** |
|---|---|---|---|
| Products | 431,348 | 383,535 | 391,053 |
| Services | 15,393 | 10,502 | 2,564 |
| **Total** | **446,741** | **394,037** | **393,617** |

Note 5 cont.

The breakdown of results by segment is made on the basis of EBT. The measure mainly used by the CEO to evaluate the segments, however, is EBITDA.

EBITDA is reconciled against earnings before tax as follows:

| EBITDA | 2015 | 2014 | 2013 |
|---|---|---|---|
| Sweden | 27,274 | 16,939 | 18,410 |
| Norway | 2,644 | 1,025 | 366 |
| Finland | –197 | 981 | 1,928 |
| Denmark | 1,300 | –69 | –1,555 |
| CBTT | –2,366 | –2,904 | –410 |
| **Total** | **28,655** | **15,972** | **18,738** |
| Depreciation of property, plant and equipment | –3,267 | –3,520 | –4,268 |
| Amortisation of intangible non-current assets | –1,290 | –1,290 | –420 |
| Financial items – net | 10 | –11 | –992 |
| **Pre-tax profit/loss** | **24,108** | **11,151** | **13,058** |

**Revenue from external customers by country, based on customer location**

| | 2015 | 2014 | 2013 |
|---|---|---|---|
| Sweden | 272,042 | 236,997 | 244,423 |
| Norway | 87,770 | 73,135 | 74,875 |
| Finland | 52,662 | 53,395 | 41,044 |
| Denmark | 19,856 | 15,327 | 14,906 |
| Germany | 896 | 154 | 337 |
| Poland | 2,958 | 2,912 | 3,703 |
| China | 508 | 205 | 861 |
| Netherlands | 1,006 | 719 | 2,921 |
| Estonia | 4,693 | 2,519 | 2,790 |
| France | 563 | 283 | 264 |
| Lithuania | 108 | 5,273 | 3,658 |
| Malaysia | 2,241 | 2,258 | 2,764 |
| Other countries | 1,438 | 860 | 1,071 |
| **Total** | **446,741** | **394,037** | **393,617** |

The Group has a large number of customers, with the largest accounting for 1% of sales.

**Non-current assets, other than financial instruments and deferred tax assets, are distributed by country as follows:**

| | 2015 | 2014 | 2013 |
|---|---|---|---|
| Sweden | 9,543 | 10,393 | 11,905 |
| Norway | 622 | 788 | 892 |
| Finland | 705 | 1,039 | 133 |
| Denmark | 82 | 109 | 124 |
| **Total** | **10,951** | **12,329** | **13,054** |

*Business areas*

Christian Berner has two business areas: Process & Environment and Materials Technology. The Process & Environment business area includes the sale of process equipment and complete systems, with sales primarily in large investment projects but also in ongoing maintenance. The Materials Technology business area includes the sale of vibration-damping and noise-reduction materials, as well as plastics.

The tables below show the net revenue and EBITDA for each business area. The "Group" item refers to unallocated expenses, such as consolidated annual accounts and stock exchange-related costs.

| Revenue | 2015 | 2014 | 2013 |
|---|---|---|---|
| Process and Environment | 273,782 | 228,342 | 256,798 |
| Materials Technology | 172,132 | 165,129 | 136,026 |
| Group | 827 | 566 | 793 |
| **Total** | **446,741** | **394,037** | **393,617** |

| EBITDA | 2015 | 2014 | 2013 |
|---|---|---|---|
| Process and Environment | 16,576 | 6,483 | 9,383 |
| Materials Technology | 14,441 | 12,393 | 9,765 |
| Group | –2,362 | –2,904 | –410 |
| **Total** | **28,655** | **15,972** | **18,738** |

## NOTE 6 – OTHER OPERATING INCOME

| Revenue | 2015 | 2014 | 2013 |
|---|---|---|---|
| Rental income | 46 | 230 | 290 |
| Gains on the sale of machinery/equipment | 366 | 119 | 3 |
| Recovered bad debts | 0 | 0 | 23 |
| Other income | 776 | 25 | 500 |
| **Total** | **1,188** | **374** | **816** |

## NOTE 7 – EMPLOYEE REMUNERATION, ETC.

| | 2015 | 2014 | 2013 |
|---|---|---|---|
| Salaries and other remuneration | 68,655 | 69,286 | 65,491 |
| Social security expenses | 17,817 | 18,119 | 17,255 |
| Pension costs – defined contribution plans | 1,460 | 1,566 | 1,421 |
| Pension costs – defined benefit plans | 8,686 | 8,406 | 6,570 |
| **Total remuneration to employees** | **96,618** | **97,377** | **90,737** |

**Salaries, other remuneration and social security expenses**

| | 2015 | | 2014 | | 2013 | |
|---|---|---|---|---|---|---|
| | Salaries and other remuneration (of which bonuses) | Social security expenses (of which pension costs) | Salaries and other remuneration (of which bonuses) | Social security expenses (of which pension costs) | Salaries and other remuneration (of which bonuses) | Social security expenses (of which pension costs) |
| Board members, CEO and other senior executives | 6,452 | 2,691 | 7,518 | 3,161 | 5,528 | 2,405 |
| of which | (791) | (1,274) | (1,950) | (1,374) | (410) | (1,172) |
| Other employees | 62,203 | 25,272 | 61,768 | 24,930 | 59,963 | 22,841 |
| of which | (1,711) | (8,872) | (1,045) | (8,598) | (718) | (6,819) |
| **Group total** | **68,655** | **27,963** | **69,286** | **28,091** | **65,491** | **25,246** |

**Average number of employees distributed by country**

| | 2015 | | 2014 | | 2013 | |
|---|---|---|---|---|---|---|
| | Number at the balance sheet date | Of which male | Number at the balance sheet date | Of which male | Number at the balance sheet date | Of which male |
| Sweden | 83 | 60 | 84 | 63 | 88 | 66 |
| Norway | 19 | 13 | 19 | 13 | 22 | 15 |
| Finland | 20 | 16 | 20 | 16 | 12 | 8 |
| Denmark | 4 | 3 | 4 | 3 | 5 | 4 |
| **Group total** | **126** | **92** | **127** | **95** | **127** | **93** |

**Gender balance in the Group (incl. subsidiaries) in terms of Board members and senior executives**

| | 2015 | | 2014 | | 2013 | |
|---|---|---|---|---|---|---|
| | Number at the balance sheet date | Of which male | Number at the balance sheet date | Of which male | Number at the balance sheet date | Of which male |
| Board members | 21 | 14 | 21 | 14 | 21 | 14 |
| CEO and other senior executives | 4 | 4 | 4 | 4 | 4 | 4 |
| **Group total** | **25** | **18** | **25** | **18** | **25** | **18** |

Note 7 cont.

**Remuneration of senior executives**

| Remuneration and other benefits, 2015 | Basic salary/ Board fees | Variable remuneration | Other benefits | Pension costs | Other remuneration | Total |
|---|---|---|---|---|---|---|
| Chairman of the Board of Directors | 300 | – | – | – | | 300 |
| Other Board members (same fee for all members)* | 697 | | | | | 697 |
| CEO | 1,554 | 459 | 71 | 539 | 8 | 2,631 |
| Other senior executives (4 people) | 4,107 | 332 | 329 | 735 | 53 | 5,556 |
| **Total** | **6,658** | **791** | **400** | **1,274** | **61** | **9,184** |

* New Board member Malin Domstad has received remuneration based on the period of duty from 26 May 2015.

| Remuneration and other benefits, 2014 | Basic salary/ Board fees | Variable remuneration | Other benefits | Pension costs | Other remuneration | Total |
|---|---|---|---|---|---|---|
| Chairman of the Board of Directors* | 500 | – | – | – | | 500 |
| Other Board members (same fee for all members)** | 303 | | | | | 303 |
| CEO | 1,528 | 1,243 | 83 | 518 | 21 | 3,393 |
| Other senior executives (4 people) | 4,040 | 707 | 359 | 855 | 44 | 6,005 |
| **Total** | **6,371** | **1,950** | **442** | **1,373** | **65** | **10,201** |

* Håkan Simonsen, Chairman of the Board up to and including 15 June 2014. Joachim Berner, Chairman of the Board from 16 June 2014.
** Joachim Berner, Board member up to and including 15 June 2014, and Lars Gatenbeck, Board member from 16 June 2014, have both received remuneration based on the period of duty.

| Remuneration and other benefits, 2013 | Basic salary/ Board fees | Variable remuneration | Other benefits | Pension costs | Other remuneration | Total |
|---|---|---|---|---|---|---|
| Chairman of the Board of Directors | – | | | | | – |
| Other Board members (same fee for all members)* | 447 | | | | | 447 |
| CEO | 1,364 | 205 | 81 | 512 | 47 | 2,209 |
| Other senior executives (4 people) | 3,754 | 205 | 345 | 660 | 47 | 5,011 |
| **Total** | **5,565** | **410** | **426** | **1,172** | **94** | **7,667** |

* Hans Andersson, Board member up to and including 24 June 2013, and Joachim Berner, Board member from 25 June 2013, have both received remuneration based on the period of duty.

The Group rented art from the Chairman of the Board during the period. See also note 27 Related-party transactions.

Note 7 cont.

*Pensions*
The retirement age for the CEO is 65.

The pension premium will amount to 35% of the pensionable salary. The pensionable salary is the basic salary.

An endowment policy has also been taken out for the CEO for the 2013 financial year. The Group's pension liability is the fair value of the endowment policy plus additional special payroll tax on the pension obligation. The endowment policy and the pension liability are reported net on the balance sheet. The pension liability at 31 December 2015 was SEK 200,000 (31 December 2014: SEK 123,000, 31 December 2013: SEK 54,000). Special payroll tax is recognised in the item "Accrued expenses and prepaid income".

The retirement age for other senior executives is 65. The pension agreement states that the pension premium will amount to 10–25% of the pensionable salary.

*Severance pay*
A notice of period of 6 months from either side applies between the company and the CEO. On termination, the Group applies severance pay of six months.

A notice of period of 6 months from either side applies between the company and other senior executives. On termination, the Group applies no severance pay.

## NOTE 8 – AUDITORS' FEES

| | 2015 | 2014 | 2013 |
|---|---|---|---|
| **PWC** | | | |
| Audit assignment | 473 | 517 | 466 |
| Auditing activities in addition to the audit assignment | 74 | 30 | 91 |
| Tax advice | 34 | – | 119 |
| Other services | 315 | 27 | 14 |
| **Total** | **897** | **574** | **690** |

## NOTE 9 – OPERATING LEASES

The Group leases machinery, vehicles and office premises under non-cancellable operating leases. The lease terms vary from 3 to 5 years. Only tenancy agreements for office premises have a period of 3–11 years. Most of the leases can be extended at the end of the term of the lease for a fee at the market rate.

The future total minimum lease payments for non-cancellable operating leases are as follows:

| | 2015 | 2014 | 2013 |
|---|---|---|---|
| Within 1 year | 11,434 | 12,226 | 11,722 |
| 2–5 years | 35,037 | 38,384 | 36,555 |
| More than 5 years | 29,753 | 43,856 | 45,459 |
| **Total** | **76,224** | **94,465** | **93,736** |

## NOTE 10 – FINANCIAL INCOME AND EXPENSES

| | 2015 | 2014 | 2013 |
|---|---|---|---|
| Interest income from Group companies | – | 87 | 93 |
| Other interest income | 284 | 236 | 233 |
| Foreign exchange gains | 50 | 123 | 22 |
| Other financial income | 93 | 144 | 73 |
| **Total financial income** | **427** | **590** | **421** |
| | | | |
| Interest expenses to Group companies | – | 68 | 98 |
| Interest expense on liabilities to credit inst. excl. fin. leases | 100 | 215 | 483 |
| Interest expense on liabilities to credit inst. re: fin. leases | 164 | 291 | 718 |
| Foreign exchange losses | 145 | 0 | 102 |
| Other financial expenses | 8 | 27 | 12 |
| **Total financial expenses** | **417** | **601** | **1,413** |
| | | | |
| **Total financial items – net** | **10** | **–11** | **–992** |

## NOTE 11 – FOREIGN EXCHANGE DIFFERENCES – NET

Foreign exchange differences have been recognised in the income statement as follows:

| | 2015 | 2014 | 2013 |
|---|---|---|---|
| Goods for resale | –105 | –1,137 | –1,019 |
| Financial items – net (note 10) | –95 | 179 | –133 |
| | **–200** | **–958** | **–1,152** |

## NOTE 12 – INCOME TAX

| **Current tax** | **2015** | **2014** | **2013** |
|---|---|---|---|
| Current tax on profit/loss for the year | –5,018 | –2,010 | –1,986 |
| Adjustments for previous years | | | |
| **Total current tax** | **–5,018** | **–2,010** | **–1,986** |
| | | | |
| **Deferred tax (note 23)** | | | |
| Occurrence and reversal of temporary differences | –288 | –507 | –1,255 |
| Deferred tax attributable to loss carryforward | 3,683 | – | – |
| **Total deferred tax** | **3,395** | **–507** | **–1,255** |
| | | | |
| **Total income tax** | **–1,624** | **–2,517** | **–3,241** |

The income tax on pre-tax profit differs from the theoretical amount that would have been produced from the use of the tax rate in Sweden for profit at the consolidated companies as described below:

| | 2015 | 2014 | 2013 |
|---|---|---|---|
| **Pre-tax profit/loss** | **24,108** | **11,151** | **13,059** |
| Income tax calculated using the tax rate in Sweden (22%) | 5,304 | 2,453 | 2,873 |
| Effect of foreign tax rates | 132 | 44 | 6 |
| | | | |
| Tax effect of: | | | |
| Non-deductible expenses | –417 | –487 | –893 |
| Deferred tax attributable to loss carryforward | –3,683 | – | – |
| Tax attributable to temporary differences | 288 | 507 | 1,255 |
| **Tax expense** | **1,624** | **2,517** | **3,241** |

## NOTE 13 – EARNINGS PER SHARE

*Before and after dilution*

Earnings per share before dilution is calculated by dividing the profit attributable to the parent company's shareholders by a weighted average number of ordinary shares outstanding during the period. No repurchased shares have been held as treasury shares by the parent company during the period.

No dilution effects have adjusted the weighted average number of ordinary shares outstanding for the periods, therefore earnings per share after dilution is the same as earnings per share before dilution.

| | 2015 | 2014 | 2013 |
|---|---|---|---|
| Profit attributable to the parent company's shareholders | 22,485 | 8,634 | 9,818 |
| Weighted average number of ordinary shares outstanding (thousands) | 18,759 | 9,377 | 0.3 |

## NOTE 14 – INTANGIBLE ASSETS

| | Distribution rights | Goodwill | Total |
|---|---|---|---|
| **Cost at 1 January 2013** | | | |
| Cost | 12,900 | 225 | 13,125 |
| Acc. impairment and amortisation | –1,625 | | –1,625 |
| **Carrying amount** | **11,275** | **225** | **11,500** |
| **Financial year 2013** | | | |
| Opening carrying amount | 11,275 | 225 | 11,500 |
| Amortisation | –1,290 | | –1,290 |
| **Closing carrying amount** | **9,985** | **225** | **10,210** |
| **At 31 December 2013** | | | |
| Cost | 12,900 | 225 | 13,125 |
| Acc. impairment and amortisation | –2,915 | – | –2,915 |
| **Carrying amount** | **9,985** | **225** | **10,210** |
| **Financial year 2014** | | | |
| Opening carrying amount | 9,985 | 225 | 10,210 |
| Amortisation | –1,290 | | –1,290 |
| **Closing carrying amount** | **8,695** | **225** | **8,920** |
| **At 31 December 2014** | | | |
| Cost | 12,900 | 225 | 13,125 |
| Acc. impairment and amortisation | –4,205 | – | –4,205 |
| **Carrying amount** | **8,695** | **225** | **8,920** |
| **Financial year 2015** | | | |
| Opening carrying amount | 8,695 | 225 | 8,920 |
| Amortisation | –1,290 | | –1,290 |
| **Closing carrying amount** | **7,405** | **225** | **7,630** |
| **At 31 December 2015** | | | |
| Cost | 12,900 | 225 | 13,125 |
| Acc. impairment and amortisation | –5,495 | – | –5,495 |
| **Carrying amount** | **7,405** | **225** | **7,630** |

*Impairment testing of goodwill*
Goodwill is monitored by the management at operating segment level by monitoring the relevant cash-generating unit.

## NOTE 15 – PROPERTY, PLANT AND EQUIPMENT

| | Machinery and equipment |
|---|---|
| **Cost at 1 January 2013** | |
| Cost | 28,943 |
| Acc. Depreciation | –16,622 |
| **Carrying amount** | **12,321** |
| **Financial year 2013** | |
| Opening carrying amount | 12,321 |
| Exchange differences | –232 |
| Purchases | 159 |
| Sales and disposals | –25 |
| Depreciation | –906 |
| **Closing carrying amount** | **11,317** |
| **At 31 December 2013** | |
| Cost | 24,159 |
| Acc. Depreciation | –12,842 |
| **Carrying amount** | **11,317** |
| **Financial year 2014** | |
| Opening carrying amount | 11,317 |
| Exchange differences | 219 |
| Purchases | 3,468 |
| Sales and disposals | –781 |
| Depreciation | –3,497 |
| **Closing carrying amount** | **10,726** |
| **At 31 December 2014** | |
| Cost | 29,033 |
| Depreciation | –18,307 |
| **Carrying amount** | **10,726** |
| **Financial year 2015** | |
| Opening carrying amount | 10,726 |
| Exchange differences | –313 |
| Purchases | 4,575 |
| Sales and disposals | –1,238 |
| Depreciation | –3,267 |
| **Closing carrying amount** | **10,483** |
| **At 31 December 2015** | |
| Cost | 26,246 |
| Depreciation | –15,763 |
| **Carrying amount** | **10,483** |

## NOTE 16 – FINANCIAL INSTRUMENTS BY CATEGORY

| 31/12/2015 | Loan receivables and trade receivables | Total |
|---|---|---|
| **Assets on the Balance Sheet** | | |
| Other non-current receivables | 166 | 166 |
| Trade receivables | 55,849 | 55,849 |
| Cash and cash equivalents | 71,699 | 71,699 |
| **Total** | **127,714** | **127,714** |

| 31/12/2014 | Loan receivables and trade receivables | Total |
|---|---|---|
| **Assets on the Balance Sheet** | | |
| Other non-current receivables | 273 | 273 |
| Trade receivables | 51,840 | 51,840 |
| Cash and cash equivalents | 47,993 | 47,993 |
| **Total** | **100,106** | **100,106** |

| 31/12/2013 | Loan receivables and trade receivables | Total |
|---|---|---|
| **Assets on the Balance Sheet** | | |
| Other non-current receivables | 317 | 317 |
| Trade receivables | 54,620 | 54,620 |
| Trade receivables, Group companies | 5,024 | 5,024 |
| Cash and cash equivalents | 5,743 | 5,743 |
| **Total** | **65,704** | **65,704** |

| 01/01/2013 | Loan receivables and trade receivables | Total |
|---|---|---|
| **Assets on the Balance Sheet** | | |
| Other non-current receivables | 311 | 311 |
| Trade receivables | 50,265 | 50,265 |
| Cash and cash equivalents | 3,179 | 3,179 |
| **Total** | **53,755** | **53,755** |

| 31/12/2015 | Other financial liabilities | Total |
|---|---|---|
| **Liabilities on the balance sheet** | | |
| Liabilities to credit institutions | 7,436 | 7,436 |
| Trade payables | 34,436 | 34,436 |
| **Total** | **41,872** | **41,872** |

| 31/12/2014 | Other financial liabilities | Total |
|---|---|---|
| **Liabilities on the balance sheet** | | |
| Liabilities to credit institutions | 11,788 | 11,788 |
| Trade payables | 28,191 | 28,191 |
| **Total** | **39,979** | **39,979** |

| 31/12/2013 | Other financial liabilities | Total |
|---|---|---|
| **Liabilities on the balance sheet** | | |
| Liabilities to credit institutions | 15,342 | 15,342 |
| Liabilities to Group companies | 13,856 | 13,856 |
| Trade payables | 29,390 | 29,390 |
| **Total** | **58,588** | **58,588** |

| 01/01/2013 | Other financial liabilities | Total |
|---|---|---|
| **Liabilities on the balance sheet** | | |
| Liabilities to credit institutions | 20,166 | 20,166 |
| Liabilities to Group companies | 8,972 | 8,972 |
| Trade payables | 25,329 | 25,329 |
| **Total** | **54,467** | **54,467** |

## NOTE 17 – TRADE RECEIVABLES

**Trade receivables**

| | 31/12/2015 | 31/12/2014 | 31/12/2013 | 01/01/2013 |
|---|---|---|---|---|
| Trade receivables | 56,234 | 52,590 | 55,316 | 50,728 |
| Less: provisions for doubtful receivables | –385 | –750 | –696 | –462 |
| **Trade receivables – net** | **55,849** | **51,840** | **54,620** | **50,266** |

The fair value of the trade receivables corresponds to their carrying amount, as the discounting effect is not significant. At 31 December 2015, adequate trade receivables amounted to SEK 55,849,000 (31 December 2014: SEK 51,840,000, 31 December 2013: SEK 54,620,000, 1 January 2013: SEK 50,266,000) for the Group.

At 31 December 2015, trade receivables totalling SEK 5,114,000 (31 December 2014: SEK 11,585,000, 31 December 2013: SEK 12,190,000, 1 January 2013: SEK 12,988,000) were past due but without there being considered any need for impairment for the Group. The receivables past due relate to a number of customers who have not previously had payment difficulties.

**Age distribution of trade receivables**

| | 31/12/2015 | 31/12/2014 | 31/12/2013 | 01/01/2013 |
|---|---|---|---|---|
| Trade receivables not yet due | 50,735 | 40,255 | 42,430 | 37,278 |
| 1–30 days | 4,451 | 8,516 | 10,648 | 9,840 |
| 31–60 days | 521 | 1,591 | 695 | 757 |
| >60 days | 527 | 2,228 | 1,543 | 2,853 |
| of which provisioned | –385 | –750 | –696 | –462 |
| **Total** | **55,849** | **51,840** | **54,620** | **50,266** |

| **Age analysis of trade receivables with impairment requirement** | 31/12/2015 | 31/12/2014 | 31/12/2013 | 01/01/2013 |
|---|---|---|---|---|
| 1–12 months | 28 | 467 | 471 | 172 |
| >12 months | 357 | 284 | 225 | 290 |

**Recognised amounts by currency for trade receivables are as follows:**

| | 31/12/2015 | 31/12/2014 | 31/12/2013 | 01/01/2013 |
|---|---|---|---|---|
| SEK | 30,091 | 28,936 | 34,717 | 25,533 |
| EUR | 15,766 | 11,524 | 8,216 | 9,722 |
| NOK | 8,501 | 9,439 | 8,836 | 12,051 |
| DKK | 697 | 1,174 | 1,433 | 1,644 |
| USD | 37 | 19 | –8 | 193 |
| GBP | 407 | 341 | 77 | 165 |
| CHF | 351 | 407 | 1,348 | 958 |

**Changes to the provisions for doubtful receivables are as follows:**

| | 2015 | 2014 | 2013 |
|---|---|---|---|
| At 1 January | 750 | 696 | 461 |
| Provisions for doubtful receivables | 1,580 | 99 | 370 |
| Receivables written off during the year during the year as uncollectable | –1,431 | –56 | –27 |
| Unused amounts reversed | –465 | | –108 |
| Effect of changes in exchange rates | –49 | 11 | – |
| **At 31 December** | **385** | **750** | **696** |

## NOTE 18 – INVENTORIES

| | 31/12/2015 | 31/12/2014 | 31/12/2013 | 01/01/2013 |
|---|---|---|---|---|
| Finished goods and goods for resale | 19,101 | 20,492 | 21,220 | 19,839 |
| **Total** | **19,101** | **20,492** | **21,220** | **19,839** |

Inventories are recognised in accordance with the principles in note 2.8.

## NOTE 19 – PREPAID EXPENSES AND ACCRUED INCOME

| | 31/12/2015 | 31/12/2014 | 31/12/2013 | 01/01/2013 |
|---|---|---|---|---|
| Prepaid rent | 106 | 299 | – | 18 |
| Prepaid insurance policies | 879 | 834 | 1,111 | 946 |
| Other items | 1,396 | 1,005 | 331 | 596 |
| **Total** | **2,381** | **2,138** | **1,442** | **1,561** |

## NOTE 20 – CASH AND CASH EQUIVALENTS

Cash and cash equivalents, both on the balance sheet and in the cash flow statement, consist of:

| | 31/12/2015 | 31/12/2014 | 31/12/2013 | 01/01/2013 |
|---|---|---|---|---|
| Cash | 29 | 26 | 26 | 43 |
| Bank deposits* | 71,670 | 47,967 | 5,717 | 3,136 |
| **Total** | **71,699** | **47,993** | **5,743** | **3,179** |

* Excl. unused overdraft facilities

## NOTE 21 – SHARE CAPITAL AND OTHER CAPITAL CONTRIBUTIONS

| Share capital and other capital contributions | Number of shares (x 1,000) | Share capital | Other capital contributions | Total |
|---|---|---|---|---|
| **At 1 January 2013** | 0.3 | 300 | | 300 |
| **At 31 December 2013** | 0.3 | 300 | – | 300 |
| Bonus share issue | 0.0 | 200 | – | 200 |
| New share issue | 18,759.1 | 125 | 41,228 | 41,353 |
| **At 31 December 2014** | 18,759.4 | 625 | 41,228 | 41,853 |
| **At 31 December 2015** | 18,759.4 | 625 | 41,228 | 41,853 |

## NOTE 22 – BORROWING

| | 31/12/2015 | 31/12/2014 | 31/12/2013 | 01/01/2013 |
|---|---|---|---|---|
| **Non-current** | | | | |
| Liabilities to credit institutions (excl. finance leases) | 168 | 2,000 | 4,340 | 7,130 |
| Liabilities to credit institutions for finance leases | 4,919 | 4,970 | 5,330 | 5,400 |
| Liabilities to Group companies | – | – | 6,606 | 6,166 |
| **Total non-current borrowing** | **5,087** | **6,970** | **16,276** | **18,696** |

note 22 cont.

| | 31/12/2015 | 31/12/2014 | 31/12/2013 | 01/01/2013 |
|---|---|---|---|---|
| **Current** | | | | |
| Liabilities to credit institutions (excl. finance leases) | 106 | 2,473 | 2,529 | 4,426 |
| Liabilities to credit institutions for finance leases | 2,243 | 2,346 | 3,143 | 3,210 |
| Liabilities to Group companies | – | – | 7,250 | 2,806 |
| **Total current borrowing** | **2,349** | **4,818** | **12,922** | **10,443** |
| **Total borrowing, Group** | **7,436** | **11,788** | **29,198** | **29,138** |
| **Recognised amounts by currency** | | | | |
| SEK | 7,161 | 11,316 | 28,669 | 28,445 |
| NOK | 275 | 473 | 529 | 693 |

**Liabilities to credit institutions for finance leases**

| Gross liabilities for finance leases – minimum lease payments | 31/12/2015 | 31/12/2014 | 31/12/2013 | 01/01/2013 |
|---|---|---|---|---|
| Within 1 year | 2,163 | 2,149 | 2,567 | 2,880 |
| 1–5 years | 1,475 | 1,581 | 3,040 | 3,084 |
| More than 5 years | – | – | 19 | 145 |
| Future financial expenses for finance leases | 252 | 342 | 645 | 701 |
| Present value of finance lease liabilities | 6,910 | 6,974 | 7,828 | 7,909 |

*Bank overdraft facility*

The Group has an approved bank overdraft facility in the currencies SEK, NOK and EUR totalling SEK 18,245. Of the approved bank overdraft facility, SEK 0 (SEK 0) was utilised at 31 December 2015.

## NOTE 23 – DEFERRED INCOME TAX

Deferred tax assets and liabilities are distributed as follows:

| | 31/12/2015 | 31/12/2014 | 31/12/2013 | 01/01/2013 |
|---|---|---|---|---|
| **Deferred tax assets** | | | | |
| – deferred tax assets to be utilised after more than 12 months | 800 | – | – | – |
| – deferred tax assets to be utilised within 12 months | 2,794 | – | – | – |
| **Deferred tax liabilities** | | | | |
| – deferred tax liabilities to be paid after more than 12 months | –1,840 | –1,534 | –1,333 | –65 |
| **Deferred tax liabilities (net)** | **1,754** | **–1,534** | **–1,333** | **–65** |

The gross change in relation to deferred taxes is as follows:

| | 2015 | 2014 | 2013 |
|---|---|---|---|
| Opening balance | –1,534 | –1,333 | –65 |
| Exchange differences | –89 | – | – |
| Recognised in the income statement | 3,377 | –201 | –1,268 |
| Closing balance | 1,754 | –1,534 | –1,333 |

Deferred tax assets are recognised for tax loss carryforwards or other deductions to the extent it is probable that they can be utilised against future taxable profits. All loss carryforwards in the Group are currently expected to be utilised in the future. Deferred tax on non-current assets refers to the difference between the tax residual values and the carrying residual values. Changes in deferred tax assets and liabilities during the year, without taking into account offsets made within the same tax jurisdiction, are shown below:

| Deferred tax assets | Loss carryforward | Total |
|---|---|---|
| At 1 January 2013 | – | – |
| At 31 December 2013 | – | – |
| At 31 December 2014 | – | – |
| Recognised in the income statement | 3,683 | 3,683 |
| Foreign exchange differences | –89 | –89 |
| At 31 December 2015 | 3,594 | 3,594 |

| Deferred tax liabilities | Temporary difference, machinery and equipment | Total |
|---|---|---|
| At 1 January 2013 | –65 | –65 |
| Recognised in the income statement | –1,268 | –1,268 |
| At 31 December 2013 | –1,333 | –1,333 |
| Recognised in the income statement | –201 | –201 |
| At 31 December 2014 | –1,534 | –1,534 |
| Recognised in the income statement | –306 | –306 |
| At 31 December 2015 | –1,840 | –1,840 |

## NOTE 24 – ACCRUED EXPENSES AND PREPAID INCOME

| | 31/12/2015 | 31/12/2014 | 31/12/2013 | 01/01/2013 |
|---|---|---|---|---|
| Accrued salaries | 3,461 | 2,468 | 1,888 | 780 |
| Accrued travel expenses | 189 | 284 | 259 | 260 |
| Accrued holiday pay | 9,557 | 9,404 | 8,910 | 9,209 |
| Accrued social security expenses | 2,880 | 2,552 | 2,529 | 2,241 |
| Accrued payroll tax | 1,646 | 1,380 | 1,237 | 1,372 |
| Accrued interest | – | 20 | 44 | 115 |
| Other accrued liabilities | 3,205 | 2,414 | 3,741 | 899 |
| Accrued trade payables | 4,379 | 1,791 | 3,372 | 2,890 |
| **Total** | **25,318** | **20,313** | **21,981** | **17,765** |

## NOTE 25 – PLEDGED ASSETS

| | 31/12/2015 | 31/12/2014 | 31/12/2013 | 01/01/2013 |
|---|---|---|---|---|
| Floating charges | 26,538 | 26,602 | 26,505 | 16,451 |
| Shares in subsidiaries | | | 24,237 | 120 |
| **Total** | **26,538** | **26,602** | **50,742** | **16,571** |

## NOTE 26 – CONTINGENT LIABILITIES

| | 31/12/2015 | 31/12/2014 | 31/12/2013 | 01/01/2013 |
|---|---|---|---|---|
| Guarantees | – | – | 95,096 | 87,960 |
| Company mortgage | – | – | 1,505 | 1,451 |
| **Total** | **–** | **–** | **96,601** | **89,411** |

## NOTE 27 – RELATED PARTIES

Christian Berner Invest AB (registered in Sweden) owns 61.4% of the parent company's shares and has a controlling influence over the Group. Ernström Kapital AB owns 12.2% and Lannebo Micro Cap owns 10.9% of the capital. The remaining 15.5% of the shares have a wide distribution. Christian Berner Invest AB (CBI) is also the parent company of the largest Group containing Christian Berner Tech Trade AB. The party that has ultimate control over the Group is Christian Berner Invest AB.

The following transactions have taken place with related parties:

| **Purchase of services:** | 2015 | 2014 | 2013 |
|---|---|---|---|
| Hire of art from the Chairman of the Board | 102 | – | – |
| Rental of property (CBI) | 1,309 | 5,806 | 8,494 |
| Management fees (CBI) | – | 1,615 | 2,543 |
| **Total** | **1,411** | **7,421** | **11,036** |

The services recognised as above have been purchased on normal business terms on a commercial basis.

| **Receivables and liabilities** | 31/12/2015 | 31/12/2014 | 31/12/2013 | 01/01/2013 |
|---|---|---|---|---|
| **Receivables from related parties** | | | | |
| Receivables from Christian Berner Invest | – | – | 499 | – |
| **Liabilities to related parties:** | | | | |
| Liabilities to Christian Berner Invest | – | – | –13,856 | –6,606 |

The liabilities to related parties refer to Group contributions.

| **Liabilities to the parent company's shareholders** | 31/12/2015 | 31/12/2014 | 31/12/2013 | 01/01/2013 |
|---|---|---|---|---|
| **At beginning of year** | – | –13,856 | –6,606 | |
| Group contribution established by the AGM | – | – | –7,250 | –6,606 |
| Amortised amount | – | 13,856 | | |
| **At year-end** | – | – | –13,856 | –6,606 |

Information on the remuneration of senior executives is provided in note 7.

## **NOTE 28** – EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events have occurred since the end of the reporting period.

## **NOTE 29** – EFFECTS OF TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

This is the first annual report for the Christian Berner Group to be prepared in accordance with IFRS. The accounting principles set out in note 2 have been applied in the preparation of the consolidated financial statements at 31 December 2015 and the comparative information presented for 31 December 2014 and 31 December 2013 and in the preparation of the report on the period's opening financial position (opening balance) as at 1 January 2013 (the date of the Group's transition to IFRS).

The preparation of the opening balance sheet in accordance with IFRS involved the adjustment of amounts reported in previous annual reports in accordance with the Swedish Accounting Standards Board's general guidance 2012:1 Annual Accounts and Consolidated Accounts (K3). An explanation of how the transition from previous accounting principles to IFRS has affected the Group's earnings, financial position and cash flow is provided in the tables that follow below and in the related notes.

**Choices made on the transition to reporting in accordance with IFRS**

The transition to IFRS is reported in accordance with IFRS 1 First-time Adoption of IFRS. The general rule is that all applicable IFRS and IAS standards that have come into force and been approved by the EU are to be applied retroactively. IFRS 1 nevertheless contains transitional provisions that give companies a certain amount of choice.

Below are details of the IFRS permitted exemptions from the full retroactive application of all standards that the Group has chosen to apply on transition from previous accounting principles to IFRS.

*Exemptions for business combinations*

The IFRS 1 standard, which governs how the transition to IFRS is to be made, provides the option to apply the principles of the IFRS 3 Business Combinations standard, either prospectively from the date of transition to IFRS or from a specific date prior to the transition date. This provides relief from full retroactive application that would require the restatement of all business combinations prior to the transition date. The Group has elected to apply IFRS 3 prospectively for business combinations occurring after the date of transition to IFRS. Business combinations that occurred before the transition date have therefore not been restated.

*Exemption for cumulative translation differences*

IFRS 1 allows cumulative translation differences recognised in equity to be reset to zero at the transition date. This provides relief compared with determining cumulative translation differences in accordance with IAS 21 The Effects of Changes in Foreign Exchange Rates, from the date a subsidiary or associate was formed or acquired. The Group has elected to reset all cumulative translation differences in the translation reserve and to reclassify them as retained earnings at the date of transition to IFRS.

**Reconciliation between previous accounting principles and IFRS**

Under IFRS 1, the Group is required to provide a reconciliation of equity and total comprehensive income reported in accordance with previous accounting principles for previous periods with the corresponding items under IFRS. The transition from previous accounting principles to IFRS has not had any effect on the reporting of cash flow generated by the Group. The following tables show the reconciliation between previously applied accounting principles and IFRS for the respective periods for equity and total comprehensive income.

Note 29 cont.

**Reconciliation of equity at 01/01/2013 and 31/12/2013**

| KSEK | 1 January 2013 Notes | According to previous accounting principles | Effect of transition to K3 a) | Total effect of transition to IFRS | According to IFRS | 31 December 2013 Notes | According to previous accounting principles | Total effect of transition to IFRS | According to IFRS |
|---|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | | | | |
| **Non-current assets** | | | | | | | | | |
| Intangible assets excl. goodwill | | 12,088 | –813 | 0 | 11,275 | | 9,985 | 0 | 9,985 |
| Goodwill | | 225 | 0 | 0 | 225 | b) | 0 | 225 | 225 |
| Property, plant and equipment | | 3,711 | 8,610 | 0 | 12,321 | | 11,317 | 0 | 11,317 |
| Financial assets | | 311 | 0 | 0 | 311 | c) | 372 | –54 | 317 |
| **Current assets** | | | | | | | | | |
| Inventories, etc. | | 20,920 | 0 | 0 | 20,920 | | 21,848 | 0 | 21,848 |
| Trade receivables and other receivables (incl. prepaid expenses and accrued income) | | 52,969 | 0 | 0 | 52,969 | | 63,571 | 0 | 63,571 |
| Cash and cash equivalents | | 3,179 | 0 | 0 | 3,179 | | 5,743 | 0 | 5,743 |
| **Total assets** | | **93,402** | **7,798** | **0** | **101,199** | | **112,835** | **171** | **113,006** |
| **LIABILITIES AND EQUITY** | | | | | | | | | |
| **Equity** | d) | | | | | d) | | | |
| Share capital | | 300 | 0 | 0 | 300 | | 300 | 0 | 300 |
| Reserves | | 231 | 0 | 0 | 0 | | 0 | –271 | –271 |
| Retained earnings including profit/loss for the year | | 15,016 | –813 | 0 | 14,434 | | 18,101 | 496 | 18,597 |
| **Total equity** | | **15,547** | | | **14,734** | | **18,401** | **225** | **18,626** |
| **Non-current liabilities** | | | | | | | | | |
| Borrowing | | 13,296 | 5,400 | 0 | 18,696 | | 16,276 | 0 | 16,276 |
| Provisions for pensions and similar obligations | | 0 | | | | c) | 54 | –54 | |
| Deferred tax liabilities | | 65 | 0 | 0 | 65 | | 1,333 | 0 | 1,333 |
| **Current liabilities** | | | | | | | | | |
| Borrowing | | 7,233 | 3,210 | 0 | 10,443 | | 12,922 | 0 | 12,922 |
| Trade payables | | 29,480 | 0 | 0 | 29,480 | | 31,510 | 0 | 31,510 |
| Current tax liabilities | | 149 | 0 | 0 | 149 | | 0 | 0 | 0 |
| Other current liabilities | | 9,868 | 0 | 0 | 9,868 | | 10,358 | 0 | 10,358 |
| Accrued expenses and prepaid income | | 17,765 | 0 | 0 | 17,765 | | 21,981 | 0 | 21,981 |
| **Total equity and liabilities** | | **93,402** | **7,798** | **0** | **101,199** | | **112,835** | **171** | **113,006** |

Note 29 cont.

**Reconciliation of equity at 31/12/2014**

| | | 31 December 2014 | | |
|---|---|---|---|---|
| | **Notes** | **According to previous accounting principles** | **Total effect of transition to IFRS** | **According to IFRS** |
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Intangible assets excl. goodwill | | 8,695 | 0 | 8,695 |
| Goodwill | b) | 0 | 225 | 225 |
| Property, plant and equipment | | 10,726 | 0 | 10,726 |
| Financial assets | c) | 396 | –123 | 273 |
| **Current assets** | | | | |
| Inventories, etc. | | 22,132 | 0 | 22,132 |
| Trade receivables and other receivables (incl. prepaid expenses and accrued income) | | 54,628 | 0 | 54,628 |
| Cash and cash equivalents | | 47,993 | 0 | 47,993 |
| **Total assets** | | **144,569** | **102** | **144,671** |
| **LIABILITIES AND EQUITY** | | | | |
| **Equity** | | | | |
| Share capital | | 625 | 0 | 625 |
| Other capital contributions | | | 41,228 | 41,228 |
| Reserves | | 0 | 98 | 98 |
| Retained earnings including profit/loss for the year | | 68,332 | –41,101 | 27,231 |
| **Total equity** | | **68,958** | **225** | **69,182** |
| **Non-current liabilities** | | | | |
| Borrowing | | 6,971 | 0 | 6,971 |
| Provisions for pensions and similar obligations | | 123 | –123 | 0 |
| Deferred tax liabilities | | 1,534 | 0 | 1,534 |
| **Current liabilities** | | | | |
| Borrowing | | 4,818 | 0 | 4,818 |
| Trade payables | | 31,316 | 0 | 31,316 |
| Current tax liabilities | | 67 | 0 | 67 |
| Other current liabilities | | 10,471 | 0 | 10,471 |
| Accrued expenses and prepaid income | | 20,313 | 0 | 20,313 |
| **Total equity and liabilities** | | **144,569** | **102** | **144,671** |

Note 29 cont.

**Reconciliation of total comprehensive income for 2013 and 2014**

| Total comprehensive income | 2013 | | | | 2014 | | | |
|---|---|---|---|---|---|---|---|---|
| KSEK | Notes | Income statement (according to previous accounting principles) | Total effect of transition to IFRS | According to IFRS | Notes | Income statement (according to previous accounting principles) | Total effect of transition to IFRS | According to IFRS |
| Net revenue | | 378,286 | 0 | 378,286 | | 378,123 | 0 | 378,123 |
| Other operating income | | 15,331 | 0 | 15,331 | | 15,914 | 0 | 15,914 |
| **Total** | | **393,617** | **0** | **393,617** | | **394,037** | **0** | **394,037** |
| Goods for resale | | –241,389 | 0 | –241,389 | | –237,027 | 0 | –237,027 |
| Other external costs | | –37,264 | 0 | –37,264 | | –40,655 | 0 | –40,655 |
| Staff costs | | –96,225 | 0 | –96,225 | | –100,382 | 0 | –100,382 |
| Depreciation, amortisation and impairment of property, plant and equipment and intangible non-current assets | b) | –4,913 | 225 | –4,688 | | –4,810 | 0 | –4,810 |
| Other operating expenses | | | | 0 | | 0 | 0 | 0 |
| **Operating profit/loss** | | **13,826** | **225** | **14,051** | | **11,163** | **0** | **11,163** |
| Financial income | | 421 | 0 | 421 | | 590 | 0 | 590 |
| Financial expenses | | –1,413 | 0 | –1,413 | | –601 | 0 | –601 |
| Financial items – net | | –992 | 0 | –992 | | –11 | 0 | –11 |
| **Profit/loss after financial items** | | **12,834** | **225** | **13,059** | | **11,151** | **0** | **11,151** |
| Income tax | | –3,241 | 0 | –3,241 | | –2,517 | 0 | –2,517 |
| **Profit/loss for the year** | | **9,593** | **225** | **9,818** | | **8,634** | **0** | **8,634** |
| **Other comprehensive income** | | | | | | | | |
| Foreign exchange differences | d) | 0 | –271 | –271 | d) | 0 | 369 | 369 |
| **Total comprehensive income for the year** | | **9,593** | **–47** | **9,547** | | **8,634** | **369** | **9,003** |

Note 29 cont.

**a) Effect of transition to K3**

The Group made the transition to reporting in accordance with K3 in the Annual Report for 2014, with a transition date of 1 January 2013. The effects of the transition related to finance leases and the additional amortisation of distribution rights. As the effect of the transition to K3 was only reported on one line in the Annual Report for 2014, the Group has chosen to clarify the effect on each line on transition to IFRS. Reference is also made to the notes on the transition in the Annual Report for 2014.

**b) Reversal of amortisation of goodwill**

Under reporting in accordance with previous accounting principles, goodwill was amortised over the period it was expected to provide economic benefits. Under IFRS, goodwill is not amortised but is instead subject to annual impairment testing. The annual impairment tests carried out have not indicated any need for the impairment of goodwill. The amortisation of goodwill recognised before the date of transition to IFRS reporting remains because Christian Berner has chosen to apply the IFRS 3 exemption not to restate prior business combinations. The amortisation of goodwill is therefore reversed for the first time for the 2013 financial year. Amortisation relating to goodwill has therefore been reversed for the 2013 financial year in the amount of SEK 225,000. There was no further amortisation in 2014. The effect of the transition on total comprehensive income in relation to the reversal of goodwill amortisation is SEK 225,000 in total for the year 2013.

**c) Net recognition of pensions**

An endowment policy has been taken out for the CEO for the 2013 financial year. The Group's pension liability is the fair value of the endowment policy plus additional special payroll tax on the pension obligation. Under K3, the endowment policy and pension liability must be recognised gross. On transition to IFRS, however, this is recognised net on the balance sheet. The pension liability was SEK 123,000 at 31 December 2014, and SEK 54,000 at 31 December 2013.

**d) Reclassifications within equity and effect on retained earnings**

On the transition to IFRS, equity is no longer divided into restricted and non-restricted equity. Restricted reserves are reclassified as retained earnings, to the extent they do not relate to other capital contributions, i.e. contributions received from the shareholders in the form of, for example, new share issues, shareholder contributions, etc. Translation differences are recognised under IFRS in the "Reserves" item in equity. The Group has chosen to reset the cumulative translation differences on transition to IFRS, therefore no amount is allocated to reserves at 1 January 2013. In subsequent periods the translation differences relating to the translation of subsidiaries are recognised in "Other comprehensive income", and carried forward in "Reserves". Retained earnings and profit/loss for the year are recognised on one line under IFRS called "Retained earnings including comprehensive income for the year". The table below shows the reclassification within equity at the date of transition to IFRS reporting.

<table>
<tr><th>KSEK</th><th>Equity, presentation in accordance with previously applied accounting principles</th><th>Reclassification</th><th>Presentation of equity in accordance with IFRS</th><th>Reclassified amount per equity component before K3 and IFRS adjustments</th></tr>
<tr><td>Share capital</td><td>300</td><td></td><td>Share capital</td><td>300</td></tr>
<tr><td>Restricted reserves</td><td>231</td><td>–231</td><td rowspan="3">Retained earnings incl. comprehensive income for the year</td><td rowspan="3">15,247</td></tr>
<tr><td>Non-restricted reserves</td><td>12,947</td><td>231</td></tr>
<tr><td>Profit/loss for the year</td><td>2,069</td><td></td></tr>
<tr><td>Total equity at 01/01/2013</td><td>15,547</td><td>0</td><td>Total equity</td><td>15,547</td></tr>
</table>

Note 29 cont.

The transition to IFRS reporting has had the following effect on retained earnings including profit/loss for the year at 31 December 2013 and 31 December 2014:

| KSEK | 31/12/2013 | 31/12/2014 |
|---|---|---|
| Reversal of goodwill amortisation | 225 | 225 |
| Transfer of translation differences to reserves | 271 | –98 |
| Transfer of share issue proceeds to other capital contributions | | –41,228 |
| **Total effect** | **496** | **–41,101** |

The transition to IFRS reporting had no effect on retained earnings at 1 January 2013.

**Reclassifications in accordance with IAS 1**

*Balance sheet*

The following items on the balance sheet have been renamed or reclassified: "Cash and bank balances" has been renamed "Cash and cash equivalents". Under IFRS, provisions are no longer reported under a separate heading entitled "Provisions", but are reported under one of the headings "Non-current liabilities" or "Current liabilities", depending on the nature of the provisions.

Some reclassifications have been made within equity (see above). Equity is divided into share capital and retained earnings including profit/loss for the period. On transition to IFRS, no items have been reported in the "Reserves" item, as the Group decided to apply the exemption relating to cumulative translation differences on transition to IFRS.

*Income statement*

The following items in the statement of comprehensive income have been renamed or reclassified: "Interest and similar income" is renamed "Financial income", "Interest and similar expenses" is renamed "Financial expenses" and "Tax on profit/loss for the year" is renamed "Income tax". The Group recognises foreign exchange differences from the translation of subsidiaries in "Other comprehensive income" following the transition to IFRS. Under IFRS, only transactions with shareholders are recognised directly in equity, with other items recognised in other comprehensive income and capitalised in equity.

# PARENT COMPANY INCOME STATEMENT

| KSEK | Note | 2015 | 2014 |
|---|---|---|---|
| **Operating income** | | | |
| Net revenue | 3, 14 | 10,050 | 10,779 |
| **Total** | | **10,050** | **10,779** |
| | | | |
| **Operating expenses** | | – | |
| Purchased services | 14 | –10,050 | –10,779 |
| Other external costs | 4, 5 | –2,703 | –930 |
| Staff costs | 4 | – | –2,056 |
| **Total operating expenses** | | **–12,753** | **–13,765** |
| | | | |
| **OPERATING PROFIT/LOSS** | | **–2,703** | **–2,986** |
| | | | |
| Earnings from shareholdings in Group companies | 6 | 1,787 | 2,551 |
| Interest and similar income | 6, 7 | 47 | 79 |
| Interest and similar expenses | 6, 7 | –32 | –89 |
| **Total profit/loss from financial items** | | **1,802** | **2,540** |
| | | | |
| **Pre-tax profit/loss** | | **–901** | **–445** |
| | | | |
| Appropriations | 8 | 12,000 | 7,000 |
| Tax on profit/loss for the year | 9 | –2,048 | –881 |
| | | | |
| **PROFIT/LOSS FOR THE YEAR** | | **9,050** | **5,673** |

The parent company has no items recognised as other comprehensive income, therefore total comprehensive income is the same as profit/loss for the year.

# BALANCE SHEET PARENT COMPANY

| KSEK | Note | 2015 | 2014 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| **Financial assets** | | | |
| Shares in Group companies | 10 | 65,540 | 65,540 |
| **Total financial assets** | | **65,540** | **65,540** |
| **Total non-current assets** | | **65,540** | **65,540** |
| **Current assets** | | | |
| **Current receivables** | | | |
| Receivables from Group companies | 14 | 6,787 | 1,457 |
| Other receivables | | 924 | 97 |
| **Total current receivables** | | **7,711** | **1,555** |
| Cash and bank balances | 11 | 38,144 | 37,808 |
| **Total current assets** | | **38,144** | **37,808** |
| **TOTAL ASSETS** | | **111,395** | **104,902** |

| KSEK | Note | 2015 | 2014 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| **Restricted equity** | | | |
| Share capital | | 625 | 625 |
| Revaluation fund | | 37,000 | 37,000 |
| Statutory reserve | | 1 | 1 |
| **Total restricted equity** | | **37,626** | **37,626** |
| **Non-restricted equity** | | | |
| Retained earnings | | 59,983 | 58,999 |
| Profit for the year | | 9,050 | 5,673 |
| **Total non-restricted equity** | | 69,033 | 64,672 |
| **Total equity** | | **106,659** | **102,298** |
| **Liabilities** | | | |
| **Non-current liabilities** | | | |
| Liabilities to Group companies | 12 | 840 | 840 |
| **Total non-current liabilities** | | **840** | **840** |
| **Current liabilities** | | | |
| Current tax liabilities | | 2,925 | 877 |
| Other current liabilities | | 270 | – |
| Accrued expenses and prepaid Revenue | 13 | 701 | 887 |
| **Total current liabilities** | | **3,896** | **1,764** |
| **TOTAL EQUITY AND LIABILITIES** | | **111,395** | **104,902** |
| Pledged assets | | – | – |
| Contingent liabilities | | – | – |

# PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

| | Restricted equity | | | Non-restricted equity | |
|---|---|---|---|---|---|
| **KSEK** | **Share capital** | **Revaluation fund** | **Statutory reserve** | **Retained earnings incl. profit/loss for the year** | **Total** |
| **Opening balance at 1 January 2014** | **300** | **37,000** | **1** | **17,971** | **55,272** |
| Profit/loss for the year plus comprehensive income 2014 | | | | 5,673 | **5,673** |
| **Total comprehensive income** | 300 | 37,000 | 1 | 23,644 | **60,945** |
| New share issue | 325 | | | 41,028 | **41,353** |
| **Total contributions from and value transfers to shareholders, recognised directly in equity** | | | | | |
| **Closing balance at 31 December 2014** | 625 | 37,000 | 1 | 64,672 | **102,298** |
| Profit/loss for the year plus comprehensive income 2015 | | | | 9,050 | **9,050** |
| **Total comprehensive income** | 625 | 37,000 | 1 | 73,723 | **111,349** |
| **Total contributions from and value transfers to shareholders, recognised directly in equity** | | | | –4,690 | **–4,690** |
| **Closing balance at 31 December 2015** | 625 | 37,000 | 1 | 69,033 | 106,659 |

# PARENT COMPANY STATEMENT OF CASH FLOWS

| KSEK | 2015 | 2014 |
|---|---|---|
| **Cash flow from operating activities** | | |
| Profit/loss before financial items | –2,703 | –2,986 |
| Adjustment for non-cash items | – | – |
| Interest received and similar items | 47 | 79 |
| Interest paid and similar items | –32 | –89 |
| Income tax paid | –886 | –11 |
| **Cash flow from operating activities before changes in working capital** | **–3,574** | **–3,007** |
| | | |
| Change in other current receivables | –5,271 | 6,631 |
| Change in other current operating liabilities | 84 | 500 |
| **Total change in working capital** | **–5,187** | **7,131** |
| | | |
| **Cash flow from operating activities** | **–8,761** | **4,124** |
| | | |
| **Cash flow from investing activities** | | |
| Dividends received | 1,787 | 2,551 |
| Group contribution received | 12,000 | 7,000 |
| **Cash flow from investing activities** | **13,787** | **9,551** |
| | | |
| **Cash flow from financing activities** | | |
| New share issue | – | 41,353 |
| Repayment of loans | – | –17,220 |
| Dividend paid | –4,690 | |
| **Cash flow from financing activities** | **–4,690** | **24,133** |
| | | |
| **Decrease/increase in cash and cash equivalents** | | |
| Cash flow for the year | 336 | 37,808 |
| Exchange difference in cash and cash equivalents | – | – |
| Cash and cash equivalents at start of year | 37,808 | – |
| **Cash and cash equivalents at end of year** | **38,144** | **37,808** |

# PARENT COMPANY – NOTES

## NOTE 1 – GENERAL INFORMATION

Christian Berner Tech Trade AB (publ) (the parent company) is responsible for the Group's business development, acquisitions, financing, management and analysis.

The parent company is a limited liability company registered in Sweden and with its registered office in Mölnlycke. The postal address of head office is Box 88, SE–435 22 Mölnlycke, Sweden, and the visiting address is Designvägen 1, Mölnlycke, Sweden.

Unless otherwise stated, all amounts are reported in thousands of Swedish kronor (SEK '000s). Figures in brackets refer to the comparison year.

## NOTE 2 – SUMMARY OF THE PARENT COMPANY'S SIGNIFICANT ACCOUNTING PRINCIPLES

The significant accounting principles applied in the preparation of these annual accounts are described below. These principles have been applied consistently to all the years presented, unless otherwise stated.

The annual accounts for the parent company have been prepared in accordance with RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act. Where the parent company applies accounting principles other than the Group's accounting principles as described in note 2 to the consolidated financial statements, this is indicated below.

In connection with the transition to IFRS in the consolidated financial statements, the parent company has moved to applying RFR 2 Accounting for Legal Entities. The transition from the previous accounting principles to RFR 2 has had no effect on the parent company's income statement and equity.

The annual accounts have been prepared using the cost method.

All reports prepared in compliance with RFR 2 require the use of a number of significant accounting estimates. Furthermore, the management is required to make certain assessments upon application of the parent company's accounting principles. Those areas that involve a high degree of judgement or complexity, or areas where assumptions and estimates are significant for the annual accounts are indicated in note 4 of the consolidated financial statements.

For information about financial risks, see note 3 of the consolidated financial statements.

The parent company applies different accounting principles to the Group in the cases listed below:

**Presentation**

The income statement and balance sheet are presented in accordance with the form of presentation prescribed in the Swedish Annual Accounts Act. The statement of changes in equity also uses the same presentation format as the Group, but must include the columns indicated in the Swedish Annual Accounts Act. This also results in the use of different terms compared with the consolidated financial statements, primarily in relation to financial income and expenses and equity.

**Shares in subsidiaries**

Shares in subsidiaries are recognised at cost, less any impairment. Cost includes acquisition-related costs and any additional consideration.

Where there is an indication that shares in subsidiaries have decreased in value, their recoverable value is calculated. If this is lower than the carrying amount, impairment is applied. Impairment is reported in the item "Earnings from shareholdings in Group companies".

**Shareholder contributions and Group contributions**

Group contributions made by the parent company to subsidiaries and Group contributions received by the parent company from subsidiaries are recognised as appropriations. Shareholder contributions made are recognised as an increase in the carrying amount of the shareholding and at the recipient company as an increase in equity.

**Financial instruments**

IAS 39 is not applied at the parent company and financial instruments are valued at cost. In subsequent periods, financial assets that are acquired with the intention of them being held in the short term will be recognised in accordance with the lowest value principle at the lower of cost and market value.

On every balance sheet date, the parent company assesses whether there is any indication of impairment in any of the financial non-current assets. Impairment takes place if the decrease in value is deemed to be permanent. The impairment of interest-bearing financial assets reported at amortised cost is calculated as the difference between the asset's carrying amount and the present value of the management's best estimate of future cash flows discounted by the asset's original effective interest rate. The impairment amount for other financial non-current assets is calculated as the difference between the carrying amount and the higher of the fair value less selling expenses and the present value of future cash flows (which are based on the management's best estimate).

## NOTE 3 – DISTRIBUTION OF NET REVENUE

Net revenue comes entirely from the sale of intra-Group services.

## NOTE 4 – EMPLOYEE REMUNERATION, ETC.

**Salaries, other remuneration and social security expenses**

| | 2015 | | 2014 | |
|---|---|---|---|---|
| | Salaries and other remuneration (of which bonuses) | Social security expenses (of which pension costs) | Salaries and other remuneration (of which bonuses) | Social security expenses (of which pension costs) |
| Board members | 758 | 238 | 611 | 192 |
| of which | (0) | (0) | (0) | (0) |
| CEO and other senior executives | – | – | 1,500 | 471 |
| of which | (0) | (0) | (1,500) | (0) |
| **Total** | **758** | **238** | **2,111** | **663** |

**Gender distribution of Board members and senior executives**

| | 2015 | | 2014 | |
|---|---|---|---|---|
| | Number at the balance sheet date | Of which male | Number at the balance sheet date | Of which male |
| Board members | 8 | 6 | 7 | 5 |
| CEO and other senior executives | 2 | 1 | 2 | 1 |
| **Total** | **10** | **7** | **9** | **6** |

## NOTE 5 – AUDITORS' FEES

The parent company's audit fees are invoiced to another company in the Group.

## NOTE 6 – FINANCIAL ITEMS

| | 2015 | 2014 |
|---|---|---|
| Dividends from subsidiaries | 1,787 | 2,551 |
| Interest income on bank deposits | 44 | 0 |
| Interest income on receivables from Group companies | – | – |
| Foreign exchange gains on receivables from subsidiaries | – | 79 |
| Other financial income | 3 | – |
| **Total interest income and similar items** | **1,834** | **2,630** |
| Interest expenses on liabilities to credit institutions | – | 22 |
| Interest expenses on liabilities to Group companies | – | 69 |
| Foreign exchange losses | 32 | – |
| **Total interest expenses and similar items** | **32** | **91** |
| **Total financial items – net** | **1,802** | **2,540** |

## NOTE 7 – FOREIGN EXCHANGE DIFFERENCES – NET

Foreign exchange differences have been recognised in the income statement as follows:

| | 2015 | 2014 |
|---|---|---|
| Financial items – net (note 6) | –32 | 79 |
| **Total** | **–32** | **79** |

## NOTE 8 – APPROPRIATIONS

| | 2015 | 2014 |
|---|---|---|
| Group contributions received | 12,000 | 7,000 |
| **Total** | **12,000** | **7,000** |

## NOTE 9 – TAX ON PROFIT/LOSS FOR THE YEAR

| **Current tax** | 2015 | 2014 |
|---|---|---|
| Current tax on profit/loss for the year | 2,048 | 881 |
| **Total current tax** | **2,048** | **881** |
| **Total recognised tax** | **2,048** | **881** |

The income tax on pre-tax profit differs from the theoretical amount that would have been produced from the use of the tax rate for the parent company as described below:

| | 2015 | 2014 |
|---|---|---|
| **Pre-tax profit/loss** | **11,099** | **6,555** |
| Income tax calculated using the tax rate in Sweden (22%) | 2,442 | 1,442 |
| Tax effect of: | | |
| Non-taxable dividend | –393 | –561 |
| **Total recognised tax** | **2,048** | **881** |

## NOTE 10 – HOLDINGS AND INVESTMENTS IN SUBSIDIARIES

| | 31/12/2015 | 31/12/2014 |
|---|---|---|
| Opening cost | 65,540 | 65,540 |
| Closing cumulative cost | 65,540 | 65,540 |
| **Closing carrying amount** | **65,540** | **65,540** |

| Name | Co. reg. no. | Registered office and country of registration and operation | Number of shares | Proportion of ordinary shares held directly by the parent company (%) | Proportion of ordinary shares held by non-controlling interests (%) | Carrying amount 31/12/2015 | Carrying amount 31/12/2014 |
|---|---|---|---|---|---|---|---|
| Christian Berner AB | 556049–5235 | Mölnlycke, SE | 6,000 | 100 | 0 | 50,000 | 50,000 |
| Christian Berner AS | 910542788 | Oslo, NO | 1,000 | 100 | 0 | 4,375 | 4,375 |
| Christian Berner OY | 48788 | Vantaa, FI | 20 | 100 | 0 | 5,676 | 5,676 |
| A/S Christian Berner | 7066 | Lyngby, DK | 513 | 100 | 0 | 4,649 | 4,649 |
| A-filter AB | 556065–0409 | Gothenburg, SE | 6,000 | 100 | 0 | 720 | 720 |
| Satron Instruments Process & Miljö AB | 556473–1783 | Säffle, SE | 1,000 | 100 | 0 | 120 | 120 |
| | | | | | | **65,540** | **65,540** |

## NOTE 11 – CASH AND CASH EQUIVALENTS

| | 31/12/2015 | 31/12/2014 |
|---|---|---|
| Bank deposits | 38,144 | 37,808 |
| **Total** | **38,144** | **37,808** |

## NOTE 12 – BORROWING

| | 31/12/2015 | 31/12/2014 |
|---|---|---|
| **Non-current** | | |
| Liabilities to Group companies | 840 | 840 |
| **Total non-current borrowing** | **840** | **840** |
| **Total borrowing** | **840** | **840** |

## NOTE 13 – ACCRUED EXPENSES AND PREPAID INCOME

| | 31/12/2015 | 31/12/2014 |
|---|---|---|
| Accrued salaries | 701 | 887 |
| **Total** | **701** | **887** |

## NOTE 14 – RELATED PARTIES

Christian Berner Invest AB (registered in Sweden) owns 61.4% of the parent company's shares and has a controlling influence over the Group. Ernström Kapital AB owns 12.2% and Lannebo Micro Cap owns 10.9% of the capital. The remaining 15.5% of the shares have a wide distribution. Christian Berner Invest AB is also the parent company of the largest Group containing Christian Berner Tech Trade AB. The party that has ultimate control over the Group is Christian Berner Invest AB.

The following transactions have taken place with related parties:

**Purchases from and sales to subsidiaries**

Sales to Group companies constitute 100% (100%) of the parent company's net revenue, and purchases from Group companies constitute 79% (92%) of the parent company's purchases.

Sales to subsidiaries consist of corporate administrative services. Purchases from subsidiaries consist of Group-wide expenses for onward debiting. The services are purchased on normal business terms on a commercial basis.

| Purchase of services from related parties: | 2015 | 2014 | 2013 |
|---|---|---|---|
| Management fees (CBI) | – | 1,580 | 2,370 |
| **Total** | **–** | **1,580** | **2,370** |

| | 31/12/2015 | 31/12/2014 | 31/12/2013 | 01/01/2013 |
|---|---|---|---|---|
| **Liabilities to related parties** | – | – | – | – |
| Liabilities to the parent company's shareholders | 4,690 | – | 13,856 | 6,606 |
| **Liabilities to shareholders** | | | | |
| **At beginning of year** | – | – | – | – |
| Dividend approved by the AGM | 4,690 | – | – | – |
| Amortised amount | –4,690 | | | |
| **At year-end** | – | – | – | – |

Information on the remuneration of senior executives is provided in note 4.

## NOTE 15 – EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events have occurred since the end of the reporting period.

## ADDITIONAL INFORMATION

**DEFINITION OF KPIS**

**Return on equity:** profit/loss after financial items as a percentage of average adjusted equity
**Return on assets:** operating profit plus financial income, as a percentage of average total assets
**EBITDA:** earnings before interest, taxes, depreciation and amortisation.
**EBITDA margin as a %:** EBITDA as a percentage of net revenue
**EBT:** earnings before tax
**Quick ratio** Current assets excl. stocks as a percentage of current liabilities
**Earnings per share:** profit/loss after tax divided by the total number of shares
**Equity ratio:** adjusted equity as a percentage of total assets

The consolidated income statement and balance sheet will be presented to the Annual General Meeting for adoption on 28 April 2016.

The Board of Directors and the CEO warrant that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU and provide a true and fair picture of the financial position and result of the Group. The annual accounts have been prepared in accordance with good accounting practice and provide a true and fair picture of the financial position and result of the parent company.

The Directors' Report for the Group and the parent company provides a true and fair overview of the development of the business, financial position and results of the Group and the parent company and describes significant risks and uncertainties faced by the parent company and the companies forming part of the Group.

Mölnlycke, 6 April 2016

Joachim Berner
Chairman of the Board of Directors

Bo Söderqvist
Chief Executive Officer

Nicolas Berner Wolf
Board Member

Anders Birgersson
Board Member

Charlotta Utterström
Board Member

Lars Gatenbeck
Board Member

Malin Domstad
Board Member

Kurt Olofsson
Employee representative

Sohrab Moshiri
Employee representative

Our audit report was submitted on 6 April 2016.
Öhrlings PricewaterhouseCoopers AB

Magnus Götenfelt
Authorised public accountant

# AUDIT REPORT

To the Annual General Meeting of shareholders of Christian Berner Tech Trade AB (publ), co.reg. no. 556026–3666

## REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED FINANCIAL STATEMENTS

We have audited the annual accounts and consolidated financial statements for Christian Berner Tech Trade AB (publ) for 2015. The company's annual accounts and consolidated financial statements are included in the printed version of this document on pages 28–70.

### The Board of Directors' and Chief Executive Officer's responsibility for the annual accounts and consolidated financial statements

Responsibility for preparing annual accounts which give a true and fair view pursuant to the Swedish Annual Accounts Act and consolidated financial statements which give a true and fair view pursuant to the International Financial Reporting Standards, as adopted by the EU, and the Swedish Annual Accounts Act, and for such internal control as the Board of Directors and Chief Executive Officer deem necessary for the purpose of preparing annual accounts and consolidated financial statements that are free from material misstatement, whether due to irregularities or error, rests with the Board of Directors and Chief Executive Officer.

### The auditor's responsibility

Our responsibility is to express an opinion on the annual accounts and consolidated financial statements based on our audit. We have conducted our audit in accordance with the International Standards on Auditing and generally accepted auditing standards in Sweden. These standards require that we observe professional ethical standards and that we plan and conduct our audit with the aim of obtaining a reasonable degree of certainty that the annual accounts and consolidated financial statements are free of material misstatement.

An audit involves obtaining, through various actions, audit evidence of the accuracy of amounts and other information contained in the annual accounts and consolidated financial statements. The auditor decides which actions to take, partly by assessing the risks of material misstatements in the annual accounts and consolidated financial statements, whether due to irregularities or errors. In this risk assessment, the auditor considers those aspects of the internal control that are relevant for how the company prepares its annual accounts and consolidated financial statements with the aim of giving a true and fair view for the purpose of devising auditing actions that are appropriate in view of the circumstances, but not for the purpose of expressing an opinion on the efficacy of the company's internal control. An audit also includes an evaluation of the appropriateness of the accounting principles employed and the reasonableness of the estimates used by the Board of Directors and Chief Executive Officer in preparing the accounts as well as an evaluation of the general presentation in the annual accounts and consolidated financial statements.

We consider the audit evidence we have obtained to be adequate and appropriate to form the basis for our opinion.

### Opinion

It is our opinion that the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and provide in all material respects a true and fair view of the financial position of the parent company at 31 December 2015 and of its financial result and cash flows for the year in accordance with the Swedish Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act and provide in all material respects a true and fair view of the financial position of the Group at 31 December 2015 and of its financial result and cash flows for the year in accordance with the International Financial Reporting Standards, as adopted by the EU, and the Swedish Annual Accounts Act. The Directors' Report is consistent with the other parts of the annual accounts and the consolidated financial statements.

We therefore recommend that the Annual General Meeting adopt the parent company income statement and balance sheet and the consolidated income statement and balance sheet.

**REPORT ON OTHER STATUTORY AND REGULATORY REQUIREMENTS**

In addition to our audit of the annual accounts and consolidated financial statements, we have also audited the proposed appropriation of the company's profit or loss and the Board of Directors' and Chief Executive Officer's administration of Christian Berner Tech Trade AB (publ) for 2015.

**The Board of Directors' and Chief Executive Officer's responsibility**

Under the Swedish Companies Act, responsibility for the proposal for appropriation of the company's profit or loss rests with the Board of Directors, and responsibility for the administration rests with the Board of Directors and Chief Executive Officer.

**The auditor's responsibility**

Our responsibility is to express an opinion, with reasonable certainty, on the proposed appropriation of the company's profit or loss and on the administration on the basis of our audit. We have conducted our audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriation of the company's profit or loss, we have examined the Board of Directors' reasoned opinion and a selection of evidence for this in order to determine whether the proposal is consistent with the Swedish Companies Act.

As a basis for our opinion concerning discharge from liability, we have, in addition to our audit of the annual accounts and consolidated financial statements, examined significant decisions, actions and circumstances of the company in order to be able to determine the liability, if any, to the company of any Director or of the Chief Executive Officer. We have also examined whether any Director or the Chief Executive Officer has in any other way acted in violation of the Swedish Companies Act, the Annual Accounts Act or the company's articles of association.

We consider the audit evidence we have obtained to be adequate and appropriate to form the basis for our opinion.

**Opinion**

We recommend that the Annual General Meeting appropriate the profit as proposed in the Directors' Report and discharge from liability the members of the Board of Directors and the Chief Executive Officer in respect of the financial year.

Gothenburg, 6 April 2016

Öhrlings PricewaterhouseCoopers AB

Magnus Götenfelt
Authorised public accountant

# ANNUAL GENERAL MEETING AND REPORTING DATES

**28 April 2016**
Annual General Meeting 2016
The Annual General Meeting will be held at the head office, in Mölnlycke, on 28 April 2016, at 4 pm.

**28 April 2016**
Interim report for the first quarter 2016

**17 August 2016**
Interim report for the second quarter 2016

**19 October 2016**
Interim report for the third quarter 2016

**22 February 2017**
Year-end report 2016

Solberg
Photos: Johan Wingborg
Printing: Billes tryckeri

Printed in a climate-neutral manner

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