

# Annual Report 2018

We are a part of your daily life



**CHRISTIAN  
BERNER**

Expect more

Christian Berner ensures clean swimming and drinking water for millions of users.



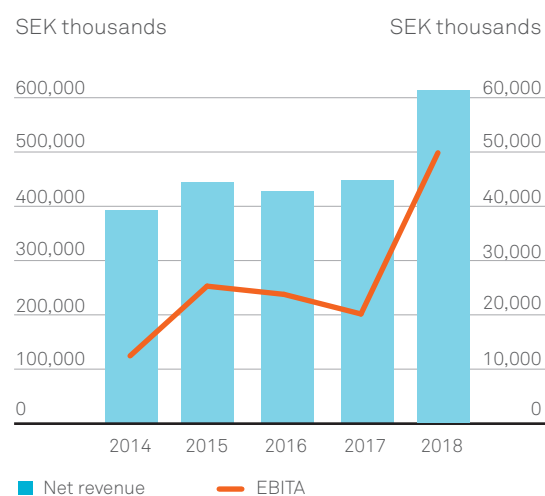
## Contents

Year in brief.....	1	Share data .....	42
This is Christian Berner Tech Trade.....	2	Directors' report .....	43
Message from the CEO .....	4	Consolidated statement of comprehensive income.....	45
Driving forces and trends .....	6	Consolidated statement of financial position.....	46
Goals and strategies .....	8	Consolidated statement of changes in equity.....	48
Sustainability report .....	14	Consolidated statement of cash flows .....	49
Auditor statement on the statutory sustainability report.....	21	Notes – Group .....	50
Our business .....	22	Parent company income statement.....	63
History .....	24	Parent company balance sheet .....	64
Materials Technology business area.....	26	Parent company statement of changes in equity.....	66
Process & Environment business area .....	28	Parent company statement of cash flows.....	67
Message from the Chairman .....	30	Notes – Parent company .....	68
Corporate governance report.....	31	Definitions .....	72
Auditor statement on corporate governance report.....	37	Audit report.....	73
Board of Directors .....	38	Annual General Meeting, reporting dates and addresses .....	76
Management .....	40		

# Year in brief

- Net revenue for full-year 2018 was SEK 617.6 (449.6) million.
- Operating profit was SEK 50.1 (20.2) million.
- EBITA was SEK 51.8 (21.5) million.
- The EBITA margin amounted to 8.4 (4.8) per cent.
- Order intake was SEK 674.2 (451.5) million.
- Earnings per share amounted to SEK 2.02 (0.84).
- The cash flow from operating activities before changes in working capital was SEK 44.4 (16.3) million. Total cash flow for the full year was SEK –31.3 (–0.3) million.
- The Board proposes a dividend of SEK 0.75 (0.50) per share.

## Net revenue and operating profit



## KPIs

SEK THOUSANDS	2018	2017	2016	2015	2014
Net revenue	617,575	449,607	429,121	445,553	394,036
Net revenue growth	37.4%	4.8%	–3.7%	13.2%	0.1%
EBITA	51,779	21,467	25,105	25,388	15,972
EBITA margin	8.40%	4.80%	5.9%	5.7%	4.1%
Operating profit/loss	50,091	20,177	23,815	24,098	11,162
Operating margin	8.1%	4.5%	5.5%	5.4%	2.8%
Net financial items	–1,252	–257	–101	10	–11
Profit/loss for the period	37,725	15,448	18,532	22,485	8,634
Total assets	352,400	186,891	191,192	174,807	144,569
Earnings per share (SEK)	2.02	0.84	0.99	1.20	0.46
Equity ratio, %	36.8%	50.8%	50.2%	49.2%	47.7%
Return on equity, %	43.5%	20.9%	26.1%	31.1%	16.2%
Cash flow for the period	–31,276	–334	–7,411	24,244	42,250
Number of shares at close of period	18,759	18,759	18,759	18,759	18,759

For definitions of key performance indicators, see page 72.



*“A strong year with potential for further earnings development.”*

Bo Söderqvist  
CEO, Christian Berner

# Leading partner for technical solutions

As a technology trading company, Christian Berner assists the customers with the right technical solution. However, buying technical components, materials and advanced equipment is often a complex process that involves many decisions. With more than 120 years of experience as a strategic partner and adviser, Christian Berner organises, simplifies and streamlines this decision-making process. This leads to increased efficiency for the company's customers and suppliers.

## Right technical solution creates benefit to society

Christian Berner was founded in 1897 and is today one of the leading technology trading companies in the Nordic region. The company helps the customers find the right technical solution with a positive impact on people and society, such as clean drinking water or a vibration and noise-free environment. As a technology trading company, Christian Berner creates value by structuring the value chain and streamlining the customers' use of technical components and systems.

Christian Berner markets and sells high-quality components, systems and services with a high technical content from leading suppliers to customers on the Nordic market. This is supplemented with qualified analysis of the customer's technical needs, advice, own processing and refinement of products, installation and service, which strengthens the customers' competitiveness.

*Christian Berner helps the customers find the right technical solution that also has a positive impact on people and society.*

## Strengths that make customers and suppliers stronger



### Long-term partnerships with leading suppliers

Christian Berner is an attractive business partner, which helps the company maintain its leading position. Through its stable, long-term relationships with leading suppliers, Christian Berner provides its customers with high-quality, technologically advanced products. Value is created for Christian Berner's suppliers by providing them with an effective sales organisation with a high level of technical expertise and established customer relationships.



### High level of technical expertise, quality and customisation

For customers, a low total cost of production is vital. Christian Berner helps to achieve this by providing products and solutions of the highest quality. Most of the company's sales staff have technical training, ensuring a high level of technical expertise, knowledge of the customer's production processes and the ability to customise products and systems.



### Solutions that create value and sustainable development

The requirements on reduced environmental impact in society are growing. Within these areas, Christian Berner's products and systems have the opportunity, directly or indirectly, to improve environments that affect many people. 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.

## Leading actor in the North

**4**  
markets

Revenue by market SEK million (2018)



- Sweden, SEK 450 million
- Norway, SEK 65 million
- Finland, SEK 74 million
- Denmark, SEK 28 million

**4,400**  
customers

The key customer segments are the pulp and paper industry, engineering industry, construction industry, food industry and petrochemicals and refineries.

**150**  
suppliers

Most of the suppliers are based in Europe, but raw materials procurement and production take place all over the world.

## Two supplementing business areas

Christian Berner's operations in each country are run within the two business areas Process & Environment and Materials Technology, where the company's different product areas are coordinated and managed. With partly different business logic and models, the business areas complement one another well, which creates clear benefits from a business cycle perspective.



Our vibration damping means that trams do not disturb you.



We develop smart packaging solutions in packaging and filling.

### Materials Technology

### Process & Environment

**OPERATIONS** Focus on the sale of materials, plastics and vibration-damping and noise-reduction materials.

Offerings to customers with a need primarily for process equipment and complete technical systems.

**CUSTOMERS** The infrastructure area, such as rail and trams, as well as the paper, construction and mining industries.

A large number of segments, including the paper industry, the public sector and the process industry.

**RANGE**

- Technical Plastics
- Vibration Technology

- Environmental & process technology
- Process equipment
- Filter technology
- Gas, energy & high-pressure technology
- Pumps
- Boilers

**IMPORTANT COMPETITIVE ADVANTAGES** Being able to supply products and processed products quickly and easily. Christian Berner therefore keeps large parts of the business area's products in stock and increasingly does its own processing into finished customer items.

That most Christian Berner's employees have technical training as the sale of larger and more complicated systems requires active sales with high technical expertise.

# Record-breaking year, but with potential for more

2018 was a successful year for Christian Berner with highlights, such as record-breaking earnings, an acquisition that became the fantastic addition to the Group that we expected beforehand, and the turnaround in Norway. But we can do more, and you can therefore expect more from Christian Berner in 2019.

It is pleasing to be able to confirm that 2018 was yet another good year for Christian Berner. Revenue increased by 37.4 per cent. Operating profit (EBITA) amounted to SEK 51.7 million, corresponding to a profitability (EBITA margin) of 8.4%. These are record levels for the Group, which I am of course pleased with. At the same time, I see that there is potential for further improvement in earnings, and I expect more from Christian Berner in the future.

An important part of our successful year last year is the acquisition of Zander & Ingeström, which we carried out at the beginning of 2018. In our annual report last year, I already confirmed that our profitability figures would be positively impacted by the acquisition, and this really happened. Another important explanation of the results is that we succeeded in turning the negative trend in Norway to a positive result in 2018.

## Successful acquisition – for both parties

What I remember from last year and am most satisfied with is our acquisition of Zander & Ingeström. For Christian Berner, it was a major acquisition, and it is pleasing to be able to confirm that it was successful for both parties. Zander & Ingeström had record-breaking earnings in 2018 where both pump sales and boiler operations developed well, and it looks positive for the future. The year was concluded with a strong order intake, including a large project in Belarus to be delivered in 2019.

But the acquisition was also successful in that on the two companies and their employees fit so well together. Both Zander & Ingeström and Christian Berner are old family-owned and engineer-run companies, with similar cultures centred on the employees' expertise and focused today on value-based sales. Even if Zander & Ingeström continues as an independent company, for the employees, the acquisition means that they become a part of a larger Group with the possibilities for further development that this can entail.

## Turnaround in Norway

The economy in our markets in the Nordic region was generally strong in 2018 with stable growth. I am pleased that we are again reporting positive earnings in Norway. I want to take this opportunity to highlight all of our employees in our Norwegian subsidiary and their president,

who took office last year, with the explicit mission of turning the negative trend around.

Work is now continuing to reach the same levels as in our other markets. With an improved order intake and a sales organisation where the resources are now in place, conditions to do so are good for 2019.

In Sweden, we had a stable revenue growth excluding acquisitions, but we were unable to lift the operating margin in the same way. Fewer infrastructure projects and problems at the beginning of the year with the integration of PlastKapTek's machinery contributed to this. We had another strong year in Finland with a good profitability level where the paper industry, construction and the process industry set the tone. In Denmark, it was also a good year with several orders for ballast water systems and investments in the food industry.

*“What I am most pleased with from last year is the acquisition of Zander & Ingeström, which has been a success for both parties.”*

## Focus on more value-based sales

Both of our business areas contributed to the previous year's earnings. Process & Environment had a very good year where above all Zander & Ingeström, which is included in this business area, and the turnaround in Norway contributed to the outcome. Materials Technology also continued to deliver at a good level, but I expect even more in the future.

Products are still the base of our offering, but we are continuously developing the business to continue to grow in our service offering and deliver complete solutions based on the customers' needs. In the past year, starting in Sweden and Finland, we in the Group began sales



training with the aim of increasing our value-based sales, meaning the sales of services in combination with products.

In 2018, we also carried out two new machinery investments in Materials Technology. These investments, which increase our ability to process materials to more finished products, and own production otherwise contribute to higher business volumes. Our ability to deliver finished products to the customers also increased through the companies acquired in recent years.

### **A step forward in our sustainability work**

During the year, we took several steps forward in our sustainability work. A new Code of Conduct that clarifies our responsibility and shows what we expect of our partners was adopted and a whistle-blower function was established. Christian Berner contributes technical solutions and products for greater sustainability by offering energy-efficient, environmentally friendly and safe solutions at the same time that we work to reduce our own footprint and increase knowledge of future challenges. In order for sustainability to be a part of the business, follow-up must be continuous. In 2018, we identified the Group's sustainability risks and prepared targeted results indicators and are thereby better prepared to follow up and improve our sustainability work in the future.

### **Organisation with a great deal of expertise**

In 2018, we began work to clarify the organisation and to coordinate resources and working methods in the Christian Berner Group. We are doing this to clarify the Group responsibility and to fully utilise the value of being part of a corporate group, which creates the best conditions for continued profitable growth. For my part, the organisation and Group responsibility has been clarified in that I left the post as the president of Christian Berner AB during the year to be able to focus entirely on the Group.

The entire Group was involved in contributing to last year's profit. At the same time, we have potential to achieve even better results in the future. In recent years, we have recruited many employees with expertise, drive, energy and persistence to develop our various areas, which I think look better than ever in the future.

I am therefore confidently looking forward to an exciting new year with continued profitable growth for Christian Berner. A year where our operations in Norway will develop in line with our other markets and where we will grow both organically and through acquisitions.

In closing, I would like to thank our employees, customers, suppliers and shareholders for the good cooperation and your great commitment during the year.

Bo Söderqvist  
CEO, Christian Berner

## Priorities for 2019

- Continued profitable growth, with extra focus on the business area of Materials Technology.
- Continue to develop value-based sales, in part through the Group's sales training.
- Acquisitions.
- Develop our sustainability work.

# Trends and driving forces for growth and development

For a technology trading company, the underlying economy in geographic markets is the single most important driving force. There are also a number of megatrends and market trends where Christian Berner provides solutions, including through the company's strong range within environmental technology.

## Global challenges and their solutions

Christian Berner's solutions support customers to handle the challenges that result from various megatrends.



### Greater consumption and utilisation of resources

The world's population is growing rapidly, life expectancy is increasing and more people around the world are achieving higher living standards. At the same time, globalisation has helped to achieve an increasingly broader distribution of goods and knowledge. This leads to increased demand for goods and services and for better technology in a digitalised world.

#### Christian Berner's solutions

Increased consumption requires a change in people's use of resources in order to reduce the impact on the planet. Christian Berner is helping to do this, among other things through systems and components that enable new products to be made from renewable resources.



### Climate change and scarce resources

Climate change demands a focus on environmental adaptation and sustainable growth, with better management and more efficient use of limited resources. The shortage of raw materials and energy creates further needs to streamline the processes for the manufacture of various products, among other things through solutions for cleaner air, a reliable water supply and functioning infrastructure.

#### Christian Berner's solutions

Christian Berner supplies a number of different systems and components that help to increase efficiency in production processes. In addition to this, the company's high quality of materials and systems leads to a reduced need for service and maintenance.



### 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 cities. When more people live in a smaller area, extensive demands are set on a sustainable growth of cities.

#### Christian Berner's solutions

Christian Berner supplies solutions for vibration-damping materials that enable society to grow and develop without the negative effects of increased noise and vibrations. Another example is the company's UV equipment, which ensures clean drinking water for millions of residents.



## Continued stable development on the Nordic markets

The underlying economy in Sweden, Norway, Finland and Denmark is a central driving force for Christian Berner's development. When the economy is doing well, there is generally higher demand from customers, while the opposite is true when it is doing badly.

The Nordic markets had a good development in 2018 with a stable growth in GDP and investments. There was also strong investment willingness in several of Christian Berner's most important customer segments.

	GDP growth, %			Growth in investments, %		
	2018	2019	2020	2018	2019	2020
Sweden	2.9	2.4	2.3	4.5	3.0	2.8
Norway	1.4	2.4	2.4	1.0	3.8	2.4
Finland	3.1	2.3	2.3	5.0	3.5	3.2
Denmark	1.5	2.5	2.0	1.6	1.4	0.9

The table above shows forecast GDP growth and gross investment growth for the period 2018–2020e. Source SEB.

## Growth-generating market trends

With high-quality products and services that keep pace with development on the market, Christian Berner becomes an even more important partner to customers and suppliers.

Market trend	Impact on customers	Opportunity for Christian Berner
Greater focus on the core business among many industrial companies in Northern Europe.	Activities that do not fall into the category of core business are often given lower priority, reducing the level of expertise.	Increased need for close cooperation with suppliers with a high level of technical expertise and knowledge of the customer's processes and needs is well aligned with Christian Berner's strategic and operational focus.
The customers strive to reduce the size of the internal service and maintenance departments.	Greater demand for service and support.	Makes it possible for Christian Berner to offer extended service and supplemental services.
The strive among industrial companies to use fewer suppliers.	→ Reduced administrative expenses and shorter lead times, which lead to less tied-up capital.	Every supplier being expected to be able to offer a wider range of products and services benefits large technology trading companies such as Christian Berner.
	→ The strive to use the same supplier in more geographic markets where many major customers see the Nordic region as one market.	Christian Berner's market presence becomes even more important as it enables deliveries in the entire Nordic region.

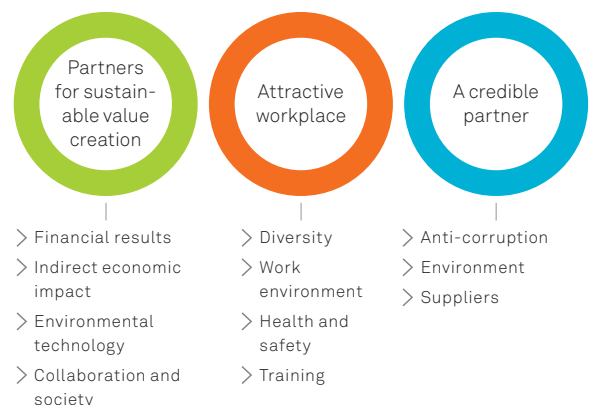
# Goals and strategies for profitable growth

Christian Berner supplies technical solutions, products and services to companies and public-sector businesses 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. The main competitive advantages are the high levels of technical expertise, service and delivery reliability. Christian Berner’s vision is to be the leading partner for technical solutions.

Financial targets	Goal attainment		Historic development			
	2018	Last five years	2017	2016	2015	2014
<b>Average revenue growth: &gt;10%</b> Average revenue growth of at least 10 per cent per annum over a business cycle, including acquisitions.	<b>37.4%</b>	10.4% per year on average	4.8%	-3.7%	13.2%	0.1%
<b>EBITA margin: 9%</b> Average EBITA margin of 9 per cent per annum over a business cycle.	<b>8.4%</b>	5.8% per year on average	4.8%	5.9%	5.7%	4.1%
<b>Equity ratio: 35%</b> The company shall have an equity ratio that is below 35 per cent.	<b>36.8%</b>	47.3% per year on average	50.8%	50.2%	49.2%	49.3%
<b>Return on equity: 25%</b> Return on equity of 25 per cent.	<b>43.5%</b>	29.4% per year on average	43.5%	26.1%	31.1%	25.4%
<b>Dividend: 30–50%</b> The Board aims to give shareholders a dividend that provides a good direct return and dividend growth. Christian Berner’s aim is to distribute 30–50 per cent of the profit after tax. However, the company’s financial position, cash flow, acquisition opportunities and outlook will be taken into account.	<b>37.3%</b>	48.5% per year on average	60.7%	48.6%	41.7%	54.3%

## Sustainability objectives

FRAMEWORK	TARGET
Partners for sustainable value creation	Offer customers sustainable materials, products and technical solutions, as well as greater cooperation with society and other actors.
Attractive workplace	Increase expertise, diversity and employee satisfaction and work for a safe work environment.
Credible cooperative partner	Reduce Christian Berner's climate impact, strengthen the anticorruption work and the cooperation with suppliers on sustainability.

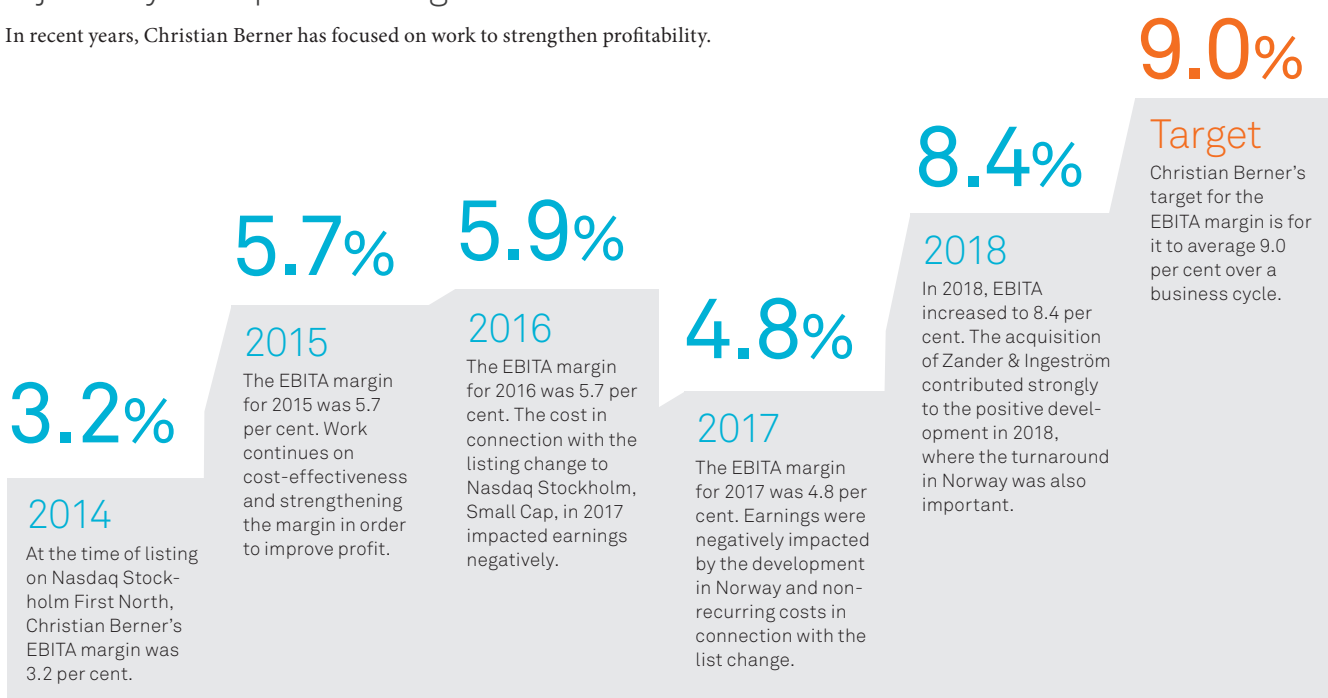


Christian Berner improves environments that affect many people.



## A journey with profitable growth

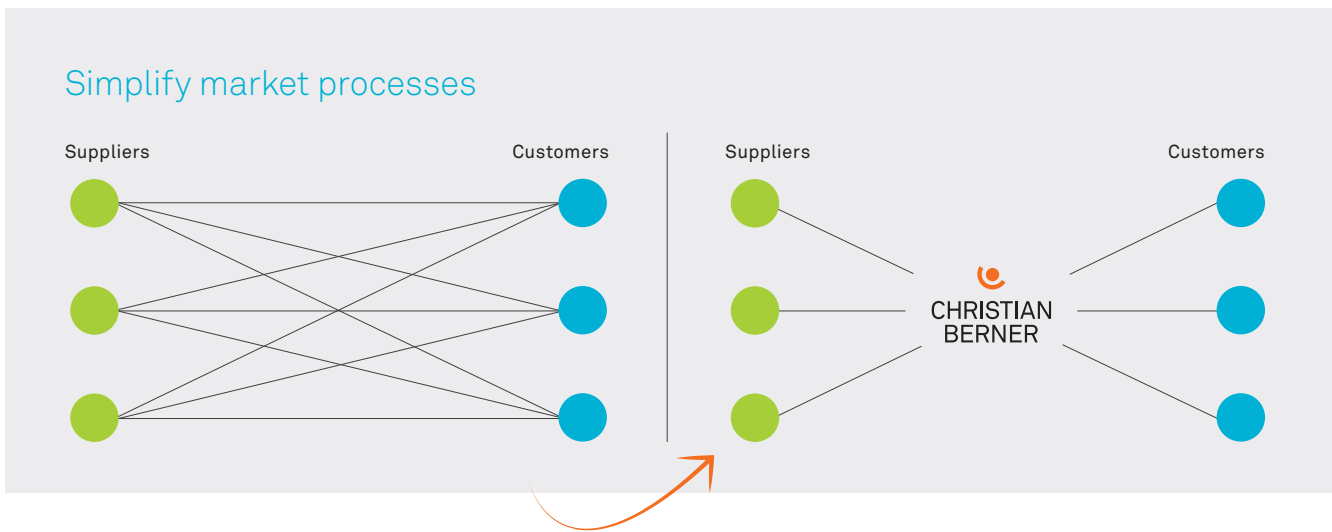
In recent years, Christian Berner has focused on work to strengthen profitability.



### Increasing value in the value chain

As a technology trading company, Christian Berner creates value for customers and suppliers by structuring and streamlining the value chain. A market without structuring technology trading companies is characterised by resource-intensive contacts and high transaction costs.

As a strategic partner and advisor, Christian Berner simplifies the purchasing and sales processes in the market and offers technical knowhow, processing, refinement of products, warehousing and service.



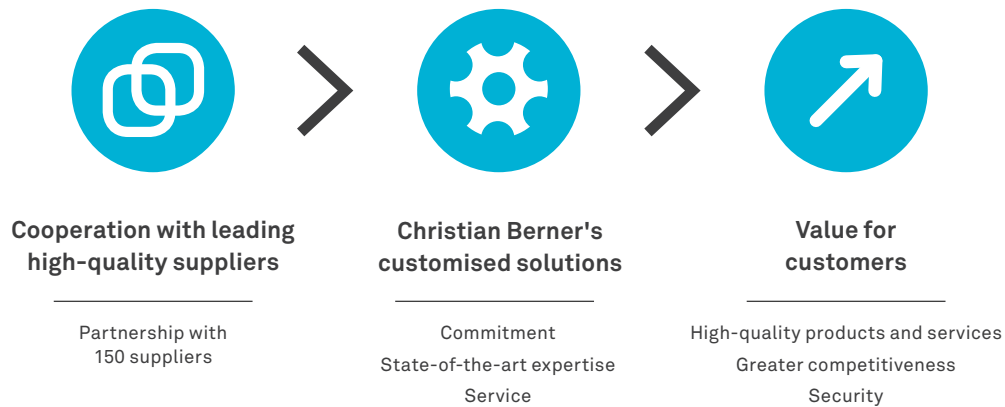
### Strong position as a strategic partnering

Christian Berner assists customers with high-quality products and services thanks to a high level of technical expertise in the sales organisation, in-depth knowledge of the customer's processes and cooperation with leading high-quality suppliers. This creates a strong position as an important strategic partner to the customers.

The position as a strategic partner between manufacturers and end customers gives Christian Berner the opportunity to refine and extend its share of the value chain by, for example, performing customisation

and installation of systems and components for the customer. This, together with customised solutions and delivery of complete system solutions, which combine different products from leading suppliers, creates further added value for customers.

For suppliers, technical trading companies are equivalent to having their own sales organisation on a market where the supplier does not consider it profitable or appropriate to establish its own sales organisation. For many suppliers, a partnership with Christian Berner is the most effective way to sell their products on these markets.



### Strategy for continued profitable growth

Christian Berner's growth will be achieved both organically and through acquisitions on the Nordic market. The company shall grow in new and existing areas and by broadening the range with new products and services, for example through service, support, training and other after-market services.

### Strong supplier cooperation and market positions

Christian Berner focuses on selling products within selected areas where it can achieve a leading position. This results in strong market positions, which is a prerequisite for good profitability.

Christian Berner collaborates with suppliers which, through their own product development, provide market-leading, high-quality products with a high technical content. Market-leading products from the best suppliers and a high level of technical expertise among its employees make Christian Berner an attractive business partner.

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

Christian Berner has a product and service offering with a high technical content that also includes a high level of service as well as qualified technical advice. This requires that the company's sales people have in-depth technical expertise within their respective product areas and in-depth 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. The Christian Berner Group actively manages and supports the companies, the business areas and segments that are included in the Group. The Group community generates value through harmonised processes, systems and efficiency in the development of them. In order to increase this value and create the greatest possible benefit of being part of the Christian Berner Group, work was begun in 2018 to clarify the organisation and to coordinate resources and working methods. This is creating conditions for continued profitable growth.

### Increase in added value sales

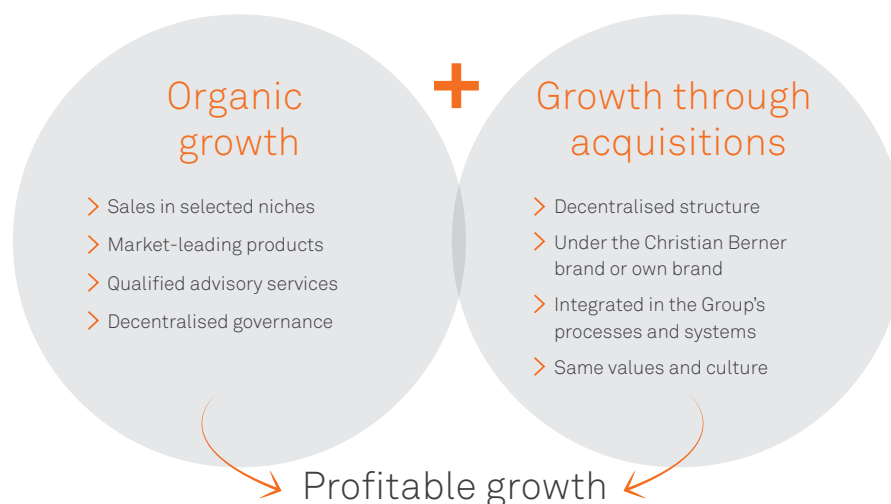
Christian Berner sees a clear opportunity to create added value for customers and suppliers by including the company's knowledge base as part of the offer. By offering customers the expertise available at Christian Berner, the company generates additional sales with higher margins and increased order volumes. This is achieved by providing products with a higher technical content and value added, as well as consultancy services. In 2018, a new sales training course began for the employees in order to increase value-based sales.

The recent years' acquisitions of Fillflex AB, PlastKapTek Sverige AB and Zander & Ingeström have contributed to a higher share of refinement of the products that Christian Berner sells. In 2018, two machinery investments were made to meet customer demand and strengthen the company's offering in finished parts. Service and maintenance are other service areas within Christian Berner that are growing through its own service technicians and cooperation with suppliers.

### Focus on environmental biotechnology

In today's society, environmental considerations are an integral part of the business strategy and decision-making process and an increasing number of investments are environmentally driven. Christian Berner has therefore identified solutions for customer processes and equipment that meet sustainability targets and increasingly stringent legislation and controls as a strategic area. Besides the environmental benefits, the company's technical solutions also create economic benefits for customers, including through greater efficiency and lower raw material costs.

Christian Berner supplies products and systems that directly or indirectly improve the environment. The company's environmental technology range has been divided into four areas: quiet environments, clean water, sustainable products and sustainable production. Christian Berner supplies vibration-damping materials that improve the environment for those living near rail lines, for example, as well as process equipment that helps to reduce energy consumption in production and UV equipment that purifies drinking water without chemicals.



### Growth through acquisitions

Acquisitions are a key 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 thereby strengthening Christian Berner's offering to customers.

#### Acquisition strategy

Christian Berner's acquisition strategy is based on a number of guidelines, where profitability is the key requirement, in order to ensure the quality of the acquisition target. The acquisition strategy is generally based on the following guidelines:

- The acquired company must continue to operate with a decentralised Group structure.
- The company must operate under the Christian Berner brand, or under its own brand.
- The company can be integrated in the Group with shared Group processes and systems, such as IT and purchasing.
- The acquired company must have the same values and culture as the rest of the Group in order to ensure cooperation within Christian Berner with the aim of utilising the Group's entire experience base.
- Companies acquired can count on Christian Berner making an assessment together with the acquired company regarding what areas should and should not be integrated to achieve a maximal development of the company and the Group. Christian Berner fundamentally believes in being able to offer the possibility of accessing common resources, the structural capital and the knowhow that is in the Group as a whole to the companies that are acquired and thereby become a part of the Group. Where synergies exist, they should be utilised. Where synergies do not exist, the companies should work independently.

#### Priority acquisition areas

The Nordic region is home to a large number of technology trading companies of varying sizes and with different product ranges. This fragmented market consists largely of family-owned companies, which are undergoing a generational transition. This brings consolidation opportunities for those wishing to broaden their product range or establish themselves on new markets. Thanks to a good pool of potential acquisitions and a good financial position, Christian Berner sees opportunities to contribute to the consolidation that is taking place on the market.

Christian Berner is concentrating its acquisitions in a number of areas. Priority acquisition targets are companies where current revenue dominates and within product areas where Christian Berner is already a leading market player. In 2018, the acquisition work was intensified above all in Denmark and Finland to further develop the company in these markets.

### Contact us

Christian Berner is always looking for high-quality companies that are a good fit for the Group. Feel free to contact us to discuss future opportunities together.

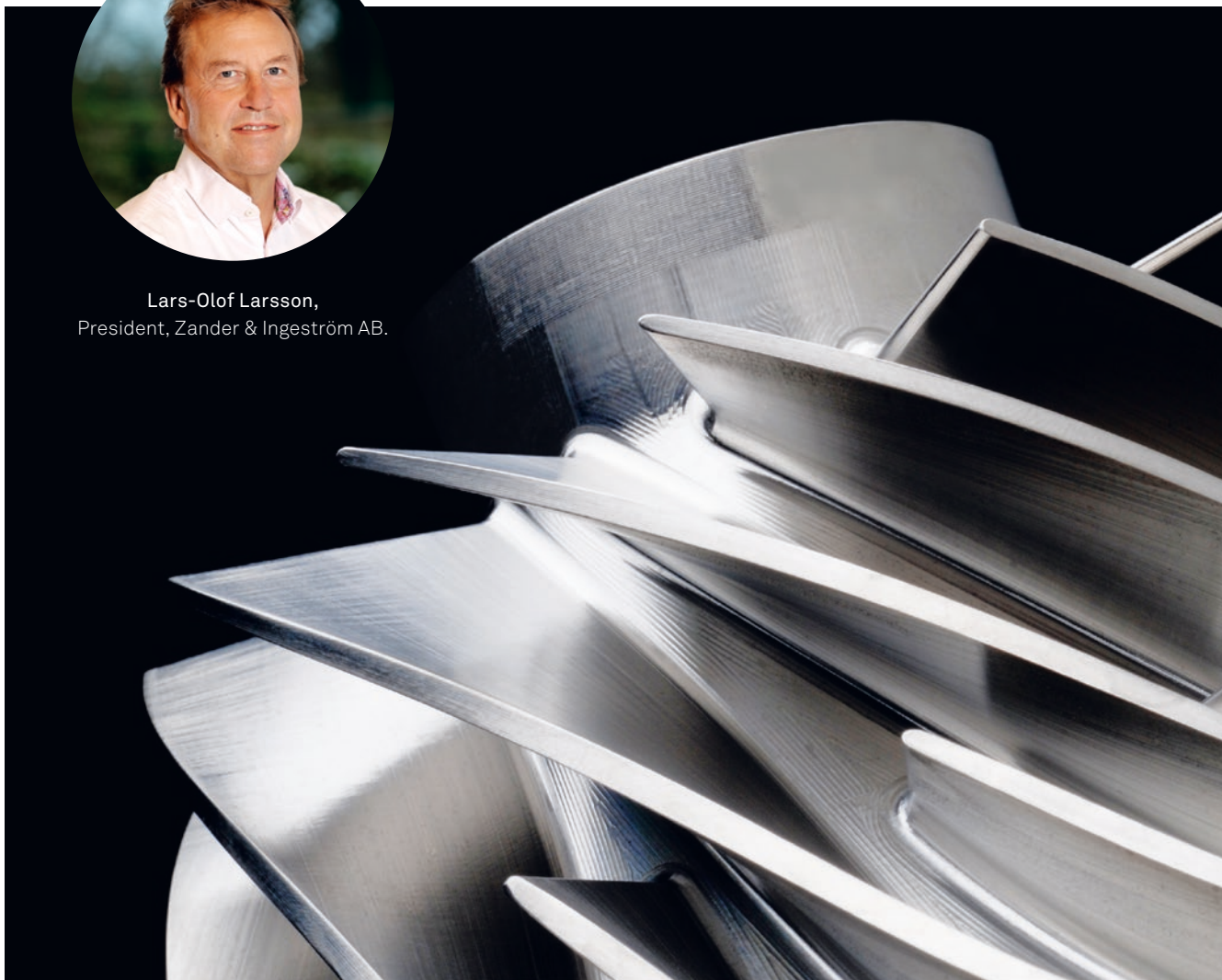
**Bo Söderqvist**, CEO, Christian Berner, Tech Trade AB  
phone +46 (0)31 33 66 910.

## Christian Berner's acquisition process





Lars-Olof Larsson,  
President, Zander & Ingeström AB.



Impeller from Sundyne's high-speed compressor that pumps gases in one step.

## Opportunities created with Christian Berner as the owner

In March 2018, Christian Berner acquired Zander & Ingeström AB, one of Sweden's leading companies in pump and heat technology.

"The first year in Christian Berner has been very positive. It is enjoyable to be a part of a larger family and it creates new opportunities for us as a company and our employees," says Lars-Olof Larsson, President of Zander & Ingeström.

Zander & Ingeström has over the years been pursued by various companies, but a sale was not an option until Christian Berner showed interest.

"We didn't want an institutional owner where we would become one of many companies that each works on their

own. We chose Christian Berner since they, just like us, have a major focus on the business and a clearly identified path forward with goals where we are involved in actively contributing," explains Lars-Olof Larsson.

That both of the companies have a lot in common, including the same customer groups in the process industry, provides good opportunities in the future.

"We can help each other, use our various contacts and utilise the respective company's strengths. We began this work together in 2018. Together, we are driven by being a qualified advisor to our customers, and providing them the best solution available," concludes Lars-Olof Larsson.

# Integrated sustainability work

For Christian Berner, active sustainability work is an integrated part of the Group's goals and strategies for profitable growth. Today, it is a must to be able to create long-term value, attract customers and recruit employees. It is not possible to sell high-quality products and solutions without active and vibrant sustainability work.

Christian Berner is today a global actor in a global market. The demands and expectations of companies to act sustainably and be responsible partners are continuously growing. This entails challenges, but also major opportunities since innovation, quality and sustainable solutions are a crucial part of Christian Berner's offering. New legal requirements, global agreements, standards and directives are constantly increasing the requirements on companies and their work with the value chain.

In autumn 2015, Agenda 2030 including 17 global sustainable development goals was adopted by the 193 member states of the UN. The goals have helped clarify that global sustainable development is closely tied to economy, environment and social aspects. The global sustainable development goals point out the necessity of having a balance between various goals, where economic sustainability is a prerequisite for both social and environmental sustainability, and vice versa.

Christian Berner has a strong position to contribute to greater sustainability through compliance with sustainability requirements, but also through the company's solutions and products. A strength is the company's long high-level of expertise and understanding. Being on the leading

edge technologically has gone hand in hand with sustainability where new technologies need to continuously be developed to obtain sustainable solutions and products in demand by the customers. Read more about goals and strategies for profitable growth on pages 8–13.

## Contributions and impact in the value chain

Christian Berner is exposed to industries where sustainability is particularly prominent, such as water, energy and food, where higher legal requirements are set on the treatment of emissions and water quality, for example. Environmental technology is a defined focus area in the company and comprises issues, such as silent environments, clean water, sustainable products and sustainable production.

Christian Berner sells high-quality plastic that is difficult to replace with other materials today. Plastic has many beneficial properties that should be evaluated against the fact that it is a fossil and energy-intensive material that creates problems when society is incapable of taking care of it, which places demands on the company's expertise on recycled, renewable and recyclable materials.



## Recyclable cement bags



By selling HAVER ADAMS bag-filling machines, Christian Berner has participated in the process towards a more sustainable society. Traditional cement bags of paper, glue and plastic film that are difficult to recycle have been replaced with recyclable bags. The plastic bags are more durable, which reduces spills, increases sustainability and prevents cement from being ruined. The bags also withstand outdoor storage and do not need a pallet cover. In 2018, five machines were sold.



### Christian Berner as an enabler

Christian Berner actively works to help customers to achieve set sustainability goals. Through smart business solutions and a strong service and product offering, we give our customers the possibility of smarter choices. An important factor for driving development further is a thorough knowledge base among the company's employees.

Christian Berner helps customers to reduce waste, water use and chemicals in the food industry with measuring instruments and filter solutions, for example. Another example is Christian Berner's solution where ozone is used to purify waste water from pharmaceutical remnants, which is among the latest technology for municipal water treatment.

### Christian Berner as a requirement specifier

Through a structured and quality-assured effort in the supply chain, Christian Berner helps the customers manage risks linked to the suppliers. A common challenge in the supply chain is differing requirements and views of sustainability. This is an area that requires further competence reinforcement to meet customer demand. In some cases, it will require that both Christian Berner and the company's suppliers have specific sustainability competence and resources to continuously follow up on sustainability issues. The new Code of Conduct (the Code) that was prepared in 2018 is an important tool here.

Christian Berner has also decided to develop a new supplier evaluation that all major suppliers will be assessed based on in 2019. The assessment will be supplemented with on-site visits with follow-up questions. The Code makes it possible for Christian Berner to conduct inspections at suppliers when necessary.

### Christian Berner as a global actor

Christian Berner has historically acted in the Nordic market. Through the acquisition of Zander & Ingeström, the company's market has become global. An increased share of trade with countries deemed to have a high level of corruption entails an increased risk of corruption. The risk of violating other human rights, such as children's right, the right to freedom of association and freedom of speech, also increases as trade becomes global.

The Code, which is common for the Group, highlights supplier responsibility, human rights and anti-corruption. In 2018, a whistleblower function was established, which provides better conditions for Christian Berner to prevent corruption. Christian Berner will require suppliers to approve the Code. In 2019, employees at the company will be trained in the Code. Existing distributor and agent agreements will also be reviewed to ensure compliance.

### Diversity at Christian Berner

Diversity is something that affects the entire operation and all areas of it. From recruitment and skills development to communications and marketing. Through a good composition of people with various knowledge and experience, the operation is not at as much risk of losing expertise and different perspectives. In 2019, the company will continue working on efforts to increase diversity and inclusion.

## Improved urban environments



Christian Berner has developed a rail damping system to improve the urban environment at the same time that cities become denser. STRAILastic solves noise and vibration

problems in the street environment and also provides lower maintenance expenses, reduced corrosion and leakage current. The rubber blocks are made of recycled rubber from residual production and are 100% recyclable. In 2018, Green Tracks were installed on tram rails in Mölndal and Gothenburg.

### Internal governance for sustainability work

In 2018, Christian Berner intensified the work of implementing a Group-wide structure for sustainability issues in order to further guide its impact on the value chains of the company and its customers. This work will continue in 2019 with a focus on documenting and following up risks, results indicators, targets, follow-up and various ways of including the organisation in the sustainability work. Greater focus on sustainability will require new competencies and expanded cooperation to be able to meet new requirements and innovations.

To ensure and live up to its role as a strategic partner and advisor, Christian Berner works systematically according to applicable legal requirements and regulatory frameworks, and complies with the UN Global Compact, the core conventions of the ILO and the OECD's guidelines for multinational companies. The company relates to sustainability requirements from customers and in turn sets requirements on suppliers and cooperates with other stakeholders.

In 2017, Christian Berner took a comprehensive approach to the company's impact based on a stakeholder and materiality analysis. A continuous dialogue is conducted with the company's primary stakeholders based on the listed central issues for the respective stakeholder. To clarify Christian Berner's stakeholders, communities where Christian Berner is active were added as a stakeholder in 2018. The primary stakeholders are:

- Employees
- Customers
- Suppliers
- Cooperative partners
- Owners
- Investors
- Society

Based on the primary stakeholders and Christian Berner's environmental, social and financial impact on the surrounding world, the company's material aspects are evaluated, which in turn form the basis for the Group's sustainability framework. This is comprised of three overall areas where the materiality aspects have been categorised under the respective area. Through this framework and the material issues, follow-up and improvement work is done on the Group's sustainability work. Through defined key figures established in 2018 and development of systems for spreading good examples within the Group.

Christian Berner's overall long-term objective is for sustainability to be included in the company's business targets and to permeate the entire organisation.

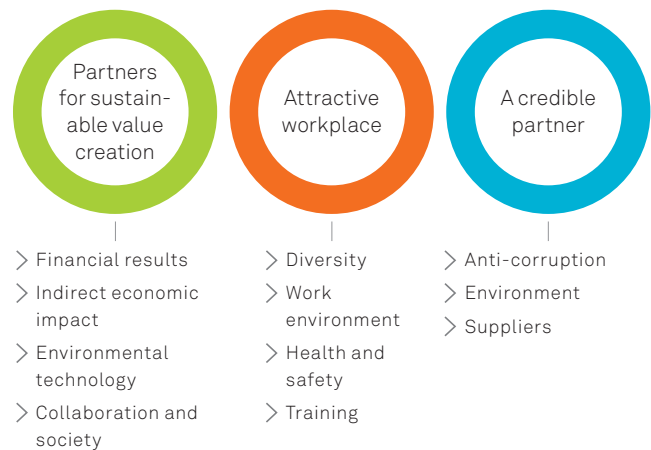
Since Christian Berner did not previously collect sustainability data at a Group level, the work in 2018 resulted in new structures were established for data collection in the areas of human rights and working conditions, environment, and anti-corruption. Based on the material sustainability areas, relevant results indicators were selected. Consideration was also taken to identified risks, and the impact on the business. The Nordic Group management then decided on measurements and targets for each indicator.

In the daily work, the Code is the overall steering document in the sustainability work for Christian Berner. In addition to this, there is further governance through goals and policies, such as those in environment, work environment and quality.

The Swedish part of Christian Berner's operations have also integrated systematic improvement work through its management system that is

certified according to ISO 9001:2015 and ISO 14001:2015. Other operations base their governance on the same principles, but are not yet certified.

## Framework for Christian Berner's sustainability work



Christian Berner's role as a leading technology trading company comprises many aspects. As a strategic advisor to customers and manufacturers, the company offers technical solutions that reduce costs, save energy and reduce environmental impact.

### Financial results

Continuous development towards a stronger Christian Berner creates value for all of the company's stakeholders. In recent years, the company successfully improved its EBITA margin. Value is created for the company's shareholders through, among other things, the good development of the share price, as well as a dividend that gives a good direct return and dividend growth. The proposed dividend in 2018 comprises 37.3 per cent of the profit.

### Indirect economic impact

Christian Berner creates added value for the customers through customised solutions and delivery of complete system solutions where various products from different suppliers are combined, which leads to greater efficiency for both the company's customers and suppliers. By being a strategic partner and advisor between manufacturers and customers, and by offering technical solutions that reduce costs and environmental impact, the customers' decision-making process is structured and streamlined.

### Environmental technology

Christian Berner supports its customers with sustainable solutions through qualified needs analysis, consulting, service and development. Many of Christian Berner's products and services help to reduce the environmental impact of the customers, for example by reducing the amount of chemicals and shipments, as well as environmentally damaging materials. Examples of this include vibration-damping materials that improve the environment for residents and areas around rail lines and purification of emissions or water treatment without chemicals.

Christian Berner also helps customers in their choice of resource-efficient solutions and products. By setting requirements on the company's own and cooperative partners' operations, Christian Berner promotes development and innovation of environmentally friendly products and technology, and can provide the customers with sustainable products and solutions.

### Collaboration and society

In 2018, the Group did not have any joint business-related collaboration with public actors. In 2019, Christian Berner will evaluate such collaboration. The Group's subsidiary in Finland, Christian Berner OY, has collaborated with the organisation Keep the Archipelago Clean for several years. The collaboration has a business connection with a trial installation and development of filters for water treatment at the same time that it creates employee and social engagement.



In 2018, sales training was held in Sweden and Finland.



The shortage of technical and engineering expertise increases competition for employees. To attract, retain and develop employees, it is of central importance for Christian Berner to be an attractive employer.

### Work environment

Christian Berner's code of conduct is a guideline for how employees must act in a professional and ethical manner in their day-to-day work. Christian Berner shall be an inclusive workplace where there is no discrimination or harassment.

In 2018, a whistle-blower function was established. The function was brought into use at the end of 2018 and no cases were reported during the year.

Otherwise, the work environment efforts are studied and followed up continuously through employee development talks, employee surveys and occupational health and safety inspections. In addition to this, there are prepared procedures for health checks. In 2018, no employee survey was done<sup>1)</sup>.

### Health and safety

Christian Berner conducts systematic work regarding the work environment and fire safety in order to identify, prevent and mitigate potential negative impact from a health and environment perspective. The main risks and the most common injuries occur in processing and production. These involve the assembly of pump boards and the cutting and processing of vibration-damping materials and plastic materials. All employees are informed of the risks that may exist and how to avoid them.

The Group's subsidiary in Sweden, Christian Berner AB, has come the furthest in terms of the occupational health and safety and fire protection work. Staff managers at Christian Berner are responsible for ensuring the well-being of their employees and working with health and safety issues in accordance with national legislation and together with the employees or their representatives. In 2019, occupational health and

safety and fire protection training will be held at all subsidiaries. Accidents and incidents are always followed up.

### Training

Continuing professional development will contribute to Christian Berner'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.

In 2018, it was decided that Group-wide courses would be held in 2019 for all employees in occupational health and safety and fire protection, as well as in the Code and its sub-areas (anti-corruption, human rights, working conditions and the environment). Sustainability will, where suitable, be integrated as a natural part of other courses, such as sales courses. In order to increase internal sustainability competence, management will encourage competence-improving sustainability-related measures in the various business and product areas.

In 2018, the subsidiaries held courses in eco-driving and safe driving, first aid, hot work and various sales courses.

### Diversity

Christian Berner shall actively work for gender equality and diversity. The company may not engage in any form of discrimination in its activities or recruitment processes. Prohibited bases of discrimination include, but are not limited to: age, disability, sexual orientation, gender, transgender identity or expression, religion or other belief or ethnicity.

The gender equality work is important; efforts were begun in 2018 on systematic follow-up and preparation of results indicators to follow up on the gender distribution (see Note 7 on page 56). In 2018, a salary survey was done. The survey showed no signs of salary discrimination. In 2019, further training efforts regarding diversity will be carried out and management will continue working on competence-improving measures.

1) The survey was sent out during the week starting 20 January 2019.



To reduce leakage current and vibrations, girder blocks and green rails were installed in Mölndal and Gothenburg.



Technology trading companies such as Christian Berner have extensive business relationships with various parties.

### Anti-corruption

Christian Berner's representatives may not offer or receive personal gifts, services, travel, entertainment or similar benefits that may be considered unreasonable or inappropriate in connection with potential business decisions or public authority decisions. Entertainment and gifts must be characterised by openness and moderation, and they must always have a natural connection with the business relationship.

In 2018, the whistle-blower function provides better conditions for Christian Berner to prevent and discover corruption. In 2019, employees at the company will be trained in the Code. Existing distributor and agent agreements will also be reviewed to ensure compliance.

### Environment

Christian Berner will actively work to limit and reduce the environmental burden and climate impact of its activities. Christian Berner works preventively to reduce the company's environmental impact in terms of business travel, transports, energy and waste and shall be based on the precautionary principle to protect people and the environment. The Swedish subsidiary, Christian Berner AB, operates activities that are subject to reporting obligations under the Swedish Environmental Code. Procedures for actions are in place in the event of environmental incidents.

With regard to business travel, there are only measurement figures for company vehicles for 2018. An effort to also be able to measure the company's footprint from other travel has begun, and as a part of this work, a new, Group-wide travel policy will be drafted in 2019. Transports from suppliers to customers account for a significant part of the company's CO<sub>2</sub> emissions, which is why Christian Berner has begun an effort to be able to measure the emissions for all subsidiaries in 2019.

Christian Berner shall actively work to streamline energy consumption. How the energy efficiency projects are done shall be documented

and followed up annually for the entire Group. Christian Berner strives to use 100 per cent renewable energy where the company can influence the source used.

Christian Berner does not own its own properties and can to varying degrees influence leases that include electricity consumption and heating/cooling.

In terms of waste management, the situation varies amongst the Group's subsidiaries. All companies sort their waste, but have varying degrees of recycling. In 2019, all companies will report a waste recycling plan. Once it is in place, Christian Berner will have a possibility to report regarding waste.

### Suppliers

Christian Berner's relationship to its suppliers shall be characterised by openness and trust. By entering agreements or cooperation with Christian Berner, the supplier commits to implementing and monitoring compliance to every part of the Code. Suppliers are in turn responsible for subcontractors being informed of and complying with the same standards. In 2019, Christian Berner's suppliers will sign the Code. In new agreements or cooperation, the Code will be attached and signed. A challenge Christian Berner encounters in its role as a requirement setter is the dependence on good relationships. There, a good dialogue and continuous improvement work become crucial success factors.

Today, Christian Berner already works to supply products, technologies and solutions for increased sustainability in society. On the agenda in the future, the company also needs to ensure that the components, solutions and technologies used to achieve the goal are sustainable to the furthest extent possible.

In 2018, Christian Berner began mapping what material and products consist of recycled materials, residual materials or renewable materials and the material's or product's degree of recyclability. This gives the company and the customers a possibility to understand what needs to be developed and identify alternatives, at the same time that it creates new business opportunities.

## Risk register

RISK AREA	DESCRIPTION OF RISK	POTENTIAL IMPACT	MINIMISATION OF RISK
Customers	Products or solutions from Christian Berner are used in an unethical way or contribute to a product or solution that is not sustainable.	Deteriorated reputation and financial impact	A close dialogue with the customer and measures that promote greater competence in sustainability.
Competence & diversity	Difficult to recruit new employees in markets with high competition. Recruitment and appointments without consideration of diversity.	Missed competence and decisions made on worse grounds.	Competence-improving measures in sustainability and specifically in diversity. Diversity is taken into account in all recruitment
Compliance with legislation and sustainability requirements and standards	Not having structures in place to keep abreast with the development of new laws and standards and stakeholder expectations in the area.	Rule violations can entail legal consequences, damaged reputation and inability to fulfil agreements reached.	Clear role distributions and areas of responsibility in sustainability. Training and inclusion of sustainability issues in the entire organisation.
Anti-corruption	Receiving or offering bribes, personal gifts or other benefits that can be seen as unfounded or unsuitable in relation to possible business decisions or authority decisions.	Rule violations can entail legal consequences, damaged reputation and inability to fulfil agreements reached.	Requiring suppliers to sign the Code of Conduct. The whistle-blower function provides better conditions for Christian Berner to discover corruption. Training and making employees aware of corruption.
Suppliers	Risk that suppliers and subcontractors do not respect the requirements and norms accompanying Christian Berner's Code and that they do not have sustainability competence and resources to follow up and evaluate sustainability aspects.	Christian Berner risks selling solutions or products that do not meet set customer requirements, which can affect customer relationships and financial key performance indicators.	Ensuring that suppliers understand and sign the Code of Conduct. Christian Berner may conduct inspections at suppliers when necessary. Christian Berner has decided on and begun the work of developing a new supplier evaluation and all major suppliers will be assessed based on it in 2019.
Suppliers	New technology or research that shows that more sustainable products or solutions can be obtained from suppliers that Christian Berner does not cooperate with or that Christian Berner cannot include in its portfolio.	Customers choose to cooperate with other actors. Financial impact.	Training and inclusion of sustainability issues in the sales organisation.

## Results indicators

AREA	RESULTS INDICATOR	TARGET	COMMENTS AND RESULTS
Occupational health and safety	Accidents/incidents	No accidents or incidents	In 2018, no work-related accidents occurred in the Group. Four incidents were reported at Christian Berner AB while the other subsidiaries had no incidents. The incidents were followed up and addressed in accordance with existing procedures to ensure that accidents and incidents are handled according to policy or procedure.
Employees	Employee development talks Employee survey Employee satisfaction index	Implemented by 100% Implemented 100% Target 85	All employees have had employee development talks in 2018. In 2018, no employee survey was done. The survey was sent out in the week starting 20 January 2019. The index figure summarises satisfaction with the work situation, colleagues, managers and skills development. In 2017, the target was 80 and the index figure for the Group was 79.3.
Code of Conduct	Percentage (%) personnel who have signed the Code of Conduct	100%	100% of employees shall sign the Code of Conduct in 2019.
Diversity, gender equality	Percentage of women in senior positions vs percentage of women in total	Increased percentage of women in senior positions vs percentage of women in total	The percentage of women employees in 2018 was 29% (28%). The percentage of women in senior positions was 18% (21%).
Internal training	Sustainability-related courses by area, participants and scope (2019)	Increased knowledge in sustainability	In 2018, it was decided that Group-wide courses would be held in 2019 for all employees in occupational health and safety and fire protection, as well as in the Code and its sub-areas (anti-corruption, human rights, working conditions and the environment). Sustainability will, where suitable, be integrated as a natural part of other courses, such as sales courses.
Travel	CO <sub>2</sub> emissions, means of transport (2019)	Reduce CO <sub>2</sub> emissions	The decision was made that a new Group-wide travel policy would be drafted.
Car travel	Number of company cars by fuel type	Increase the share of mileage on environmentally friendly fuel	A new car policy will be drafted in 2019. A transition to more energy-efficient fuel has begun and in 2018, nine of the cars were electric hybrids. At Christian Berner's head office, charging posts were installed in 2018 to further promote this development.
Transports	CO <sub>2</sub> emissions g/km	Reduce the average proportion of CO <sub>2</sub> emissions g/km	A new car policy will be drafted in 2019 with a maximum ceiling for new company cars of 120 CO <sub>2</sub> emissions g/km. On average, the company cars currently emit 123 CO <sub>2</sub> emissions g/km.
	CO <sub>2</sub> emissions (2019)	Reduce CO <sub>2</sub> emissions	Transports from suppliers to customers account for a significant part of the company's CO <sub>2</sub> emissions, which is why Christian Berner has begun an effort to be able to measure the emissions for all subsidiaries in 2019.
Energy consumption	Energy consumption kWh/revenue	Efficient energy consumption	Work on improving efficiency of energy consumption is documented and followed up annually for the entire Group. Energy consumption in 2018 was 1,403,228 kWh, which corresponds to 0.002272 kWh/revenue. <sup>1)</sup>
	Percentage of renewable energy % of total energy consumption	Increased percentage of renewable energy	Renewable energy shall be chosen where possible. 63% of our energy consumption was renewable in 2018. <sup>2)</sup>
Suppliers	Percentage of recycled materials/components	Increase knowledge of materials, products and suppliers	In 2018, an inventory was taken of the largest suppliers in Materials Technology and Vibration Technology. The percentage of recycled materials corresponds to 27.5% of the purchase volume (also includes residual production).
	Percentage renewable materials	Increase knowledge of materials, products and suppliers	In 2018, an inventory was taken of the largest suppliers in Materials Technology and Vibration Technology. Renewable materials only in step noise mats (10% cork) corresponds to 1% of the purchase volume for Vibration Technology.
	Recyclability	Increase knowledge of materials, products and suppliers	In 2018, an inventory was taken of the largest suppliers in Materials Technology and Vibration Technology. The recyclability of Technical Plastics has been difficult to measure. For Vibration Technology, the estimated percentage is 58%.
	Percentage (%) of total purchase volume that signed Code of Conduct (2019)	80%	Implemented in 2019 (100% of the largest suppliers corresponds to around 80% of the purchase volume).
	Percentage (%) of total purchase volume implemented supplier evaluations (2019)	80%	Implemented in 2019 (100% of the largest suppliers corresponds to around 80% of the purchase volume).
	Number of on-site follow-ups (2020)	80%	Implemented in 2019 and 2020 (100% of the largest suppliers corresponds to around 80% of the purchase volume).
Compliance Anti-corruption	Reported rule violations Reported whistle-blowing	Number of follow-ups Number of follow-ups	No information on rule violations or complaints has been handled or received in 2018. None of the Group's companies are involved in any environmental disputes.
Waste management	Sorted by waste groups. Production waste. Share of spillage in returns (tonnes and % of own production)	Increase the share of materials recycling	Waste report from own operations and production. A decision was made on a Waste Management Plan for all companies in 2019. Christian Berner AB returns spillage from its own plastic processing to suppliers that use the plastic to mould new plastic (2.5 tonnes in 2018, which corresponds to 4.4% of purchased quantity from the same supplier).

1) E.g. electricity consumption Vanda.

2) E.g. energy consumption Vanda.

# Auditor statement on the statutory sustainability report

To the General Meeting of shareholders of Christian Berner Tech Trade AB, corp. ID no. 556026-3666

## Assignment and division of responsibilities

It is the Board of Directors that is responsible for the sustainability report for the year 2018 on pages 14–20 and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

## Review's focus and scope

Our review has been conducted in accordance with FAR's recommendation RevR 12 Auditor's statement on the statutory sustainability report. This means that our review of the sustainability report has another focus and is substantially more limited in scope than an audit conducted in accordance with the International Standards on Auditing and generally accepted auditing practice in Sweden. We consider that this review provides us adequate grounds for our opinion.

## Opinions

A sustainability report has been prepared.

Mölnlycke, 21 March 2019  
Öhrlings PricewaterhouseCoopers AB

Michael Bengtsson  
Authorised Public Accountant

# Important competitive advantages yield results

Christian Berner markets and sells high-quality products, systems and services with a high technical content in selected areas on the Nordic market. The company's main competitive advantages are knowledge of the customer's production processes, the ability to customise products and systems, and product quality, as well as technical expertise.

## Knowledge of the customer's production processes

Christian Berner's market can be divided into products of an investment nature and products of a consumable nature. The company is active in both of these submarkets in a number of selected product areas with high technical content and requirements for good knowledge of the customer's processes.



Our sales people have extensive knowledge of the customers' circumstances and challenges. Else-Britt Carlsson is a business sales person in Filter Technology.

## Ability to customise products and systems

Continuous sales, aftermarket services and training have increased in recent years, and constitute an ever larger part of Christian Berner's sales. Products are still the core of the company's business, but by also adding services, such as warehousing, processing, advice, service and installation, as a part of the offering, more complex solutions adapted to the customers' needs can be created. This means that Christian Berner can add more to the value chain and at the same time a close cooperation with the customers, which reduces the company's exposure to competition.

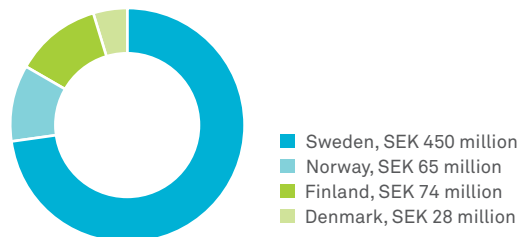
## Product quality

Christian Berner has stable, long-term partnerships with hundreds of suppliers which, through their own product development, provide market-leading, high-quality products with a high technical content.

Christian Berner has thousands of customers on the Nordic market, who are active in a large number of industries, which reduces the sensitivity to the business cycle in individual industries. The company's broad customer and supplier base means that there is little dependence on individual customers and suppliers.

## Revenue by segment

Revenue by segment, 2018





## Technical expertise

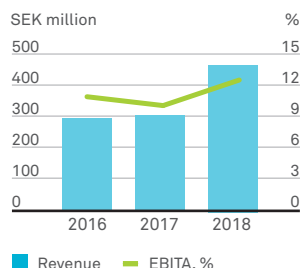
Christian Berner's sales organisation is decentralised and highly specialised. The company has a total of 100 sales representatives, the majority of whom are sales engineers with technical training. The company's sales people are also specialised in various product areas and industries.

With extensive knowledge of the customers' processes and challenges, Christian Berner's sales people and technical consultants identify the best solution in each occasion and provide support through the entire process. This contributes to greater security and stronger competitiveness for the customers, which improves Christian Berner's profitability.

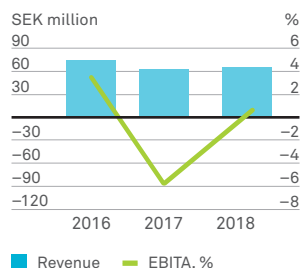


## EBITA % and revenue by segment

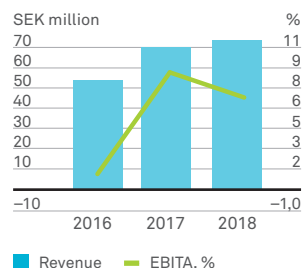
### Sweden



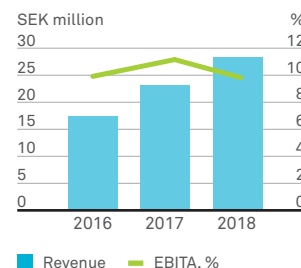
### Norway



### Finland



### Denmark



# More than 120 years of innovative thinking and development

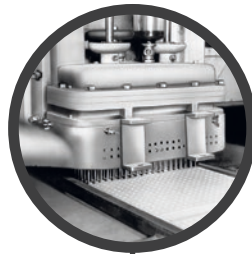
1897

Christian Berner is founded in Gothenburg by the Norwegian Christian Berner. At first, Christian Berner imported and sold technical equipment to breweries.



1920

Christian Berner starts its own production of cork tiles in Älvängen outside of Gothenburg.



1936

Christian Berner launches its first self-made filling machine for bottled milk.



1910 – 1924

Nordic expansion.



1910

The Norwegian subsidiary is founded.



1923

The Finnish subsidiary is founded.



1924

The Danish subsidiary is founded.



1975

A change in owners in the Group led to initiatives in the new product groups of technical plastics, pumps and instruments, which contributed to Christian Berner's current operations.



2006

The technology trade is streamlined under the name Christian Berner Tech Trade.



2008

A major organisational change is made in the Group where the current Group structure is created and implemented.



2017

Christian Berner renews its trademark and is listed on Nasdaq Stockholm.



2007 – 2018

Christian Berner's implemented acquisitions since 2007.



2007  
A-Filter AB  
Heppt Teknisk  
Agentur



2008  
Satron  
Instruments  
Process & Miljö AB



2011  
Ramström  
Process AB

2014  
Röchling Leripa  
Papertech  
Service OY



2016  
Fillflex AB  
PlastKapTek  
Sverige AB



2018  
Zander &  
Ingeström AB

# Contribute to important investments in society

The Materials Technology business area focuses on the sale of technical plastics and vibration-damping and noise-reduction materials. In 2018, the business area showed a continued high growth that did not have a full effect on profitability, however.

## Market and customers

The customers in Materials Technology are primarily in infrastructure, such as rail and trams, as well as the paper, construction and mining industries. A high level of capacity utilisation in the customer segment results in higher wear and tear and increased demand for ongoing maintenance. In addition to this, the business area's development is driven by major investment decisions, where Christian Berner's materials form part of the investment, such as railway projects and construction.

## Continued high growth

Material Technologies also had high growth in 2018, which was primarily driven by a good industrial market, a positive development for the export companies and a continued strong growth in timber-building construction. The development for the year could, however, have been even better if the revenue growth had been fully translated into profitability, which can be attributed to the development in Sweden with fewer infrastructure projects, costs at the beginning of the year for the integration of PlastKapTeks machinery fleet, market development and price pressure in the construction sector.

The construction market for multi-unit housing made of timber continues to grow, where Christian Berner has an in-demand solution for removing frame noise and vibrations. Large-scale infrastructure projects, primarily within railway and tram networks, are also beneficial to the business area.

## Range

Christian Berner's range within Materials Technology contributes a clear benefit to society, partly in the form of vibration damping and reduced noise levels. The products in the business area consist largely of wear goods and consumables, but also of products of an investment nature. The business area benefits from the fact that consumables and wear goods have higher margins than products of an investment nature.

Materials Technology is less sensitive to economic fluctuations than the Process & Environment business area. Being able to quickly and effectively provide and process products and goods is a competitive advantage, which is why Christian Berner keeps large parts of the business area's products in stock. The products and solutions in Materials Technology are divided into two product areas: Technical Plastics and Vibration Technology.

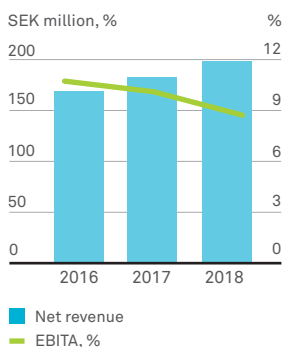
## Technical plastics

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 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.

## Materials Technology



## Share of net revenue

32.1%



## Pleasant gym at Mölndal Galleria

Mölndal's new shopping centre houses a large gym chain. One challenge was creating a pleasant environment where vibrations and noise were minimised.

Together with NCC, who built the shopping centre, Christian Berner developed a solution that minimises vibrations and noise from the spinning room and the free-weight section.



## Plastic components secure winter traffic in an important waterway

Saima Canal in Finland is an important waterway for the Finnish export industry and a national sight of major significance. After the renewal of the lock gates, the canal can also be used in wintertime, which requires a lot from the material, which has to work faultlessly in the Finnish climate and withstand temperature changes.

Christian Berner has supplied plastic components with properties suitable to the demanding use in the lock gates. Christian Berner chose the best plastic qualities, which tolerate both weather changes and constant strains.

## Examples of products

- > Sub-ballast mats and under sleeper pads for vibration insulation
- > Noise barriers
- > Engineering plastics
- > Vibration damping

## Important events 2018

- > Continued stable growth on all markets.
- > PlastKapTek Sverige AB's machinery was integrated into Christian Berner production, which contributes to greater machining with higher margins and growth.
- > A new machinery investment that further strengthens the offering and contributes to greater flexibility.

## Focus 2019

- > Continuing increased market presence in both Technical Plastics and Vibration Technology.
- > Clarify how Christian Berner distinguishes itself from the competitors through commitment, state-of-the-art expertise and service.
- > Continued profitable growth in Technical Plastics through more own processing, which contributes to higher margins.

# Contributes profitable social benefit

The Process & Environment business area targets customers with a need primarily for process equipment and complete technical systems. Since March 2018, Zander & Ingeström AB is a part of the business area, which contributed to a positive development with strong growth and good profitability.

## Market and customers

Christian Berner's customers in Process & Environment are spread across a large number of segments, including the paper industry, the municipal sector and the process industry. Sales are made both to large investment projects and through repeat sales. An important factor for the business area's profitability and growth is the major investment decisions that Christian Berner's customers make and implement. In addition to this, sales of Zander & Ingeström's boilers are made for export outside the Nordic region.

## Strong development

Process & Environment had a strong profit and revenue improvement last year. This can be attributed to the improved situation in Norway and, above all, that Zander & Ingeström was added to the business area. In addition to this, there was a stable development in other geographic markets with a good economy that drove investments, which benefit sales in Process & Environment.

## Range

Christian Berner's range within Process & Environment provides a clear social benefit, among other things through solutions to purify drinking water by removing bacteria. The sale of larger and more complex systems requires active sales with a high level of technical expertise. It is therefore a key competitive advantage that most of Christian Berner's staff have technical training. The offering in Process & Environment can be comprised of four areas and Zander & Ingeström.

## Environmental & process technology

Within environmental & process technology, Christian Berner offers individual components, whole systems and a wide range of services within instrumentation and analysis, dosing pumps and disinfection systems. The company's solutions help to provide bacteria-free drinking water for millions of people, among other things.

## Process equipment

To help achieve an optimal manufacturing process, Christian Berner provides products, machinery and equipment based on the needs and specifications of the customer. The areas covered are packaging and filling, fluid technology and powder and drying technology.

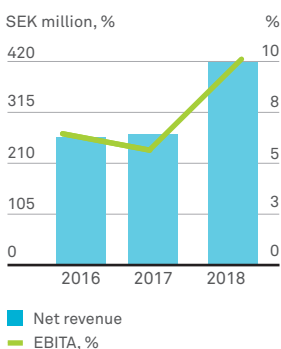
## Filter technology

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 fluid filtration. The benefits are many, including reduced volumes of waste, lower energy consumption and little to no fluid losses.

## Gas, energy & high-pressure technology

Christian Berner offers high-quality products manufactured by market-leading companies in high-pressure pumps for industrial high-pressure water applications. The company also supplies steam turbines, turbo compressors and aspirators, for example in order to recover steam, transport gas and create a vacuum.

## Process & Environment



## Share of net revenue

67.9%



## Higher packaging speed improves e-commerce efficiency

Almroths wanted to improve the efficiency of its e-commerce operations through faster repackaging, which saves time for both inbound and outbound deliveries to the warehouse. It was important to quickly get the solution up and running to maximise the time savings.

With help from Christian Berner, bag-packing machines of the make Autobag were chosen. First, one bag-packing machine was ordered. After noting the first efficiency gain, Almroths also ordered three machines for outbound deliveries. The machines were delivered after just one week and were able to be up and running immediately.

The machines are small and fast with easily operated touchscreens. The combination of the machines improves the internal flow and increases the packing speed for Almroths by up to six fold, which considerably improves the efficiency of the e-commerce flow.



## Pumps increase capacity and prevent operating outages

Nykvarn's wastewater treatment plant in Linköping had too little capacity to pump the sewage sludge. In addition, the size of the pumps was a challenge when preventive maintenance was to be done without long operating stops.

Zander & Ingeström's solution consisted of five pumps with high performance and a large control range. Two of the pumps also had a unique solution with a raising and lowering bottom plate that makes service or pump replacement easy, which prevents the wastewater treatment process from stopping for Linköping's 160,000 residents.

The sludge from the wastewater treatment plant is digested to make biogas, which is used as fuel for all of the city buses in Linköping and is also in public refilling stations for vehicle gas. Pure biogas reduces carbon dioxide emissions by 94 per cent compared with petrol and diesel.

## Examples of products

- > Dosing pumps
- > Disinfection systems
- > Electric boilers, steam and hot-water boilers
- > Filters for water purification
- > High-pressure pumps
- > Industrial pumps
- > UV equipment
- > Steam turbines

## Important events 2018

- > Focus in Filter Technology on process filtering.
- > Transition of supplier palette in Gas & Energy.
- > Stronger offering through new products and suppliers, among other things in powder handling and pharmaceutical filling.
- > Increased sales of standardised Fillflex machines.

## Focus 2019

- > Profitable growth with a major focus on aftermarket products.
- > More system sales, within Fillflex among others, mainly with standard machines.
- > New suppliers and products that supplement the value offering.
- > Acquisitions.

# Integration

A central term and issue in our society today and a central term in building business, not least at Christian Berner Tech Trade.  
How strong should the integration of new companies in the Group be?  
How centralised or decentralised should the company be run?

The Board has devoted considerable attention to these issues in the past year in order to find the optimal governance model if possible. We have historically chosen to incorporate acquired companies into the Group, scrapped purchased company names and had relatively centralised management. Many of our significantly larger competitors have chosen a more or less opposite route, often with great success. Our idea was to build a strong range on a Nordic basis with a minimal administrative overlap. This has been an arduous way that over time possibly proved to be right in the cases in question.

In 2018, we acquired the well-renowned and successful business Zander & Ingeström. A family company founded in 1898, just one year younger than Christian Berner. Our distinctly largest acquisition ever.

The issue of the degree of integration became as poignant as ever in the Board room. The choice was simple: Zander & Ingeström would continue to be allowed to bloom with great freedom and of course keep its well-known and strong brand.

This proved to be the absolutely correct decision. The company had its best year ever in 2018 and the future looks bright. I also note that the acquired company of its own power gladly contributes to the Group on many different levels and seeks a community. It is a pleasure to see.

Now we all know that in tough times, especially in war, central, firm leadership is required. Greater degrees of freedom are easier during times of success like we are now experiencing.

The degree of centralisation and decentralisation is not constant in any company or organisation. The pendulum swings back and forth continuously even if it right now can be hard to notice. Here, the pendulum is swinging towards greater decentralisation with broader distribution of responsibility and more brands. Of course this process is facilitated by more and more competent and driven employees and managers who work with us. It is no difficult art to rely on and give responsibility to a competent management or company that takes the initiative.

However, I see it as unlikely that we would build a conglomerate with a lot of industries and placements in the food chain. I see that the companies we acquire should be a part of our range that strive towards sustainable solutions and share our values for a better society. Just meeting once a year to rank the results in the business is not our style. We want to build together, even with newly added companies in the Group.

I have the same view of integration of newly arrived residents of the Nordic region. We have to do everything we can to create opportunities and be open so people will find a meaningful place in our society. The ghetto is no solution. Even if there are unfortunately those who don't want to recognise it, new residents contribute somewhat immediately to richer communities not just in financial terms, but also culturally, in terms of entrepreneurship and innovatively.

Just like Zander & Ingeström has done in Christian Berner in the past year. And we hope for more newcomers soon. Welcome!



*“I also note that the acquired company of its own power gladly contributes to the Group on many different levels.”*

Joachim Berner  
Chairman of the Board



# Corporate Governance Report 2018

Corporate governance means that the Board uses processes and steering documents to both support and check that Christian Berner Tech Trade AB is run as sustainably, responsibly and efficiently as possible, and that the governance becomes a tool in the development of the Group. Through clearly set structures and regulations, we ensure that our guidelines on how we conduct business are well-defined. When the corporate governance is clear, the employees' focus can be freed up to continuously develop and improve our business towards set goals.

## Shareholders

Christian Berner Tech Trade AB is a Swedish public limited company listed on Nasdaq Stockholm since 31 March 2017 as a part of the Small Cap segment. The company follows the Code at Nasdaq Stockholm and applies Nasdaq Stockholm's regulations for issuers and has no deviation to report. The code applies to all Swedish companies whose shares are listed on a regulated market in Sweden.

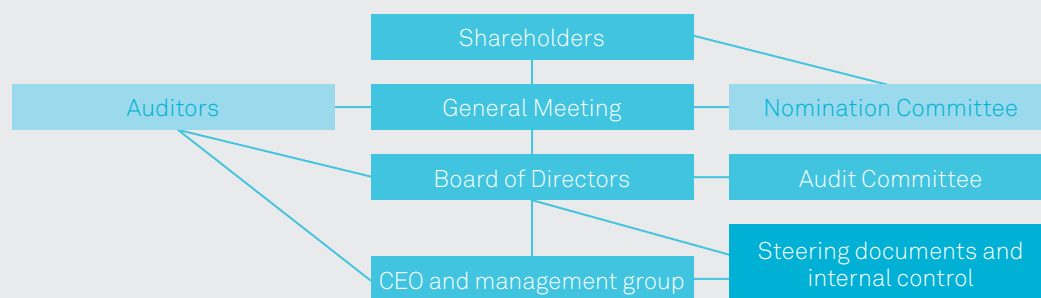
## Share capital

It has total share capital of SEK 0.63 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 0.03. 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.

The number of shareholders at 31 December 2018 was 1,491 (1,469). The ten largest shareholders (including Christian Berner Tech Trade's treasury shares) had a total shareholding of 84.0 (85.1) per cent of the total shares and 89.5 (90.7) per cent of the votes. See the table of the 10 largest shareholders on page 42.

## Nomination Committee

The task of Christian Berner's Nomination Committee is to prepare proposals ahead of the upcoming Annual General Meeting with regard to the chair of the meeting, the Board fees, auditors' fees, Board of Directors, Chairman of the Board, auditors and Nomination Committee. The Nomination Committee shall consist of three members appointed one each by the three largest shareholders in terms of votes at the time of the Annual General Meeting. If a shareholder declines to appoint a member, the right to appoint the member shall pass to the next-largest shareholder in terms of votes. If the member's association to the shareholder which nominated the member ceases, or if the member for any other reason leaves the Nomination Committee, the shareholder that nominated the member has the right to replace this member on the Nomination Committee. If a shareholder who has appointed a member to the Nomination Committee disposes of a significant portion of its shares in the company before the work of the Nomination Committee is concluded, the member appointed by this shareholder shall, if the Nomination Committee so decides, step



## External steering documents

Among the external steering instruments that make up the framework for corporate governance in Christian Berner Tech Trade AB are the following:

- Swedish Companies Act
- Swedish Annual Accounts Act
- Nasdaq Stockholm rulebook
- Swedish Corporate Governance Code
- Applicable EU regulations

## Internal steering documents

The binding internal steering instruments include:

- Articles of Association
- Formal work plan of the Board of Directors
- Instructions for the Audit Committee, the CEO and financial reporting to the Board
- Values

- Code of Conduct
- Finance policy
- Communication policy
- Other steering documents, policy documents, guidelines and instructions
- ISO 9001 and ISO 14001

In addition to these, there are processes for risk management, internal control and sustainability.

down and be replaced by a new member appointed by the largest shareholder in terms of votes who is not already represented on the Nomination Committee. The Nomination Committee appoints a chair from among its members, who must not be the Chairman of the Board. The Nomination Committee ahead of the 2019 Annual General Meeting consists of Johan Lannebo (chair), Joachim Berner and Charlotte Hybinette.

### Nomination Committee's work

The members confirmed that there are no conflicts of interest that affect their assignment. The Nomination Committee held individual interviews and reviewed the results of the Board evaluation conducted in 2018. The Nomination Committee also received information from the Chairman of the Board regarding the work in the Board, the Audit Committee and the company's finance function. The Nomination Committee thereby received documentation to assess if the Board's composition is satisfactory and the need for competence and experience in the Board. The shareholders had the opportunity to submit proposals and opinions to the Nomination Committee prior to the 2018 Annual General Meeting. No remuneration has been paid by Christian Berner Tech Trade AB to the members of the Nomination Committee for their work. The Nomination Committee's proposals for the 2019 Annual General Meeting are presented by the convening notice for the AGM and on the company's website, christianberner.com.

### General Meeting

According to the Swedish Companies Act (2005:551), the General Meeting is the highest decision-making body of the company. The Annual General Meeting must be held within six months of the end of the financial year. The Annual General Meeting of Christian Berner Tech Trade AB usually takes place in April in Mölnlycke. At the Annual General Meeting, the shareholders exercise their right to vote on key issues, such as the adoption of the income statement and balance sheet, the appropriation of the company's profit or loss, the approval of discharge from liability for the members of the Board of Directors and the CEO, the election of members of the Board of Directors and auditors, as well as the remuneration of the Board of Directors and auditors. In addition to the Annual General Meeting, Extraordinary General Meetings may be convened. According to the Articles of Association, notice of General Meetings shall be given through an announcement in "Post- och Inrikes Tidningar" (the Swedish Official Gazette) and by publishing the notice on the company's website. At the same time as giving notice, the company shall announce in "Göteborgs-Posten" and "Dagens Industri" that notice has been given. At the Annual General Meeting of 23 April 2018, resolutions were made on the usual matters, including the appropriation of the company's profit, determination of the fees to be paid to the Board of Directors and the auditors, the number of Board members, the election of the Board of Directors, Chairman of the Board and auditors, as well as principles for the composition of the Nomination Committee. Minutes from the Annual General Meeting are available on Christian Berner Tech Trade's website christianberner.com. The 2019 Annual General Meeting will be held on 24 April 2019 in Mölnlycke.

### Right to participate in the General Meeting

Shareholders who wish to participate in the discussions at the General Meeting must be entered in the share register maintained by Euroclear Sweden five weekdays before the meeting and must also register with the company their intention to participate in the General Meeting no later than the date indicated in the notice convening the meeting. This date cannot be a Sunday, other public holiday, Saturday, Midsummer Eve, Christmas Eve or New Year's Eve and must be no earlier than the fifth weekday before the General Meeting. Shareholders can attend general

meetings in person or be represented by a proxy and may also be assisted by a maximum of two people. It is usually possible for shareholders to register for the General Meeting in a number of ways, as specified in the notice convening the meeting. Shareholders are entitled to vote on behalf of all the shares held by the shareholder.

### Auditors

In order to examine the company's annual report and accounts as well as the management of the Board of Directors and the Chief Executive Officer, a registered accounting firm is appointed as the auditor at the Annual General Meeting. At the 2018 Annual General Meeting, the registered accounting firm Öhrlings PricewaterhouseCoopers AB (Skånegatan 1, 411 40 Gothenburg) was elected as the auditor until the next Annual General Meeting. Authorised Public Accountant Michael Bengtsson is the auditor in charge. The auditors have participated in the Board meeting to present PwC's audit process and to give the Board members an opportunity to ask questions without the presence of management. The auditors also participated in the Audit Committee meetings. The auditors' fees are as stated in Note 8 for the Group.

### Board of Directors

The Board of Directors is the highest decision-making body of the company after the Annual General Meeting. According to the Swedish Companies Act, the Board is responsible for the company's management and organisation.

The Board members are usually elected by the Annual General Meeting for the period until the end of the next Annual General Meeting. According to the company's Articles of Association, the Board of Directors must consist of at least three members and at most seven members and no deputies.

The company's Board of Directors currently comprises six ordinary members and two employee representatives as well as two deputy employee representatives. The Board of Directors consists of three women and three men. The company's Chief Executive Officer is not a member of the Board of Directors.

The Chairman of the Board is elected by the Annual General Meeting and has specific responsibility for the management of the work of the Board of Directors and for the work of the Board of Directors being well organised and carried out in an effective manner. The Board of Directors follows written rules of procedure, which are revised annually and adopted at the constituent Board meeting each year. The rules of procedure govern, among other things, the Board's work and functions and the division of work between the Board members and the Chief Executive Officer.

All Board members, with the exception of the Chairman of the Board Joachim Berner, are also independent in relation to the company's major shareholders.

### Board work

At the constituent Board meeting, the Board of Directors also adopts instructions for the Chief Executive Officer, including financial reporting. According to the rules of procedure currently in force, after the constituent meeting following the Annual General Meeting, the Board of Directors must meet on at least four scheduled occasions during the financial year. In addition to these Board meetings, further Board meetings may be convened to discuss issues that cannot be deferred to an ordinary Board meeting.

The overall task of the Board of Directors is to set the company's overall goals and strategy. The issues for the Board of Directors' work primarily concerns strategy work, follow-up and control of the company's operations and risks, value creation and control of the company's compliance with

external and internal rules. The Board of Directors' follow-up of the company's compliance with internal and external rules is based partly on the reported results of the company's self-assessment process and partly on the risk-based mapping the company does annually. During the year, the Board of Directors held seven Board meetings and attendance was 95 per cent.

### Evaluation of the Board of Directors

The Board of Directors is evaluated every year with the aim of both developing the Board work and creating a basis for the Nomination Committee's evaluation of the Board's composition.

The evaluation of the Board was done in 2018 through interviews of each individual Board member. From the Board's evaluation, it was apparent that the Board work went well and that opinions from earlier evaluations were taken into account. The evaluation also showed that the composition of the group's expertise and experience is well composed.

### Board fees

The Nomination Committee presents proposals for resolutions at the General Meeting concerning Board fees. Board fees are not paid for positions on the boards of subsidiaries. Board members who are employed within the Group do not receive any separate remuneration for Board work. At the 2018 Annual General Meeting, it was resolved, according to the Nomination Committee's proposal, that a fee of SEK 300,000 would be paid to the Chairman of the Board for the coming year and a fee of SEK 130,000 per Board member would be paid to other Board members who are not employed in the Group. Remuneration will be paid for the work of Board members on the Audit Committee established by the Board of Directors in the amount of SEK 60,000 for the Chairman of the Audit Committee and SEK 30,000 for the other two members of the Audit Committee. Information on the Board fees for 2018 is in 2017 in Note 7 for the Group. The Nomination Committee's proposal on remuneration prior to the 2019 Annual General Meeting are presented by the convening notice for the Annual General Meeting.

### Audit Committee

The company has an Audit Committee consisting of three members: Joachim Berner, Bertil Persson and committee chair Lars Gatenbeck. The Audit Committee must, without this affecting the general responsibilities and duties of the Board of Directors, among other things, monitor the company's financial reporting, monitor the effectiveness of the company's internal controls, self-assessment process and risk management, keep itself informed about the auditing of the annual accounts and consolidated financial statements, review and monitor the impartiality and independence of the auditor and in doing so pay particular attention to whether the auditor provides the company with services other than auditing services, and support the Nomination Committee in preparing proposals for the Annual General Meeting's election of auditors. According to the whistle-blower policy, the Audit Committee also handles corruption and bribery, as well as alleged violations of the Competition Act. Complaints or matters of a similar nature are reported to the chair of the committee. All members of the Audit Committee are independent in relation to the company and the company's management. Bertil Persson and Lars Gatenbeck are also independent in relation to the company's major shareholders. During the year the committee held four meetings with 100 per cent attendance.

### Remuneration Committee

The Board of Directors of Christian Berner has decided not to establish a separate remuneration committee. The Board of Directors as a whole deals with issues such as those concerning principles for remuneration and other terms of employment for the company's Chief Executive

Officer and senior executives. The Board of Directors must also monitor and evaluate the application of guidelines for the remuneration of senior executives that by law are to be decided by the Annual General Meeting.

### CEO and management group

The Chief Executive Officer for the Group is Bo Söderqvist. The Chief Executive Officer reports to the Board of Directors and is responsible for the company's routine administration and day-to-day operations. The division of work between the Board of Directors and the Chief Executive Officer is specified in the rules of procedure for the Board of Directors and the instructions for the Chief Executive Officer. The Chief Executive Officer may make the decisions required for the development of the business, within the parameters of the Swedish Companies Act and the business plan, budget and instructions for the Chief Executive Officer stipulated by the Board of Directors, as well as other guidelines and instructions which the Board of Directors may issue. The Chief Executive Officer must take the necessary steps to ensure that the company's accounts are fully compliant with the law and that asset management is conducted in a satisfactory manner. The Board of Christian Berner Tech Trade AB has drawn up instructions for the Chief Executive Officer, which must be adopted annually at the Board meeting immediately following each Annual General Meeting. According to the instructions for financial reporting, the Chief Executive Officer is ultimately responsible for financial reporting at the company and must consequently ensure that the Board of Directors receives adequate information in order to enable the Board to continuously monitor the company's financial position. The Chief Executive Officer must keep the Board of Directors continuously informed about the development of the company's operations, the net revenue trend, the company's profit and financial position, liquidity and credit position, important business events and any other event, circumstance or situation that may be deemed of significance to the company's shareholders. Together with CEO Bo Söderqvist, Christian Berner Tech Trade's Group management is comprised of the CFO, the President of Christian Berner AB, the President of Zander & Ingeström AB, the President of A/S Christian Berner, the President of Christian Berner OY and the President of Christian Berner AS. The Group management meets regularly and addresses issues that, among other matters, concern corporate governance, reporting and strategy. In addition, Group management assists the CEO in carrying out decisions by the Board of Directors.

### Group-wide areas of responsibility

The Group is responsible for and operates a number of areas that consist of the country segments with Group-wide expertise and tasks. As help, they have a number of employees in the parent company, as well as borrowed help from the Group's subsidiaries and external consultants.

The Group works with internal control, where a dedicated controller works with the Group's internal control and reports to the Group's CFO, who reports to the Audit Committee. Within the area, work is being done to develop, improve and secure internal control with regard to financial reporting in the Group.

In the sustainability work, work is done in every Group company, but the coordination is done by the Group headed by the CFO. The area of risk management, where risks are evaluated, identified and priorities are consolidated, is a part of the CFO's responsibility and is coordinated by controllers at the Group level.

### Diversity

Christian Berner shall actively work for gender equality and diversity. The company may not engage in any form of discrimination in its activities or recruitment processes. Prohibited bases of discrimination include, but are not limited to: age, disability, sexual orientation, gender, transgender identity or expression, religion or other belief or ethnicity.

# Internal control at Christian Berner

The Board of Directors has ultimate responsibility for internal control and governance in relation to financial reporting. The Board of Directors annually adopts specific documents that guide and support the management and other employees in their work to ensure that reporting is complete and accurate and gives a true and fair view. The Board of Directors and the management also define decision-making paths, responsibility paths and powers. These documents mainly comprise the Board of Directors’ rules of procedure, the Chief Executive Officer’s instructions and the finance policy, authorisation policy and finance handbook.

Christian Berner Tech Trade has an extensively decentralised responsibility for driving and implementing the chosen business strategy. Operating activities are conducted in independent operating units where the responsibility for profit/loss, the balance sheet and cash flow also rests. Managers of the operating units and their employees make the business decisions, ensure they are handled correctly and make sure the risk taking is balanced. As support, the respective companies regularly follow up the outcome of their business units’ operations, as Group management does for the respective company in established Business Review Meetings (BRM).

## Control activities

To limit identified risks to each process, a self-evaluation of defined controls shall be done annually and reported to the Audit Committee and the Board. The CFO is responsible for this self-evaluation process.

The Group has a self-evaluation programme that the subsidiaries shall follow. Responsibility for them following it is decentralised.

An assessment of the level of internal control and the effectiveness of the controls must be performed annually and driven by the companies’ finance manager. The Group’s CFO is responsible for presenting the results to the Audit Committee and the Board of Directors. Christian Berner Tech Trade has Group-wide monitoring, where subsidiaries and

functions must monitor the effectiveness of the controls and report back to the Group controller. (Policy for internal governance and control).

Some key performance indicators are followed up monthly against the budget/forecast in the form of a documented account closing meeting between the Group companies’ financial managers and Group controllers where the income statement and balance sheet are the most important points for the review.

## 2018 successes

In March 2018, Zander & Ingeström became a part of the Group. It was a major acquisition of a company with a history as old as the Christian Berner Group. Zander & Ingeström has added an increased offering to the customer segments the Group previously had and with its experience and expertise actively contributed in many dimensions to develop the Group as a whole together with the other companies and business areas. During the year, Zander & Ingeström delivered a very strong profit and had a good order intake, which indicates a continued successful journey together.

From a corporate governance perspective, a new board of directors for Zander & Ingeström was appointed and they had intensive and successful work to adapt processes and tools to comply with the policies and procedures for financial and operational reporting and governance.

During the year, we drafted a new Code of Conduct and added a policy and function for whistle-blowers. It is important for the Group that we together with partners work for sustainable development in an ethical, social and environmental manner. We must live up to the Code of Conduct in our daily work and the whistle-blower function helps us get reporting if deviations from the Code are made.

As of 1 September, a President was appointed to the Group’s largest business-driving unit Christian Berner AB, a position that was previously combined with the CEO’s. This change provides clearer corporate

## Yearly cycle for internal control

Time	Responsible	Task
January–February	Group controller	<ul style="list-style-type: none"> <li>• Reviews and updates controls, policies and processes</li> <li>• Updates the self-evaluation files</li> <li>• Prepares instructions for financial managers on the year’s controls and self-evaluations</li> </ul>
February	Group management team	<ul style="list-style-type: none"> <li>• Risk workshop</li> </ul>
February–May	Group management team	<ul style="list-style-type: none"> <li>• Risk analysis/evaluation and update of the risk map</li> </ul>
March–October	Process owner	<ul style="list-style-type: none"> <li>• Reviews and updates his/her processes</li> </ul>
May–October	Process owner/financial manager	<ul style="list-style-type: none"> <li>• Implements self-evaluation. (The legal company’s financial manager leads and runs the work.)</li> </ul>
November	Financial managers	<ul style="list-style-type: none"> <li>• Compiles the company’s self-evaluation and reports to the Group controller</li> </ul>
December	Group controller	<ul style="list-style-type: none"> <li>• Compiles the companies’ self-evaluations and reports to the CFO</li> </ul>
December	CFO	<ul style="list-style-type: none"> <li>• Reports risk and self-evaluation to the Group Board and the Audit Committee</li> </ul>
Continuously	Board of Directors	<ul style="list-style-type: none"> <li>• Reviews and approves overall Group-wide policies</li> </ul>
Continuously	Group management team	<ul style="list-style-type: none"> <li>• Reviews and approves Group-wide policies</li> </ul>

governance and enables greater focus for CBAB and more resources to work with Group-wide issues for the CEO, which is a step towards greater value creation for Christian Berner Tech Trade AB.

2018 is the third year the Group has worked with self-evaluation of internal control and focus during the year was on connecting the self-evaluation work to the steering documents. The background is that there is a delegated responsibility to the subsidiaries to show how they follow Group-wide policies, and work is being done to capture this in the self-evaluation work. During the year, all subsidiaries were visited by the Group controller to follow up and evaluate the self-evaluations.

We are continuing to develop the Group at a high pace and to maintain the same pace in our development of corporate governance. We are confidently looking forward to the work of 2019 and the development steps that await.

### Planning for 2019

- Adapting controls in processes so that they better fit into how each company in the Group actually works.
- Moving towards a more standardised internal control that is tested regularly and where deficiencies and efficiency gains are followed up by management.
- Holding a workshop with Group management in risk management.
- Further training for internal control shall be held.

### Risks and risk management

Conducting business involves taking risks. Good risk management provides opportunities for a better business while risks that are not properly managed can be costly to the business.

### Risk assessment

There is an established policy for risk management, "Policy for internal governance and control", which the company follows in its work. Within the scope of Christian Berner Tech Trade AB's risk management process, a number of risk areas have been identified. These are analysed and evaluated regularly by Group management. The company's CFO leads this work together with the company's controller. Significant risks and uncertainties are presented (below) together with the steps that can be taken to handle the risk.

### Risk spread

Christian Berner Tech Trade's earnings, financial position and strategic position are affected by both internal factors, which the Group itself has control over, and external factors where the possibility of influence is more limited.

The Group works to identify, evaluate, manage and follow up risks that affect the business. The objective is for the Group's goals to be achieved through deliberate and well-considered risk taking that follows the guidelines the Group has set. Christian Berner has activities directed at customers in many different market segments and niches within, above all, the Nordic countries. The wide-spread customer stock provides less exposure to risks of a decline in a specific industry, as there are several

legs to stand on. A part of the Group's business is based to a greater degree on sales in connection with large investments and projects, while other parts have a more on-going nature.

In an economic decline, the investment willingness decreases while the on-going business is less affected. Christian Berner has actively increased the share of sales of on-going products and services to reduce the risks of exposure to an investment-intensive business. We work with around 150 suppliers from around the world, with the majority in Europe. We always want to work closely with our suppliers and build up a relationship where we create value together. If a supplier for some reason is not of current interest to continue cooperation with, the Group has the possibility to find a new supplier for similar solutions and to maintain the customer relationship.

### Sustainability risks

Christian Berner acts responsibly and active sustainability work is therefore important for the company. Christian Berner takes a holistic view, centred on good business ethics, the environment, human rights and the company's future. Christian Berner complies with the international conventions UN Global Compact, ILO and the OECD guidelines for multinational enterprises. The business comprises trading, distribution and a limited amount of processing. The Group's impact on the environment relates primarily to the transport of goods, business travel and waste management. The subsidiaries of Christian Berner operate activities that are subject to reporting obligations under the Swedish Environmental Code. None of the Group's companies are involved in any environmental disputes.

### Crisis management

The Group's crisis management is decentralised, which means that insofar as possible, events should be solved locally, close to the origin of the event. If crises arise that can conceivably affect the Group, the CEO should be contacted immediately for a dialogue on the handling of resolution activities and how information should be formulated and coordinated. If the CEO cannot be reached, the CFO should be informed.

### Surrounding world factors

The Board confirmed that a higher share of product development and productivity increase takes place in Asia, where the Group has not historically had a major presence. The company will actively work to monitor the Asian market to a greater extent to make sure not to fall behind competitors. An important decision is also that Christian Berner Tech Trade AB shall not exclusively be run as a holding company with completely independent for-profit companies, but that it is important to act as a corporate group with Group-wide goals and activities. With a shared agenda, processes and activities, the Group is given a strength to develop faster and a better opportunity to manage the risks and opportunities that are ahead of us.

## Risks and uncertainties

RISKS	MANAGEMENT
<b>Economic developments and market trends</b>	
Christian Berner's business is dependent on the customers' purchases and investments and is affected by economic fluctuations.	The effect of the economic fluctuations is reduced by the company being active in many different industries and geographic areas. Through monthly meetings and quarterly Business Review Meetings, the company monitors the development and handles any changes.
<b>Changes in the customer chain</b>	
Globalisation and rapid technological development are driving structural changes in the customer chain, which may result in a fall in demand for Christian Berner's services, for example through mergers and relocation. Rapid technical development can lead to customer demand for products and solutions shifting to new variants, which were not previously available.	As a strategic partner and adviser of manufacturers and customers, Christian Berner is able to organise, structure and streamline the decision-making process. This leads to increased efficiency for both the company's customers and suppliers. Christian Berner is active in dialogues with both customers and suppliers regarding current needs and solutions, and potential development in the future.
<b>Competitive situation</b>	
Change and consolidation among companies in the technology trading industry affects the level of competition. There is a risk that suppliers will go directly to the customer or to a competitor.	Christian Berner has long-term relationships with leading suppliers. Christian Berner is an attractive business partner, which helps the company maintain its leading position. Its stable, long-term relationships with leading suppliers in various niches enable Christian Berner to provide its customers with high-quality, technologically advanced products.
<b>Ability to recruit and retain staff</b>	
Christian Berner is dependent upon its employees, who in many cases are highly trained. Being able to recruit and retain qualified staff is important in order to secure the level of expertise at the company.	Christian Berner works actively with continuing professional development and employee satisfaction at the company. Employee surveys are done annually and in 2018 a salary survey was done on the largest subsidiary Christian Berner AB to ensure that it has competitive remuneration levels.
<b>Acquisitions and Goodwill</b>	
Costs in connection with acquisitions may be higher than calculated and positive effects on income may take longer than anticipated. Goodwill impairment is also a risk, as is integration risk.	Christian Berner makes a careful selection of potential acquisition candidates and actively seeks companies that are already profitable at a stable level. Christian Berner has previous experience of successful acquisitions and carries out thorough preliminary work.
<b>Regulatory compliance</b>	
Risk exists in representatives for the company, or partners, acting in a way that disregards laws and permits, or acts in a corrupt or fraudulent manner.	During the year, Christian Berner updated its Code of Conduct and requires all employees and all suppliers to comply with and sign this Code. During the year, a whistle-blower function and policy were also established that are further intended to provide an opportunity to capture any deviations from the Code and regulations and for the company to be able to act on them.
<b>Financial risks</b>	
For a description of the financial risks of the Group and the parent company, refer to Note 3.	See Note 3.
<b>Suppliers</b>	
As an intermediary between the supplier and the customer, Christian Berner is dependent on the suppliers fulfilling their obligations.	Christian Berner has long-term relationships with leading suppliers, where quality is of the utmost importance. We have continuously on-going dialogues with our suppliers to ensure that they are able to partake of what we learn regarding our customers' needs, and teach us what development our suppliers have. In 2018, a central Group responsibility for supply chain was established, which increased focus on Group-wide dialogue with suppliers.

# Auditor statement on corporate governance report

To the General Meeting of shareholders of Christian Berner Tech Trade AB, corp. ID no. 556026-3666

## Assignment and division of responsibilities

It is the Board of Directors that is responsible for the corporate governance report for the year 2018 on pages 31-36 and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

## Review's focus and scope

Our review has been conducted in accordance with FAR's statement RevU 16 Auditor's review of the corporate governance report. This means that our review of the corporate governance report has another focus and is substantially more limited in scope than an audit conducted in accordance with the International Standards on Auditing and generally accepted auditing practice in Sweden. We consider that this review provides us adequate grounds for our opinions.

## Opinions

A corporate governance report has been prepared. Disclosures in accordance with Chapter 6 Section 6 Paragraph 2 Items 2-6 of the Annual Accounts Act and Chapter 7 Section 31 Paragraph 2 of the same act is consistent with the annual accounts and consolidated accounts and is in compliance with the Annual Accounts Act.

Mölnlycke, 21 March 2019

Öhrlings PricewaterhouseCoopers AB

Michael Bengtsson

Authorised Public Accountant

# Board of Directors



Joachim Berner

Born 1962. Chairman of the Board of Directors since 2014 (Board member since 2013 and from 1989 to 2008). Member of the Audit Committee.

**Education:** Master of Science in Economics, MBA, from the School of Business, Economics and Law at the University of Gothenburg.

**Other current positions:** Industrial advisor to Accendo Capital, Segulah, the National Library of Sweden and Capman. Chairman of the Board of Gårdaverken AB, Berner Fastighets AB, Mitt i TopCo AB, Seafire Capital (Publ), YA Holding AB, Eniro AB (publ), njuice AB.

**Shareholding in Christian Berner**

**Tech Trade:** 1,250,000 class A shares and 3,192,083 class B shares through Gårdaverken AB.



Kerstin Gillsbro

Born 1961. Board member since 2016.

**Education:** Graduate Engineer in Civil Engineering from the Faculty of Engineering at Lund University.

**Other current positions:** CEO of Jernhusen AB. Member of the Boards of Stena Fastigheter AB, Green Building Council and JBS (Swedish Railway Industry's collaboration forum).

**Shareholding in Christian Berner**

**Tech Trade:** 5,300 class B shares.



Bertil Persson

Born 1961. Board member since 2018.

**Education:** Master of Science in Economics from the Stockholm School of Economics.

**Other current positions:** Member of the Boards of Nobina AB and Troax AB. Senior advisor Odin Fonder and Hjalmarsson & Partners.

**Shareholding in Christian Berner**

**Tech Trade:** –



Stina Wollenius

Born in 1979. Board member since 2018.

**Education:** Master of Science in Industrial Economics from the KTH Royal Institute of Technology and Technische Universität Berlin.

**Other current positions:** CEO of Glasgruppen, President of Wollenius Invest AB, Chairman of the Board of Svensk Planglasförening and Board member of Produktionslyftet (Rise).

**Shareholding in Christian Berner**

**Tech Trade:** –





Lars Gatenbeck

Born 1956. Board member since 2014. Chairman of the Audit Committee.

**Education:** Dr. Med. at Karolinska Institutet, Master of Science in Medicine at Karolinska Institutet.

**Other current positions:** Industrial advisor to EQT. Chairman of the Boards of Life Medical Sweden AB, Life Equity Group Holding AB and Akademikliniken Group Holding AB. Deputy Chairman of the Boards of Industrifonden Foundation, member of the Boards of Tunstall Health Care Group Ltd., Ambea AB, Care Group Ltd., Dataflow Group PTY, Cancerföreningen and the Silviahemmet Foundation. Trustee of the King Gustav V Jubilee Foundation.

**Shareholding in Christian Berner Tech Trade:** 26,364 class B shares.



Malin Domstad

Born 1970. Board member since 2015.

**Education:** BSc Industrial Automation at the University of Skövde.

**Other current positions:** Head of Purchasing, Consolis S.A.S

**Shareholding in Christian Berner Tech Trade:** 1,200 class B shares.



Kurt Olofsson

Born 1952. Employee representative since 2004.

**Education:** Mechanical engineer.

**Other current positions:** Technical Sales Representative for Process Facilities in the Process & Environment business area at Christian Berner AB, Chairman of the Local Union Chapter at Christian Berner AB.

**Shareholding in Christian Berner Tech Trade:** –



Sohrab Moshiri

Born 1985. Employee representative since 2015.

**Education:** Graduate Engineer in Chemical Engineering from the Swedish Royal Institute of Technology.

**Other current positions:** Technical Sales Representative for Steam, Gas & Energy Technology in the Process & Environment business area at Christian Berner AB.

**Shareholding in Christian Berner Tech Trade:** –

## Auditor

Registered public accounting firm, Öhrlings PricewaterhouseCoopers AB, company identity number 556029-6740.

Chief Auditor, Michael Bengtsson, born 1959.

Michael Bengtsson is an authorised public accountant and a member of FAR.

# Management



Bo Söderqvist

Born 1963. CEO of Christian Berner Tech Trade AB since 2010.

**Education:** Leadership training at the Swedish Institute of Management, Krauthammer International and Håkan Frödén Coaching & Communication. Training in steel and metal at SSAB Borlänge and Inexa. Sales training at BE-skolan.

**Other current positions:** Chairman of the Boards of Christian Berner AB, Christian Berner Oy, A/S Christian Berner, Christian Berner AS and Zander & Ingeström AB.

**Holdings:** 220,000 class B shares.



Torbjörn Gustafsson

Born 1976. CEO of Christian Berner Tech Trade AB, employed since 2018.

**Education:** MSc in Economics at Lund University.

**Other current positions:** Member of the Boards of Christian Berner AB, Christian Berner AS, Christian Berner Oy and Zander & Ingeström AB.

**Holdings:** 450 class B shares.



Erik Thorup

Born 1963. President of A/S Christian Berner, employed since 2000.

**Education:** Graduate Engineer in Mechanical Engineering from the Technical University of Denmark and Bachelor's degree in Business Administration, International Business, from the Copenhagen Business School.

**Other current positions:** Board member of A/S Christian Berner.

**Holdings:** 2,182 class B shares.



Henrik Westerholm

Born 1970. President of Christian Berner Oy, since 2006.

**Education:** Engineer in Machine Automation from the Institute of Technology in Helsinki.

**Other current positions:** Board member of Christian Berner Oy.

**Holdings:** 8,727 class B shares.



Herman Thon

Born 1970. President of Christian Berner AS since 2017.

**Education:** Leadership training from the Norwegian Defence University College, MSc in Marketing from Kristiania University College, MBA from the Norwegian School of Economics (NHH).

**Other current positions:** Board member of Christian Berner AS.



Hans Lindqvist

Born in 1965. President of Christian Berner AB and Supply Chain Director in Christian Berner Tech Trade AB, employed since 2018.

**Education:** Graduate Engineer in Mechanical Engineering from Chalmers Institute of Technology.

**Holdings:** 10,000 class B shares.



Lars-Olof Larsson

Born 1963. President of Zander & Ingeström, employed since 1997.

**Education:** Graduate Engineer in Mechanical Engineering from the Swedish Royal Institute of Technology.

**Other current positions:** Board member of Zander & Ingeström AB.

**Holdings:** 187,714 class B shares through Förvaltningsbolaget ZATE.

# Share data

The Christian Berner share had a positive development during the year. The Board of Directors' dividend proposal is in the upper part of the company's goal. During the year, share buybacks continued.

The Stockholm stock exchange fell by 8 per cent in 2018. The Christian Berner share developed better than the market as a whole and rose by 13 per cent to a price of SEK 18.45. Since the listing in 2014, the Christian Berner share has generated a total return of 102 per cent (price trend + reinvested dividend). In the same period, the comparative index Stockholm Benchmark GI provided a total return of 38 per cent.

In 2018, 4,6 million shares were traded at a total value of SEK 92 million. This is equivalent to a turnover rate of 26 per cent. On average, there were 35 trades in Christian Berner's share on each trading day of the year.

## Ownership structure

Christian Berner has a total of 1,492 (1,469) shareholders. Gårdaverken AB was the largest single owner in Christian Berner at year-end and held 23.7 per cent of the capital and 52.3 per cent of the votes in Christian Berner.

During 2018, Christian Berner Invest AB dissolved the joint holding company ownership of shares in Christian Berner Tech Trade AB. The

holding company thereby distributed all class B shares in CBTT AB to the holding company's shareholders. After these transactions, Gårdaverken AB is now the single largest owner with a voting majority.

## Share buyback and dividend

During the first quarter of the year, the Board of Directors decided to use the authorisation provided by the AGM for a buyback and transfer of own shares. The purpose of the share buybacks was to provide greater flexibility in corporate acquisitions. In 2018, Christian Berner bought back 111,872 shares. 438,242 shares were used as partial payment in the transaction with Zander & Ingeström AB on 1 March 2018, and Christian Berner Tech Trade AB now holds 72,357 shares.

Christian Berner's aim is for the dividend to be 30–50 per cent of the profit after tax. The Board's proposed dividend for 2018 is SEK 0.75 per share, which corresponds to 37.3 per cent of the company's profit.

## Why Christian Berner is a good investment

### Growing company

Christian Berner has had an average revenue growth of 10.4 per cent in the past five years. In 2018, it was 37.4 per cent. The growth takes place both organically and through acquisitions.

### Profitable growth

Christian Berner's profitability has stabilised at a higher level. In the past five years, the company has had an average operating margin of 5.8 per cent, and in 2018 it was 8.4 per cent.

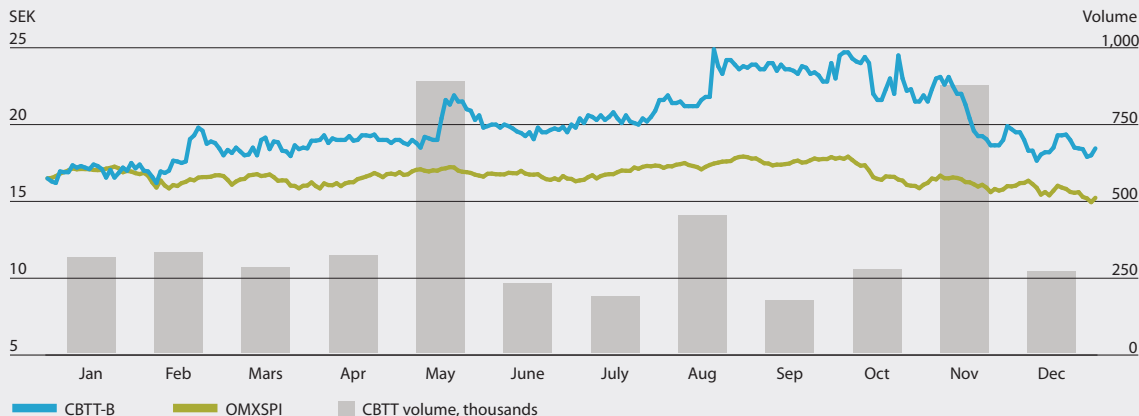
### Strong total return

Historically, Christian Berner has had a positive development of the share price and a dividend that provides a strong direct return and dividend growth. Since the listing in 2014, Christian Berner has generated a total return of 102 per cent. In 2018, it was 34 per cent.

### Company with continued potential

Christian Berner has had a strong development in recent years, but there is potential to further develop the company's key performance indicators. In 2019, focus is on Christian Berner in Norway achieving the same level of profitability as the other subsidiaries, and to improve the profitability in the Materials Technology business area.

### Price trend 2018



### Total return since listing



Name	Class A shares	Class B shares	Shares	% of capital	% of votes
Gårdaverken AB	1,250,000	3,192,083	4,442,083	23.7%	52.3%
Ernström Kapital Ab		2,550,000	2,550,000	13.6%	8.5%
Lannebo Nanocap		2,051,307	2,051,307	10.9%	6.8%
Berner, Ksenia		1,703,268	1,703,268	9.1%	5.7%
Berner, Isolde Stensdotter		1,630,572	1,630,572	8.7%	5.4%
Berner, Ruby Stensdotter		1,558,336	1,558,336	8.3%	5.2%
Second Swedish National Pension Fund		850,000	850,000	4.5%	2.8%
Förvaltningsaktiebolaget Zate		438,242	438,242	2.3%	1.5%
Försäkringsaktiebolaget, Avanza Pension		271,669	271,669	1.4%	0.9%
Nordnet Pensionsförsäkring AB		270,827	270,827	1.4%	0.9%
Söderqvist, Bo		220,000	220,000	1.2%	0.7%
Bpss Lux/Fim/Lu Fd/Ca Ta/Ucits/Full		186,811	186,811	1.0%	0.6%
Berner Wolf, Nicolas		167,500	167,500	0.9%	0.6%
Alcur Select		147,557	147,557	0.8%	0.5%
Cbldn-Pohjola Bank Plc Client A/C		120,486	120,486	0.6%	0.4%
Swedbank Försäkring Ab		83,152	83,152	0.4%	0.3%
Lachenardiére, Rachel		72,696	72,696	0.4%	0.2%
Christian Berner Tech Trade Ab		72,357	72,357	0.4%	0.2%
Handelsbanken Sverigefond Inde, X		64,926	64,926	0.3%	0.2%
Seb Life International		60,000	60,000	0.3%	0.2%
Others		1,797,609	1,797,609	9.6%	6.0%
<b>Total</b>	<b>1,250,000</b>	<b>17,509,398</b>	<b>18,759,398</b>	<b>100.0%</b>	<b>100.0%</b>

# 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 2018 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. It also provides consulting services, analysis of the customer's technical requirements, development, installation and service.

The Group operates within a number of geographic segments, where subsidiaries in each country constitute their own profit centres. Christian Berner's products include technical products within the Process and Environment business area, such as filtration and process technology, UV equipment and industrial equipment, and within the Materials Technology business area materials to reduce vibration and noise, as well as plastics. By offering technical solutions that lower costs and reduce environmental impact, the company creates added value for its customers.

## Year in brief

The 2018 financial year was a year with large revenue and profitability growth, which was very positively impacted by the company Zander & Ingeström (Z&I) acquired in the first quarter. Zander & Ingeström, which is included in the Swedish segment, is one of Sweden's leading companies in pump and heating technology, working with customers in the processing, paper, water/power and mining industries. Zander & Ingeström strengthens the Christian Berner Group's offering to existing customer segments in the process industry and water, and adds a global presence with the boiler business, which has global sales. Existing operations, excluding acquisitions, also had increased revenue. The Swedish operation is impacted extensively by Zander & Ingeström, which contributed very positively to revenue, profit and order intake. The Swedish operation excluding Zander & Ingeström also had organic growth. Denmark strongly increased revenue during the year, with good profitability. Norway had a year of building up a new organisation, but successfully increased revenue, order intake and turned around a loss in 2017 to a profit in 2018. Finland is continuing to increase revenue, but did not have the same positive earnings trend as the previous year.

The Group's net revenue for the year amounted to SEK 617.6 (449.6) million, which is a growth of 37.4 per cent over the previous year. It is pleasing that all of the Group's segments contributed to the increase, but the greatest impact was from Zander & Ingeström in the Sweden segment, which accounts for SEK 149.1 million of the revenue growth. Operating profit was SEK 50.1 (20.2) million. EBITA was SEK 51.8 (21.5) million, corresponding to an EBITA margin of 8.4 (4.8) per cent. The order intake for the year grew by 49.8 per cent to SEK 676.3 (451.5) million. Sweden had a revenue growth of 53.6 per cent, SEK 450.4 (293.2) million in 2018, of which Zander & Ingeström accounted for SEK 149.1 million of the increase. During the year, Sweden had a positive earnings trend where EBITA for the business was SEK 54.6 (28.5) million, of which Zander & Ingeström accounted for SEK 31.9 million. Operations in Sweden, excluding Zander & Ingeström, were characterised by a year with initiatives in training, web development and organisational changes that entailed higher costs during the year. The EBITA margin in Sweden totalled 12.1 (9.7) per cent. During the year, the company acquired in 2016, PlastKapTek Sverige AB's operations were physically

moved in to Christian Berner's facilities in Mölnlycke. The integration strengthens Christian Berner's position in processed plastic products on the Nordic market, where there is demand for more finished parts and machining is increasing in strategic importance.

Danish operations had another year with a strong result. Net revenue grew by 22.4 per cent compared with the previous year and amounted to SEK 28.3 (23.1) million. The company provided an EBITA of SEK 2.7 (2.6) million, which is a growth of 4.3 per cent. The Process & Environment business area continued to be successful in Ballast Water Systems, which is an important area for the company. Profitability in Denmark is at a stable level and the EBITA margin was 9.5 (11.1) per cent.

In 2018, Norway succeeded in turning the 2017 loss into a profit. The new management team worked intensively to recruit new sales people and organise the operations to equip the organisation for growth and greater profitability. For 2018, net sales increased by 3.5 per cent and amounted to SEK 64.9 (62.6) million for the year. EBITA was positive for the year at SEK 0.3 (-3.6) million. Finland had a good year with net revenue of SEK 74.0 (70.5) million. EBITA for the financial year was SEK 5.1 (6.5) million, corresponding to an EBITA margin of 6.9 (9.3) per cent. It was sales of vibration-damping material for the construction industry, within the Materials Technology business area, that delivered particularly good results and contributed positively to growth.

## FINANCIAL DEVELOPMENT

### Return

Return on equity after financial items for the past 12-month period amounted to 43.5 (20.9) per cent.

### Cash flow

Cash flow from operating activities was SEK 25.8 (24.1) million. The change in working capital compared with the previous year is primarily attributable to negative impact on the cash flow through an increase in stock and higher tax payments. A positive effect on cash flow was noted with regard to a change in operating receivables and operating liabilities. Cash flow from investing activities amounted to SEK -116.6 (-3.5) million where the major difference was because no acquisitions were made in 2017 in contrast to 2018 when Z&I was acquired. Cash flow from financing activities accounted for SEK 59.6 (-20.9) million, where utilised overdraft facilities of SEK 18.3 (0.0) million and loans raised of SEK 70.0 (0.0) million accounted for large positive changes, and where the largest negative change was linked to the repayment of loans of SEK -15.0 (-2.0) million. The dividend was the same between the years at SEK 9.4 (9.4) million.

### Equity ratio

The equity ratio at 31 December was 36.8 (50.8) per cent.

### Environmental impact

Christian Berner acts responsibly and active sustainability work is therefore important for the company. Christian Berner takes a holistic view, centred on good business ethics, the environment, human rights and the company's future. Christian Berner complies with the international conventions UN Global Compact, ILO and the OECD guidelines for multinational enterprises.

The business comprises trading, distribution and a limited amount of processing. The Group's impact on the environment is therefore limited and relates primarily to the transport of goods, business travel and waste management. 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 AND DEVELOPMENT

### Employees

The average number of employees in the past 12-month period amounted to 165 (129). At the end of the financial year, the number of employees was 165, compared with 129 at the beginning of the financial year. During the financial year, implemented acquisitions increased the number of employees by 21.

### Research and development

The company invests resources in producing customised solutions for customers and partners as well as its own brands. The company does not carry out any pure research.

### Principles for remuneration of senior executives

For the Annual General Meeting in April 2019, the Board has decided to propose unchanged guidelines compared with the previous year.

The guidelines shall apply to remuneration of the CEO and other senior executives. In total, seven people are covered by these guidelines.

The company shall offer market-based terms which allow the company to recruit and retain skilled personnel. The remuneration of the CEO and senior executives shall consist of fixed salary, variable remuneration, pension and other customary benefits. The remuneration is based on the individual's commitment and performance in relation to targets defined in advance, both individual targets and shared targets for the company as a whole.

The fixed salary is reviewed once a year as a main rule and must take into account the quality of the individual's performance. The fixed salary for the CEO and other senior executives shall be market based. The variable remuneration shall take into account the individual's level of responsibility and degree of influence. The size of the variable remuneration is based on the individual's percentage fulfilment of set targets. The variable remuneration shall as a maximum amount to five months of fixed salary for the CEO and up to three months of fixed salary for other senior executives.

The CEO and other senior executives are covered by defined-contribution pension plans. The pension premiums paid by the company amount to a maximum of 35 per cent of the CEO's fixed monthly salary while the pension premiums for the other senior executives amounts to between around 10 to 25 per cent of the fixed monthly salary. The employment contract with the CEO can be terminated with a six-month period of notice. The employment contracts with the other senior executives can be terminated with a six-month period of notice. The CEO is entitled to severance pay equivalent to six months' salary if the company terminates the employment.

Further information is provided in Note 7.

### Transactions with related parties

There were no transactions between Christian Berner and related parties that had a significant impact on the financial position and results. See Note 29 of this annual report.

### Parent company

The main tasks of the parent company are to take responsibility for management, business development, acquisitions, financing and analysis. The parent company's internal net revenue for the financial year was SEK 19.9 (14.1) million and profit/loss after net financial items was SEK -13.1 (-3.7) million. The parent company's financial non-current assets mainly comprise shares in subsidiaries. At 31 December, there were 4 (3) employees. The company's CFO resigned on 30 November 2017. A new CFO took office on 1 February 2018.

### Events after the end of the financial year

Christian Berner Tech Trade AB is expanding its Nordic management team with a Marketing Manager, who previously reported in the Swedish subsidiary Christian Berner AB, and with a new role, Operational Development and IT Manager (currently being recruited and expected to be in place in Q2/Q3 2019). A new website is being launched as a part of a modernisation of communication, and an initial step towards the enabling of e-commerce.

### Outlook

Christian Berner currently sees no indications of any general change in the demand situation compared with 2018. The ambition is to generate growth in 2019 through both organic growth and acquisitions.

### Appropriation of profits, SEK thousands

#### The following is at the disposal of the Annual General Meeting:

Retained earnings	63,176
Profit for the year	29,746
Total	92,922

#### The Board of Directors proposes

Dividend of SEK 0.75 per share	14,070
To be carried forward	78,852
Total	92,922

### Proposed dividend resolution

The Board proposes that a dividend be paid totalling SEK 14,070,000, which is equivalent to SEK 0.75 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 considering 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 financial position and performance, refer to the following income statement and balance sheet and the related supplementary information.

# Consolidated statement of comprehensive income

SEK thousands	Note	2018	2017
<b>Operating income</b>			
Net revenue	5, 25	617,575	449,607
Other operating income	6	475	388
<b>Total operating income</b>		<b>618,049</b>	<b>449,995</b>
<b>Operating expenses</b>			
Goods for resale		-362,401	-262,536
Other external costs	8, 9, 27	-59,978	-46,558
Staff costs	7	-140,119	-116,227
Depreciation of property, plant and equipment and amortisation of intangible assets	14, 15	-5,460	-4,497
<b>Total operating expenses</b>		<b>-567,958</b>	<b>-429,817</b>
<b>Operating profit/loss</b>		<b>50,091</b>	<b>20,177</b>
Financial income	10, 11	374	177
Financial expenses	10, 11	-1,626	-434
<b>Net financial items</b>		<b>-1,252</b>	<b>-257</b>
<b>Profit/loss before tax</b>		<b>48,839</b>	<b>19,920</b>
Income tax	12	-11,115	-4,473
<b>Profit/loss for the year</b>		<b>37,725</b>	<b>15,448</b>
<b>Other comprehensive income</b>			
<b>Items that can be transferred to profit and loss for the year</b>			
Translation differences on translation of foreign subsidiaries		147	332
<b>Other comprehensive income for the year, net after tax</b>		<b>147</b>	<b>332</b>
<b>Total comprehensive income for the year</b>		<b>37,872</b>	<b>15,779</b>

The profit for the year and the total comprehensive income are entirely attributable to the parent company's shareholders

Earnings per share	Note	2018	2017
Earnings per share before dilution (SEK)	13	2.02	0.84
Earnings per share after dilution (SEK)	13	2.02	0.84

# Consolidated statement of financial position

SEK thousands	Note	31/12/2018	31/12/2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Intangible assets</b>			
Goodwill	14, 26	132,609	14,844
Distribution rights	14	4,332	4,825
Trademarks	14	17,000	3,000
Internally developed software		1,187	
<b>Total intangible assets</b>		<b>155,128</b>	<b>22,669</b>
<b>Property, plant and equipment</b>			
Machinery and equipment	15	17,556	12,310
<b>Total property, plant and equipment</b>		<b>17,556</b>	<b>12,310</b>
<b>Financial assets</b>			
Other non-current receivables	16	186	179
<b>Total financial assets</b>		<b>186</b>	<b>179</b>
Deferred tax assets	21	1,827	2,375
<b>Total non-current assets</b>		<b>174,697</b>	<b>37,533</b>
<b>Current assets</b>			
<b>Inventories</b>			
Finished goods and goods for resale	30	50,246	21,822
Advance payments to suppliers		2,261	1,659
<b>Total inventories, etc.</b>		<b>52,507</b>	<b>23,481</b>
<b>Current receivables</b>			
Trade receivables	16, 17	83,602	56,734
Current tax assets		1,229	72
Other current receivables		2,110	2,410
Prepaid expenses and accrued income	18	4,481	2,124
Cash and cash equivalents	19	33,774	64,538
<b>Total current receivables</b>		<b>125,196</b>	<b>125,878</b>
<b>Total current assets</b>		<b>177,703</b>	<b>149,359</b>
<b>TOTAL ASSETS</b>		<b>352,400</b>	<b>186,891</b>



SEK thousands	Note	31/12/2018	31/12/2017
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		625	625
Other capital contributions		41,228	41,228
Reserves		569	422
Retained earnings (incl. profit/loss for the year)		87,296	52,687
<b>Total equity</b>		<b>129,718</b>	<b>94,962</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Liabilities to credit institutions	3, 20	49,008	10,724
Deferred tax liabilities	21	8,292	1,961
Provisions		1,335	–
<b>Total non-current liabilities</b>		<b>58,635</b>	<b>12,685</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	16, 20	40,910	4,369
Advance payments from customers		19,972	4,240
Trade payables	22	35,505	30,234
Current tax liabilities		–	–
Other current liabilities	31	32,692	15,007
Accrued expenses and prepaid income	23	34,968	25,394
<b>Total current liabilities</b>		<b>164,047</b>	<b>79,244</b>
<b>Total liabilities</b>		<b>222,682</b>	<b>91,929</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>352,400</b>	<b>186,891</b>

# Consolidated statement of changes in equity

SEK thousands	Note	Share capital	Other capital contributions	Reserves	Retained earnings including profit/loss for the year	Total equity
<b>Opening equity, 01/01/2017</b>		<b>625</b>	<b>41,228</b>	<b>90</b>	<b>53,978</b>	<b>95,921</b>
Profit/loss for the year		-	-	-	15,448	15,448
<b>Other comprehensive income for the year</b>						
Translation differences for the year		-	-	332	-	332
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>332</b>	<b>15,448</b>	<b>15,779</b>
<b>Transactions with shareholders</b>						
Dividend		-	-	-	-9,380	-9,380
Buyback of own shares		-	-	-	-7,358	-7,358
<b>Closing equity, 31/12/2017</b>		<b>625</b>	<b>41,228</b>	<b>422</b>	<b>52,687</b>	<b>94,962</b>
<b>Opening equity, 01/01/2018</b>		<b>625</b>	<b>41,228</b>	<b>422</b>	<b>52,687</b>	<b>94,962</b>
Profit/loss for the year		-	-	-	37,725	37,725
<b>Other comprehensive income for the year</b>						
Translation differences for the year		-	-	147	-	147
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>147</b>	<b>37,725</b>	<b>37,872</b>
<b>Transactions with shareholders</b>						
Dividend		-	-	-	-9,340	-9,340
Buyback of own shares		-	-	-	-1,901	-1,901
Issue of common shares in business combinations*		-	-	-	8,125	8,125
<b>Closing equity, 31/12/2018</b>		<b>625</b>	<b>41,228</b>	<b>569</b>	<b>87,296</b>	<b>129,718</b>

\* Pertains to treasury shares used as payment in business combinations

Equity is attributable in its entirety to the shareholders in the parent company, Christian Berner Tech Trade AB.

# Consolidated statement of cash flows

SEK thousands	Note	2018	2017
<b>Cash flow from operating activities</b>			
Operating profit/loss		50,091	20,177
Adjustment for non-cash items	24	5,929	4,884
Interest paid and similar items		-1,626	-434
Interest received		374	177
Income tax paid/refunded		-10,327	-8,459
<b>Cash flow from operating activities before changes in working capital</b>		<b>44,441</b>	<b>16,345</b>
<b>Cash flow from changes in working capital</b>			
Increase/decrease in inventories		-3,251	-3,475
Increase/decrease in operating receivables		-8,682	6,578
Increase/decrease in operating liabilities		-6,738	4,606
<b>Total change in working capital</b>		<b>-18,671</b>	<b>7,709</b>
<b>Cash flow from operating activities</b>		<b>25,770</b>	<b>24,054</b>
<b>Cash flow from investing activities</b>			
Acquisition of subsidiaries, less acquired funds		-109,888	-1,431
Acquisition of property, plant and equipment		-5,552	-2,073
Capital expenditures in property, plant and equipment		-1,187	24
Acquisition of financial non-current assets		-	-5
<b>Cash flow from investing activities</b>		<b>-116,627</b>	<b>-3,485</b>
<b>Cash flow from financing activities</b>			
Loans raised, parent company		70,000	-
Utilised overdraft facility		18,270	-
Repayment of loans	24	-15,000	-2,000
Dividend		-9,340	-9,380
Buyback of own shares		-1,901	-7,358
Payment for finance leases	24	-2,448	-2,165
<b>Cash flow from financing activities</b>		<b>59,581</b>	<b>-20,903</b>
<b>Cash flow for the period</b>		<b>-31,276</b>	<b>-334</b>
Cash and cash equivalents at the start of the period		64,538	64,983
Exchange difference in cash and cash equivalents		512	-110
<b>Cash and cash equivalents at end of year</b>		<b>33,774</b>	<b>64,538</b>

# Notes – Group

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

## NOTE 1 General information

The parent company Christian Berner Tech Trade AB (publ) and its subsidiaries (together the Group) market, sell and supply components, systems and services with a high technical content. The range includes high-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 the head office is Box 88, SE-435 22 Mölnlycke, Sweden, and the visiting address is Designvägen 1, Mölnlycke, Sweden.

The Board of Directors approved the year-end report on 21 February 2019. The consolidated statement of comprehensive income and the consolidated statement of financial position, as well as the parent company's income statement and balance sheet, will be submitted for adoption at the Annual General Meeting on 24 April 2019.

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 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. Assets and liabilities are valued at historical cost.

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

##### *Changed accounting principles and disclosures*

From 1 January 2018, the Group applies IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. The transition to these new standards has not entailed any effect on the opening balance for the Group. The only effect pertains to the new disclosure requirements that the standards entail.

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.

The project included a review of the sale of goods and services with the aim of identifying the separate performance commitments in the Group's various sales flows. Altogether, the Group's investigation conclusion is that the standard will not have any effect on the Group's revenue recognition beyond the expanded disclosure requirement set by the standard. The Group applies the prospective retroactive transition method. 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 alternative. IFRS 9 requires the anticipated credit losses to be reported in contrast to the previous approach when reserves were reported instead of occurred losses. The standard has been applied since 1 January 2018. The Group's results after a completed review of the standard is that the introduction of IFRS 9 "Financial Instruments" does not entail any impact on the consolidated financial statements beyond the expanded disclosure requirement set by the standard.

#### **New and amended standards and interpretations that have been issued, but have not yet come into force**

##### *The Group will go over to the new accounting standard IFRS 16 Leases as of 1 January 2019.*

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. According to the Group's assessment, IFRS 16 means that the Group's operating leases relating to machinery, vehicles and office premises will be recognised on the balance sheet as rights to use an asset. Corresponding amounts will be recognised as financial liabilities.

##### *Assessed effects of the transition to IFRS 16 Leases.*

The management has assessed the effect of the transition to the new standard IFRS 16 Leases. The initial estimate is that IFRS 16 has a marginally positive effect on EBITA and a smaller effect on profit after financial items. The estimated changes on the balance sheet are presented by Note 9. The leasing portfolio contains around 100 leases and mainly comprises operating leases for offices, company vehicles, production and office equipment. Existing finance leases previously recognised according to IAS 17 Leases are reclassified according to IFRS 16 to the amounts that were recognised the date immediately before the application of the new standard. CBTT has chosen to report the transition to the new standard with the simplified method. The relief rule to not prepare a comparative year was applied. The size of the right of use has been measured to correspond to the size of the lease liability at the transition date. A marginal loan interest rate was determined and right of use agreements shorter than 12 months or that end within 12 months from the transition date are classified as short-term agreements and are thereby not included in the recognised liabilities/rights of use. Agreements with a new purchase value of less than USD 5,000 are also not included in the recognised amounts.

## 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 profit and loss.

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 reporting 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.

Foreign exchange gains and losses relating to loans and cash and cash equivalents are recognised in the income statement as financial income or expenses.

#### *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 the fair value of identifiable assets, liabilities and contingent liabilities of the acquired company.

Goodwill is not amortised but is tested for impairment annually, or more frequently if events or changes in circumstances indicate possible impairment. Goodwill is recognised at cost less accumulated impairment losses. On the sale of a unit, the carrying amount of goodwill is included in the gain/loss arising.

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. 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.

#### *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 amortisation. Amortisation is applied straight-line in order to allocate the cost of distribution rights over their estimated useful life of 10 years.

#### *Trademarks*

Trademarks are assumed to have an indefinite useful life unless otherwise stated. They are impairment tested in accordance with applicable regulations.

### 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 repairs and maintenance are recognised as costs in the income statement in the period in which they occur.

#### *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 immediately written down to its recoverable amount if the asset's carrying amount exceeds its estimated recoverable amount.

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 profit and loss.

### 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 amortised, but are tested annually for impairment. Assets that are amortised are assessed for a reduction in value whenever events or changes in circumstances indicate that the carrying amount may no longer be recoverable. An impairment is made in the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less selling expenses and its value in use. When assessing the impairment requirement, assets are grouped at the lowest levels at which there are separate identifiable cash flows (cash-generating units). For assets, other than financial assets and goodwill, which have previously been impaired, 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

A financial instrument is any form of agreement that gives rise to a financial asset at one company and a financial liability or an equity instrument at another company.

#### **2.9.1 Classification and measurement**

IFRS 9 is applied as of 1 January 2018 and replaced IAS 39 Financial Instruments: Recognition and measurement. As stated in 2.1.1, the transition to IFRS 9 has not entailed any change regarding recognition in and removal from the Statement of financial position. Accordingly, the comparative year's figures, which were recognised in accordance with IAS 39, were not impacted by the transition as at 1 January 2018. However, what changes is the classification and measurement of financial instruments. At initial recognition, all financial instruments are recognised at fair value, which agrees with IAS 39. After initial recognition, financial assets are then recognised at amortised cost, fair value through profit and loss or fair value through other comprehensive income. The category that a financial asset is classified as belonging to is determined both by the company's business model and by the contractual cash flows the company will receive from the financial asset.

The category of amortised cost includes trade receivables, financial receivables and cash and cash equivalents. The category of fair value through profit and loss currently includes no items. The Christian Berner Group also has no financial assets in the category fair value through other comprehensive income beyond the supplemental purchase consideration that is recognised after the acquisition of Zander & Ingeström. Measurement of financial liabilities is unchanged for the Group compared with IAS 39.

Note 2 cont.

### 2.9.2 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.

### 2.9.3 Impairment of financial instruments

The Group revised its method for determining impairment requirements. This mainly concerns the company's recognition of bad debts. In accordance with IFRS 9, a calculation was done based on historical data to determine the impairment requirement in accordance with the requirements in IFRS 9. The calculation did not result in an increase in the loss reserve for trade receivables or contract assets at the beginning on 1 January 2019. During the period, the reserve was increased from SEK 0.5 million to SEK 0.7 million.

### 2.9.4 Hedging instruments

In terms of hedge accounting, IFRS 9 has no effect on Christian Berner's financial position and performance as no hedges were recognised at the opening or close of 2018.

### 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.

### 2.11 Cash and cash equivalents

Cash and cash equivalents are a financial instrument and include bank deposits on both the balance sheet and the statement of cash flows.

### 2.12 Trade payables

Trade payables are financial instruments and relate to obligations to pay for goods and services acquired in operating activities. If payment is expected to be made within one year, they are classified as current liabilities.

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

### 2.13 Liabilities to credit institutions

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

A provision is 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 the 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. Temporary differences are not recognised in consolidated goodwill. 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. All tax effects are booked in profit or loss during the year; no effects are in other comprehensive income or are booked directly against equity.

### 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.

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 a cost in the profit and loss for the year at the rate they are earned by employees providing service to the company during a period. 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.

### 2.17 Revenue recognition

The Group applies IFRS 15 Revenue from Contracts with Customers as of 1 January 2018. The starting point in the standard is that revenue is recognised when the control over a sold product is transferred to the customer and the sales price is allocated to the performance commitments identified in the contracts. The performance commitments can be met at a specific time or over time. As the Group applies the prospective transition method, previous accounting principles apply in accordance with IAS 18 for the comparative year of 2017. However, as presented by Section 2.1.1, IFRS 15 has not had any effect on the consolidated financial statements, which is why there are no disclosures on the difference between these standards beyond the increased disclosure requirements.

#### *Project sales*

For Christian Berner, revenue is recognised over time, specifically when the Group has committed to delivering a project priced in its entirety through construction contracts. Then, revenue is recognised based on the project's degree of completion. This mainly applies to heating projects in the subsidiary Zander & Ingeström. For more information on project sales, see Note 25.

#### *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.

#### *Commission sales*

Christian Berner acts as a sales channel for suppliers by selling the supplier's services through contact with the end customer. The revenue is an agreed commission that Christian Berner receives from the supplier and is usually received from suppliers in connection with or after the product is delivered to the end customer. Christian Berner does not check the sales flow and is normally dependent on suppliers and customers agreeing and closing the deal in order for us to be able to receive final payment from the supplier. Here, there is usually only a performance commitment and revenue recognition takes place in connection with delivery.

### 2.18 Interest income

Interest income is recognised using the effective interest method.

## 2.19 Dividend income

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

## 2.20 Dividends to the parent company's shareholders

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.

## 2.21 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. Leasing of vehicles and machinery has been classified as finance leases on condition that the requirements set by regulations are met.

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. Variable charges are expensed in the periods in which they are incurred.

As of 1 January 2019, the Group's recognition of leasing will change in that IFRS 16 enters into effect. More on this can be read in 2.1.1 Changes in accounting principles and disclosures.

## 2.22 Statement of cash flows

The statement of cash flows has been prepared using the indirect method. The reported cash flow solely comprises transactions that resulted in the inflow and outflow of funds. In cash flow, utilised overdraft facilities are not recognised net, but rather utilised overdraft facilities are presented on their own line in the cash flow for financing activities.

## 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 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

##### Currency risk

The Group operates internationally and is exposed to currency risks, 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. 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 purchases of goods take place in EUR in most cases.

The Group's risk management policy is to hedge significant anticipated cash flows (mainly purchases of goods) in foreign currency. Futures contracts are entered into in order to hedge the risk of purchasing in EUR. All contracts relate to EUR and mature within 12 months. The Group does not apply hedge accounting and at the turn of the year there were outstanding futures contracts in the Group valued at SEK 0.0 (0.0) million.

In terms of transaction risk, the Group is primarily exposed to fluctuations in the EUR/SEK exchange rate. Exposure to NOK is limited as purchases are not made in this currency. The sensitivity of profits to fluctuations in exchange rates results primarily from trade payables in these currencies. The table below shows the impact on profit after tax for the Group in the event of a reasonable possible change in these currencies, with all other variables remaining constant. There is no additional impact on equity. For further information, see Notes 17 and 22.

In light of the above, a change in the value of the SEK by 2 per cent relative to other currencies would have an insignificant effect on profit related to financial instruments as of the balance sheet date. Total operating-related liabilities and assets in NOK and EUR are presented by Note 22 Trade payables and Note 17 Trade receivables.

SEK thousands	2018	2017
EUR/SEK +/- 2 %	61/-61	75/-75
NOK/SEK +/- 4 %	235/-235	268/-268

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

The table below illustrates the translation risk by showing how a reasonable possible change in the currency of respective foreign operations, all other variables remaining constant, would affect the translation difference in other comprehensive income, which is reported in the "Reserves" item in equity.

SEK thousands	2018	2017
EUR/SEK +/- 2 %	100/-100	73/-73
NOK/SEK +/- 4 %	123/-123	9/-9
DKK/SEK +/- 2 %	45/-45	52/-52

#### b) Interest risk

The Group's interest risk arises from long-term borrowing. Borrowing, which is done at a variable interest rate, exposes the Group to interest-rate risk regarding cash flow. The Group's exposure to the variable interest rate was not material during the year, which is why no risk management measures were implemented. In 2018 and 2017, the Group's borrowing at variable interest rates was in SEK.

The table below shows the impact on consolidated profit after tax of a reasonable possible change in the interest rate on borrowing in SEK, all other variables remaining constant. All effects on profit refer to the impact of higher/lower interest expenses for borrowing at variable interest rates. There is no additional impact on equity.

SEK thousands	2018	2017
25 basis points higher/lower	202/-202	48/-48

The effect on profit is larger for 2018 as the Group's borrowing changed, mainly due to a newly signed loan in the acquisition of Zander & Ingeström.

#### c) Credit risk

Credit risk is managed at Group level, with the exception of credit risk relating to outstanding trade receivables, which are presented by the table below. 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. For further information, see Note 17.

	Not overdue	Overdue by over 30 days	Overdue by over 60 days	Overdue by over 120 days	Total
<b>At 1 January 2018, SEK '000s</b>					
Anticipated loss level as %	0.40	2.5	7.2	20.30	
Carrying amount, trade receivables – gross	46,006	9,802	1,473	-17	<b>57,264</b>
credit loss reserve	-184	-245	-105	3	<b>-531</b>
<b>At 31 December 2018, SEK '000s</b>					
Anticipated loss level as %	0.32	1.7	5.0	16.15	
Carrying amount, trade receivables – gross	71,143	9,780	1,892	1,521	<b>84,336</b>
credit loss reserve	-228	-166	-95	-246	<b>-734</b>

Note 3 cont.

#### d) 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 current levels of cash flow and liquidity mean there is no requirement for further borrowing. At 31 December 2018, the Group's cash and cash equivalents amount to SEK 33.8 million, compared with total borrowing of SEK 89.9 million.

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

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 presented in the table are the contractual, undiscounted cash flows in SEK millions.

	Less than 3 months	Between 3 months and 1 year	1–2 years	2–5 years	More than 5 years
<b>At 31 December 2018</b>					
Liabilities to credit institutions	5,000	15,000	20,000	22,500	18,270*
Future interest payments	297	748	665	297	–
Liabilities to credit institutions for finance leases	635	1,699	1,473	5,339	–
Trade payables	35,504	–	–	–	–
Accrued trade payables	11,289	–	–	–	–
<b>At 31 December 2017</b>					
Liabilities to credit institutions	500	1,500	2,000	3,500	–
Future interest payments	36	93	90	66	–
Liabilities to credit institutions for finance leases	603	1,580	1,216	4,194	–
Trade payables	30,234	–	–	–	–
Accrued trade payables	8,246	–	–	–	–

\* Relates to utilised overdraft facilities

### 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 its 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 shareholders, repay capital to shareholders, issue new shares or sell assets to reduce debt.

The Group's dividend policy of a 30–50 per cent dividend on profit after tax secures the company's target equity ratio. According to Christian Berner's financial targets, the company must have an equity ratio of at least 35 per cent, which is fulfilled as of the balance sheet date.

## NOTE 4 Significant accounting estimates and assessments

### 4.1 Significant accounting estimates and assessments

Estimates, assumptions and assessments are made in the application of the accounting principles in the preparation of the annual accounts and consolidated financial statements. These affect the amounts recognised for assets, liabilities, revenue, expenses and supplementary information. Estimates and assumptions are based on historical experience, other relevant factors and future expectations and are reviewed regularly. The actual outcome may therefore differ from the estimates and assumptions made. At 31 December 2018, there are not considered to be any estimates and assumptions that involve a significant risk of a material adjustment to the carrying amounts of assets and liabilities over the next financial year.

The recoverable amounts for cash-generating units have been established by calculating the value in use. Certain estimates must be made in these calculations. For details of these estimates, as well as assessments of how reasonable possible changes to key assumptions would affect the calculation of the recoverable amounts, see Note 14.

At the end of the year, goodwill amounted to SEK 132,609,000 (SEK 14,844,000).

### Impairment testing of goodwill

The Group tests goodwill for impairment every year, in accordance with the accounting principle described in notes. 2.7.

### Impairment testing of trade receivables

The Group makes assessment of future anticipated losses in trade receivables in accordance with the requirements in IFRS 9. The assessment is based on historical data. Christian Berner has historically had very few bad debts. For more information, see Note 3 and the section on credit risk.

## 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 EBITA. This measure is earnings before interest, taxes and amortisation, including goodwill impairment.

### Revenue

Sales between segments take place on market terms. The revenue from external parties that is reported to the CEO is measured in the same way as in the company's external financial reporting. For more information on the distribution between revenues and the disclosure requirements that IFRS 15 makes, see Note 25.

	2018			2017		
	Segment revenue	Sales between segments	Revenue from external customers	Segment revenue	Sales between segments	Revenue from external customers
Sweden	460,645	–10,294	450,351	303,155	–9,909	293,246
Norway	64,874	–	64,874	62,662	–	62,662
Finland	74,032	–	74,032	70,567	–	70,567
Denmark	28,318	–	28,318	23,132	–	23,132
<b>Total</b>	<b>627,869</b>	<b>–10,294</b>	<b>617,575</b>	<b>459,516</b>	<b>–9,909</b>	<b>449,607</b>



Note 5 cont.

**Net revenue is broken down as follows:**

	2018	2017
Products	594,041	425,960
Services	23,534	23,647
<b>Total</b>	<b>617,575</b>	<b>449,607</b>

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 EBITA. EBITA is reconciled against earnings before tax as follows:

EBITA	2018	2017
Sweden	54,638	28,535
Norway	301	-3,568
Finland	5,079	6,544
Denmark	2,684	2,574
Group as a whole <sup>1)</sup>	-10,924	-12,617
<b>Total</b>	<b>51,778</b>	<b>21,467</b>
Amortisation of intangible assets	-1,688	-1,290
Net financial items	-1,252	-257
<b>Profit/loss before tax</b>	<b>48,838</b>	<b>19,920</b>

1) Group as a whole relates to unallocated expenses with respect to the parent company.

**Depreciation of property, plant and equipment**

	2018	2017
Sweden	-3,511	-2,998
Norway	-58	-67
Finland	-190	-126
Denmark	-12	-16
<b>Total</b>	<b>-3,771</b>	<b>-3,207</b>

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

	2018	2017
Sweden	391,291	268,317
Norway	71,068	64,717
Finland	75,600	71,445
Denmark	30,442	22,203
Germany	9,012	5,140
Poland	3,753	5,102
China	18,548	38
Netherlands	314	833
Estonia	1,953	1,308
France	856	114
Lithuania	58	106
Malaysia	894	1,041
Belgium	4,120	2,216
Switzerland	2,006	1,467
Austria	1,086	374
Japan	435	1,073
Iceland	1,515	-
Czech Republic	1,302	-
Other countries	3,320	4,113
<b>Total</b>	<b>617,575</b>	<b>449,607</b>

The Group has a large number of customers, with the largest accounting for no more than 1% (1%) of sales.

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

	2018	2017
Sweden	170,622	26,789
Norway	155	115
Finland	1,876	439
Denmark	31	41
<b>Total</b>	<b>172,684</b>	<b>27,385</b>

**Investments in intangible assets and property, plant and equipment are distributed by country as follows:**

	2018	2017
Sweden	5,109	3,441
Norway	90	33
Finland	1,540	11
Denmark	-	-
<b>Total</b>	<b>6,739</b>	<b>3,485</b>

**Business areas**

Christian Berner consists of four segments, which represent both the company's geographic distribution and its reporting structure (Sweden, Norway, Denmark and Finland). Each segment (country) is then divided into the 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 EBITA for each business area. The "Group" item refers to unallocated expenses, such as consolidated annual accounts and stock exchange-related costs.

**Net revenue by business area**

	2018	2017
Process & Environment	419,346	267,026
Materials Technology	198,228	182,581
<b>Total</b>	<b>617,575</b>	<b>449,607</b>

**EBITA by business area**

	2018	2017
Process & Environment	45,464	16,290
Materials Technology	17,238	18,358
Group as a whole	-10,924	-13,181
<b>Total</b>	<b>51,778</b>	<b>21,467</b>

**NOTE 6 Other operating income**

	2018	2017
Gains on the sale of machinery/equipment	265	387
Recovered bad debts	2	1
Insurance compensation	208	-
<b>Total</b>	<b>475</b>	<b>388</b>

**NOTE 7** Employees, remuneration and numbers

All employees (excluding external Board members)	2018	2017
Salaries and other remuneration	84,659	73,550
Social security expenses	17,380	19,478
Pension costs – defined contribution plans	12,772	8,267
Pension costs – defined benefit plans	–	4,812
<b>Total remuneration of employees</b>	<b>114,811</b>	<b>106,107</b>

The Group has both defined benefit and defined contribution pension plans.

In defined contribution plans, the Group's obligation is limited to fixed contributions, which are paid to a separate legal entity. As indicated in Note 2.16, the ITP 2 plan's defined benefit pension obligations are reported as a defined contribution plan.

The Group's share of total savings premiums for ITP 2 at Alecta amounts to 0.02752% (0.02075%) at 31/12/2018.

The Group's share of the total number of active insured in ITP 2 amounts to 0.01685% at 31/12/2018 (0.01203%). The expected premiums for the upcoming financial year for insurance policies signed with Alecta total SEK 4,882,000 (2,798,000).

At 31/12/2018, Alecta's surplus in the form of the collective funding level was 142%. The collective funding level is the market value of Alecta's assets as a percentage of the insurance commitments, calculated in accordance with Alecta's actuarial calculation assumptions, which do not comply with IAS 19.

All employees (including external Board members)	2018		2017	
	Board members and other senior executives	Other employees	Board members and other senior executives	Other employees
Salaries and other remuneration	7,984	75,213	7,689	65,203
Bonuses	1,300	1,233	559	1,119
Pension costs	1,573	11,199	2,090	10,988
Social security expenses	2,289	15,427	2,048	17,751
<b>Group total</b>	<b>13,146</b>	<b>103,072</b>	<b>12,386</b>	<b>95,061</b>

Remuneration of senior executives	2018 (2017)											
	Basic salary/ Board fee		Variable remuneration		Other benefits		Pension costs		Other remuneration		Total	
Chairman of the Board	330	(330)	–	(–)	–	(–)	–	(–)	44	(28)	<b>374</b>	<b>(358)</b>
Anders BirgerSSon (4 months)	53	(160)	–	(–)	–	(–)	–	(–)	–	(–)	<b>53</b>	<b>(160)</b>
Charlotta Utterström (4 months)	43	(130)	–	(–)	–	(–)	–	(–)	7	(3)	<b>50</b>	<b>(133)</b>
Stina Wollenius (8 months)	87	(–)	–	(–)	–	(–)	–	(–)	2	(–)	<b>89</b>	<b>(–)</b>
Bengt Persson (8 months)	107	(–)	–	(–)	–	(–)	–	(–)	3	(–)	<b>110</b>	<b>(–)</b>
Lars Gatenbeck	190	(190)	–	(–)	–	(–)	–	(–)	12	(13)	<b>202</b>	<b>(203)</b>
Malin Domstad	130	(130)	–	(–)	–	(–)	–	(–)	2	(3)	<b>132</b>	<b>(133)</b>
Kerstin Gillsbro	130	(130)	–	(–)	–	(–)	–	(–)	12	(22)	<b>142</b>	<b>(152)</b>
CEO	2,082	(1,641)	808	(–)	92	(90)	756	(1,090)	25	(19)	<b>3,763</b>	<b>(2,840)</b>
Other senior executives (Group management 6 people)	6,317	(5,028)	534	559	556	(417)	1,392	(1,156)	57	(66)	<b>8,856</b>	<b>(7,226)</b>
<b>Total</b>	<b>9,469</b>	<b>(7,739)</b>	<b>1,342</b>	<b>559</b>	<b>648</b>	<b>(507)</b>	<b>2,148</b>	<b>(2,246)</b>	<b>164</b>	<b>(154)</b>	<b>13,771</b>	<b>(11,205)</b>

The Group rented art from the Chairman of the Board during the period. See also Note 29 Related-party transactions.

**Pensions**

The retirement age for the CEO is 65. The pension premium is to amount to 35% of the pensionable salary. The pensionable salary is the basic salary.

The retirement age for other senior executives is 65. The pension agreement states that the pension premium is to amount to 10–35% of the pensionable salary.

**Severance pay**

A period of notice of six months from either side applies between the company and the CEO. Upon termination, the Group applies a severance pay of six monthly salaries.

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

Average number of employees distributed by country	2018		2017	
	Number	Of which men	Number	Of which men
Sweden	121	86	89	63
Norway	18	10	16	12
Finland	21	17	20	15
Denmark	5	4	4	3
<b>Group total</b>	<b>165</b>	<b>117</b>	<b>129</b>	<b>93</b>

Gender distribution of Board members and senior executives (including subsidiaries)	2018		2017	
	Number	Of which men	Number	Of which men
Board members	31	26	21	14
CEO and other senior executives	6	6	5	4

**NOTE 8 Auditors' fees**

	2018	2017
<b>PWC</b>		
Audit assignment	1,035	786
of which to Öhrlings PricewaterhouseCoopers AB	680	535
Audit activities in addition to the audit assignment	0	113
of which to Öhrlings PricewaterhouseCoopers AB	0	44
Tax advice	7	43
of which to Öhrlings PricewaterhouseCoopers AB	7	
Other services	67	325
of which to Öhrlings PricewaterhouseCoopers AB	36	325
<b>Total</b>	<b>1,109</b>	<b>1,267</b>
Auditors' fees to others	0	27
<b>Group total</b>	<b>1,109</b>	<b>1,294</b>

**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 to 10 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 total future minimum lease payments for non-cancellable operating leases are as follows:

	2018	2017
Within 1 year	12,890	12,113
1–5 years	37,474	38,110
More than 5 years	10,739	16,499
<b>Total</b>	<b>61,103</b>	<b>66,722</b>

	2018	2017
Expensed operating lease charges	-12,905	-10,978

In accordance with the new rules for reporting of leasing (IFRS 16), which enters into effect on 1 January 2019, the opening balance in 2019 will be adjusted. The effect consists of the opening balance being adjusted with the leases previously classified as operating leases. The effect is presented by the table below.

Assumptions for operating leases as at 31 December 2018	61,103
Discounting by the Group's weighted average marginal loan interest rate 2%	-3,336
Additional: Liabilities for finance leases as at 31 December 2018	9,146
(Less): Short-term leases expensed on a straight-line basis	-3,049
(Less): Leases for which the underlying asset is of low value, which are expensed on a straight-line basis	-1,782
(Less): Agreements reclassified as service agreements	-
Additional/Less: Adjustments due to other handling of options to extend or cancel agreements	213
Lease liability as at 1 Jan 2019	62,295

**NOTE 10 Financial income and expenses**

	2018	2017
Other interest income	159	175
Foreign exchange gains	214	-
Other financial income	1	2
<b>Total financial income</b>	<b>374</b>	<b>177</b>
Interest expense on liabilities to credit institutions excluding finance leases	-1,375	-112
Interest expense on liabilities to credit institutions for finance leases	-173	-202
Foreign exchange losses	-25	-46
Other financial expenses	-52	-75
<b>Total financial expenses</b>	<b>-1,625</b>	<b>-434</b>
<b>Net financial items</b>	<b>-1,251</b>	<b>-257</b>

**NOTE 11 Foreign exchange differences**

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

	2018	2017
Goods for resale	675	-531
Financial items - net (Note 10)	-1,251	-46
<b>Total</b>	<b>-576</b>	<b>-577</b>

**NOTE 12 Income tax**

	2018	2017
<b>Current tax</b>		
Current tax on profit/loss for the year	-9,926	-3,751
Adjustments for previous years	5	-135
<b>Total current tax</b>	<b>-9,921</b>	<b>-3,886</b>
<b>Deferred tax (Note 21)</b>		
Occurrence and reversal of temporary differences	-645	228
Deferred tax attributable to loss carryforward	-548	-815
<b>Total deferred tax</b>	<b>-1,193</b>	<b>-587</b>
<b>Total income tax</b>	<b>-11,115</b>	<b>-4,473</b>

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:

	2018	2017
<b>Profit/loss before tax</b>	<b>48,838</b>	<b>19,920</b>
Income tax calculated using the tax rate in Sweden (22%)	-10,744	-4,383
Effect of foreign tax rates	-2	188
<b>Tax effect of:</b>		
Non-deductible expenses	-536	-386
Non-taxable income	11	280
Adjustment for current tax of previous years	5	-135
Change due to a changed tax rate	148	-37
<b>Tax expense</b>	<b>-11,115</b>	<b>-4,473</b>

## 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. In 2018, shares were repurchased that were held as treasury shares at 31 December 2018. In addition, bought back shares were used in the acquisition of Zander & Ingeström AB. 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.

	2018	2017
Profit attributable to the parent company's shareholders	37,725	15,448
Class A shares with 10 votes each	1,250	1,250
Class B shares with 1 vote each	17,509	17,509
<b>Total</b>	<b>18,759</b>	<b>18,759</b>
Treasury shares	72	399
Weighted average number of ordinary shares outstanding (thousands)	18,675	18,360
Earnings per share	2.02	0.84

Every share has a par value of SEK 0.03.

## NOTE 14 Intangible assets

Cost, financial year 2016	Distribu- tion rights	Good- will	Trade- marks	On-going projects	Total
<b>Financial year 2017</b>					
Opening carrying amount	6,115	15,594	3,000	0	24,709
Adjustment of cost for unpaid supplemental purchase consideration	-	-750	-	0	-750
Exchange differences	-	-	-	-	0
Purchases	-	-	-	-	0
Reclassifications	-	-	-	-	0
Sales and disposals	-	-	-	-	0
Depreciation	-1,290	-	-	-	-1,290
<b>Closing carrying amount</b>	<b>4,825</b>	<b>14,844</b>	<b>3,000</b>	<b>0</b>	<b>22,669</b>
<b>At 31 December 2017</b>					
Cost	12,900	14,844	3,000	0	30,744
Acc. impairment and amortisation	-8,075	-	-	0	-8,075
<b>Carrying amount</b>	<b>4,825</b>	<b>14,844</b>	<b>3,000</b>	<b>0</b>	<b>22,669</b>
<b>Financial year 2018</b>					
Opening carrying amount	4,825	14,844	3,000	0	22,669
Adjustment of cost for unpaid supplemental purchase consideration	-	-	-	-	-
Exchange differences	-	-	-	-	0
Purchases	-	-	-	1,187	1,187
Purchases through acquisitions	1,195	117,765	14,000	-	132,960
Reclassifications	-	-	-	-	0
Sales and disposals	-	-	-	-	0
Depreciation	-1,688	0	0	-	-1,688
<b>Closing carrying amount</b>	<b>4,332</b>	<b>132,609</b>	<b>17,000</b>	<b>1,187</b>	<b>155,128</b>
<b>At 31 December 2018</b>					
Cost	15,291	134,633	17,000	1,187	168,111
Acc. impairment and amortisation	-10,959	-2,024	0	0	-12,983
<b>Carrying amount</b>	<b>4,332</b>	<b>132,609</b>	<b>17,000</b>	<b>1,187</b>	<b>155,128</b>

\* Goodwill has arisen through acquisitions. SEK 12.4 million from the 2016 acquisition of Fillflex AB and SEK 2.3 million from the acquisition of Plastkaptæk AB the same year. SEK 0.2 million pertains to the acquisition of Satron AB in 2008. During the year, goodwill for the acquisition of Zander & Ingeström arose in an amount of SEK 117.8 million.

\*\* The trademarks arose through corporate acquisitions in 2016 of Fillflex AB and Zander & Ingeström AB, both of which are included in the Sweden segment.

## Impairment testing of goodwill

Goodwill is monitored by the management, based on the operating segment to which the Group has allocated the operations. Goodwill arising through acquisitions is allocated entirely to the Sweden operating segment as below and this is therefore the group of cash-generating units at which goodwill is tested.

Goodwill by segment and cash-generating unit	2018	2017
Sweden	132,609	14,844

The recoverable amount for the Sweden segment has been determined by calculating the value in use. These calculations are made using estimated future cash flows before tax, based on financial budgets approved by the company management that cover a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated growth rate as below.

Sweden	2018	2017
Long-term growth rate (%)	2.0	2.0
Discount rate before tax (%)	10.0	9.5

Significant assumptions made when calculating the value in use are annual volume growth and related profit trend, long-term growth rate and a market return on equity (WACC). It is the assessment of the management that the annual volume growth for each cash-generating unit over the five-year forecast period is a significant assumption. Assumptions have been made about the gross margin, cost level, working capital requirements and investment required. The sales volume in each period is the main reason for the development of income and expenses. The annual volume growth is based on the management's experience and on previous results, as well as the management's expectations of market trends. The long-term growth rate used corresponds to the long-term inflation expectations in Sweden. The growth rate is also not considered to exceed the long-term growth rate for the market in which the CGU concerned operates. The discount rate applied is indicated before tax. A sensitivity analysis has been performed and a change of one percentage point, which is considered to be a reasonable deviation, from the significant assumptions indicated above would not result in the carrying amount exceeding the value in use. All capitalised trademarks are deemed to have an indefinite useful life as there is no predictable limit for the period of time during which the asset is expected to generate net receipts for the Group. The supplemental purchase consideration in the acquisition of Zander & Ingeström will be paid in full, SEK 15 million, and is valued at this amount (also refer to Note 26 regarding business combinations) when it is triggered in the first half of 2019.

## NOTE 15 Property, plant and equipment

Machinery and equipment	2018	2017
<b>Cost at 1 January</b>	<b>31,218</b>	<b>28,359</b>
Depreciation	-18,908	-17,751
<b>Carrying amount</b>	<b>12,310</b>	<b>10,608</b>
<b>Financial year</b>		
Opening carrying amount	12,310	10,608
Exchange differences	96	8
Purchases	11,457	5,970
Purchases through acquisitions	220	-
Reclassifications	-	-
Sales and disposals	-2,756	-1,069
Depreciation	-3,772	-3,207
<b>Closing carrying amount</b>	<b>17,556</b>	<b>12,310</b>
<b>At 31 December</b>		
Cost	37,011	31,218
Depreciation	-19,455	-18,908
<b>Carrying amount</b>	<b>17,556</b>	<b>12,310</b>

**NOTE 16** Financial instruments

The Group has the following financial instruments:

	2018	2017
<i>Financial assets measured at amortised cost</i>		
Trade receivables	83,602	56,734
Other financial assets measured at amortised cost	–	–
Other loans and receivables	186	179
Held-to-maturity investments	–	–
Cash and cash equivalents	33,774	64,538
<i>Financial assets measured at fair value through other comprehensive income</i>	–	–
<i>Financial assets measured at fair value through profit or loss</i>	–	–
<b>Total financial assets</b>	<b>117,562</b>	<b>121,451</b>
<i>Liabilities measured at amortised cost</i>		
Borrowing	83,408	15,093
Trade payables and other liabilities	70,473	43,942
Derivative instruments	–	–
<b>Total financial liabilities</b>	<b>153,881</b>	<b>59,035</b>

**NOTE 17** Trade receivables

SEK million	31/12/2018	31/12/2017
Trade receivables	84,336	57,265
Provisions for doubtful receivables	–734	–531
<b>Trade receivables, net</b>	<b>83,602</b>	<b>56,734</b>
Overdue trade receivables where impairment requirements are not considered to exist	13,193	10,728
<b>Age distribution of trade receivables</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
Trade receivables not yet due	71,143	46,006
1–30 days	9,780	9,802
31–60 days	1,892	1,473
> 60 days	1,521	–17
of which provisioned	–734	–531
<b>Total</b>	<b>83,602</b>	<b>56,734</b>

For an age analysis of trade receivables with impairment requirements, refer to Note 2.

Recognised amounts by currency for trade receivables	31/12/2018	31/12/2017
SEK	54,573	29,694
EUR	18,174	15,724
NOK	6,752	7,114
DKK	2,689	2,490
USD	317	111
GBP	145	297
CHF	518	253
JPY	434	1,050
<b>Total</b>	<b>83,602</b>	<b>56,734</b>

Changes to the provisions for doubtful receivables	2018	2017
At 1 January	531	2,000
Provisions for doubtful receivables	734	573
Receivables written off during the year as uncollectable	–499	–431
Unused amounts reversed	74	–1,560
Effect of changes in exchange rates	–106	–51
<b>At 31 December</b>	<b>734</b>	<b>531</b>

**NOTE 18** Prepaid expenses and accrued income

	31/12/2018	31/12/2017
Prepaid rent	–	204
Prepaid leases	82	16
Prepaid insurance policies	28	166
Accrued income	2,165	–
Other items	2,206	1,737
<b>Total</b>	<b>4,481</b>	<b>2,124</b>

**NOTE 19** Cash and cash equivalents

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

	31/12/2018	31/12/2017
Cash	–	8
Bank deposits*	33,774	64,430
<b>Total</b>	<b>33,774</b>	<b>64,438</b>

**Bank overdraft facility**

The Group has an approved bank overdraft facility in the currencies SEK, NOK and EUR totalling SEK 37,814,000 (18,463,000). Of the approved bank overdraft facility, SEK 18,270,000 (0) was utilised at 31 December 2018.

**NOTE 20** Liabilities to credit institutions

Non-current	31/12/2018	31/12/2017
Liabilities to credit institutions (excl. finance leases)	42,500	5,500
Liabilities to credit institutions for finance leases	6,508	5,224
<b>Total non-current borrowing</b>	<b>49,008</b>	<b>10,724</b>
<b>Current</b>		
Liabilities to credit institutions (excl. finance leases)	38,270	2,000
Liabilities to credit institutions for finance leases	2,638	2,369
<b>Total current borrowing</b>	<b>40,908</b>	<b>4,369</b>
<b>Total borrowing, Group</b>	<b>89,916</b>	<b>15,093</b>
<b>Recognised amounts by currency</b>		
SEK	89,916	15,093
Other currencies	–	–

**Liabilities to credit institutions for finance leases**

See specific note for leases and disclosures in the accounting principles regarding IFRS 16. As of 1 January 2019, a new lease standard will be applied (IFRS 16), which means that all leases will be seen as finance leases (with some exceptions for short-term leases and leases of a low value).

**Information about fair value**

The carrying amount essentially corresponds to the fair value with regard to non-current borrowing, where the interest rate is variable and the margin unchanged at the balance sheet date compared with the date when the loan was initially recognised. For other financial liabilities, and assets, the fair value is deemed to correspond to the carrying amount, particularly where these items are short term in nature.

## NOTE 21 Deferred income tax

Deferred tax assets and liabilities are distributed as follows:

	31/12/2018	31/12/2017
<b>Deferred tax assets</b>		
– deferred tax assets to be utilised after more than 12 months	–	–
– deferred tax assets to be utilised within 12 months	1,827	2,375
<b>Deferred tax liabilities</b>		
– deferred tax liabilities to be paid after more than 12 months	8,012	1,934
– deferred tax liabilities to be paid within 12 months	280	27
<b>Deferred tax liabilities (net)</b>	<b>–6,465</b>	<b>414</b>

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. Christian Berner has recognised deferred tax assets for loss carryforwards in Denmark and Norway, as it is considered probable that these loss carryforwards can be utilised against future profits. Of the loss, SEK 0 (0) is due between 2018 and 2025. 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:

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

	2018	2017
<b>Opening balance</b>	<b>414</b>	<b>995</b>
Exchange differences	32	6
Recognised in profit or loss	–1,193	–587
Change attributable to untaxed reserves in subsidiaries acquired during the year	–2,639	–
Change attributable to deferred tax on intellectual property rights in subsidiaries acquired during the year	–3,080	–
<b>Closing balance</b>	<b>–6,466</b>	<b>414</b>

<b>Deferred tax assets</b>	Loss carry-forwards
<b>At 1 January 2017</b>	<b>3,185</b>
Recognised in profit or loss	–815
Recognised in other comprehensive income	–
Foreign exchange differences	6
<b>At 31 December 2017</b>	<b>2,375</b>
Recognised in profit or loss	–580
Foreign exchange differences	32
<b>At 31 December 2018</b>	<b>1,827</b>
	Temporary differences, intangible assets and property, plant and equipment, as well as untaxed reserves
<b>Deferred tax liabilities</b>	
<b>At 1 January 2017</b>	<b>2,189</b>
Recognised in profit or loss	–228
<b>At 31 December 2017</b>	<b>1,961</b>
<b>Increase as a result of business combinations</b>	<b>5,719</b>
Recognised in profit or loss	613
Foreign exchange differences	–
<b>At 31 December 2018</b>	<b>8,292</b>

## NOTE 22 Trade payables

	31/12/2018	31/12/2017
Trade payables	<b>35,505</b>	30,234
<b>Age distribution trade payables</b>	<b>31/12/2018</b>	<b>31/12/2017</b>
Trade payables not yet due	35,187	28,836
1–30 days	282	1,084
31–60 days	4	27
> 60 days	31	288
<b>Total</b>	<b>35,505</b>	<b>30,234</b>

Recognised amounts by currency for trade receivables are as follows:

	31/12/2018	31/12/2017
SEK	8,497	6,551
EUR	21,256	19,473
NOK	875	406
DKK	592	689
USD	227	237
GBP	3,029	2,131
CHF	1,028	747
<b>Total</b>	<b>35,505</b>	<b>30,234</b>

## NOTE 23 Accrued expenses and prepaid income

	31/12/2018	31/12/2017
Accrued salaries	4,066	2,263
Accrued travel expenses	317	213
Accrued holiday pay	12,345	9,324
Accrued social security expenses	3,686	3,030
Accrued payroll tax	2,686	1,995
Accrued interest	194	10
Other accrued liabilities	5,013	312
Accrued trade payables	6,661	8,246
<b>Total</b>	<b>34,968</b>	<b>25,394</b>

## NOTE 24 Cash flow

	2018	2017
Depreciation and amortisation of non-current assets	5,460	4,497
Capital gains from sale/disposal of non-current assets	–264	–
Warranty provisions	135	–
Other provisions	598	387
<b>Total</b>	<b>5,929</b>	<b>4,884</b>

<b>Specification of cash flow effect on liabilities in financing activities</b>	Liabilities to credit institutions for acquisition loans	Liabilities to credit institutions for finance leases
<b>Opening balance</b>	<b>7,500</b>	<b>7,594</b>
Cash flow	73,200	–2,448
Purchases	70	5,918
Sales and disposals	–	–1,919
<b>Closing balance</b>	<b>80,770</b>	<b>9,146</b>

The table above presents the change in the Group's debt/equity ratio the cash flow of which is recognised in financing activities in accordance with new disclosure requirements in IAS7.

**NOTE 25** Distribution of net revenue

In accordance with the new disclosure requirements in IFRS 15, the Christian Berner Group presents an account of the breakdown of the revenue that is done.

Christian Berner's revenue streams are presented by Segment and Business Area, where Segment corresponds to the market for the revenue. All Business Areas are represented in all segments and the revenues come in contracts with categories described in more detail below. The Process & Environment Business Area has a business model, which to a larger degree is characterised by category 1 and 2, while the Materials Technology Business Area has a larger share of category 3. However, all three categories are found in all segments and business areas.

Christian Berner has revenues in three categories: (1) Commission sales, where Christian Berner serves as the sales channel for suppliers through contact with the end customer. The revenue is an agreed commission that Christian Berner receives from the supplier and is usually received from suppliers in connection with or after the product is delivered to the end customer. Christian Berner does not check the sales flow and is normally dependent on suppliers and customers agreeing and closing the deal in order for us to be able to receive final payment from the supplier. (2) Project sales, refer to the revenue streams where Christian Berner has several performance commitments, i.e. it is not only comprised of one service or product, but the agreement comprises several different parts. The revenue is mainly comprised of remuneration agreed in advance for the projects and usually paid through advance invoicing and invoicing at various milestones in the projects, depending on the size of the projects. These projects can run for a long time and depending on their nature, the income and expenses are also recognised gradually as the degree of completion develops. The earnings outcome for larger projects depends on the estimate holding and the project being successful. Accordingly, there is always an uncertainty regarding the profitability of the project before it is completed. (3) Sales of goods and services. This category pertains to the goods and services sold separately. It may be about a service or installation, a product or spare part from our inventory, etc. These goods are sold at the amounts agreed with the customer, usually based on price lists. The time for revenue recognition of these goods and services is when control is transferred to the customer. Invoicing usually takes place in connection with delivery. The largest uncertainty here would be if the customer does not have payment capacity to pay us for services rendered or products delivered.

**Jan-Dec 2018**

Net revenue, SEK '000s	Sweden	Norway	Finland	Denmark	Group
Process & Environment	328,969	41,209	32,657	16,511	419,346
Materials Technology	121,381	23,665	41,375	11,808	198,228
<b>Total</b>	<b>450,351</b>	<b>64,874</b>	<b>74,032</b>	<b>28,318</b>	<b>617,575</b>

**Jan-Dec 2017**

Net revenue, SEK '000s	Sweden	Norway	Finland	Denmark	Group
Process & Environment	176,726	41,070	35,065	14,165	267,026
Materials Technology	116,521	21,591	35,502	8,967	182,581
<b>Total</b>	<b>293,246</b>	<b>62,662</b>	<b>70,567</b>	<b>23,132</b>	<b>449,607</b>

**Contracted future revenue**

The contracted revenues that the Group has where the performance commitments are unmet and where the contract term exceeds one year pertains to our entire product area of heating and the construction contracts found there. There are no revenues that are recognised during the period where the performance commitment was previously carried out.

Contracted future revenue	2019	2020
Construction contract within heating	54,802	18,950

**Contract liabilities (advances from customers)**

Opening balance, 01/01/2018	4,240
Received contract liabilities in the acquisition of Zander & Ingeström	33,210
Recognised as revenue during the year*	-37,450
New contract liabilities entered into during the year	19,972
<b>Closing balance</b>	<b>19,972</b>

\*All advances from customers that existed at 31 December 2017 were recognised as revenue by the end of the financial year.

**NOTE 26** Business combinations & Acquisition calculation

Christian Berner Tech Trade AB signed an agreement to acquire all the shares of Zander & Ingeström AB on 16 February 2018. Zander & Ingeström AB (zeta.se) is one of Sweden's leading companies in pump and heating technology, working with customers in the processing, paper, water/power and mining industries. In 2017, the company's revenue amounted to SEK 124 million and it had an operating profit of SEK 16.4 million. At the end of the first quarter of 2018, the company had 24 employees. The purchase price was SEK 125 million on a debt-free basis and financing takes place through loans and shares. A supplemental purchase consideration will additionally be paid in an amount of SEK 15 million in 2019.

Possession was transferred on 1 March 2018. Zander & Ingeström AB conducts its activities as an independent company within Christian Berner's Process & Environment business area in the Sweden segment. Payment was made on 1 March 2018 in an amount of SEK 125 million in total. Of this amount, SEK 70 million consists of recently raised acquisition loans, SEK 8.1 million pertains to payment through an earlier share buyback, 438,242 shares in total, and SEK 46.9 million is paid through equity. No change has occurred in the acquisition calculation since it was first presented in Q1 2018.

Purchase consideration of which SEK 125 million has been paid at the date of possession and the remainder will be paid within one year	140
Net assets measured at fair value	22.2
Goodwill	117.8

Net assets consist of the values below (SEK million)	Carrying amounts in subsidiaries	Fair value adjustment	Fair value in the Group
Intangible assets excluding consolidated goodwill	1.2	14	15.2
Tangible fixed assets	0.2	0	0.2
Financial fixed assets	0	0	0
Current assets	62.3	-9.3	53
Provisions	-1.2	0	-1.2
Non-current liabilities	0	-5.7	-5.7
Current liabilities	-48.7	9.4	-39.3
Untaxed reserves (rebooking)	-12	12	0
Net asset	1.8	20.4	22.2

Cash and cash equivalents in acquired operations amount to:	7
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Since the acquisition on 1 March 2018, Zander & Ingeström contributed SEK 149.1 million in net revenue to the Group. Profit after tax that the company contributes amounts to SEK 25.8 million.

If the company had been acquired on 1 January 2018, the company would have contributed revenues of SEK 162.1 million and profit after tax of SEK 25.5 million.

The goodwill recognised in the acquisition pertains to intangible assets that do not meet the conditions in the IFRS regulations for separate recognition.

The acquisition cost in the purchase of Zander & Ingeström amounts to SEK 4.0 million in 2018 and SEK 0.99 million in 2017.

#### NOTE 27 Pledged assets

	31/12/2018	31/12/2017
Floating charges	32,198	26,857
<b>Total</b>	<b>32,198</b>	<b>26,857</b>

#### NOTE 28 Contingent liabilities

	31/12/2018	31/12/2017
Guarantees	46,639	49,084
Warranties	1,578	15,616
<b>Total</b>	<b>48,217</b>	<b>64,700</b>

Guarantees pertain to the parent company in the Group's guarantee for upcoming rent costs in subsidiaries and are not expected to be paid out as all subsidiaries are profitable. The guarantees are general guarantee commitments for subsidiaries in Finland and Sweden for credits in SEB. These are also not expected to be paid out.

#### NOTE 29 Related parties

At 31/12/2018, Gårdaverken AB owns all class A shares and 18.2% of all class B shares and accordingly has the largest share of the votes and 23.7% of the total shares. Ernstöm Kapital AB owns 13.6%. Lannebo Nanocap owns 10.9% of the total shares as of the same date. The remainder of the shares have a wide distribution.

Purchase of services	2018	2017
Rent of art from the Chairman of the Board	102	102
<b>Total</b>	<b>102</b>	<b>102</b>

The services recognised as above have been purchased on normal business terms on a commercial basis. Information on the remuneration of senior executives is provided in Note 7.

#### NOTE 30 Inventories

Group	31/12/2018	31/12/2017
Goods for resale	38,782	21,882
Work in progress	11,464	–
Advance payments to suppliers	2,261	1,659
<b>Total inventories, etc.</b>	<b>52,507</b>	<b>23,481</b>

The cost of goods sold includes the impairment of inventory of SEK 458,000 (270,000). No material reversals of previously applied impairment losses were made in 2018 or 2017.

#### NOTE 31 Other current liabilities

Group	31/12/2018	31/12/2017
Unpaid supplemental purchase consideration*	15,000	0
VAT liabilities	11,407	10,847
Other liabilities	6,284	4,160
<b>Total other current liabilities</b>	<b>32,691</b>	<b>15,007</b>

#### NOTE 32 Events after the end of the reporting period

Christian Berner Tech Trade AB is expanding its Nordic management team with a Marketing Manager, who previously reported in the Swedish subsidiary Christian Berner AB, and with a new role, Operational Development and IT Manager (currently being recruited and expected to be in place in Q2/Q3 2019).

A new website is being launched as a part of a modernisation of communication, and an initial step towards the enabling of e-commerce.



# Parent company income statement

SEK thousands	Note	2018	2017
<b>OPERATING INCOME</b>			
Net revenue	3, 17	19,895	14,072
<b>Total</b>		<b>19,895</b>	<b>14,072</b>
<b>Operating expenses</b>			
Purchased services	17	-8,395	-6,197
Other external costs	5	-5,895	-9,676
Staff costs	4	-12,831	-10,269
<b>Total operating expenses</b>		<b>-27,121</b>	<b>-26,142</b>
<b>Operating profit/loss</b>		<b>-7,226</b>	<b>-12,070</b>
Profit from participations in Group companies	6	21,652	8,460
Interest and similar income	6, 7	214	-
Interest and similar expenses	6, 7	-1,577	-119
<b>Total profit/loss from financial items</b>		<b>20,289</b>	<b>8,341</b>
<b>Profit/loss before tax</b>		<b>13,063</b>	<b>-3,729</b>
Appropriations	8	19,000	19,000
Tax on profit for the year	9	-2,317	-1,549
<b>PROFIT/LOSS FOR THE YEAR</b>		<b>29,746</b>	<b>13,722</b>

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

# Parent company balance sheet

SEK thousands	Note	2018	2017
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Financial assets</b>			
Shares in Group companies	10	227,554	84,179
<b>Total financial assets</b>		<b>227,554</b>	<b>84,179</b>
<b>Total non-current assets</b>		<b>227,554</b>	<b>84,179</b>
<b>Current assets</b>			
<b>Current receivables</b>			
Receivables from Group companies	17	19,660	8,460
Other receivables		3	517
Tax receivables		129	0
Prepaid expenses	11	245	125
<b>Total current receivables</b>		<b>20,037</b>	<b>9,102</b>
Cash and bank balances	12	120	23,242
<b>Total current assets</b>		<b>20,157</b>	<b>32,344</b>
<b>TOTAL ASSETS</b>		<b>247,711</b>	<b>116,523</b>

SEK thousands	Note	2018	2017
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<b>Restricted equity</b>			
Share capital		625	625
Revaluation reserve		37,000	37,000
Statutory reserve		1	1
<b>Total restricted equity</b>		<b>37,626</b>	<b>37,626</b>
<b>Non-restricted equity</b>			
Retained earnings		63,176	52,574
Profit for the year		29,746	13,722
<b>Total non-restricted equity</b>		<b>92,922</b>	<b>66,296</b>
<b>Total equity</b>		<b>130,548</b>	<b>103,922</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Liabilities to credit institutions	14	42,500	5,500
Liabilities to Group companies	14	960	840
<b>Total non-current liabilities</b>		<b>43,460</b>	<b>6,340</b>
<b>Current liabilities</b>			
Liabilities to credit institutions	14	38,270	2,000
Trade payables	15	654	420
Current tax liabilities		0	792
Other current liabilities		30,064	305
Accrued expenses and prepaid income	16	4,715	2,744
<b>Total current liabilities</b>		<b>73,703</b>	<b>6,261</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>247,711</b>	<b>116,523</b>

# Parent company statement of changes in equity

SEK thousands	Restricted equity			Non-restricted equity		Total
	Share capital	Revaluation reserve	Statutory reserve	Share premium reserve	Retained earnings incl. profit/loss for the year	
<b>Opening equity, 01/01/2017</b>	<b>625</b>	<b>37,000</b>	<b>1</b>	<b>41,228</b>	<b>28,084</b>	<b>106,938</b>
Profit/loss for the year plus comprehensive income	-	-	-	-	13,722	13,722
<b>Total</b>	<b>625</b>	<b>37,000</b>	<b>1</b>	<b>41,228</b>	<b>41,806</b>	<b>120,660</b>
<b>Transactions with shareholders</b>						
Dividend	-	-	-	-	-9,380	-9,380
Buyback of own shares	-	-	-	-	-7,358	-7,358
<b>Closing equity, 31/12/2017</b>	<b>625</b>	<b>37,000</b>	<b>1</b>	<b>41,228</b>	<b>25,068</b>	<b>103,922</b>
<b>Opening equity, 01/01/2018</b>	<b>625</b>	<b>37,000</b>	<b>1</b>	<b>41,228</b>	<b>25,068</b>	<b>103,922</b>
Profit/loss for the year plus comprehensive income	-	-	-	-	29,746	29,746
<b>Total</b>	<b>625</b>	<b>37,000</b>	<b>1</b>	<b>41,228</b>	<b>54,814</b>	<b>133,668</b>
<b>Transactions with shareholders</b>						
Dividend	-	-	-	-	-9,343	-9,343
Buyback of own shares	-	-	-	-	-1,902	-1,902
Issue of common shares in business combination	-	-	-	-	8,125	8,125
<b>Closing equity, 31/12/2018</b>	<b>625</b>	<b>37,000</b>	<b>1</b>	<b>41,228</b>	<b>51,694</b>	<b>130,548</b>

# Parent company statement of cash flows

SEK thousands	2018	2017
<b>Cash flow from operating activities</b>		
Operating profit/loss	-7,226	-12,070
Adjustment for non-cash items	-	-
Interest received and similar items	214	-
Interest paid and similar items	-1,577	-119
Income tax paid	-3,238	-2,352
<b>Cash flow from operating activities before changes in working capital</b>	<b>-11,827</b>	<b>-14,541</b>
Change in other current receivables	10,722	990
Change in other current operating liabilities	-234	-691
<b>Total change in working capital</b>	<b>10,488</b>	<b>299</b>
<b>Cash flow from operating activities</b>	<b>-1,339</b>	<b>-14,242</b>
<b>Cash flow from investing activities</b>		
Sold non-current assets	-	-
Acquisition of subsidiaries	-113,263	-
Disposal of financial non-current assets	-	-
Amortisation of financial non-current assets	-	-
Dividends received	10,451	2,610
Group contribution received	19,000	19,000
<b>Cash flow from investing activities</b>	<b>-83,812</b>	<b>21,610</b>
<b>Cash flow from financing activities</b>		
New share issue	-	-
Utilised overdraft facility	18,270	-
Loans raised	70,000	-
Repayment of loans	-15,000	-2,000
Dividend paid	-9,340	-9,380
Buyback of own shares	-1,901	-7,358
<b>Cash flow from financing activities</b>	<b>62,029</b>	<b>-18,738</b>
<b>Decrease/increase in cash and cash equivalents</b>		
Cash flow for the year	-23,122	-11,370
Exchange difference in cash and cash equivalents	-	-
Cash and cash equivalents at start of year	23,242	34,612
<b>Cash and cash equivalents at end of year</b>	<b>120</b>	<b>23,242</b>

# Notes – Parent Company

## 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 the 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).

## NOTE 2 Summary of the parent company's significant accounting principles

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. Assets and liabilities are valued at historical cost. 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.

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.

### 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.

## NOTE 4 Remuneration of employees and the Board

	2018		2017	
	Board members and other senior executives	Other employees	Board members and other senior executives	Other employees
Salaries and other remuneration	4,245	2,137	3,603	1,041
Bonuses	1,053	215	201	50
Pension costs	1,135	864	1,445	511
Social security expenses	1,987	983	1,588	487
<b>Group total</b>	<b>8,420</b>	<b>4,199</b>	<b>6,837</b>	<b>2,089</b>

	2018		2017	
	Number at the balance sheet date	Of which men	Number at the balance sheet date	Of which men
<b>Gender distribution of Board members and senior executives</b>				
Board members	8	5	8	5
CEO and other senior executives	2	1	2	1
<b>Total</b>	<b>10</b>	<b>6</b>	<b>10</b>	<b>6</b>

The company has defined benefit pension plans through ITP 2.

As indicated in Group Note 2.16, the ITP 2 plan's defined benefit pension obligations are also reported as a defined contribution plan, in other words the company's obligation is limited to fixed contributions, which are paid to a separate legal entity. The company's share of total savings premiums for ITP 2 at Alecta amounts to 0.00431% at 31/12/2018 (0.00263% at 31/12/2017). The company's share of the total number of active insured in ITP 2 amounts to 0.00089% (0.00043%) at 31/12/2018. The expected premiums for the upcoming financial year for insurance

### 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 amount 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

IFRS 9 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 (based on the management's best estimate).

## NOTE 3 Distribution of net revenue

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

policies signed with Alecta total SEK 631,000 (285,000). At 31/12/2018, Alecta's surplus in the form of the collective consolidation level amounted to 142%. The collective funding level is the market value of Alecta's assets as a percentage of the insurance commitments, calculated in accordance with Alecta's actuarial calculation assumptions, which do not comply with IAS 19. See Group Note 7 for individual details for the Board of Directors and the CEO, as well as the terms applicable to termination of employment, pensions and pension obligations.

**NOTE 5** Auditors' fees

	2018	2017
<b>PWC</b>		
Audit assignment	250	175
Audit activities in addition to the audit assignment	–	28
Tax advice	7	23
Other services	38	325
<b>Total</b>	<b>295</b>	<b>551</b>

**NOTE 6** Financial items

	2018	2017
Anticipated dividends from subsidiaries	21,652	8,460
Interest income on bank balances	–	–
Foreign exchange gains on receivables from subsidiaries	214	–
Other financial income	–	–
<b>Total interest income and similar items</b>	<b>21,866</b>	<b>8,460</b>
Interest expenses on liabilities to credit institutions	1,247	71
Foreign exchange losses	18	46
Other financial expenses	312	2
<b>Total interest expenses and similar items</b>	<b>1,577</b>	<b>119</b>
<b>Total financial items – net</b>	<b>20,289</b>	<b>8,341</b>

**NOTE 10** Holding and investments in subsidiaries

						31/12/2018	31/12/2017
<b>Opening cost</b>						<b>84,179</b>	<b>84,929</b>
Adjustment of preliminary acquisition calculation						–	–750
Capital contributions						–	–
Acquisition of subsidiaries						143,375	–
Closing accumulated cost						227,554	84,179
<b>Closing carrying amount</b>						<b>227,554</b>	<b>84,179</b>
<b>Name</b>	<b>Corp. ID no.</b>	<b>Registered office and country of registration and operation</b>	<b>No. of shares</b>	<b>Proportion of ordinary shares held directly by the parent company (%)</b>	<b>Proportion of ordinary shares held by non-controlling interests (%)</b>	<b>Carrying amount, 31/12/2018</b>	<b>Carrying amount, 31/12/2017</b>
Christian Berner AB	556049-5235	Mölnlycke, SE	10,000	100	0	63,761	63,761
Christian Berner AS	910542788	Oslo, NO	1,000	100	0	4,375	4,375
Christian Berner OY	48788	Vanda, 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	Mölnlycke, SE	6,000	100	0	720	720
Satron Instruments Process & Miljö AB	556473-1783	Säffle, SE	1,000	100	0	120	120
PlastKapTek Sverige AB	556799-6391	Partille, SE	1,000	100	0	2,829	2,829
Fillflex AB	556281-4102	Västra Frölunda, SE	1,000	100	0	2,049	2,049
Power to Heat Scandinavia AB*	559090-9981	Stockholm County, Täby Municipality	500	100	0	–	–
Zander och Ingeström Aktiebolag	556020-3472	Stockholm County, Täby Municipality	10,000	100	0	143,375	–
Stockholm Elinvest AB*	556442-5337	Stockholm County, Täby Municipality	1,000	100	0	–	–
						<b>227,554</b>	<b>84,179</b>

\* At 31/12/2018, marked company is a subsidiary of Zander & Ingeström AB and accordingly has no carrying amount in the parent company.

**NOTE 7** Foreign exchange differences – net

Foreign exchange differences were recognised in the income statement as follows:

	2018	2017
Financial items - net (Note 6)	–196	46
<b>Total</b>	<b>–196</b>	<b>46</b>

**NOTE 8** Appropriations

	2018	2017
Group contributions received	19,000	19,000

**NOTE 9** Tax on profit for the year

	2018	2017
<b>Current tax</b>		
Current tax on profit/loss for the year	2,317	1,400
Adjustments for previous years	1	149
<b>Total current tax</b>	<b>2,318</b>	<b>1,549</b>

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:

	2018	2017
<b>Profit/loss before tax</b>	<b>32,063</b>	<b>15,271</b>
Income tax calculated using the tax rate in Sweden (22%)	7,054	3,360
<b>Tax effect of:</b>		
Non-taxable dividend	–4,763	–1,861
Adjustment for current tax of previous years	1	–134
Other non-taxable income	–	149
Non-deductible expenses	27	35
<b>Total recognised tax</b>	<b>2,318</b>	<b>1,549</b>

#### NOTE 11 Prepaid expenses and accrued income

	31/12/2018	31/12/2017
Prepaid rent	–	–
Other items	245	125
<b>Total</b>	<b>245</b>	<b>125</b>

#### NOTE 12 Cash and cash equivalents

	31/12/2018	31/12/2017
Bank deposits	120	23,242
<b>Total</b>	<b>120</b>	<b>23,242</b>

#### NOTE 13 Proposed appropriation of profit/loss

The following profits are at the disposal of the Annual General Meeting:	31/12/2018	31/12/2017
Retained earnings	63,176	52,574
Profit for the year	29,746	13,722
	<b>92,922</b>	<b>66,296</b>
The Board of Directors proposes that this profit be appropriated of as follows:		
SEK 0.50 (0.50) per share to be distributed to shareholders	14,070	9,380
To be carried forward	78,852	56,916
	<b>92,922</b>	<b>66,296</b>

#### NOTE 14 Borrowing

	31/12/2018	31/12/2017
<b>Non-current</b>		
Liabilities to credit institutions	42,500	5,500
Liabilities to Group companies	960	840
<b>Total non-current borrowing</b>	<b>43,460</b>	<b>6,340</b>
<b>Current</b>		
Liabilities to credit institutions	38,270	2,000
Liabilities to Group companies	14,655	–
Other current liabilities	15,000	–
<b>Total current borrowing</b>	<b>67,925</b>	<b>2,000</b>
<b>Total borrowing</b>	<b>111,385</b>	<b>8,340</b>

#### NOTE 15 Trade payables

	31/12/2018	31/12/2017
Trade payables, SEK	654	420
Trade payables, NOK	–	–
Currency adjustment to trade payables	–	–
<b>Total trade payables</b>	<b>654</b>	<b>420</b>

#### NOTE 16 Accrued expenses and prepaid income

	31/12/2018	31/12/2017
Accrued salaries	2,641	1,594
Accrued social security expenses	1,311	973
Other accrued liabilities	764	176
<b>Total</b>	<b>4,716</b>	<b>2,743</b>

#### NOTE 17 Related parties

At 31/12/2018, Gårdaverken AB owns all class A shares and 18.2% of all class B shares and accordingly has the largest share of the votes and 23.7% of the total shares. Ernstöm Kapital AB owns 13.6%. Lannebo Nanocap owns 10.9% of the total shares as of the same date. The remainder of the shares have a wide distribution.

#### 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 31% (23%) 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.

Liabilities to shareholders	31/12/2018	31/12/2017
<b>At beginning of year</b>		
Dividend approved by the AGM	14,070	9,380
Amortised amount	–14,070	–9,380
<b>At year-end</b>	<b>–</b>	<b>–</b>

#### NOTE 18 Pledged assets

	31/12/2018	31/12/2017
Shares in subsidiaries	35,000	19,389
<b>Total</b>	<b>35,000</b>	<b>19,389</b>

#### NOTE 19 Contingent liabilities

	31/12/2018	31/12/2017
Guarantees	46,639	49,084
Guarantee commitments to the benefit of subsidiaries	1,578	15,616
<b>Total</b>	<b>48,217</b>	<b>64,700</b>

#### NOTE 20 Events after the end of the reporting period

Christian Berner Tech Trade AB is expanding its Nordic management team with a Marketing Manager, who previously reported in the Swedish subsidiary Christian Berner AB, and with a new role, Operational Development and IT Manager (currently being recruited and expected to be in place in Q2/Q3 2019).

A new website is being launched as a part of a modernisation of communication, and an initial step towards the enabling of e-commerce.



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, 21 March 2019

Joachim Berner  
Chairman of the Board

Bo Söderqvist  
Chief Executive Officer

Kerstin Gillsbro  
Board member

Bertil Persson  
Board member

Stina Wollenius  
Board member

Lars Gatenbeck  
Board member

Malin Domstad  
Board member

Sohrab Moshiri  
Employee Representative

Kurt Olofsson  
Employee Representative

Our audit report was submitted on 21 March 2019.  
Öhrlings PricewaterhouseCoopers AB

Michael Bengtsson  
Authorised Public Accountant

# Definitions

Christian Berner Tech Trade AB has reviewed the terminology for alternative key performance indicators on the basis of the new guidelines of the European Securities and Markets Authority (ESMA). No changes to the key performance indicators are considered necessary as a result of this.

## Description of financial performance indicators not contained in IFRS

Non-IFRS performance indicators*	Description	Reason for use of indicator
Net revenue growth*	Increase in the net revenue as a percentage of the total revenue of the previous year	Indicator of the company's growth relative to the previous period, which illustrates the company's trend and enables the underlying driving forces to be tracked
EBITA*	Earnings before impairment of goodwill and impairment and amortisation of other intangible assets that arose in connection with business combinations and equivalent transactions	As a manufacturing company, EBITA is an important indicator of the company's profitability before interest, taxes and impairments
EBITA margin*	EBITA as a percentage of net revenue.	The EBITA margin illustrates the company's profit generation before interest, taxes and amortisation, relative to operating income. A performance indicator that is appropriate for companies such as Christian Berner
Operating profit/loss*	Operating profit/loss before financial items and taxes	Operating profit/loss gives an overall picture of the company's profit generation in its operating activities
Operating margin*	Operating profit/loss before financial items and taxes, as a percentage of operating income	The operating margin is a traditional comparison indicator that illustrates the company's profit generation relative to operating income
Net financial items*	The difference between financial income and financial expenses	Net financial items shows the difference between financial income and financial expenses
Profit/loss for the period	Profit after tax	Profit/loss for the period: this indicator is relevant because it is the profit for the period that the Board of Directors decides to distribute to shareholders or reinvest in the company.
Total assets	The company's total assets	Total assets indicates the company's total assets that are at the disposal of the company in order to generate returns for shareholders
Equity ratio*	Equity as a percentage of total assets	A traditional indicator showing financial risk, expressed as the proportion of adjusted equity that is financed by the shareholders
Return on equity*	Profit/loss after financial items as a percentage of average equity	Shows the return on the shareholders' invested capital, from the perspective of the shareholders
Cash flow for the period	Total of the cash flow from operating activities, cash flow from investing activities and cash flow from financing activities	The cash flow for the period is an indicator of how much cash and cash equivalents the company generates or loses in each period
Number of shares at close of period*	The number of outstanding shares at the end of the reporting period	The number of shares in the company is important, as it forms the basis of the calculation of earnings per share
Average equity*	The average of the total of opening equity for the period added to closing equity for the period	Average equity is a more conventional comparison indicator and is used as a component in a number of other key performance indicators

* Derivation of alternative performance measures	2018	2017
EBITA	51,779	21,467
Amortisation of intangible assets	-1,688	-1,290
<b>Operating profit/loss</b>	<b>50,091</b>	<b>20,177</b>
EBITA	51,779	21,467
Net revenue	617,575	449,607
<b>EBITA margin</b>	<b>8.4%</b>	<b>4.8%</b>
Operating profit/loss	50,091	20,177
Net revenue	617,575	449,607
<b>Operating margin</b>	<b>8.1%</b>	<b>4.5%</b>
Equity	129,718	94,962
Total assets	352,400	186,891
<b>Equity ratio</b>	<b>36.8%</b>	<b>50.8%</b>
Profit/loss before tax	48,839	19,920
Average equity	112,340	95,442
<b>Return on equity</b>	<b>43.5%</b>	<b>20.9%</b>

# Audit report

To the General Meeting of shareholders of Christian Berner Tech Trade AB (publ), corp. ID no. 556026-3666

## Statement on the annual accounts and consolidated financial statements

### Opinions

We have audited the annual accounts and consolidated financial statements for Christian Berner Tech Trade AB (publ) for 2018. The company's annual accounts and consolidated financial statements are included on pages 43–72 of this document.

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 2018 and of its financial result and cash flow 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 2018 and of its financial result and cash flow for the year in accordance with International Financial Reporting Standards (IFRS), 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 General Meeting adopt the consolidated income statement and balance sheet and parent company income statement and balance sheet.

Our opinions in this statement on the annual accounts and consolidated financial statements are consistent with the content of the supplementary report submitted to the parent company's and Group's Audit Committee in accordance with Article 11 of the Audit Regulation (537/2014).

### Basis for opinion

We have conducted our audit in accordance with the International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibility under these standards is described in further detail in the section entitled "The auditor's responsibility". We are independent in relation to the parent company and the Group, in accordance with generally accepted auditing standards in Sweden, and we have also fulfilled our professional ethical responsibility in accordance with these requirements. This includes, based on the best of our knowledge and conviction, that no prohibited services as referred to in Article 5.1 of the Audit Regulation (537/2014) have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

## Our audit approach

### Audit focus and scope

We structured our audit by determining the materiality level and assessing the risk of material misstatements in the financial statements. We paid particular attention to the areas where the CEO and Board made subjective judgements, such as important accounting estimates made based on assumptions and forecasts of future events, which are uncertain by nature. As in all audits, we also took into account the risk that the Board and the CEO neglect internal control, and among other things have considered if there is evidence of systematic deviations that have given rise to a risk of material misstatements as a result of improprieties.

We adapted our audit to carry out an appropriate review with the aim of being able to express an opinion on the financial statements as a whole, considering the Group's structure, accounting processes and controls and the industry within which the Group is active.

### Materiality

The scope and focus of our audit was influenced by our assessment of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are viewed as material if they individually or together can reasonably be expected to affect the financial decisions the users make based on the financial statements.

Based on professional judgement, we determined certain quantitative materiality figures, including for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

### Particularly significant areas

Areas of particular significance to the audit are those that in our professional opinion were the most significant to the audit of the annual accounts and consolidated financial statements for the period in question. These areas are addressed within the scope of the audit of, and in our opinion on, the annual accounts and consolidated financial statements as a whole, but we make no separate statements regarding these areas.

**Particularly significant area**

**How our audit took into account the particularly significant area**

**Measurement of goodwill**

Consolidated goodwill amounts to SEK 132.6 million at 31 December 2018. The most significant part of the item is comprised of the acquisition of Zander & Ingeström; SEK 117.8 million is attributable to the acquisition of Zander & Ingeström on 16 February 2018.

In accordance with IAS 36, the Group tests recognised goodwill for impairment requirements at least annually. This testing is done by the operations' recoverable amount being calculated and compared with the carrying amount of the operation. The recoverable amount was determined by company management through a calculation of value in use, which corresponds to the operations' discounted cash flows. The impairment testing of goodwill is material to our audit since it is based on material estimates and assessments about the future. Based on company management's impairment testing, the Board has concluded that there are no impairment requirements for goodwill as at 31 December 2018. The most material assumptions applied in this impairment testing are described in Notes 2.5, 2.7 and 4.

Our audit procedures include a review of the acquisition of Zander & Ingeström. We have evaluated the accuracy of the company's acquisition analysis with regard to fair value of assets and liabilities and the surplus component comprised of goodwill.

Other audit procedures concerned the company's assessment of the cash flow calculations' mathematical accuracy and a reconciliation of the cash flow forecasts against the budget adopted by the Board for 2019 and evaluated the reasonability of the company's assessments regarding cash flows for the period after 2019. We evaluated and deemed that the company's valuation model is compatible with generally accepted valuation techniques. We challenged company management regarding the reasonability of the assumptions that have the greatest effect on the value, which include sustainable growth rate, sustainable operating margin and discount rate. Through our own sensitivity analyses, we challenged company management's assumptions and tested the safety margins that exist and assessed the risk that an impairment requirement would arise. We also evaluated if the company provided adequate disclosures in the annual accounts about the assumptions that in the event of a change could give rise to an impairment of goodwill in the future.

**Measurement of trade receivables**

Trade receivables amount to SEK 83.6 million at 31 December 2018, which forms a material item on the balance sheet where its existence and measurement is important. Here too, there are elements of management assessment with regard to measurement of doubtful trade receivables and an assessment of credit risk. For these reasons, the measurement of trade receivables has been deemed to be a particularly important area in our audit. See Note 3 Financial risk management and Note 17 Trade receivables in the annual report.

The sales process, with controls attributable to credit assessment, follow-up and monitoring of overdue receivables and measurement of doubtful trade receivables, constitutes an important process to focus on in the audit. In the year-end closing review, we had a particular focus on the review of reserves for doubtful receivables, where we decided on the choice of model for reservations and management assessments regarding material credit risks or customers with payment difficulties. We also conducted a payment follow-up to confirm the existence of trade receivables.

**Measurement of inventories**

The Group's inventories amount to SEK 52.5 million at 31 December 2018, which forms a material item on the balance sheet where its existence and measurement is important. The obsolescence reserves are governed by a set obsolescence model. See Note 2.8 Inventories in the annual report.

In the audit, we mapped and assessed the companies' inventory processes including procedures for valuation and obsolescence assessment to obtain an understanding of the risks and controls. We also participated in stock-taking and reviewed pricing of articles in the inventories. We reviewed the obsolescence models against the Group's overall accounting principles and considering the companies' operations, system support, inventory turnover rate and other relevant factors.

**Information other than the annual accounts and consolidated financial statements**

This document also contains information other than the annual accounts and consolidated financial statements and is found on pages 1–42 and 73–76. The Board of Directors and the CEO are responsible for this other information.

Our opinion on the annual accounts and consolidated financial statements does not cover this other information and we do not express any form of confirming statement regarding this other information.

In connection with our audit of the annual accounts and consolidated financial statements, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated financial statements. In this procedure, we also take into account our knowledge

otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

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

**Responsibilities of the Board of Directors and the CEO**

It is the Board of Directors and the CEO that are responsible for the preparation of the annual report and consolidated financial statements and that they provide a true and fair view according to the Annual Accounts Act and, with regard to the consolidated financial statements, according to International Financial Reporting Standards (IFRS) as adopted by the EU, and the Annual Accounts Act. The Board of Directors and the CEO are also responsible for such internal control as they

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.

In preparing the annual accounts and consolidated financial statements, the Board of Directors and the CEO are responsible for the assessment of the company's and the Group's ability to continue as a going concern. They indicate, where applicable, whether there are any circumstances that may affect the ability to continue operations and to apply the going concern assumption. The going concern assumption is not applied, however, if the Board of Directors and the CEO intend to liquidate the company, cease operations or have no other realistic alternative than to do so.

The Board's Audit Committee shall, without it affecting the Board's responsibility and duties otherwise, monitor the company's financial reporting, among other things.

#### The auditor's responsibility

Our aim is to obtain reasonable assurance about whether the annual accounts and consolidated financial statements are free from material misstatement, whether due to irregularities or error, and to submit an audit report containing our opinion. Reasonable assurance is a high level of certainty, but is no guarantee that an audit conducted in accordance with ISA and generally accepted auditing standards in Sweden will uncover a material misstatement, should one exist. Misstatements can occur as a result of irregularities or error and are considered material if, individually or together, they may reasonably be expected to affect the financial decisions made by the user on the basis of the annual accounts and consolidated financial statements.

A further description of our responsibility for the audit of the annual accounts and consolidated financial statements is available on the website of the Supervisory Board of Public Accountants: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description forms part of the audit report.

### Statement on other legal and regulatory requirements

#### Opinions

In addition to our audit of the annual accounts and consolidated financial statements, we have also audited the Board of Directors' and the CEO's management of Christian Berner Tech Trade AB (publ) for 2018 and the proposed appropriation of the company's profit or loss.

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

#### Basis for opinion

We have conducted our audit in accordance with generally accepted auditing standards in Sweden. Our responsibility under these standards is described in further detail in the section entitled "The auditor's responsibility". We are independent in relation to the parent company and the Group, in accordance with generally accepted auditing standards in Sweden, and we have also fulfilled our professional ethical responsibility in accordance with these requirements.

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

#### Responsibilities of the Board of Directors and the CEO

The Board of Directors is responsible for the proposal for appropriation of the company's profit or loss. The dividend proposal includes, among

other things, an assessment of whether the dividend is justifiable in relation to the demands that the nature, scope and risks of the business of the company and the Group place on the size of the equity, consolidation requirements, liquidity and financial position in general of the company and the Group.

The Board of Directors is responsible for the company's organisation and the management of the company's affairs. This includes continuously monitoring the financial situation of the company and the Group and ensuring that the company is organised such that accounting, asset management and the company's financial circumstances are otherwise controlled in a satisfactory manner. The Chief Executive Officer must perform routine administration tasks according to the guidelines and instructions of the Board of Directors and, among other things, take the necessary measures to ensure that the company's accounts are fully compliant with the law and that asset management is conducted in a satisfactory manner.

#### The auditor's responsibility

Our aim with regard to the audit of the administration, and therefore our opinion on discharge from liability, is to obtain audit evidence to enable us to assess with reasonable assurance whether any Board member or the CEO has in any material respect:

- taken any action or been guilty of any negligence that may result in liability to the company
- in any other way acted in contravention of the Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association.

Our aim with regard to the audit of the proposed appropriation of the company's profit or loss, and therefore our opinion on this, is to assess with reasonable assurance whether the proposal is compliant with the Swedish Companies Act.

Reasonable assurance is a high level of certainty, but is no guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always uncover actions or negligence that may result in liability to the company or establish that a proposed appropriation of the company's profit or loss is not compliant with the Swedish Companies Act.

A more detailed description of our responsibility for the auditing of the administration can be found on the website of the Swedish Supervisory Board of Public Accountants: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description forms part of the audit report.

Öhrlings PricewaterhouseCoopers AB, 113 97 Stockholm, was elected as Christian Berner Tech Trade AB (publ)'s auditor by the Annual General Meeting on 24 April 2018 and has been the company's auditor since 17 November 2006.

Mölnlycke, 21 March 2019

Öhrlings PricewaterhouseCoopers AB

Michael Bengtsson  
Authorised Public Accountant

# Annual General Meeting and reporting dates

24 April 2019

Annual General Meeting 2019

The Annual General Meeting will be held at the head office in Mölnlycke, Sweden on 24 April 2019, at 4:00 p.m.

24 April 2019

Interim report for the first quarter 2019

20 August 2019

Interim report for the second quarter 2019

21 October 2019

Interim report for the third quarter 2019

18 February 2020

Year-end report 2019

22 April 2020

Annual General Meeting 2020

# Contact details

## Investor relations

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