

Annual Report 2015/16

Content

ANNUAL REPORT

Report of the Board of Directors	2
Consolidated Financial Statements	10
Notes	20
Auditor's Report	39

OTHER INFORMATION

Board of Directors and Auditors	40
Management	41
Financial Performance in Summary	42
The Share	44
Addresses	46

Report of the Board of Directors

The Board of Directors and the President of Lagercrantz Group AB (publ), corporate identity number 556282-4556, hereby submit the annual accounts and consolidated financial statements for the 2015/16 financial year. The Report of the Board of Directors also includes the Corporate Governance Report.

The legal annual accounts consist of the Report of the Board of Directors, including the Corporate Governance Report, with proposed appropriation of profits, and the financial statements.

OPERATIONS

Lagercrantz Group AB (publ) and its subsidiaries is a technology group that offers value-adding technology, either with proprietary products or with products from leading suppliers. The Group is active in a number of product segments in several geographical markets. The Group consists of about 40 companies, each with a focus on a specific sub-market – a niche. Each subsidiary is a separate profit centre with responsibility for its chosen strategy. Strong value creation is common for all companies as well as a high degree of customisation, support and other services.

The subsidiaries during 2015/16 were organised in the four divisions Electronics, Mechatronics, Communications and Niche Products.

NET REVENUE AND PROFIT

The market climate during the 2015/16 financial year continued to be generally stable and there were no obvious signs of a slowdown. Consolidated net revenue for the 2015/16 financial year increased by 7 percent to MSEK 3,057 (2,846). The currency effect in net revenue was MSEK 4 (64).

The Group's units in Sweden and Denmark continued to develop positively, through domestic sales as well as exports, while the performance was weak in Norway and Finland. Through acquired units, the Group has a stronger presence in the North American and Chinese markets, where sales developed favourably. The acquired businesses made a contribution of MSEK 376 to net revenue. Growth in comparable units, i.e. excl. acquisitions and divested operations, amounted to 1 percent measured in local currency.

Operating profit for the financial year increased by 14 percent to MSEK 315 (276). Operating margin increased to 10.3 percent (9.7). The earnings improvement was mainly explained by acquired units and a continued good development in a number of the Group's product companies, particularly in the Mechatronics and Niche Products divisions. After the sale of the software distribution company Betch Data A/S, proprietary products represent an increasingly large proportion of the Group's sales and were equivalent to 48 percent of sales during the financial year. Operating profit was positively impacted by non-recurring effects of MSEK 2 in total, which included the sale of Betch Data A/S with associated remeasurement of intangible values and restructuring costs, net MSEK +10, translation of contingent consideration MSEK +5, impairment of goodwill MSEK -9 and other structural measures MSEK -4.

Profit after net financial items increased by 16 percent to MSEK 307 (265), which is an all-time high for a 12-month period. Total currency effects in the profit after net financial items amounted to MSEK 5 (5).

Profit after tax for the financial year increased to MSEK 241 (203). Earnings per share (after split) after dilution for the 2015/16 financial year increased by 18 percent and amounted to SEK 3.54, compared to SEK 2.99 for the 2014/15 financial year.

Profit after tax was positively impacted by a new corporate tax rate in Denmark by about MSEK 1.6 through a remeasurement of deferred tax liabilities.

During the third quarter, a 3:1 share split was carried out, which meant that the number of shares in the company increased when each share was split into three (3) shares.

PROFITABILITY AND FINANCIAL POSITION

Consolidated operating profit before amortisation of intangible assets (EBITA) during the financial year was MSEK 355 (295), equivalent to an EBITA margin of 11.6 percent (10.4). For the fourth quarter of the financial year, EBITA amounted to MSEK 95 (84), equivalent to an EBITA margin of 12.0 percent (10.7).

Return on equity for the financial year was 25 percent (24) and return on capital employed was 21 percent (22). The Group's metric for return on working capital (P/WC) was 58 percent (58).

Equity per share (after split) totalled SEK 15.22 at the end of the financial year, compared to SEK 13.53 at the beginning of the financial year. Aside from profit, this metric was also affected by dividend paid, currency-related translation effects, redemption of options and repurchase of own shares. During the period, 675,000 options for B shares were issued against a premium of MSEK 3, and 150,000 own shares were repurchased for MSEK 10 in total.

The equity/assets ratio amounted to 40 percent, compared to 44 percent at the beginning of the financial year.

At the end of the period, the financial net indebtedness amounted to MSEK 551 (302), excluding pension liability. The increase was primarily attributable to acquisition of businesses. The net debt equity ratio, excluding pension provisions, amounted to 0.5 (0.3). The pension liability amounted to MSEK 55 (68) at the end of the financial year and was mainly affected by actuarial assumptions.

CASH FLOW AND CAPITAL EXPENDITURES

Cash flow from operating activities during the financial year amounted to MSEK 257, compared to MSEK 268 for the 2014/15 financial year.

Gross investments in non-current assets amounted to MSEK 73 (38) during the financial year. Larger items included a new product platform in digital imaging/technical security and new production equipment in the Mechatronics division.

In conjunction with redemption of options, repurchased Class B shares were sold during the financial year for MSEK 6 (4) in total. In addition, outstanding options were repurchased for a total of MSEK 13 (10) and MSEK 3 (2) was received in connection with subscription for new call options and 150,000 own shares were repurchased for MSEK 10 (0) in total.

During the financial year, MSEK 7 (20) was paid in contingent consideration for previous acquisitions.

NET REVENUE AND PROFIT BY DIVISION

Electronics

Net revenue for the 2015/16 financial year amounted to MSEK 838 (803). Continued strong sales of equipment to the marine sector and increasing sales in the German market generated growth. However, lower sales were noted towards the end of the financial year in the division's units within electronics distribution, and the Norwegian market displayed a particularly weak performance.

Operating profit for the financial year amounted to MSEK 71 (66), equivalent to an operating margin of 8.5 percent (8.2). The operations in Denmark and Germany displayed a strong earnings trend, while the Norwegian businesses performed less favourably due to weaker domestic demand.

Mechatronics

Net revenue for the Mechatronics division for the 2015/16 financial year amounted to MSEK 1,007 (815). The strong sales trend was

mainly due to increased sales in electrical connection systems and electrical components as well as additional business volume from acquisitions.

Operating profit for the financial year amounted to MSEK 150 (120), equivalent to an operating margin of 14.9 percent (14.7). The stronger earnings and margins were mainly due to good sales of electrical connection systems and effects from the acquisition of Cue Dee AB during the first quarter, see more under Acquisitions below.

The subsidiary K&K Active Oy was moved to the Mechatronics division from the Communications division as of 1 April 2015. Historical earnings data for the divisions have been adjusted accordingly.

Communications

Net revenue for the 2015/16 financial year amounted to MSEK 719 (839). Lower distribution volume of software was not offset by the acquired business volume in control technology. However, good sales volume was also noted in digital imaging and technical security.

Operating profit for the financial year amounted to MSEK 47 (53), equivalent to an operating margin of 6.5 percent (6.3). Most of the recently acquired units in control technology performed well but did not offset the lower software distribution earnings during the year. The profit level in digital imaging and technical security was lower than the previous year, despite good sales, especially during the fourth quarter.

The sale of the software distribution company Betech Data A/S during the fourth quarter impacted revenue negatively by about MSEK 65 compared to the year-earlier period. The divestment reduces the business volume of the Communications division, but raises the division's margins. The business was divested on 31 January 2016 with only a marginal impact on the division's current earnings, see Divested operations below.

During the second quarter, the operations in Landauer Nordic AB were acquired along with a subsidiary in the US, see Acquisitions below.

Niche Products

Net revenue for the 2015/16 financial year amounted to MSEK 493 (389). Revenue was positively impacted by acquisitions and increased sales of speciality doors. Packaging solutions for the food processing industry also performed well. However, volume fell in storage systems compared to the previous year.

Operating profit amounted to MSEK 74 (61), equivalent to an operating margin of 15.0 percent (15.7). The stronger earnings was primarily due to increased sales as mentioned above and the acquired businesses. During the fourth quarter, Nikodan Conveyor Systems A/S was acquired, which is described under the item Acquisitions below.

PARENT COMPANY

The Parent Company's internal net revenue for the financial year amounted to MSEK 39 (34) and profit after net financial items was MSEK 261 (234). The result includes exchange rate adjustments on intra-Group lending of MSEK 2 (1) and dividends from subsidiaries of MSEK 249 (218). Net investments in non-current assets amounted to MSEK 0 (0). MSEK 600 (372) of the Parent Company's total credit facility of MSEK 1,000, was utilised at the end of the period. The Parent Company's equity/assets ratio was 50 percent (56).

EMPLOYEES

At the end of the period, the number of employees in the Group was 1,230, which can be compared to 1,139 at the beginning of the financial year. During the financial year, 102 employees were added through acquisitions.

SHARES, REPURCHASES AND MAJOR SHAREHOLDERS

The share capital amounted to MSEK 48.9 at the end of the period. During the third quarter, a 3:1 share split was carried out, which meant that the number of shares in the company increased when each share was split into three (3) shares. As of 31 March 2016 the

distribution according to classes of shares was 3,263,802 Class A shares and 66,256,125 Class B shares, for a total of 69,519,927 shares. Lagercrantz Group's Class B shares are quoted on Nasdaq Stockholm's Mid Cap list.

The quota value per share (after split) amounted to SEK 0.70. The Articles of Association allow for conversion of Class A shares to Class B shares. During the financial year, 0 (12,096) shares were converted.

The 2015 Annual General Meeting (AGM) authorised the Board of Directors to repurchase shares up to 10 percent of the total number of shares in the company. Repurchases shall be made via the stock exchange. Among other things, the mandate includes the possibility of covering the company's obligations under incentive programmes, where call options on repurchased shares have been acquired by managers and key persons in the Group. During the financial year, a total of 150,000 own Class B shares were repurchased for a total of MSEK 10 (0). A total of 221,450 repurchased Class B shares were sold for a total of MSEK 6 during the financial year in connection with redemption of options. In addition, 502,950 outstanding options were repurchased for a total of MSEK 13 and MSEK 3 was received in connection with subscription for new call options.

At the end of the period, Lagercrantz Group held 1,675,900 Class B shares, equivalent to 2.4 percent of the total number of shares and 1.7 percent of the votes in the Lagercrantz Group. The average cost of the repurchased shares amounts to SEK 18.92 per share (after split). Repurchased shares cover, inter alia, the company's obligation under outstanding call option programmes for repurchased shares, where a total of 1,622,500 options (after split) have been acquired by senior executives. This refers to allocations in 2013, 2014 and 2015 of options still outstanding as of 31 March 2016. The redemption price for each respective programme is SEK 41.80, SEK 53.90, and SEK 78.80 per share (after split).

During the 2015/16 financial year, 675,000 options with a redemption price of SEK 78.80 were issued in accordance with the resolution of the 2015 AGM. These options were acquired by senior executives in the Group for a total of MSEK 3.

Two shareholders held more than ten percent of the votes as of 31 March 2016: Anders Börjesson and family with 16.4 percent and Tom Hedelius and family with 14.7 percent. Lannebo Fonder, with 14.5 percent of the capital, was the largest owner in terms of number of shares owned.

The above holdings are calculated based on the number of shares and votes, not including the shares held by the Lagercrantz Group.

AGREEMENTS

There are no significant agreements to which the company is a party that enter into effect or are amended or terminated if control of the company changes due to a public takeover bid.

ACQUISITIONS

A total of three acquisitions of businesses were made during the financial year.

During the first quarter, the operations in Cue Dee AB were acquired along with a subsidiary in China. Cue Dee primarily develops and sells aluminium brackets that meet strict requirements in terms of endurance and flexibility. The customers are global and are mainly found in the telecommunications sector and consist of network providers, operators and installers. Cue Dee generates annual sales of about MSEK 180 with good profitability. The business has been part of Lagercrantz's Mechatronics division since April 2015.

During the second quarter, the operations in Landauer Nordic AB were acquired along with a subsidiary in the US. The company develops and markets products and services for radon monitoring. The company's head office is in Uppsala and it has a subsidiary in Chicago, USA. Landauer Nordic generates annual sales of about MSEK 40 with good profitability. The company has been part of the Lagercrantz Communications division since September 2015.

In addition, the Danish company Nikodan Conveyor Systems A/S was acquired during the third quarter. Nikodan develops, markets and manufactures customised conveyor belt solutions and pallet

handling systems. The company has industrial customers with high demands in respect of automation. Annual sales amount to about MSEK 150 with good profitability. Nikodan is part of the Lagercrantz Niche Products division as from December 2015.

Estimated consideration for the businesses acquired during the financial year amounted to MSEK 450. This amount includes estimated contingent consideration of MSEK 106, which represents 85 percent of the maximum outcome. The outcome depends on the profit achieved by the companies.

Transactions costs for the three acquisitions completed during the financial year amounted to MSEK 2, and are included in Administrative expenses in the income statement.

As a result of the acquisitions during the period, goodwill in the Group increased by MSEK 203 on the balance sheet date and other intangible non-current assets, mostly related to proprietary products and customer relationships, increased by MSEK 190. Other non-current assets increased by MSEK 27. The deferred tax liability related to acquisitions amounted to MSEK 43.

The effect of the completed acquisitions on consolidated revenue during the financial year was MSEK 269 and the effect on profit before tax was MSEK 42 after acquisition costs. Had the acquired operations been consolidated as of 1 April 2015, the effect on revenue and profit before tax would have been MSEK 376 and MSEK 58, respectively, after acquisition costs.

During the financial year, the difference between contingent consideration reserved and paid of MSEK 5 was taken up as revenue as other operating income. The annual impairment testing resulted in impairment losses of MSEK 9 in respect of goodwill, which are recognised as other operating expenses in the consolidated income statement.

The acquisition analysis for the acquired businesses is presented in Note 38.

DIVESTED OPERATIONS

During the financial year, the Danish company Betech Data A/S, along with a subsidiary in Norway, was divested. Betech is a software distributor for CAD/CAM applications, primarily in Denmark and Norway. The buyer was the Finnish company Future Group Oy. The divestment will reduce revenue in the Lagercrantz Group by about MDKK 180 on an annual basis, but it is not expected to impact the Group's earnings per share appreciably.

TRANSACTIONS WITH RELATED PARTIES

Transactions between Lagercrantz and related parties with a significant impact on the company's financial position and results have not occurred, aside from the issuance of options described under Share capital above. In addition, a smaller industrial property was sold at book value, which was equivalent to the market value. The buyer is an employee and former owner of one of the Group's subsidiaries.

SOCIAL RESPONSIBILITY

Lagercrantz Group's operations are based on long-term relationships with customers and suppliers, as well as strong ethics and great respect for all individuals in the company and in connection with external contacts. Much like in other parts of the Group's business, the concrete work with social responsibility is highly decentralised within the framework of the guidelines adopted by Lagercrantz Group. The Group has adopted guidelines for business ethics (Code of Conduct) for how employees, suppliers and other stakeholders should be treated in a lawful, fair and ethical manner.

Lagercrantz Group supports the philosophy of the UN Global Compact (www.globalcompact.org), the ILO's core conventions (www.ilo.org), and the OECD's guidelines for multinational companies (www.oecd.org), and the Code of Conduct is inspired by these principles. The Group's long-term goal is that all customers and suppliers to the Group's companies should comply with the Code of Conduct.

Lagercrantz Group complies with the Swedish Business Code

issued by the Swedish Institute Against Bribes (IMM), which aims to guide companies in questions of how gifts, remuneration and other benefits may be used in the business sector to promote the company's operations. All selling and marketing of products and services must also be in accordance with relevant laws and regulations in each country.

Lagercrantz Group's work relating to social issues (Corporate Social Responsibility – CSR) is coordinated by the Group's CFO. Examples of activities include information about and training in the Group's Code of Conduct for all employees. The material is published in all of the home languages of the Group's subsidiaries. In the annual internal follow-up of the internal control and governance that occurs in each company, these activities have been followed up to ensure that the information reaches local personnel.

In line with the Group's Code of Conduct, Lagercrantz has created models for evaluation of suppliers that each subsidiary can use in its procurement of goods for resale and input goods. Lagercrantz requires that suppliers share and meet the current requirements in the Group's Code of Conduct. To ensure compliance, visits are made to the more important suppliers.

ENVIRONMENTAL IMPACT

Responsibility for improving the environment and participating in a sustainable development is a key point of departure for the Group's business. The business operations consist of trading and distribution and own manufacturing operations in some companies. The Group's impact on the environment is limited and is mainly connected to transportation of input goods, finished products, business trips and waste management. In addition, some of the Group's companies are large consumers of electric power in their production operations. The Group's companies are continually working to reduce the environmental impact of their operations. Environmental work is conducted locally, based on the specific conditions for each individual company. In certain instances, e.g. in procurement of transport services and electric power, some coordination among companies occurs.

All the Group's companies strive for high efficiency in their use of energy and natural resources, promote systems for reuse and recycling of materials and energy, and also prevent and limit environmental pollution. The ambition is to be sensitive to the wishes of customers and suppliers, thereby meeting market demands for proactive environmental work. Several of the companies in the Group work with quantitative goals in their environmental efforts. The Group conducts business in four of its subsidiaries that require a permit under the Swedish Environmental Code, relating to waste water treatment. There are no known threats from an environmental viewpoint that could jeopardise these operations.

RESEARCH AND DEVELOPMENT

With the aim of strengthening and developing Lagercrantz Group's position in its areas of operation, the Group allocates resources primarily to the creation of different solutions for customers and partners, products, and development of proprietary brands. Activities carried out during 2015/16 included product development in particular. Development occurs in close cooperation with the customer and is always based on identified customer needs. Pure research operations are not conducted. Development expenditure consists of ongoing costs for product development under own management and in collaboration with customers and suppliers as well as amortisation of investments in new products and acquired intangible assets.

RISKS AND UNCERTAINTY FACTORS

Lagercrantz Group's profit, financial position and future development are affected by internal factors which are controlled by the Group, as well as by external factors, where opportunities to affect the course of events are limited. The focus instead is on managing the consequences of these. The most important risk factors are the economic situation, structural changes in the Group's markets, supplier and customer dependence, the competitive situation, seasonal variations and financial risks, which are described below.

Financial and political uncertainties are the most obvious uncertainty factors for Lagercrantz Group. After the severe and general economic downturn during 2008 – 2009, a number of measures were taken in the Group in relation to costs, working capital and investments, among other things. When demand grew stronger in early 2010/11, the Group had a favourable position, with a reduced cost base and a strong financial position, all of which had a positive effect on the Group during the following years.

Business volume in the market was stable overall during the 2015/16 financial year despite a turbulent external environment. Low interest rates are stimulating the economies where the Group operates, but economic activity still did not gain momentum due to global and geopolitical uncertainty. The Group's largest markets Sweden and Denmark showed a positive development while the Norwegian market weakened due to the low oil price, indirectly affecting construction markets, which the Group's companies are focused on. The Finnish market, which is a smaller one for the Group, still remained at a low level. With a rising proportion of international expanding product companies in the portfolio, the risks for larger shifts in demand and growth can be offset.

Economic situation

Lagercrantz is affected by the overall economic trend, which is usually measured in terms of GDP growth. Since Lagercrantz Group almost exclusively sells its products and services to companies and public authorities, it is primarily these entities' buying decisions that affect the Group's operations. Lagercrantz Group tries to meet the risks that result from changes in market conditions by sector diversification, niche focus and its decentralised structure. Sector diversification means that, seen across the entire Group, customers are in different phases of an economic cycle. As a consequence of its niche focus, the Group is less dependent on one or a few end markets for its growth and profitability. This means that a change in market conditions in one sector or one country may have an impact on an individual company niched towards parts of this sector or geographical area, but will have less effect on the Group's overall performance. The decentralised structure means that it is the responsibility of the individual profit centres to keep on top of their respective markets and take swift action when they start to detect changes in market conditions.

Structural changes

Lagercrantz Group works actively on increasing the value of its offer, irrespective of customer group. This has clearly contributed to the Group's improved profitability, and the fact that the Group continues to be a prioritised supplier to many customers. An important part of this work has been to be more selective in choosing customers and market segments where the Group has an opportunity of creating a strong market position, which makes it more difficult to replace us with another supplier.

Another structural change that affects our business is the increasingly fast pace of technological development, and the generally shorter product life cycles. This imposes more stringent demands on our companies to stay close to the customers in order to identify new trends, and to know when it is commercially warranted to enter a new technology area, or to phase out an existing one. Overall, the product areas in Lagercrantz Group have relatively long product life cycles.

To further offset the risks in any structural changes, the Group's product companies work with a diversified structure as regards manufacturing, where certain products are produced by subcontractors, while certain other products are manufactured in own facilities.

Supplier and customer dependence

Dependency on individual suppliers is one of the most significant operational risks for an individual subsidiary to manage. Some of the companies in the Group have developed their business based on one or a few strong supplier relationships. If one of these were to disappear, it would affect the company, especially in the short term, before alternatives have been found. In order to minimise this risk, the subsidiaries work closely with their suppliers in order to create

strong relationships on several levels. All subsidiaries also work on identifying alternative suppliers before they are actually needed. The Group also increasingly works on analysing supplier and customer relationships based on contract structure, product liability issues and insurable risks to minimise the consequences of the loss of a supplier or customer. In recent years, the Group has also worked successfully to reduce the risks associated with late payment, or non-payment, by customers. Measures have included credit assessment and follow-up of new and existing customers, as well as active management of late payments.

Overall in the Group, there are a large number of suppliers and distribution agreements and of these only a few are of such major economic importance that special action would be required if one of them were lost. However, a number of supplier agreements expire and are added each year in the normal course of business. On 31 March 2016, no supplier represented more than five percent of the Group's overall sales.

Lagercrantz Group has a broad customer structure, spread over a number of industrial segments and geographical markets. No single customer represents more than five percent of the Group's overall sales.

Competitive situation

Lagercrantz operates in a competitive global environment. New technological solutions and efficiency improvements result in constant price pressure and requirements to innovate. To compete successfully, Lagercrantz Group operates in niches with a focus on developing and maintaining a strong market position. A niche is defined internally as a well-defined technology area or customer segment with a total market value of approximately MSEK 200 – 1,000. In each niche, Lagercrantz Group attempts to capture a unique position through a high level of value creation for customers and suppliers. With strong customer relationships, a well-adapted product offering, high quality, service, support and other additional services we become a sought-after supplier. This limits the competition from global players and Lagercrantz Group's businesses can continue their positive development in the short and long term.

Seasonal variations

Lagercrantz Group's business is only affected to a limited extent by seasonal variations. Operations normally follow the seasonal pattern of manufacturing industry, which means lower sales during holiday periods. Based on a historical pattern, just under half of the Group's profit is generated during the first two quarters, i.e. the period April to September, and just over half during the last two quarters of the financial year, in other words, the period October to March. However, in line with the change in the Group's structure prompted by a growing share of export-related business, the seasonal pattern has been evened out.

Financial risks and sensitivity analysis

For an account of the Group's and the Parent Company's financial risks and sensitivity analysis, refer to Note 41.

CORPORATE GOVERNANCE REPORT

Since the 2009/10 financial year, the Board of Directors of Lagercrantz Group has prepared a statutory corporate governance report in accordance with Chapter 6, sections 6 – 9 of the Swedish Annual Accounts Act (1995:1554), which is subject to review by the company's auditor. In addition to this, Lagercrantz Group applies the Swedish Code of Corporate Governance in accordance with the revised Code that entered into force on 1 November 2015. Since the legislation and the Code partially overlap, Lagercrantz Group submits the following Corporate Governance Report, which takes account of the Swedish Annual Accounts Act as well as the Swedish Code of Corporate Governance. The company complies with the Code in all essential aspects. In four respects (two of which are found in the section on the Election Committee, one in the section on the Audit Committee, and one in the section on incentive programmes) an explanation is offered for the deviations. The report also contains an account of the work of the Election Committee ahead of the 2016 Annual Meeting.

Corporate governance structure

Lagercrantz Group is a Swedish public limited liability company with its registered office in Stockholm. The company, through its subsidiaries, conducts technology trading and has been listed on the Nasdaq Stockholm exchange since 2001, and on its Mid Cap list since January 2014. Governance and control of the Company is exercised through a combination of written rules and established practice. In the first instance, the regulatory framework consists of the Swedish Companies Act and the Swedish Annual Accounts Act, but also the Swedish Code of Corporate Governance and the rules that apply to the regulated market where the company's shares are listed for trading. The Swedish Companies Act contains basic rules for the company's organisation. The Swedish Companies Act stipulates that there should be three decision-making bodies: the General Meeting of Shareholders, the Board of Directors and the President & Chief Executive Officer, in a hierarchical relationship with each other. There must also be a monitoring body, the auditor, who is appointed by the General Meeting of Shareholders.

Shareholders

As of 31 March 2016, the number of shareholders was 3,801, compared to 3,494 at the beginning of the financial year. Private individuals owned 30 percent (31) of the number of shares outstanding and 50 percent (51) of the votes in the company. The remaining shares were owned by legal entities, primarily mutual funds, insurance companies and pension funds. Foreign shareholders owned 18 percent (20) of the shares outstanding and 13 percent (14) of the votes. The combined shareholding of the ten largest shareholders was 58 percent (58) of the shares outstanding and 68 percent (68) of the votes. The above calculations are based on the number of shares outstanding, not including repurchased shares held by Lagercrantz Group.

General Meeting of Shareholders and Articles of Association

The General Meeting of Shareholders is the highest decision-making body in Lagercrantz Group. Here, shareholders exercise their influence through discussions and resolutions. The General Meeting decides on all issues that do not expressly fall under the jurisdiction of another corporate body. Every shareholder has the right to participate in and to vote for their shares at the General Meeting in accordance with the provisions of the Articles of Association.

Lagercrantz Group's Annual General Meeting (AGM) shall be held in Stockholm within six months of the end of the financial year. The AGM appoints the Board of Directors and the auditors and determines their fees. The AGM also adopts the financial statements, decides on the appropriation of profits and on discharge from liability for the Board of Directors and the President, and decides on other matters that according to the Articles of Association or legislation should be considered by the General Meeting.

The Articles of Association have been adopted by the General Meeting. This document prescribes that the company's shares are issued in two classes, where Class A shares carry 10 votes and Class B shares carry one vote per share. The company's share capital shall be a minimum of SEK 25,000,000 and a maximum of SEK 100,000,000. The minimum number of shares outstanding shall be 37,500,000 and the maximum number of shares outstanding shall be 150,000,000. Both classes of shares carry the same rights to share in the company's assets and profit. The Articles of Association allow for conversion of Class A shares into Class B shares. The Articles of Association also stipulate that the company's Board of Directors shall consist of not less than three and not more than nine directors, and regulates the forms of notice for General Meetings.

Notice for Annual General Meetings, and notice for Extraordinary General Meetings (EGMs), where an amendment of the Articles of Association will be on the agenda, shall be issued not more than six weeks and not less than four weeks before the Meeting. Notice for other EGMs shall be issued not more than six weeks and not less than two weeks before the Meeting. Notice convening a General Meeting shall be in the form of an announcement in the Swedish Official Gazette and on the company's website. It shall also be concurrently

announced in Dagens Industri that notice has been given.

Shareholders who wish to participate in the proceedings of the General Meeting shall (i) be entered in a transcript or other version of the entire share register showing the state of affairs five weekdays before the General Meeting and (ii) give notice to the company for himself/herself and up to two assistants not later than 3:00 p.m. on the date specified in the notice for the General Meeting.

Since 2005, the AGM has also determined the form for how an Election Committee should be appointed.

Annual General Meeting 2015

The 2015 AGM was held on 25 August in Stockholm. Notice for the Meeting was announced in the form of a press release on 21 July 2015, and was published on the company's website on the same day. On the same date, it was also announced in Dagens Industri that notice had been given. The notice was also published in the Swedish Official Gazette. At the AGM, shareholders representing 15.2 million shares and 24.4 million votes, respectively, were present – this refers to the number of shares before the split). This is equivalent to 67 (49) percent of the number of shares outstanding and 75 (62) percent of the votes in the company.

Resolutions passed by the General Meeting included the following:

- A dividend of SEK 4.50 per share (before split) was declared in accordance with the proposal of the Board of Directors.
- Discharge from liability was granted to the Board of Directors and the President for their administration during 2014/15.
- All Board members and the Chairman of the Board of Directors were re-elected in accordance with the proposal of the Election Committee.
- Fees for the Board of Directors and the auditors were approved.
- Routines were established for appointment of an Election Committee ahead of the next AGM.
- Principles for remuneration and other terms of employment for senior executives were approved.
- In accordance with the Board's proposal that the number of shares will be divided by each share into three (split).
- In accordance with the proposal of the Board of Directors, the AGM resolved that the company – in a departure from the pre-emptive rights of shareholders – invite managers and senior executives to acquire up to 225,000 call options on repurchased Class B shares (before split).
- The Board of Directors was authorised during the period until the next AGM to acquire and sell shares, on one or more occasions, representing up to 10 percent of the shares in the company.

Board of Directors

It is the duty of the Board of Directors to manage the affairs of the company in the best possible way and to safeguard the interests of the shareholders. Lagercrantz Group AB's Board of Directors consisted during 2015/16 of seven ordinary members who together possess broad commercial, technical and public experience:

- Anders Börjesson, Chairman of the Board
- Tom Hedelius, Vice Chairman of the Board
- Pirkko Alitalo
- Marika Rindborg Holmgren
- Lennart Sjölund
- Roger Bergqvist
- Jörgen Wigh, President and CEO

A detailed presentation of the members of the Board of Directors, including information about other assignments may be found under Board of Directors and Auditors on page 40. Other officers in the Group can participate in Board meetings as a reporting member or secretary.

Chairman of the Board of Directors

The Chairman of the Board of Directors leads the work of the Board and has a special responsibility to follow the company's development between Board meetings, and to ensure that the members of the Board are continually provided with the information necessary to perform satisfactory work. The Chairman maintains regular contact with members of the management team and holds meetings with them as required.

The Chairman is also responsible for evaluating the work of the Board and for ensuring that the Election Committee is informed of the result of the evaluation.

The Board's work

The Board of Directors held ten recorded meetings during the 2015/16 financial year, one of which was the statutory meeting in conjunction with the AGM. The work of the Board follows rules of procedure that are adopted on an annual basis. These rules of procedure establish the division of labour between the Board of Directors and the President, the Chairman's and the President's responsibility, and the forms for the financial reporting.

The President is a member of the Board of Directors and presents reports at Board meetings. The Board has appointed the Group's CFO to serve as secretary. The Board of Directors forms a quorum when at least four members are present and, where possible, decisions are made after a discussion that leads to consensus. The Board was in full attendance at all meetings during the year.

During regularly scheduled Board meetings, the company's economic and financial position are dealt with as well as risks facing the company and internal control. One item on the agenda relates to acquisitions. The Board is kept continually informed by way of information in writing about the company's business and other relevant information.

During 2015/16, the work of the Board was dominated by questions relating to acquisitions, market development and the business model. One Board meeting was devoted solely to discussing the Group's position and strategy.

The work of the Board is evaluated annually following an established procedure, which includes discussions around:

- Agenda and material for the Board of Directors
- Number of meetings
- Strategic plan and direction
- Auditing review
- Overall responsibility
- Competence
- Work of the Chairman

The Board of Directors dealt with the most recent evaluation during a meeting in January 2016. The Board's views on the Board work are documented and presented for the Election Committee. In accordance with the Code, the Board of Directors evaluated the work of the President & CEO at a meeting without the presence of the President or other senior executives.

Total fees to the Board of Directors of Lagercrantz Group for 2015/16 amounted to SEK 1,650,000 (1,650,000). In accordance with an AGM resolution, the Chairman of the Board received SEK 440,000 (440,000), the Vice Chairman SEK 330,000 (330,000) and the other ordinary members who are not employees of the company received SEK 220,000 (220,000) each. See also Note 6.

Remuneration Committee

The Board has appointed a Remuneration Committee from among its members with the task of preparing the Board's proposal to the AGM on guidelines for remuneration to the President and CEO, and other senior executives. The Committee also has the task of following up and implementing the AGM's resolutions with respect to principles of remuneration for senior executives. During 2015/16, the Remuneration Committee consisted of Anders Börjesson, Chairman of the Board, and Tom Hedelius, Vice Chairman of the Board. The President & CEO presents reports but does not participate in matters concerning him. The Committee held one meeting during the year. All members of the Committee were present at this meeting.

Audit Committee

The Board has appointed an Audit Committee, which has the duty of analysing and discussing the company's risk management, governance and internal control. During 2015/16, the Committee consisted of all Board members with the exception of the President & CEO. In the opinion of the Board of Directors, this is most

appropriate in view of Lagercrantz Group's size and business. The Audit Committee maintains contact with the company's auditors to discuss the orientation and scope of the audit work. In connection with the adoption of the annual accounts, the company's auditors report on their observations from their audit and their assessment of the internal control. The Committee also has the result of the annual review of the internal control at its disposal. The Committee held one meeting during the year. All members of the Committee were present at this meeting.

Because of the structure with an annual self-assessment of the internal control, performed by each company during the third quarter and which in turn is reviewed by the company's auditors, and the extensive work that a traditional examination by the company's auditors would entail, the Board of Directors has chosen to deviate from the recommendation of the Swedish Code of Corporate Governance calling for a review of the half-yearly report or the interim report for the third quarter.

Auditors

The registered auditing firm KPMG AB was elected to serve as auditor at the 2015 AGM. The audit firm has appointed George Pettersson, Authorised Public Accountant, to serve as auditor in charge.

In order to ensure insight by the Board of Directors, it is given an opportunity each year to provide its opinion on the auditors' planning of the audit's scope and focus. After completing its review of internal control and accounting records, the auditors report on their findings at the Board meeting in May. In addition to this, the auditors are invited to attend Board meetings when the Board of Directors or the auditors feel that there is a need. The independence of the auditors is ensured by the audit firm's internal guidelines. Their independence has been confirmed to the Audit Committee.

Management

The Chief Executive Officer and Group Management draw up and implement Lagercrantz Group's overall strategies and deal with issues such as acquisitions, disposals and major capital investments. Such issues are prepared by Group Management for decision by the Parent Company's Board of Directors. The President & CEO is responsible for day-to-day management of the Company in accordance with the decisions and guidelines of the Board of Directors.

Lagercrantz Group's Group Management consists of the President & CEO, Executive Vice President, the Group's Chief Financial Officer and the Head of Business Development, four persons in total. The management team consists of Group Management and division heads/business area managers – in total nine persons who constitute the Group's senior executives. A detailed presentation of the management team can be found under Management on page 41. The management team meets on a monthly basis to discuss the Group's and the subsidiaries' results and financial position, as well as issues pertaining to strategy, budget follow-up, forecasts and the performance of the business. The Group Controller is also present at these meetings. Other issues discussed include acquisitions, joint projects, consolidated financial reporting, communication with the stock market, internal and external communication, and coordination and follow-up of security, environment and quality.

Remuneration to senior executives

Lagercrantz Group's principles for remuneration of senior executives mean that compensation to the President & CEO and other persons in the management team may consist of basic salary, variable remuneration, pension, other benefits and financial instruments. Guidelines for remuneration of senior executives approved by the 2015 AGM and information about existing incentive programmes are described in Note 6 of this Annual Report and are summarised below.

The overall remuneration must be market-related and competitive, and should be commensurate with responsibility and authority. The annual variable salary component should be maximised to about 40 percent of the fixed salary. The variable salary component should also be based on outcome relative to set goals and individual performance.

The retirement age shall be 60 – 65 years and in addition to an ITP plan, only defined contribution pension plans will normally be offered. In the case of termination of employment, termination benefits equivalent to a maximum of one annual salary may be offered, in addition to salary during the period of notice. In addition to existing incentive programmes and the programme proposed to the AGM, no other share-based or share-price-related programmes will be offered.

In individual cases and if special circumstances exist, the Board may depart from the above guidelines.

The proposal of the Board of Directors to the 2016 AGM on guidelines for remuneration to senior executives is that the principles for remuneration of the President & CEO and other senior executives should be unchanged compared to the principles described above.

Operational control

The Group's operating activities are carried on in subsidiaries of the Lagercrantz Group. Active Board work is conducted in all subsidiaries under the management of division heads. The subsidiaries' Boards follow the day-to-day operations and establish business plans. Operations are conducted in accordance with the rules, guidelines and policies adopted by the Group Management, and by guidelines established by each subsidiary's Board of Directors. Subsidiary presidents have profit responsibility for their respective companies, as well as responsibility to ensure growth and development in their companies. Allocation of investment capital in the Group is determined following a decision by the Parent Company Lagercrantz Group's Board of Directors in accordance with an annually updated capital expenditure policy.

Operational control in the Lagercrantz Group is defined by clear demands from the Group Management and freedom of action for each subsidiary to make decisions and to reach established goals.

Internal control

The purpose of the internal control is to ensure that the company's strategies and goals are followed up and that shareholder investments are protected. A secondary purpose is to ensure accurate and relevant information to the stock market in accordance with generally accepted accounting principles in Sweden and that laws, regulations and other requirements on listed companies are complied with across the entire Group. The Board of Directors of Lagercrantz Group has delegated the practical responsibility to the President & CEO, who in turn has allocated the responsibility to the other members of the management team and to subsidiary presidents. Control activities take place in the entire organisation at all levels. Follow-up is included as an integrated element of management's day-to-day work.

For the financial reporting there are policies and guidelines, and also automatic control in systems as well as reasonability assessment of flows and amounts.

Management makes regular assessments of any new financial risks that may arise and the risk for errors in the existing financial reporting. At each Board meeting, the management reports its assessment of existing risks and other any issues concerning internal control. The Board can then call for further measures if considered necessary. The Group's financial department under the management of the Group's CFO conducts an annual evaluation of the internal control in the companies. This is performed by each company as a self-assessment based on pre-defined questions, which are drawn up by the financial department in consultation with the Group's auditors. This evaluation aims to examine the Group's internal control routines and compliance with them. The result is reviewed by the Group's auditors, who in turn report their observations and recommendations to the Audit Committee and to the entire Board. The Board evaluates if this procedure is still fit-for-purpose on an annual basis and calls for possible changes in the internal control work in consultation with the company's auditors.

Controls are made taking transaction flows, staffing and control mechanisms into account. The focus is on significant income statement and balance sheet items and areas where there is a risk that the consequences of any errors would be significant.

The Board of Directors is of the opinion that a business of Lagercrantz Group's scope, in a decentralised organisation, in a well-defined geographical market, does not require a more extensive audit function in the form of an internal audit department. The Board of Directors reviews this issue on an annual basis.

To ensure good communication with the capital market, the Board of Directors has adopted a communications policy. This policy determines what should be communicated, by whom and how. The basic premise is that regular financial information is provided in the form of:

- Press releases about significant events or price-sensitive events
- Interim reports, year-end report and press release in conjunction with the Annual General Meeting
- Annual Report

Through openness and transparency, the Board of Directors and management of Lagercrantz Group work to provide the company's owners and the stock market with relevant and accurate information.

Election Committee

The principal task of the Election Committee is to propose Board members, the Chairman of the Board of Directors and auditors and to propose fees for Board members, the Chairman and auditors, so that the AGM can make well-founded decisions. At the AGM 2012, the principles for the Election Committee's mandate were determined, and how the Committee shall be appointed. This shall be valid until the AGM decides to change these principles. This means that the Chairman of the Board was tasked with contacting the largest shareholders in terms of votes as of 31 December 2015, and requesting them to appoint members, to form an Election Committee together with the Chairman of the Board. In accordance with this, an Election Committee was formed consisting of:

- Anders Börjesson, Chairman of the Board
- Tom Hedelius, Vice Chairman of the Board
- Martin Wallin (representing Lannebo Fonder)
- Johan Strandberg (representing SEB Fonder)
- Marianne Nilsson (representing Swedbank Robur Fonder)

The Election Committee has access to the evaluation made by the Board of Directors of its work, and information about the company's operations and strategic direction. The proposals of the Election Committee as well as its motives will be published in connection with the notice convening the AGM and will also be made available on the company's website. The Election Committee's term of office extends until a new Election Committee has been appointed. No fees are payable for Election Committee work.

In a deviation from the Swedish Code of Corporate Governance, the Chairman of the Board of Directors, Anders Börjesson, has also held the position of Chairman of the Election Committee. Tom Hedelius, Vice Chairman of the Board, has also been a member of the Election Committee. The explanation for this deviation is that Anders Börjesson and Tom Hedelius also are the company's largest owners in terms of votes. Lagercrantz Group's strategic direction, as well as its business and governance model, is based on aspects such as strong commitment from the company's principal owners. This approach pervades Lagercrantz Group's corporate culture and has proved to be vital for the Group's successful development.

The Board of Directors and the Election Committee are of the opinion that a majority of the Board members are independent in relation to the company and corporate management, and that at least three of these members are also independent in relation to the company's major shareholders.

Incentive programme

A long-term incentive programme has been in place since 2006 for managers and senior executives in the Group in accordance with an AGM resolution. The purpose of the programme is to raise motivation and create participation for managers and senior executives in relation to the opportunities for the company's development. The programme also aims to motivate managers and senior executives to remain employed in the Group. The programme is a recurring programme based on call options on repurchased Class B shares. Options have

been issued every year from 2006 – 2015, according to the resolution of the AGM each year. The 2013, 2014 and 2015 programmes are currently outstanding. Outstanding programmes mean that shares can be acquired on three different occasions, two of which fall within three years from issuance and thus constitute a deviation from the Swedish Code of Corporate Governance. The purpose of this is to allow redemption on several occasions. A complete description of outstanding option programmes is provided in Note 6.

POST-BALANCE SHEET EVENTS

Lagercrantz acquired Kondator AB on 27 April 2016. The company develops and markets ergonomic, computer-related accessories, which are mainly used in offices and workplaces. Customers mainly consist of office furniture manufacturers, resellers of office furniture and specialised resellers in the ergonomics field. The company's operations are based in Tyresö outside Stockholm and it generates annual sales of about MSEK 60 with good profitability. Kondator forms part of the Lagercrantz Niche Products division from April 2016. No other significant events for the company have occurred after the balance sheet date on 31 March 2016.

FUTURE DEVELOPMENT

The Group's two most important tasks for the future are to continue developing existing businesses and to continue focusing

on growth, both organically and through acquisitions.

Financial and political challenges exist in many parts of the world. It is unclear what will be the result of these challenges, which makes it difficult to identify the trends in these areas. However, Lagercrantz Group has its main exposure to Nordic industry, where the situation is estimated to be stable, even though there are variations in particular segments. Although Lagercrantz Group always adopts a cautious attitude and follows the changes in the surrounding world diligently, the Group is investing for growth.

Since the Group has been working on lowering its costs and increasing its added value, improved profitability has been created and the Group is now well-prepared for the future. In addition, the company is gaining additional revenue and profits from successful acquisitions. The Group's ambition is to continue increasing its share of proprietary products, primarily through acquisitions.

DIVIDEND

The Board of Directors proposes a dividend of SEK 1.75 (1.50) per share. The dividend is equivalent to a total of MSEK 119 (102) and constitutes 50 percent (50) of the profit for the year. The size of the dividend is based on a balance between the Group's capital structure and future opportunities for expansion. The Board of Directors is of the opinion that the proposed dividend allows scope for the Group to fulfil its obligations and to make necessary investments.

PROPOSED APPROPRIATION OF PROFITS

The Board of Directors proposes that the following profits, SEK 983,942 thousand, at the disposal of the Annual General Meeting shall be allocated as follows:

Dividend to the shareholders, SEK 1.75 × 67,844,027 shares*	118,727
To be carried forward	865,215
Total	983,942

* Based on the total number of shares outstanding as of 31 March 2016. The total dividend amount is subject to change until the record day, depending on share repurchases and transfer of shares to participants in long-term incentive programmes.

In making the proposal for dividend, the company's dividend policy, equity/assets ratio and financial position in other respects were taken into account, and due consideration was given to the company's ability to fulfil present and anticipated payment obligations in a timely manner and to carry out necessary investments.

BOARD ASSURANCE

The consolidated and Parent Company income statements and the consolidated statement of financial position and the Parent Company balance sheet will be subject to approval at the Annual General Meeting on 30 August 2016. We consider that the consolidated financial statements have been prepared in accordance with the international financial reporting standards referred to in regulation (EG) No.1606/2002 of 19 July 2002 of the European Parliament and the Council on the application of international financial reporting standards and provide a true and fair view of the financial position and results of operations of the Group. The annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden and provide a true and fair view of the financial position and results of operations of the Parent Company. The Report of the Board of Directors for the Group and the Parent Company provides a true and fair overview of the business activities, financial position and results of operations of the Group and the Parent Company and describes the significant risks and uncertainty factors facing the Group and the Parent Company.

Stockholm 28 June 2016

Anders Börjesson
Chairman of the Board

Tom Hedelius
Vice Chairman of the Board

Pirkko Alitalo
Board member

Roger Bergqvist
Board member

Lennart Sjölund
Board member

Marika Rindborg Holmgren
Board member

Jörgen Wigh
President and Board member

Our audit report was submitted on 28 June 2016

KPMG AB

George Pettersson
Auditor in charge

Jenny Jansson
Authorised Public Accountant

Consolidated Statement of Comprehensive Income

Amounts in MSEK	Note	2015/16	2014/15
Net revenue	3, 4	3,057	2,846
Cost of goods sold		-1,993	-1,932
Gross profit		1,064	914
Other operating income	7	35	42
Selling expenses		-519	-462
Administrative expenses		-245	-188
Other operating expenses	8	-20	-30
Operating profit	3, 5, 6, 9, 10, 13	315	276
<i>Profit from financial items</i>			
Financial income	11	7	4
Financial expenses	12	-15	-15
Profit before tax	13	307	265
Tax	14	-66	-62
Net profit for the year		241	203
Earnings per share after dilution, SEK	40	3.54	2.99
Earnings per share, SEK	40	3.55	3.00
Number of shares after repurchases during the period ('000)		67,844	67,773
Weighted number of shares after repurchases during the period adjusted after dilution ('000)		68,121	67,965
Weighted number of shares after repurchases during the period ('000)		67,889	67,719
Proposed dividend per share, SEK		1.75	1.50

Other Consolidated Comprehensive Income

Amounts in MSEK	Note	2015/16	2014/15
Net profit for the year		241	203
Other comprehensive income			
<i>Items transferred or that may be transferred to net profit</i>			
Translation differences for the year		-18	13
<i>Items that will not be transferred to net profit</i>			
Actuarial gains and losses		12	-14
Tax attributable to actuarial gains and losses		-3	4
Comprehensive income for the year		232	206

Consolidated Statement of Financial Position

Amounts in MSEK	Note	31 Mar 2016	31 Mar 2015
ASSETS	3		
Non-current assets			
<i>Intangible assets</i>			
Goodwill	15	802	628
Trademarks	16	164	169
Other intangible assets	17	341	186
		1,307	983
<i>Property, plant and equipment</i>			
Buildings, land and land improvements	18	68	56
Costs incurred in leasehold property	19	5	2
Plant and machinery	20	90	73
Equipment, tools, fixtures and fittings	21	43	36
		206	167
<i>Financial assets</i>			
Other non-current receivables	24, 33	3	2
		3	2
<i>Deferred tax assets</i>			
Deferred tax assets	31	7	9
		7	9
Total non-current assets		1,523	1,161
Current assets			
<i>Inventories etc.</i>	25		
Raw materials and consumables		130	106
Work in progress		55	28
Finished goods and goods for resale		194	179
		379	313
<i>Current receivables</i>	33		
Trade receivables	26	468	437
Earned but not yet invoiced income	27	5	11
Tax receivables		33	27
Other receivables		74	46
Prepaid expenses and accrued income	28	33	31
		613	552
Cash and cash equivalents	33	67	80
Total current assets		1,059	945
TOTAL ASSETS		2,582	2,106

Consolidated Statement of Financial Position

Amounts in MSEK	Note	31 Mar 2016	31 Mar 2015
EQUITY AND LIABILITIES			
Equity	29		
Share capital		49	49
Other contributed capital		345	345
Reserves		-33	-15
Retained earnings		671	538
Total equity attributable to the Parent Company's shareholders		1,032	917
Non-current liabilities	3, 33, 34		
<i>Non-current interest-bearing liabilities</i>			
Provisions for pensions	30	55	68
Liabilities to credit institutions	34	11	4
		66	72
<i>Non-interest-bearing liabilities, non-current</i>			
Deferred tax liabilities	31	158	116
Other provisions	32	6	7
		164	123
Total non-current liabilities		230	195
Current liabilities	3, 33, 34		
<i>Current interest-bearing liabilities</i>			
Committed credit facility	34	301	272
Liabilities to credit institutions	34	306	106
		607	378
<i>Non-interest-bearing liabilities, current</i>			
Advanced payments from customers		2	1
Trade payables		245	269
Tax liabilities		26	32
Other liabilities		260	175
Accrued expenses and deferred income	35	171	138
Provisions	32	9	1
		713	616
Total current liabilities		1,320	994
TOTAL EQUITY AND LIABILITIES		2,582	2,106

PLEGGED ASSETS AND CONTINGENT LIABILITIES

Amounts in MSEK	Note	31 Mar 2016	31 Mar 2015
Pledged assets			
<i>For own liabilities and provisions</i>			
Chattel mortgages	34	5	3
		5	3
Contingent liabilities	39		
Guarantee commitments, FPG/PRI		1	1
Other guarantees		13	8
		14	9

Consolidated Statement of Changes in Equity

Amounts in MSEK	Share capital	Other contributed capital	Translation reserve	Retained earnings	Total equity
31 Mar 2016					
Opening balance	49	345	-15	538	917
COMPREHENSIVE INCOME					
Net profit for the year				241	241
Actuarial gains and losses				12	12
Tax attributable to actuarial gains and losses				-3	-3
Translation effect for the year			-18	-	-18
Comprehensive income for the year			-18	250	232
Dividend				-102	-102
Repurchase of own shares				-10	-10
Sale of own shares				-	-
Repurchased options				-13	-13
Issued options				3	3
Redemption of options				5	5
Closing balance	49	345	-33	671	1,032

Amounts in MSEK	Share capital	Other contributed capital	Translation reserve	Retained earnings	Total equity
31 Mar 2015					
Opening balance	49	345	-28	439	805
COMPREHENSIVE INCOME					
Net profit for the year				203	203
Actuarial gains and losses				-14	-14
Tax attributable to actuarial gains and losses				4	4
Translation effect for the year			13	-	13
Comprehensive income for the year			13	193	206
Dividend				-90	-90
Repurchase of own shares				-	-
Sale of own shares				4	4
Repurchased options				-10	-10
Issued options		0		2	2
Closing balance	49	345	-15	538	917

Note 29 contains further information regarding equity.

Consolidated Statement of Cash Flows

Amounts in MSEK	Note	2015/16	2014/15
Operating activities			
Profit after financial items	36	307	265
Adjustment for items not included in cash flow etc.	37	67	61
		374	326
Tax paid		-85	-67
Cash flow from operating activities before changes in working capital		289	259
<i>Cash flow from changes in working capital</i>			
Increase (-) / Decrease (+) in inventories		-32	1
Increase (-) / Decrease (+) in operating receivables		-23	11
Increase (+) / Decrease (-) in operating liabilities		23	-3
Cash flow from operating activities		257	268
Investing activities			
Investments in businesses	38	-322	-128
Sold subsidiaries	38	34	-
Investments in intangible non-current assets		-20	-9
Acquisition of property, plant and equipment		-53	-29
Disposal of property, plant and equipment		3	-
Cash flow from investing activities		-358	-166
Financing activities			
Repurchase of own shares		-10	-
Sale of own shares		-	4
Repurchased options		-5	-10
Issued options		-	2
Dividend paid		-102	-90
Borrowings		200	50
Change in committed credit facilities		5	-16
Cash flow from financing activities		88	-60
Cash flow for the year		-13	42
Cash and cash equivalents at the beginning of the year		80	38
Exchange rate difference in cash and cash equivalents		0	0
Cash and cash equivalents at the end of the year		67	80

CHANGE IN NET LOAN LIABILITIES / RECEIVABLES

Amounts in MSEK	Note	2015/16	2014/15
Net loan liabilities (+) / receivables (-) at the start of the year		370	341
Change in interest-bearing liabilities		236	-41
Interest-bearing liabilities in acquired operations		-	15
Changes in interest-bearing pension provisions		-13	13
Cash and cash equivalents in acquired operations		-68	-41
Change in cash and cash equivalents, other		55	83
Net loan liabilities (+) / receivables (-) at end of year		580	370

Parent Company Income Statement

Amounts in MSEK	Note	2015/16	2014/15
Net revenue	3, 4	39	34
Gross profit		39	34
Administrative expenses		-57	-47
Other operating income and operating expenses		-	-1
Operating profit	3, 6, 9, 10, 13	-18	-14
<i>Profit from financial items</i>			
Financial income	11	287	256
Financial expenses	12	-8	-8
Profit after financial items	13	261	234
<i>Appropriations</i>			
Change in untaxed reserves		-	-
Profit before tax		261	234
Tax	14	-3	-4
Net profit for the year		258	230

Other Comprehensive Income, Parent Company

Amounts in MSEK	Note	2015/16	2014/15
Net profit for the year		258	230
Other comprehensive income		-	-
Comprehensive income for the year		258	230

Parent Company Balance Sheet

Amounts in MSEK	Note	31 Mar 2016	31 Mar 2015
ASSETS			
Non-current assets			
Equipment, tools, fixtures and fittings	21	1	1
		1	1
<i>Financial assets</i>			
Participations in Group companies	22	1,734	1,406
Receivables from Group companies	23	74	92
Deferred tax assets	31	1	1
		1,809	1,499
Total non-current assets		1,810	1,500
Current assets			
<i>Current receivables</i>			
Receivables from Group companies	33	243	85
Tax assets		6	–
Other receivables		29	21
Prepaid expenses and accrued income	28	3	3
		281	109
Cash and bank balances	33	–	0
Total current assets		281	109
TOTAL ASSETS		2,091	1,609

Parent Company Balance Sheet

Amounts in MSEK	Note	31 Mar 2016	31 Mar 2015
EQUITY AND LIABILITIES			
Equity	29		
Share capital		49	49
Legal reserve		13	13
Restricted equity		62	62
Retained earnings		726	613
Net profit for the year		258	230
Non-restricted equity		984	843
Total equity		1,046	905
Untaxed reserves		4	5
Non-current liabilities	33, 34		
<i>Non-current interest-bearing liabilities</i>			
Provisions for pensions	30	20	21
Total non-current liabilities		20	21
Current liabilities	33, 34		
<i>Current interest-bearing liabilities</i>			
Committed credit facility	34	300	272
Liabilities to credit institutions	34	300	100
		600	372
<i>Non-interest-bearing liabilities, current</i>			
Trade payables		1	2
Liabilities to Group companies		241	187
Tax liabilities		3	–
Other liabilities		165	107
Accrued expenses and deferred income	35	11	10
		421	306
Total current liabilities		1,021	678
TOTAL EQUITY AND LIABILITIES		2,091	1,609

PLEGGED ASSETS AND CONTINGENT LIABILITIES, PARENT COMPANY

Amounts in MSEK	Note	31 Mar 2016	31 Mar 2015
Pledged assets		None	None
Contingent liabilities			
Guarantee commitments, FPG/PRI		27	27
Other guarantees		0	0
		27	27

The Parent Company guarantees the subsidiaries' pension obligations via FPG/PRI.

Statement of Changes in Parent Company's Equity

Amounts in MSEK	Share capital	Legal reserve	Non-restricted equity	Total equity
31 Mar 2016				
Opening balance	49	13	843	905
COMPREHENSIVE INCOME				
Net profit for the year			258	258
Other comprehensive income			–	–
Comprehensive income for the year			258	258
Dividend			-102	-102
Repurchase of own shares			-10	-10
Sale of own shares			–	–
Repurchased options			-5	-5
Issued options			–	–
Closing balance	49	13	984	1,046

Amounts in MSEK	Share capital	Legal reserve	Non-restricted equity	Total equity
31 Mar 2015				
Opening balance	49	13	707	769
COMPREHENSIVE INCOME				
Net profit for the year			230	230
Other comprehensive income			–	–
Comprehensive income for the year			230	230
Dividend			-90	-90
Repurchase of own shares			4	4
Sale of own shares			–	–
Repurchased options			-10	-10
Issued options			2	2
Closing balance	49	13	843	905

Note 29 contains further information regarding equity.

Parent Company Statement of Cash Flows

Amounts in MSEK	Note	2015/16	2014/15
Operating activities			
Profit after financial items	36	261	234
Adjustment for items not included in cash flow etc.	37	-36	-36
		225	198
Tax paid		-3	-3
Cash flow from operating activities before changes in working capital		222	195
<i>Cash flow from changes in working capital</i>			
Increase (-) / Decrease (+) in operating receivables		-133	-7
Increase (+) / Decrease (-) in operating liabilities		50	-9
Cash flow from operating activities		139	179
Investing activities			
Investment in businesses		-265	-159
Acquisition of property, plant and equipment		-	-
Disposal of/decrease in financial assets		16	11
Cash flow from investing activities		-249	-148
Financing activities			
Repurchase of own shares		-5	-
Sale of own shares		-	4
Repurchased options		-10	-10
Issued options		-	2
Dividend paid		-102	-90
Borrowings		-	-
Amortisation of loans		-	50
Change in credit facilities		227	13
Cash flow from financing activities		110	-31
Cash flow for the year		0	0
Cash and cash equivalents at the beginning of the year		0	0
Exchange rate difference in cash and cash equivalents		-	-
Cash and cash equivalents at the end of the year		0	0

Notes

Note 1 Accounting policies

(a) Compliance with standards and law

The consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as well as interpretations from the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the European Commission for application in the EU. In addition, the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups has been applied.

The Parent Company applies the same accounting policies as the Group except in the instances described below in the section "Parent Company accounting policies". Discrepancies that exist between the Parent Company's and the Group's policies are due to limitations in applying IFRS in the Parent Company as a result of the Swedish Annual Accounts Act and the Pension Obligation Vesting Act and in certain cases for tax reasons.

(b) Basis of preparation of financial statements for the Parent Company and the Group

The Parent Company's functional currency is SEK, which also constitutes the presentation currency for the Parent Company and the Group. This means that the financial reports are presented in Swedish kronor. All amounts, unless otherwise specifically stated, are rounded off to the nearest million. Assets and liabilities are recognised at historical cost, with the exception of certain financial assets and liabilities, which are measured at fair value. Financial assets and liabilities recognised at fair value consist of derivative instruments, financial assets classified as financial assets measured at fair value through profit or loss.

Non-current assets and available-for-sale disposal groups are recognised at the lower of the previous carrying amount and fair value, after deduction of selling expenses.

Set-off of receivables and liabilities and of revenue and costs occurs only where required or expressly permitted in an accounting recommendation.

The financial reports include the financial statements with notes. The consolidated financial statements and the Parent Company's annual accounts were approved for publication by the Board of Directors on 28 June 2016. The consolidated income statement and statement of financial position and the Parent Company's income statements and balance sheets are subject to adoption by the Annual General Meeting on 30 August 2016.

Preparing the financial reports in accordance with IFRS requires management to make judgments and estimates and make assumptions that affect the application of accounting policies and the recognised amounts of assets, liabilities, revenue and costs. Estimates and assumptions are based on historical experience and a number of other factors that are deemed reasonable under prevailing circumstances. The result of these judgments and assumptions is then used to judge the carrying amounts of assets and liabilities that would not be evident from other sources. The actual outcome may differ from these estimates and judgments. Estimates and assumptions are reviewed on a regular basis. Changes in estimates are recognised in the period when the change is made, where the change affects that period only, or in the period when the change is made, and in future periods where the change affects the current period as well as future periods.

Judgments made by management in the application of IFRS, which have significant impact on the financial statements and estimates made that may lead to significant adjustments in the financial statements of subsequent years are described in greater detail in Note 2 and elsewhere.

Events after the end of the reporting period include favourable as well as unfavourable events that occur between the end of the reporting period and the date at the start of the next financial year when the financial reports are signed by the members of the Board of Directors. Information is provided in the annual report about significant events after the end of the reporting period that are not accounted for when the income statement and the statement of financial position are adopted. Only such events that confirm circumstances that prevailed before the end of the reporting period are taken into account at the time of adopting the financial statements.

The stated accounting policies for the Group have been consistently applied for all periods presented in the consolidated financial statements, unless otherwise stated. The Group's accounting policies have been consistently applied in reporting and consolidating the Parent Company and subsidiaries.

Amended accounting policies

No IFRS amendments that are applicable from 2015 have had any material effect on the Group.

New and revised IFRS that have been early adopted

New IFRS standards and interpretations that will only become effective in future financial years, have not had any effect on the Group and therefore have not been early adopted in the preparation of these financial statements.

New and revised IFRS, which have been published, but not yet effective

IFRS 9 *Financial Instruments* will replace IAS 39 *Financial Instruments: Classification and Measurement*. The IASB through IFRS 9 has prepared an entire package of changes relating to classification of financial instruments. The package contains a new model for classification and measurement of financial instruments, a forward-looking ("expected loss") impairment model and a substantially revised approach to

hedge accounting. IFRS 9 becomes effective on 1 January 2018 and early adoption is permitted provided that the EU adopts the standard. The EU plans to adopt the standard during the second half of 2016. The effects of IFRS 9 on the Group are currently being analysed. The preliminary assessment is that IFRS 9 will not have any material effects on the consolidated financial statements.

IFRS 15 *Revenue from Contracts with Customers* is a new revenue recognition standard. The aim of the new revenue standard is to have a single principle-based standard for all sectors that will replace existing standards and statements concerning revenue. Analysis of the effects of IFRS 15 on the Group is in progress. IFRS 15 permits three alternatives for handling the transition. The Group will be affected by the new expanded disclosure requirements relating to revenue. IFRS 15 will be applied for annual periods beginning on or after 1 January 2018. Early adoption is permitted provided that the EU has adopted the standard. The EU is expected to approve IFRS 15 during the second quarter of 2016.

IFRS 16 *Leases* is a new standard for recognition of leases. For lessees, the classification according to IAS 17 in operating and finance leases will disappear and will be replaced by a model where assets and liabilities shall be recognised in the balance sheet for all leases. There is an exemption from recognition in the balance sheet for leases of low-value assets and for short-term leases with a term of 12 months or less. Depreciation should be recognised separately from interest expenses attributable to the leasing liability. No major changes are expected for lessors but the rules in IAS 17 are essentially retained with the exception of additional disclosure requirements. IFRS 16 will be applied for annual periods beginning on or after 1 January 2019. Early adoption is permitted provided that IFRS 15 is also applied from the same date. The effects of IFRS 16 on the Group are currently being analysed.

(c) Operating segment reporting

An operating segment is a part of the Group that conducts business activities from which it can generate income and incur costs and for which independent financial information is available. Operating segments are recognised in a manner that corresponds with the Group's internal reporting, which is followed up by the Group's chief operating decision-maker. The Group's chief operating decision-maker is the function responsible for allocating resources and evaluating the operating segments' results. Refer to Note 3 for an additional description of the breakdown and presentation of operating segments.

(d) Classification, etc.

Non-current assets and non-current liabilities in the Parent Company and the Group essentially consist only of amounts that are expected to be recovered or paid after more than twelve months from the end of the reporting period. Current assets and short-term liabilities in the Parent Company and the Group essentially consist only of amounts that are expected to be recovered or paid within twelve months of the end of the reporting period.

(e) Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities over which Lagercrantz Group AB exercises a controlling influence, i.e. where Lagercrantz Group AB controls the entity. In order for control to arise, the possibility and ability to manage the entity are required and to be exposed to variable returns from it.

Subsidiaries are recognised in accordance with the acquisition method. This method means that the acquisition of a subsidiary is treated as a transaction where the Group indirectly acquires the assets of the subsidiary and assumes its liabilities and contingent liabilities. The cost of acquisition for the Group is determined by an acquisition analysis in conjunction with the acquisition. The analysis determines the cost of the shares or entity, the fair values of acquired identifiable assets, and assumed liabilities and contingent liabilities, as well as any non-controlling interests. Transaction expenses incurred are recognised directly in profit or loss. The difference between the cost of acquisition of the shares in a subsidiary and the fair value of acquired assets, assumed liabilities and contingent liabilities is recognised as goodwill in the Group. When the difference is negative, it is recognised directly in the income statement.

Contingent consideration is recognised at fair value on the date of acquisition and is remeasured at each reporting date and any change in value is recognised in profit or loss.

An acquisition that does not relate to 100 percent of the subsidiary gives rise to a non-controlling interest. There are two alternatives for recognising non-controlling interests. These two alternatives are to recognise non-controlling interests' proportionate share of net assets or alternatively to recognise non-controlling interests at fair value, which means that non-controlling interests have a share in goodwill. The choice of which of the two alternative methods to apply is made individually for each acquisition.

The financial statements of subsidiaries are consolidated from the date of acquisition until the date when control ceases.

(ii) Transactions eliminated on consolidation

Intra-group receivables and liabilities, revenue or costs and unrealised gains or losses arising in intra-group transactions between Group companies are eliminated in their entirety when preparing the consolidated financial statements.

(f) Foreign currency

(i) Transactions in foreign currency

Transactions in foreign currency are translated to the functional currency using

the rate of exchange that prevailed on the transaction date. Monetary assets and liabilities in foreign currency are translated to the functional currency at the rate of exchange that prevailed at the end of the reporting period. Exchange rate differences that arise during translation are recognised in the income statement. Non-monetary assets and liabilities that are recognised at historical cost are translated at the rate of exchange that prevailed on the transaction date. Non-monetary assets and liabilities recognised at fair value are translated to the functional currency at the rate of exchange that prevailed at the time of fair value measurement.

(ii) Financial statements of foreign operations

Assets and liabilities in foreign operations, including goodwill and other surpluses and deficits in the Group are translated to Swedish kronor at the rate of exchange that prevailed at the end of the reporting period. Revenue and costs in a foreign operation are converted to Swedish kronor at an average rate. Translation differences that arise in connection with currency translation of a foreign operation and the related effects of hedging of net investments, are recognised directly in other comprehensive income and are accumulated as a separate component in equity, the translation reserve. When foreign operations are sold, the accumulated translation differences attributable are realised after deduction of any hedging and reclassified from the translation reserve in equity to profit or loss.

(g) Revenue

(i) Sale of goods

Revenue from the sale of goods is recognised in the profit or loss when significant risks and rewards associated with ownership of the goods have been transferred to the buyer, i.e. typically in connection with delivery. If the product requires installation at the buyer, and the installation constitutes a significant part of the delivery, revenue is recognised when the installation is completed. Revenue is not recognised if it is probable that the economic rewards will not accrue to the Group.

Revenue from the sale of property

Revenue from the sale of property is normally recognised on the closing date, unless risks and rewards have been transferred to the buyer on an earlier date.

(ii) Service assignments

Revenue from service assignments is normally recognised when the service is performed. Revenue from service assignments of the service and maintenance agreement type is recognised in accordance with the principles of the so-called percentage of completion method. The stage of completion is normally determined based on the proportion of expenditure incurred at the end of the reporting period compared to the estimated total expenditure. In certain companies, recorded time is used as the basis for the stage of completion. An expected loss is immediately recognised in the consolidated income statement.

(iii) Rental income

Rental income from properties is recognised on a straight-line basis in the income statement based on the terms of the lease. The aggregate cost of benefits provided is recognised as a reduction of rental income on a straight-line basis over the term of the lease.

(iv) Government grants

Government grants are recognised in the statement of financial position as prepaid income when there is reasonable assurance that the grant will be received and that the Group will be able to fulfil the conditions associated with the grant. Grants are systematically allocated to the correct periods in profit or loss in the same way and in the same periods as the costs that the grants are intended to compensate for. Government grants related to assets are recognised as a reduction in the carrying amount of the asset.

(h) Operating expenses and finance income and expenses

(i) Payments relating to operating leases

Payments related to operating leases are recognised on a straight-line basis in the income statement over the term of lease. Benefits received in connection with signing a lease are recognised as a part of the total leasing cost in profit or loss. Variable fees are expensed in the periods in which they arise.

(ii) Payments relating to finance leases

The minimum leasing fees are allocated to interest expense and repayment of the outstanding liability. The interest expense is distributed over the lease term in such a way that each accounting period is charged with an amount equivalent to a fixed rate of interest for the liability recognised during each period. Variable fees are expensed in the periods in which they arise.

(iii) Financial income and expenses

Finance income and expenses consists of interest income on bank balances, receivables and interest-bearing securities, interest expense on loans, dividend income, exchange differences, changes in value of financial assets measured at fair value through profit or loss, impairment losses on financial assets and gains and losses on hedging instruments recognised in profit or loss.

Interest income on receivables and interest expense on liabilities are calculated using the effective interest method. The effective rate is the rate that means that the present value of all estimated future incoming and outgoing payments during the expected fixed interest term equals the carrying amount of the receivable or the

liability. Interest income includes allocated amounts of transaction costs and any rebates, discounts, premiums and other differences between the original value of the receivable and the amount received at maturity.

Interest expense includes allocated amounts of issue expenses and similar direct transaction costs in connection with raising loans

Borrowing costs are recognised in the income statement using the effective rate method, except to the extent they are directly attributable to the purchase, design or production of assets that take significant time to complete for their intended use or for sale, in which case they are part of the acquisition cost of the assets in question.

Dividend income is recognised when the right to receive payment has been determined. Exchange gains and exchange losses are recognised net.

(i) Financial instruments

Financial instruments are measured and recognised in the Group in accordance with the rules in IAS 39. Financial instruments recognised on the asset side in the statement of financial position include cash and cash equivalents, trade receivables, advance payments to suppliers and derivatives. Liabilities include trade payables, borrowings, advance payments from customers and derivatives.

Recognition and derecognition in the statement of financial position

A financial asset or a financial liability is carried in the statement of financial position when the company becomes party to the contractual terms of the instrument.

A receivable is recognised when the company has performed and a contractual obligation exists for the counterparty to pay, even if no invoice has yet been sent.

Trade receivables are recognised in the statement of financial position when an invoice has been sent. A liability is carried when the counterparty has performed and a contractual obligation to pay exists, even if an invoice has not been received.

Trade payables are recognised when an invoice has been received. A financial asset is derecognised when the rights in the contract are realised, fall due or the company loses control over it. The same holds true for a part of a financial asset. A financial liability is derecognised when the contractual liability is discharged or otherwise expires. The same applies to a part of a financial liability. Acquisition and disposal of financial assets are recognised on the transaction date.

Measurement

Financial instruments, which are not derivatives, are initially measured at cost, equivalent to the fair value of the instrument plus transaction costs. A financial instrument's classification determines how it is measured after initial recognition. IAS 39 classifies financial instruments in categories. The classification depends on the purpose for which the financial instrument was acquired. The relevant categories for the Group are as follows:

Financial assets measured at fair value through profit or loss, Loan receivables and trade receivables, Financial liabilities measured at fair value through the profit or loss, Other financial liabilities and Derivatives used for hedge accounting.

Financial assets measured at fair value through profit or loss

This category consists of two sub-groups: financial assets held for trading and other financial assets that the company has initially elected to place in this category (in accordance with the so-called Fair Value Option). Financial instruments in this category are measured on a continual basis at fair value with changes in value recognised through profit or loss. The first sub-group includes derivatives with positive fair value, except for derivatives, which are identified and effective hedging instruments (see below).

Loan receivables and trade receivables

Loan receivables and trade receivables are financial assets that are not derivative instruments, which have fixed or determinable payments and which are not quoted on an active market. They are included in current assets, with the exception of items that mature after more than 12 months from the end of the reporting period, which are classified as non-current assets. Assets in this category are measured at amortised cost. Amortised cost is determined on the basis of the effective interest rate that was calculated on the date of acquisition.

Trade receivables are recognised at the amount that is expected to be received, i.e. less doubtful receivables. Impairment losses are recognised in operating expenses.

Financial liabilities measured at fair value through profit or loss

This category consists of financial liabilities held for trading and derivatives not used for hedge accounting and contingent consideration. Liabilities in this category are measured on an ongoing basis at fair value with the change in value in the income statement.

Other financial liabilities

Financial liabilities not held for trading are measured at amortised cost. The Group's borrowings, financial lease liabilities, trade payables and advance payments from customers belong to this category.

Derivatives used for hedge accounting

All derivatives are recognised at fair value in the statement of financial position. Changes in value are recognised in the income statement in the case of actual hedge accounting. Hedge accounting is described in greater detail below, under Derivatives and hedge accounting.

Cash and cash equivalents

Cash and cash equivalents consist of cash and immediately available balances with banks and equivalent institutions, and short-term liquid investments with a term

to maturity of less than three months, which are exposed to a minimal risk for fluctuations in value.

Financial investments

Financial investments are classified as either non-current assets or investments in securities depending on the purpose of the holding. If the term or the expected holding period is more than one year, they are classified as financial assets.

(j) Derivatives and hedge accounting

The Group's derivative instruments are acquired to hedge the interest rate and currency risks to which the Group is exposed. An embedded derivative is recognised separately unless it is closely related to the host contract. Derivatives are valued initially at fair value, with the effect that transaction costs are charged to the period's results. After initial recognition, derivative instruments are measured at fair value and changes in value are recognised as described below.

In order to meet the requirements for hedge accounting in accordance with IAS 39, there must be an unambiguous link to the hedged item. It is further required that the hedge protects the hedged item in an effective manner, that hedging documentation has been drawn up and that such efficiency can be measured. Gains and losses are recognised in the income statement at the same time as gains and losses are recognised for the hedged items.

Hedging of forecast sales in foreign currency – cash flow hedges

Currency futures contracts used for hedging of highly likely forecast sales in foreign currency are recognised in the statement of financial position at fair value. Changes in value for the period are recognised in other comprehensive income and the accumulated changes in value are recognised as a separate component of equity (hedging reserve) until the hedged flow affects profit or loss, at which time the accumulated changes in value of the hedging instrument are reclassified to profit or loss when the hedged item (sales revenue) affects the year's result.

Hedging of fixed interest term – cash flow hedges

Interest rate swaps are used to hedge against the uncertainty of future interest flows relating to loans with variable interest. Interest rate swaps are measured at fair value in the statement of financial position. In the statement of comprehensive income, the interest coupon portion is continually recognised as an adjustment to interest expense. Other changes in the value of interest rate swaps are recognised in other comprehensive income and are included as a part of the hedging reserve in equity until the hedged item affects the income statement and as long as the criteria for hedge accounting and effectiveness are fulfilled.

Receivables and liabilities in foreign currency

Currency futures contracts can be used for hedging an asset or a liability against currency risk. For such hedging, no hedge accounting is required since the hedged item as well as the hedging instrument are measured at fair value through the income statement in respect of exchange differences. Changes in value of operations-related receivables and liabilities are recognised in the operating result, while changes in value of financial receivables and liabilities are recognised in net financial items.

Net investments

Investments in foreign subsidiaries (net assets including goodwill) have been partially hedged by raising loans in the corresponding currency. Such loans are translated at the closing day rate. The period's translation differences relating to financial instruments used as hedging instruments in hedging a net investment in a Group company are recognised, to the extent the hedge is effective, in other comprehensive income and the accumulated changes are recognised as a special component of equity (the translation reserve). This procedure is used to neutralise the translation differences that affect other comprehensive income when the Group's companies are consolidated.

(k) Property, plant and equipment

(i) Owned assets

Property, plant and equipment is recognised as an asset in the statement of financial position if it is probable that future economic benefits will accrue to the company and the cost of the asset can be reliably measured.

Items of property, plant and equipment are recognised in the Group at cost less accumulated depreciation and any impairment losses.

The purchase price is included in the cost as well as expenses directly attributable to the asset in order to bring it to the location and in the condition to be used in accordance with the aim of the acquisition. Examples of directly attributable costs included in the cost of acquisition are costs for delivery and handling, installation, registration of title, consulting services and legal services. Borrowing costs directly attributable to the purchase, design or production of assets that take a significant time to complete for their intended use or for sale are included in the cost of acquisition.

Property, plant and equipment consisting of units with different useful lives are treated as separate items of property, plant and equipment.

The carrying amount of an item of property, plant and equipment is derecognised on retirement or disposal or when no future economic benefits can be expected from use or retirement/disposal of the asset. Gains or losses arising from disposal or retirement of an asset consist of the difference between the selling price and the asset's carrying amount less directly related selling expenses. Gains and losses are recognised as other operating income/expenses.

(ii) Leased assets

IAS 17 applies to leased assets. Leases are classified in the consolidated financial statements either as finance or operating leases. Leases where substantially all of the economic risks and rewards associated with ownership have been transferred to the lessee are classified as finance leases. Where that is not the case, the lease is an operating lease. Assets rented under finance leases are recognised as assets in the consolidated statement of financial position. The obligation to pay future leasing fees is recognised as non-current and current liabilities. The leased assets are depreciated according to plan, whereas lease payments are recognised as interest and repayment of the liabilities.

In the case of operating leases, the lease payment is expensed over the term of the lease based on usage, which may differ from what has actually been paid in leasing fees during the year.

(iii) Additional expenditure

Additional expenditure is added to the cost only if it is probable that the future economic benefits associated with the asset will accrue to the company and the cost can be measured in a reliable way. All other additional expenditure is recognised as an expense in the period when it arises.

(iv) Depreciation methods

Assets are depreciated on a straight-line basis over their estimated useful life. Land is not depreciated. The Group applies component depreciation, which means that the components' estimated useful life forms the basis for depreciation.

Estimated period of use:

■ Buildings, commercial premises	15–50 years
■ Plant and machinery	3–10 years
■ Equipment, tools, fixtures and fittings	3–5 years

Commercial premises consist of a number of components with varying useful lives. The main classification is buildings and land. The land component is not depreciated since its useful life is considered to be unlimited. Buildings, however, consist of a number of components where the useful lives vary.

The useful lives have been deemed to vary between 15 and 50 years for these components.

Assessment of the residual value and useful lives of assets is made on an annual basis.

(l) Intangible assets

(i) Goodwill

Goodwill represents the difference between the cost of a business combination and the fair value of the assets acquired and liabilities and contingent liabilities assumed.

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is distributed to cash-generating units and tests are performed on an annual basis or as soon as there are indications the asset in question has suffered an impairment loss. (Refer to Accounting policies n).

In business combinations where the cost of acquisition is less than the net value of acquired assets, and liabilities and contingent liabilities assumed, the difference is recognised directly in the income statement.

(ii) Research and development

Research expenditure aimed at obtaining new scientific or technological knowledge is recognised as a cost when it is incurred.

Development expenditure, where research results or other knowledge is applied in order to produce new or improved products or processes, is carried as an asset in the statement of financial position, if the product or process is technologically and commercially useful and the company has sufficient resources to complete development and subsequently use or sell the intangible asset. The carrying amount includes expenditure for material, direct expenditure for salaries and indirect expenditure attributable to the asset in a reasonable and consistent manner. Other expenditure for development is recognised as a cost directly in the income statement when it is incurred. Recognised development expenditure in the statement of financial position is carried at cost less accumulated amortisation and any impairment losses.

(iii) Other intangible assets

Other intangible assets, not including trademarks, acquired by the Group are recognised at cost, less accumulated amortisation and impairment losses. This also includes capitalised IT expenditure for development and purchase of software. Acquired trademarks are recognised at cost, less any impairment losses. The useful life of trademarks is indefinite. Their value is therefore tested annually for impairment. Costs incurred for internally generated goodwill and internally generated trademarks are recognised in the income statement when the cost is incurred.

(iv) Amortisation

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful lives of the intangible assets, provided such useful lives are determinable. Goodwill, trademarks and intangible assets with an indeterminate useful life are tested for impairment on an annual basis and as soon as there are indications suggesting that the asset in question has decreased in value. Intangible assets that may be amortised are amortised from the date on which they are available for use.

The estimated useful lives are:

■ Patents, innovations and customer relationships	5–20 years
■ Capitalised development expenditure and software	3–7 years

(m) Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and for bringing about a sale.

The cost of inventories is calculated by applying the first-in first out method (FIFO), or weighted average acquisition cost and includes expenditure arising on the acquisition of the inventory items and transporting them to their current location and condition. For manufactured goods and work in progress, the cost of acquisition includes a reasonable portion of indirect costs based on normal capacity utilisation.

(n) Impairment losses

The carrying amounts of the Group's assets are tested on each balance sheet date to determine if any impairment has occurred. IAS 36 is applied for testing of any write-down requirement for assets other than financial assets, which are tested in accordance with IAS 39, assets held for sale and disposal groups recognised in accordance with IFRS 5, inventories, plan assets used for financing of payments to employees and deferred tax assets. For exempted assets, as above, the carrying amount is tested in accordance with each standard. For goodwill, other assets with indeterminable useful lives and intangible assets that are still not ready for use, the recoverable amount is also calculated annually.

If there is an indication that an asset may be impaired, the asset's recoverable amount is calculated. For goodwill, other intangible assets with indeterminable useful lives and intangible assets that are still not ready for use, the recoverable amount is calculated annually.

If it is impossible to determine significant independent cash flows to an individual asset, the assets should be grouped, in conjunction with impairment testing, at the lowest level at which it is possible to identify significant independent cash flows – a so-called cash-generating unit. An impairment loss is recognised when the carrying amount of the asset or cash generating unit exceeds its recoverable amount. An impairment loss is recognised in the income statement.

Impairment losses on assets attributable to a cash-generating unit are in the first instance allocated to goodwill. A proportional impairment loss on other assets that are part of the unit is subsequently recognised.

The recoverable amount is the higher of fair value less selling expenses and the value in use. Future cash flows are discounted using a discount factor that reflects risk-free interest and the risk associated with the specific asset for the purpose of calculating the value in use.

(i) Impairment of financial assets

The recoverable amount of assets belonging to the categories, held-to-maturity investments, loan receivables and trade receivables, which are recognised at amortised cost, is measured as the present value of future cash flows discounted by the effective rate that applied upon initial recognition of the asset. Assets with short maturities are not discounted. An impairment loss is recognised as a cost in the income statement.

(ii) Reversal of impairment losses

Impairments losses on held-to-maturity investments or loan receivables and trade receivables recognised at amortised cost are reversed if a later increase in the recoverable amount can be objectively attributed to an event that occurred after the impairment was made.

Impairment losses on other assets are reversed where there has been a change in the assumptions on which the calculation of the recoverable amount was made.

An impairment loss is reversed only to the extent the reported value of the asset after the reversal does not exceed the value the asset would have had if no impairment loss had been incurred, taking into account the amortisation that would then have been made. Impairment losses on goodwill are not reversed.

(o) Equity

The Group's equity can be divided into share capital, other paid-up capital, reserves, retained earnings and non-controlling interests.

(i) Repurchase of own shares

Holdings of own shares and other equity instruments are recognised as a decrease in equity. The acquisition of such instruments is recognised as a deduction from equity. Proceeds from the sale of equity instruments are recognised as an increase in equity. Any transaction costs are recognised directly against equity.

(ii) Dividends

Dividends are recognised as a liability after the general meeting has approved the dividend.

(iii) Earnings per share

The calculation of earnings per share is based on the Group's net profit for the year attributable to the Parent Company's shareholders and on the weighted average number of shares outstanding during the year. When calculating earnings per share after dilution, the average number of shares is adjusted to take account of the effects of dilutive potential ordinary shares, which during reported periods were attributable to options issued to employees. Dilution from options affects the number of shares and occurs only when the redemption price is lower than the market price.

(p) Employee benefits**(i) Defined contribution plans**

Obligations in respect of charges for defined contribution plans are recognised as an expense in the income statement as they arise.

(ii) Defined benefit plans

The Group's net obligations relating to defined benefit plans are calculated separately for each plan and company through an estimate of the future remuneration that the employee has earned as a result of his/her employment. A provision for special payroll tax is included in IAS 19. The measurement is based on the difference between the pension obligation determined in the legal entity and Group. Interest on pension provisions is recognised in net financial items.

Actuarial gains and losses are recognised directly in equity under other comprehensive income in the period when they arise. Other cost and income items are recognised over operating profit. The obligations are measured at the present value of expected future payments.

The discount rate used in the present value computation is based on housing bonds with an equivalent term to the pension obligation.

The company's obligations for defined benefit retirement pension are handled within the so-called FPG/PRI system in accordance with the ITP plan. Family pensions and new vesting of retirement pensions are secured by insurance in Alecta. Alecta does not provide the information necessary to recognise these obligations as a defined benefit plan. These pensions secured by insurance in Alecta are therefore recognised as defined contribution plans. (under UFR10). At the end of 2015, Alecta's surplus in the form of the collective consolidation level amounted to 153 percent (2014: 143 percent). The collective consolidation level consists of the market value of Alecta's assets as a percentage of the insurance commitments calculated according to Alecta's actuarial calculation assumptions. Alecta's surplus can be distributed to the policyholders and/or the insured.

(iii) Remuneration upon termination of employment

In connection with termination of personnel a provision is only made when the company is demonstrably obligated, without a realistic opportunity to reverse the decision, by a formal detailed plan to terminate employment before the normal point in time. When remuneration is offered to encourage voluntary redundancy, it is recognised as a cost if it is likely that the offer will be accepted and the number of employees accepting the offer can be reliably estimated.

(iv) Employee share option plan

The Group's option plan enables senior executives to acquire shares in the company. The employees have paid a market-related premium for this opportunity. Premiums received are carried in equity as a transaction with the owners.

(q) Provisions

A provision is recognised in the statement of financial position when there is an existing legal or informal obligation as a result of past events, and it is probable that an outflow of financial resources will be required to settle the obligation and the amount can be reliably estimated. In cases where the effect of payment timing is significant, provisions are calculated by discounting the expected future cash flow at an interest rate before tax that reflects current market assessments of the time value of money, and if applicable, the risks specific to the obligation.

(i) Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical data on warranties and an appraisal of possible outcomes in relation to the associated probabilities.

(ii) Restructuring

A provision for restructuring is recognised when the Group has adopted a comprehensive and formal restructuring plan, and the restructuring has either begun, or has been publicly announced. No provisions are set aside for future operating costs.

(iii) Onerous contracts

A provision for onerous contracts is recognised when the anticipated benefits that the Group expects to receive from a contract are lower than the unavoidable costs to fulfil the obligation or contract.

(r) Taxes

Income taxes consist of current taxes and deferred taxes. Income tax is recognised in profit or loss except when underlying transactions are recognised in other comprehensive income or directly against equity, whereupon the associated tax effect is recognised in other comprehensive income or in equity.

Current tax is tax that shall be paid or refunded in respect of the current year, using the tax rates which are enacted or which in practice are enacted at the end of the reporting period. Also included are adjustments of current taxes attributable to prior periods.

Deferred taxes are estimated in accordance with the liability method, based on temporary differences between the tax bases of assets and liabilities and their carrying amounts. Temporary differences not taken into consideration are; temporary differences arising on the initial recognition of goodwill, the initial recognition of assets and liabilities that are not business combinations and which on the transaction date did not affect the recognised or taxable result. Furthermore, temporary differences are not taken into consideration that are attributable to participations in subsidiaries and associated companies and which are not expected to be reversed within the foreseeable future. The measurement of deferred tax is based on how the carrying amounts of assets or liabilities are expected to be realised or settled. Deferred tax is measured using the tax rates and tax regulations which were enacted or were in practice enacted on the balance sheet date.

Deferred tax assets relating to deductible temporary differences and loss carryforwards are only recognised to the extent that it is probable that they can be utilised.

Note

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44

The value of deferred tax assets is reduced when it is no longer considered probable that they can be utilised.

(s) Contingent liabilities

A contingent liability is recognised when a possible obligation arises from past events whose existence will only be confirmed by one or more uncertain future events or when an obligation exists that is not recognised as a liability or provision, since it is not probable that an outflow of resources will be required.

(t) Cash flow statement

Payments have been divided into categories: operating activities, investing activities and financing activities. The indirect method is used for flows from operating activities.

The year's changes of operating assets and operating liabilities have been adjusted for effects of exchange rate differences. Acquisitions and disposals are recognised in investing activities. The assets and liabilities held by the entities acquired and sold at the time of change are not included in the statement of changes in working capital, nor are changes of balance sheet items recognised in investing and financing activities. Apart from cash and bank flows, cash and cash equivalents also include investments in securities, which may be converted to bank funds at an amount that is essentially known in advance. Cash and cash equivalents include investments in securities with a term of less than three months.

(u) Parent Company accounting policies

The Parent Company has prepared its annual accounts according to the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 *Accounting for Legal Entities*. Statements issued by the Swedish Financial Reporting Board for listed companies are also applied. RFR 2 means that the Parent Company in the annual accounts for the legal entity should apply all IFRS and statements approved by EU to the greatest extent possible within the framework of the Swedish Annual Accounts Act and with due regard to the relationship between accounting and taxation. The recommendation sets out which exceptions and additions are to be made from IFRS.

Overall, this results in differences between the Group's and the Parent Company's accounting in the areas indicated below.

Classification and presentation

The Parent Company's income statement and balance sheet are presented in accordance with the format used in the Swedish Annual Accounts Act. Differences compared to IAS 1 *Presentation of Financial Statements* applied in preparing the consolidated financial statements are primarily in the recognition of financial income and expenses, non-current assets and equity.

Subsidiaries

Participations in subsidiaries are recognised in the Parent Company in accordance with the cost method. Dividends received from subsidiaries' retaining earnings are recognised as revenue. Larger dividends can result in impairment losses and thereby reduce the carrying amount of the participation.

Revenue

Anticipated dividends

Anticipated dividends from subsidiaries are recognised if the Parent Company has the exclusive right to determine the size of the dividend and the Parent Company has decided on the size of the dividend before publishing its financial statements.

Property, plant and equipment

Owned assets

Items of property, plant and equipment in the Parent Company are recognised at cost less accumulated depreciation and any impairment losses in the same way as in the Group but with the addition of any write-ups.

Borrowing costs

In the Parent Company, borrowing costs are charged to income during the period to which they apply. No borrowing costs are capitalised among assets.

Leased assets

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

Taxes

In the Parent Company untaxed reserves are recognised including deferred tax liability. In the consolidated financial statements, on the other hand, untaxed reserves are divided into deferred tax liability and equity.

(v) Group contributions and shareholders' contributions for legal entities

The company recognises group contributions in accordance with the recommendation of the Swedish Financial Reporting Board. Shareholders' contributions are carried directly in equity in the case of the receiver and capitalised in shares and participations by the grantor, to the extent that impairment is not required. Group contributions received are recognised as dividends and group contributions paid are recognised as investments in shares in subsidiaries, or where nothing of value is added as an impairment loss on the shares via profit and loss.

(x) Mergers

Mergers are accounted for in accordance with BFNR 1999:1.

(y) Financial guarantees

Lagercrantz Group has chosen not to apply the rules in IAS 39 regarding financial guarantees agreements in favour of subsidiaries in accordance with RFR 2.

Note 2 Critical estimates and judgments

The Board of Directors and management have discussed the development, choice of and disclosures relating to the Group's significant accounting policies and estimates, and the application of these policies and estimates. Certain critical accounting estimates made in conjunction with application of the Group's accounting policies are described below.

Impairment testing of goodwill

Each year the Group tests if any impairment of goodwill has occurred. The recoverable amount of the cash-generating units is determined through a calculation of the value in use. This calculation is based on the strategic plan of the business in question and expected future cash flows for the operation. The discount factor used for present value calculations of expected future cash flows is the weighted average cost of capital (WACC). The year's review has demonstrated that there is no need to recognise an impairment loss. For more information, refer to Note 15.

Deferred taxes

The value of tax loss carryforwards and other deferred tax claims/liabilities is taken into consideration to the extent that it is deemed probable that it will be possible to utilise them in the future.

Exposure to foreign currencies

An analysis of the exposure to foreign currencies and the risks associated with changes in foreign exchange rates is provided in Note 41.

Pension assumptions

Pension assumptions are an important element of the actuarial methods used to measure pension obligations and they can have an effect on the recognised pension liability and the annual pension expense. One of the most critical assumptions is the discount rate which is important for measuring the year's pension expense as well as the present value of the defined benefit pension obligations. The assumed discount rate is reviewed at least once per year for each plan in each country. Other assumptions may relate to demographic factors, such as retirement age, mortality and employee turnover and are not reviewed as often. The current outcome often differs from the actuarial assumptions for economic and other reasons. The discount rate makes it possible to measure future cash flows at present value at the time of measurement. This interest rate should correspond to the return on investment grade corporate bonds, or government bonds (including housing bonds) or, if no functioning market for such bonds exists, government bonds. A reduced discount rate increases the present value of the pension liability and the annual cost.

Note 3 Segment reporting

Segment reporting is prepared for the Group's operating segments and is based on the chief operating decision-maker, i.e. the management team's follow-up of business operations. The Group's internal reporting system is thus based on follow-up of earnings, cash flows and the return generated by the Group's goods and services. This follow-up generates the chief operating decision-maker's decisions about the best possible allocation of resources in relation to what the Group produces and sells in the segments. In the segments' results, assets and liabilities have included directly attributable items which can be allocated to the segments in a reasonable and reliable way. Segment investments in non-current assets include all capital expenditures, both in intangible assets and plant, property and equipment. Assets added as a result of acquisitions are not included, but amortisation of Group surplus values is included.

Operating segments

The Group consists of the following operating segments:

- **Electronics division:** Sells special components and solutions for electronics.
- **Mechatronics division:** Active in niche production of cabling, electrical connection systems and similar products.
- **Communications division:** Active in IT-related areas, such as digital imaging /technical security, network access and software.
- **Niche Products division:** Primarily produces and sells proprietary products with a strong position in their market niche.

Sales and profit by operating segment

	Electronics		Mechatronics		Communications		Niche Products	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
Revenue								
External sales	838	803	1,007	784	719	870	493	389
Internal sales	1	2	6	3	1	2	2	–
Total revenue	839	805	1,013	787	720	872	495	389
Profit								
Operating profit	71	66	150	118	47	55	74	61
					Parent company and eliminations		Total	
					2015/16	2014/15	2015/16	2014/15
Revenue								
External sales					–	–	3,057	2,846
Internal sales					-10	-7	–	–
Total revenue					-10	-7	3,057	2,846
Profit								
Operating profit					-27	-24	315	276
Financial income							7	4
Financial expenses							-15	-15
Profit before tax							307	265
Tax							-66	-62
Net profit							241	203

Transaction pricing between operating segments occurs on market-related terms.

Other information by operating segment

	Electronics		Mechatronics		Communications		Niche Products	
	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15
Assets	496	489	837	510	474	492	747	577
Undistributed assets	–	–	–	–	–	–	–	–
Total assets	496	489	837	510	474	492	747	577
Liabilities	108	123	173	126	110	144	99	82
Undistributed liabilities	–	–	–	–	–	–	–	–
Total liabilities	108	123	173	126	110	144	99	82
Capital expenditure	19	13	19	12	19	4	19	9
Depreciation and amortisation	13	12	28	13	15	12	20	14
					Parent Company		Total	
					2015/16	2014/15	2015/16	2014/15
Assets					34	25	2,588	2,093
Undistributed assets					–	–	-6	13
Total assets					34	25	2,582	2,106
Liabilities					177	119	667	594
Undistributed liabilities					–	–	883	595
Total liabilities					177	119	1,550	1,189
Capital expenditure					0	0	76	38
Depreciation and amortisation					1	0	77	51

External sales by geographical market

The basis for sales by geographical market is the country where invoicing occurs.

	2015/16	2014/15
Sweden	1,066	915
Denmark	406	507
Norway	418	518
Finland	157	177
UK	146	109
Germany	156	147
Poland	89	78
Rest of Europe	197	196
Rest of World	422	199
	3,057	2,846

Capital expenditure and non-current assets by geographical market

	Capital expenditure		Non-current assets	
	2015/16	2014/15	31 Mar 2016	31 Mar 2015
Sweden	52	22	1,096	800
Denmark	19	11	188	89
Norway	2	2	129	154
Finland	1	1	64	67
Germany	1	1	30	26
Poland	1	1	14	15
Rest of Europe	–	0	1	1
Rest of World	–	–	1	–
Undistributed assets	–	–	–	9
	76	38	1,523	1,161

Note 3 continued

Parent Company	2015/16	2014/15
Internal net revenue by operating segment		
Electronics	9	9
Mechatronics	9	10
Communications	10	9
Niche Products	6	5
	34	33
Internal net revenue by geographical market		
Sweden	20	18
Denmark	7	8
Norway	3	3
Finland	2	2
Germany	1	1
Other countries	1	1
	34	33

Note 4 Distribution of net revenue

Net revenue by product category	2015/16	2014/15
Group		
Trading	1,074	1,177
Niche production	338	333
Proprietary products	1,376	1,074
Systems integration	164	167
Service and other	105	95
	3,057	2,846

In the case of other types of revenue, dividends and interest income are recognised in net financial items. See Note 11.

Note 5 Operating costs allocated by type of cost

Group	2015/16	2014/15
Cost of goods sold	1,740	1,634
Compensation-related personnel costs	755	659
Depreciation and amortisation	73	51
Other operating expenses	229	268
Total operating expenses	2,797	2,612

Note 6 Employees, personnel costs and fees to the Board of Directors and auditors

Average number of employees	2015/16	of whom men	2014/15	of whom men
Parent Company				
Sweden	11	73%	11	73%
Other Group companies				
Sweden	711	76%	624	77%
Denmark	263	49%	218	57%
Norway	59	81%	63	83%
Finland	88	53%	91	55%
Germany	31	68%	28	64%
Poland	64	84%	63	83%
Other countries	10	60%	4	75%
Total in Group companies	1,226	69%	1,091	71%
Group total	1,237	69%	1,102	71%

Salaries, other remuneration and social security expenses

	2015/16		2014/15	
	Salaries and remuneration	Social security expenses	Salaries and remuneration	Social security expenses
Parent Company	24	13	21	13
(of which pension expense)		(6) ¹⁾		(6) ¹⁾
Other Group companies	544	173	482	143
(of which pension expense)		(42)		(39)
Group total	568	186	503	156
(of which pension expense)		(48) ²⁾		(45) ²⁾

¹⁾ MSEK 2 (2) of the Parent Company's pension expense refers to the group Board of Directors and President. This group also includes executive vice presidents and presidents of subsidiaries. There are no outstanding pension obligations.

²⁾ MSEK 6 (7) of the Group's pension expense refers to the group Board of Directors, President, executive vice presidents and subsidiary presidents. Group pension obligations to this group amount to MSEK 0 (0).

Salaries and other remuneration distributed by country and among Board members etc. and other employees

	2015/16		2014/15	
	Board of Directors and President	Other employees	Board of Directors and President	Other employees
Sweden				
Parent Company	10	14	9	12
(of which, bonus etc.)	(1)	(2)	(1)	(2)
Other Group companies in Sweden	28	277	20	233
(of which, bonus etc.)	(2)	(7)	(1)	(4)
Sweden total	38	291	29	245
	(4)	(9)	(2)	(6)
Outside Sweden				
Denmark	12	122	11	112
(of which, bonus etc.)	(0)	(2)	(1)	(5)
Norway	5	36	5	40
(of which, bonus etc.)	(0)	(0)	(0)	(0)
Finland	4	30	4	30
(of which, bonus etc.)	(-)	(0)	(0)	(0)
Germany	1	14	1	12
(of which, bonus etc.)	(-)	(-)	(-)	(-)
Poland	2	9	2	10
(of which, bonus etc.)	(0)	(1)	(0)	(0)
Other countries	-	4	-	2
(of which, bonus etc.)	(-)	(1)	(-)	(-0)
Group companies outside Sweden total	23	216	23	206
(of which, bonus etc.)	(0)	(4)	(1)	(5)
Group total	61	507	52	451
(of which, bonus etc.)	(4)	(13)	(3)	(11)

The group Board of Directors and Presidents includes directors, presidents and executive vice presidents.

Gender distribution in company managements

	31 Mar 2016	31 Mar 2015
	Proportion of women	Proportion of women
Parent Company		
Board of Directors	29%	29%
Other senior executives	0%	0%
Group total		
Board of Directors	2%	3%
Other executives	0%	2%

Principles of remuneration for the Board of Directors and senior executives

Fees paid to the Chairman of the Board and to other Board members were set by the Annual General Meeting (AGM). No separate fees are paid for committee work. In accordance with the resolution of the AGM regarding guidelines for, remuneration of senior executives, remuneration to the President & CEO and other senior executives consists of basic salary, variable remuneration, pension and financial instruments. The total remuneration shall be market-related and competitive, and should be commensurate with responsibility and authority. The variable annual portion of the compensation shall be maximised at approximately 40 percent of the fixed salary. The variable portion of the compensation should also be based on outcome relative to set goals and on individual performance. The retirement age shall be 60 – 65 years and in addition to an ITP plan, only defined contribution pension plans will normally be offered. In the case of termination of employment, termination benefits equivalent to a maximum of one year's salary may be offered, in addition to salary during the period of notice. In addition to the incentive programme proposed to the Annual General Meeting, no other share-based or share-price-related programmes will be offered.

In individual cases and if special circumstances exist, the Board of Directors may depart from the above guidelines.

As regards remuneration to the President and CEO and other senior executives, the Board of Directors has appointed a remuneration committee consisting of the Chairman of the Board and the Vice Chairman of the Board, with the President and CEO as a reporting member. The task of the committee is to evaluate and suggest principles of remuneration to the Board of Directors (refer to the Corporate Governance Report).

The Board of Directors submits proposals to the AGM for resolution. The proposal to the 2016 Annual General Meeting is set out in the Report of the Board of Directors.

Remuneration and other benefits to the Board of Directors and senior executives 2015/2016

SEK '000	Basic salary, directors' fees	Variable remuneration	Other remuneration	Other benefits	Pension expense	Total
Chairman of the Board						
Anders Börjesson	440					440
Board member						
Tom Hedelius	330					330
Pirkko Alitalo	220					220
Lennart Sjölund	220					220
Marika Rindborg Holmberg	220					220
Roger Bergqvist	220					220
Chief Executive Officer						
Jörgen Wigh	3,679	918	409	93	1,115	6,214
Executive Vice President						
Magnus Söderlind	2,326	581	255	91	594	3,847
Other senior executives						
7 persons	10,959	2,321	893	612	2,464	17,248
Total	18,614	3,820	1,557	796	4,173	28,959

Remuneration and other benefits to the Board of Directors and senior executives 2014/2015

SEK '000	Basic salary, directors' fees	Variable remuneration	Other remuneration	Other benefits	Pension expense	Total
Chairman of the Board						
Anders Börjesson	440					440
Board member						
Tom Hedelius	330					330
Pirkko Alitalo	220					220
Lennart Sjölund	220					220
Marika Rindborg Holmberg	220					220
Roger Bergqvist	220					220
Chief Executive Officer						
Jörgen Wigh	3,434	1,008	278	109	1,042	5,871
Executive Vice President						
Magnus Söderlind	2,081	612	181	94	519	3,487
Other senior executives						
6 persons	9,469	1,965	473	522	2,015	14,444
Total	16,634	3,585	932	725	3,576	25,452

In addition to the President & CEO, senior executives refers to the management team consisting of: executive vice presidents 1 person (1), other senior executives, including business area heads 7 (6) persons. Remuneration to this group, a total of 9 (8) persons in 2015/16, was covered by the resolution at the 2015 AGM regarding principles of remuneration for senior executives. The Remuneration Committee has verified compliance with the AGM's resolution. Among other things, the Remuneration Committee has verified conformity with market conditions by making a comparison with the remuneration in other similar listed companies.

Pensions

The retirement age for the President & CEO is 60 years. The retirement age for other senior executives is 65 years. Pension is paid equivalent to the ITP plan, which is a defined contribution plan.

Termination benefits

The period of notice for the President is 12 months when termination is initiated by the company and 6 months when termination is initiated by the President. In the case of termination initiated by the company, the President is entitled to termination benefits equivalent to one year's salary in addition to salary during the notice period. No termination benefits are payable in the case of termination initiated by the President. The termination benefits are not set off against other income.

The period of notice for the other members of the Group management is 6 – 12 months when termination is initiated by the company and up to 6 months when termination is initiated by the employee. In the case of termination initiated by the company, members of Group management are entitled to termination benefits equivalent to up to one year's salary. No termination benefits are payable in the event of termination at the member's own request. The termination benefits are not set off against other income.

Employee share option plan

The 2015 AGM resolved on an incentive programme for managers and senior executives in the Lagercrantz Group. This programme consists of call options for Lagercrantz Group repurchased shares, where each call option gives the holder a right to acquire one repurchased share of Class B. Redemption can take place during three time periods:

(i) during a two week period from when the company publishes its Interim Report for the period 1 April 2017 – 30 September 2017, (ii) during the period 15 May – 26 May 2018, and (iii) during the period 18 September – 29 September 2018.

Similar call option programmes for managers and senior executives were approved by the 2014 and 2013 AGMs.

In all programmes, the share is acquired at a redemption price determined as a percentage mark-up of an average share price after the AGM in accordance with the quoted prices paid. The programmes cover senior executives and managers with a direct possibility of affecting the Group's results. Board members have not been entitled to

acquire call options, with the exception of the company's President & CEO. In order to be allocated call options, the employee must have concluded a special pre-emption agreement with the company. Pre-emption shall occur at the market value at the time of termination of employment, an offer from a third party for all shares in the company and in cases when the call options are to be transferred to a third party. In all other respects the call options are freely transferable. The company has utilised the pre-emption agreement during 2014/15 by repurchasing 4,500 options. The premium for the call options shall be equivalent to the market value of the call options in accordance with external valuation applying the generally accepted valuation method (the Black & Scholes model).

The allocation resolved by the 2012 AGM comprised 30 persons and a total of 225,000 call options. Allocations varied between 4,000 – 26,550 options per person. The President & CEO acquired 26,550 and other members of management team acquired 89,000. The measurement period to determine the average share price, which was SEK 58.60, was 3 September – 14 September 2012. The redemption price for the call options, which was resolved to be 120 percent of the average price was set at SEK 70.30, and was later re-calculated to SEK 69.40 after dilution. The market value of the call options was set at SEK 4.00 per option by an independent valuation institution.

The allocation resolved by the 2013 AGM comprised 32 persons and a total of 225,000 call options. Allocations varied between 500 – 25,000 options per person. The President & CEO acquired 25,000 and other members of management team acquired 98,500. The measurement period to determine the average share price, which was SEK 104.48, was 2 September – 13 September 2013. The redemption price for the call options, which was resolved to be 120 percent of the average price, was set at SEK 125.40. The market value of the call options was set at SEK 8.30 per option by an independent valuation institution.

The allocation resolved by the 2014 AGM for 2014 comprised 35 persons and a total of 225,000 call options. Allocations varied between 2,000 – 28,600 options per person. The President & CEO acquired 28,600 and other members of management team acquired 86,650. The measurement period to determine the average share price, which was SEK 134.85, was 1 September – 12 September 2014. The redemption price for the call options, which was resolved to be 120 percent of the average price, was set at SEK 161.80. The market value of the call options was set at SEK 8.80 per option by an independent valuation institution.

The allocation resolved by the 2015 AGM for 2015 comprised 35 persons and a total of 225,000 call options. Allocations varied between 750 – 20,000 options per person. The President & CEO acquired 20,000 and other members of management team acquired 84,250.

The measurement period to determine the average share price, which was SEK 196.87, was 31 August – 11 September 2015. The redemption price for the call options, which was resolved to be 120 percent of the average price, was set at SEK 236.30. The market value of the call options was set at SEK 13.70 per option by an independent valuation institution.

In addition to this, redemption of options relating to the 2012 and 2013 programmes meant an increase in equity of MSEK 6, in connection with the Parent Company's sale of repurchased Class B shares to the option holders.

Note 6 continued

Audit fees and reimbursements

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
KPMG				
Audit assignments	3	3	0.4	0.4
Tax advisory assignments	0	0	0.1	0.2
Other assignments	0	0	–	–
Other auditors				
Audit assignments	1	–	–	–
Tax advisory assignments	–	0	–	–
Other assignments	–	0	–	–

Audit assignment refers to the review of the annual accounts and the administration by the Board of Directors and the President, other tasks the company's auditors are obliged to perform, and advice or other assistance prompted by observations in the course of such review.

Note 7 Other operating income

	2015/16	2014/15
Group		
Disposal of subsidiary		11
Rental income		1
Other remuneration and contributions		2
Exchange gains on receivables/liabilities of an operating character	5	10
Reversal of contingent consideration previous acquisitions	6	24
Other	10	5
	35	42

Note 8 Other operating expenses

	2015/16	2014/15
Group		
Exchange losses on receivables/liabilities of an operating character	-9	-4
Impairment and remeasurement of goodwill	-9	-24
Other expenses	-2	-2
	-20	-30

Note 9 Depreciation and amortisation of property, plant and equipment and intangible assets

	2015/16	2014/15
Group		
<i>Depreciation and amortisation according to plan allocated by asset</i>		
Intangible assets	-48	-27
Land and buildings	-3	-2
Costs incurred in leasehold property	–	0
Plant and machinery	-16	-14
Equipment, tools, fixtures and fittings	-10	-8
	-77	-51
<i>Depreciation and amortisation according to plan allocated by function</i>		
Cost of goods sold	-23	-14
Selling expenses	-50	-32
Administrative expenses	-4	-5
	-77	-51
Parent Company		
<i>Depreciation and amortisation according to plan allocated by asset</i>		
Equipment, tools, fixtures and fittings	0	0
	0	0
<i>Depreciation and amortisation according to plan allocated by function</i>		
Administrative expenses	0	0
	0	0

Note 10 Leasing fees relating to operating leases and rental charges

	2015/16	2014/15
Group		
Expensed operating leasing fees and rents during the financial year	56	51
<i>Future payments due per year:</i>		
1 year after the current financial year	50	48
2 years after the current financial year	31	36
3 years after the current financial year	18	21
4 years after the current financial year	13	11
5 years after the current financial year	12	11
	124	127
Parent Company		
Expensed operating leasing fees and rents during the financial year	3	2
<i>Future payments due per year:</i>		
1 year after the current financial year	3	3
2 years after the current financial year	3	3
More than 3 years after the current financial year	1	2
	7	8

Leasing fees and rents mainly relate to rent for premises.

Note 11 Financial income

	2015/16	2014/15
Group		
Interest income	–	–
Exchange gains	7	4
	7	4
Parent Company		
<i>Result from participations in Group companies</i>		
Interest income from Group companies	4	4
Group contributions received	34	33
Dividends	249	217
	287	254
<i>Other interest income and similar profit/loss items</i>		
Exchange losses	–	2
Other interest income	–	–
	–	2
Total financial income	287	256

Note 12 Financial expenses

	2015/16	2014/15
Group		
Interest expenses pensions	-1	-3
Other interest expenses	-9	-9
Effect of interest hedge	–	–
Exchange losses	-5	-3
Other	0	0
	-15	-15
Parent Company		
<i>Result from participations in Group companies</i>		
Interest expenses to Group companies	–	–
Exchange losses	–	–
Impairment losses	–	–
	–	–
<i>Other interest expenses and similar profit/loss items</i>		
Other interest expenses	-8	-8
Effect of interest hedge	–	–
Other	0	0
	-8	-8
Total financial expenses in the Parent Company	-8	-8

Note 13 Exchange differences that affected profit

	2015/16	2014/15
Group		
Exchange differences affecting operating profit	-4	6
Financial exchange differences	–	–
	-4	6
Parent Company		
Financial exchange differences	-1	2
	-1	2

Note 14 Tax on net profit for the year

	2015/16	2014/15
Group		
<i>Current tax expense (-) / tax revenue (+)</i>		
Tax for the period	-77	-66
Adjustment of tax pertaining to prior years	2	1
	-75	-65
<i>Deferred tax expense (-) / tax revenue (+)</i>		
Deferred tax related to temporary differences	9	3
Change in deferred tax related to change in capitalised tax value of loss carryforwards	0	0
	9	3
Total recognised tax expense / tax revenue in the Group	-66	-62

The value of tax loss carryforwards is taken into account to the extent that they will result in lower tax payments in the future.

	2015/16	2014/15
Reconciliation of effective tax		
Group		
Profit before tax	307	265
Tax according to tax rate for the Parent Company, 22%	-67	-58
Effect of other tax rates in Group companies outside Sweden	-3	-3
Effect on changed tax rates	2	-
Non-deductible expenses	-6	-9
Other non-taxable income	6	7
Tax pertaining to prior years	2	1
Recognised effective tax	-66	-62

	2015/16	2014/15
Parent Company		
<i>Current tax expense (-) / tax revenue (+)</i>		
Tax expense for the period	-3	-4
	-3	-3
<i>Deferred tax expense (-) / tax revenue (+)</i>		
Deferred tax related to temporary differences	0	0
	0	0
Total recognised tax expense / tax revenue in the Parent Company	-3	-4

	2015/16	2014/15
Reconciliation of effective tax		
Parent Company		
Profit before tax	261	234
Tax according to current tax rate, 22%	-58	-51
Effect of impairment losses	-	-
Dividends from Group companies	55	47
Non-deductible expenses	0	0
Recognised effective tax	-3	-4

Note 15 Goodwill

	31 Mar 2016	31 Mar 2015
Group		
<i>Accumulated cost</i>		
Opening balance	628	584
New acquisitions incl. remeasurements	203	63
Divestments	-20	-
Impairment losses	-9	-22
Exchange difference	0	3
Carrying amount at end of the period	802	628
<i>Goodwill allocated by division and cluster</i>		
Electronics		
Distribution	78	81
Proprietary products	37	48
Total Electronics	115	129
Mechatronics		
Distribution	-	-
Proprietary products	236	114
Total Mechatronics	236	114
Communications		
Distribution	90	113
Proprietary products	89	50
Total Communications	179	163
Niche Products		
Distribution	-	-
Proprietary products	272	222
Total Niche Products	272	222
Total goodwill	802	628

Impairment testing of goodwill

The Group's recognised goodwill amounts to MSEK 802 (628). Goodwill is not amortised under IFRS. Instead the value of goodwill is tested annually in accordance with IAS 36. The most recent test was performed during March 2016. Goodwill is allocated to cash-generating units, that from accounting year 2015/16 consist of clusters of companies in the categories Distribution and Proprietary Products for each division. These clusters have been established by grouping companies that have similar operations and business models and that have common market conditions.

The recoverable amount is calculated based on the value in use and a current assessment of the cash flows for the next three-year period. Assumptions are made based on previous experience for sales growth, gross margin, overhead levels, working capital requirement and the need for capital expenditures. These parameters are normally set to correspond to the forecast levels for the next financial year, mainly based on the relevant entity's business plan equivalent to growth rates of 0–10 percent (0–10) annually. For subsequent years, growth has been based on an estimated sustainable GDP growth rate of about 2 (2) percent. Cash flows have been discounted using a weighted cost of capital equivalent to about 8 percent before tax and 6 percent after tax (about 9 and 7 percent last year).

The calculation showed that the value in use exceeded the carrying amount in the Group except in two cases where there are indications that the performance did not really meet the level desired. During the year, divestment of operations resulted in a decrease in goodwill of MSEK 20 in the cluster Distribution Communications. In the Electronics' cluster Proprietary Products, impairment losses of MSEK 9 were recognised as a result of a strategic decision and adjusted assumptions over time. In other areas, the estimated value in use exceeds the carrying amount. The sensitivity of the calculations shows that the goodwill value in other areas can be defended going forward, even if the sustainable growth rate was 0 percent instead of 2 percent, or if the recoverable amount of each company were to decline by 10 percent.

Note 16 Trademarks

	31 Mar 2016	31 Mar 2015
Group		
<i>Accumulated cost</i>		
Opening balance	169	170
New purchases	-	-
Exchange difference	-5	-1
Carrying amount at end of the period	164	169
<i>Trademarks allocated by division and cluster</i>		
Electronics		
Distribution	18	18
Proprietary products	31	34
Total Electronics	49	52
Mechatronics		
Distribution	-	-
Proprietary products	40	40
Total Mechatronics	40	40
Communications		
Distribution	27	28
Proprietary products	3	3
Total Communications	30	31
Niche Products		
Distribution	-	-
Proprietary products	45	46
Total Niche Products	45	46
Total trademarks	164	169

Every year impairment testing of trademarks is carried out according to the same principles used in the testing of goodwill.

Note 17 Other intangible assets

	31 Mar 2016	31 Mar 2015
Group		
<i>Accumulated cost</i>		
Opening balance	321	233
New purchases	205	86
Divestments	-7	-
Reclassifications	4	-
Exchange difference	-3	2
	520	321
<i>Accumulated amortisation according to plan</i>		
Opening balance	-135	-107
Amortisation for the year according to plan	-48	-27
Reclassifications	-	-
Exchange difference	4	-1
	-179	-135
Carrying amount at end of the period	341	186

Other intangible assets mainly consist of patents, client relations, capitalised development costs and software. Of the total carrying amount, MSEK 36 (22) refers to internally developed intangible assets.

Note 18 Buildings, land and land improvements

	31 Mar 2016	31 Mar 2015
Group		
<i>Accumulated cost</i>		
Opening balance	73	59
New purchases	2	2
Purchases via new companies	18	12
Divestments	-3	-
	90 ¹⁾	73
<i>Accumulated depreciation according to plan</i>		
Opening balance	-17	-10
Purchases via new companies	-2	-5
Depreciation for the year according to plan	-3	-2
	-22	-17
Carrying amount at end of the period	68	56

¹⁾ No capitalised interest is included in the cost.

Note 19 Costs incurred in leasehold property

	31 Mar 2016	31 Mar 2015
Group		
<i>Accumulated cost</i>		
Opening balance	9	8
New purchases	3	1
Exchange difference	0	0
	12	9
<i>Accumulated depreciation according to plan</i>		
Opening balance	-7	-7
Depreciation for the year according to plan	0	0
Exchange difference	0	0
	-7	-7
Carrying amount at end of the period	5	2

Note 20 Plant and machinery

	31 Mar 2016	31 Mar 2015
Group		
<i>Accumulated cost</i>		
Opening balance	240	203
New purchases	20	11
Purchases via new companies	3	20
Reclassifications	8	7
Disposals and retirements	-7	-3
Exchange difference	-1	2
	263	240
<i>Accumulated depreciation according to plan</i>		
Opening balance	-167	-145
Purchases via new companies	-	-10
Reclassifications	2	-
Disposals and retirements	7	3
Depreciation for the year according to plan	-16	-14
Exchange difference	1	-1
	-173	-167
Carrying amount at end of the period	90	73

Note 21 Equipment, tools, fixtures and fittings

	31 Mar 2016	31 Mar 2015
Group		
<i>Accumulated cost</i>		
Opening balance (including construction in progress)	148	128
New purchases	20	19
Purchases via new companies	20	12
Disposals and retirements	-13	-5
Reclassifications from construction in progress	-	-7
Other reclassifications	-	-
Exchange difference	-3	1
	172	148
<i>Accumulated depreciation according to plan</i>		
Opening balance	-112	-96
Purchases via new companies	-14	-11
Disposals and retirements	12	4
Reclassifications	-7	-
Depreciation for the year according to plan	-10	-8
Exchange difference	2	-1
	-129	-112
Carrying amount at end of the period	43	36

Parent Company

<i>Accumulated cost</i>		
Opening balance	2	2
New purchases	0	0
	2	2
<i>Accumulated depreciation according to plan</i>		
Opening balance	-1	-1
Depreciation for the year according to plan	0	0
	-1	-1
Carrying amount at end of the period	1	1

Note 22 Participations in subsidiaries

	31 Mar 2016	31 Mar 2015
Parent Company		
<i>Accumulated cost</i>		
Opening balance	1,542	1,378
External acquisitions	327	188
Adjustment of contingent consideration	1	-24
	1,870	1,542
<i>Accumulated impairment losses</i>		
Opening balance	-136	-136
Impairment losses for the year	-	-
	-136	-136
Carrying amount at end of the period	1,734	1,406

Specification of the Parent Company's and the Group's holdings of participations in Group companies

Group company ¹⁾ / Corp. ID. no. / Registered office	Number of participations	Participation as % ²⁾	Carrying amount	
			31 Mar 2016	31 Mar 2015
Acte Solutions AB, 556600-8032, Stockholm	500	100.0	13	13
Acte Systems AS, 927 714 574, Bergen, Norway	600	100.0	1	1
Acte Components Ltd, 4209447, Hampshire, UK	49,999	100.0	0	0
Acte AS, 923 148 442, Oslo, Norway	5,000	100.0	44	44
Ampol Serwis Sp Z o.o., 9950050690, Grodzisk Wielkopolski, Poland	160	100.0	16	16
Thermod Polska Sp Z o.o., 9950209469, Grodzisk Wielkopolski, Poland	100	100.0	–	–
Asept International AB, 556057-9962, Lund	25,000	100.0	80	80
COBS AB, 556524-3788, Gothenburg	3,000	100.0	21	21
Cue Dee AB, 556244-8000, Sikeå	2,000	100.0	262	–
Cue Dee Trading Co. Ltd, Suzhou, China	100	100.0	–	–
Direktronik AB, 556281-9663, Nynäshamn	3,000	100.0	24	24
Dooman Teknik AB, 556153-3794, Västra Frölunda	500	100.0	24	24
EFC Finland Oy, 1750567-0, Korsholm, Finland	1,550	100.0	13	13
EFC Estonia OÜ, Estonia	1	100.0	–	–
Elkapsling AB, 551713-9240, Ånge	15,000	100.0	82	82
Elpress AB, 556031-5607, Kramfors	80,000	100.0	99	99
Elpress A/S, CVR 26162629, Silkeborg, Denmark	100	100.0	–	–
Elpress GmbH, HBR 3252, Viersen, Germany	100	100.0	–	–
Elpress (Beijing) Electrical Components Co. Ltd, Beijing, China	100	100.0	–	–
Kablema AB, 556746-2196, Kramfors	100	100.0	–	–
Elprodukter AS, 995 768 100, Ulsteinvik, Norway	100	100.0	68	68
Enkom Active Oy, 239 992, Helsinki, Finland	300	100.0	54	3
Excidor AB, 556429-7850, Bollnäs	1,000	100.0	48	48
Idesco OY, 2024497-7, Oulu, Finland	403,391	90.2	30	30
Idesco AB, 556742-3008, Stockholm	1,000	100.0	0	0
ISG Systems AB, 556468-2192, Höganäs	200	100.0	18	18
K&K Active OY, 0980670-5, Helsinki, Finland	100	100.0	–	51
Kablageproduktion i Västerås AB, 556509-1096, Västerås	5,000	100.0	20	20
Lager CC AB, 556260-2127, Solna	1,000	100.0	3	3
Landauer Nordic AB, 556690-0717, Uppsala	1,000	100.0	66	–
Landauer Radon Inc, 70206544, Illinois, USA	100	100.0	–	–
Leteng AS, 952 002 872, Tynset, Norway	12,968	95.0	51	51
LIAB Load Indicator AB, 556081-3569, Hisings Backa	1,000	100.0	35	35
Nordic Alarm AB, 556318-0032, Solna	38,300	100.0	30	30
Norwesco AB, 556038-4090, Täby	15,000	100.0	61	61
Plåt och Spiralteknik i Torsås AB, 556682-9197, Torsås	10,000	100.0	46	46
Precimeter Control AB, 556511-8980, Höönö	10,000	100.0	36	36
Precimeter GmbH, 212/5752/0032, Wiehl, Germany	1	100.0	–	–
Precimeter Inc, 20-0110568, Phoenix, USA	100	100.0	–	–
STV Sv Tele & Video Konsult AB, 556307-4565, Stockholm	65,000	100.0	16	16
Steele AB, 556842-6000, Värnamo	100,000	100.0	32	32
Svenska Industriborstar i Västerås AB, 556109-2221, Västerås	5,000	100.0	45	45
SwedWire AB, 556297-0060, Varberg	100,000	100.0	95	95
Thermod AB, 556683-7125, Klässbol	1,000	100.0	47	47
Unitronic GmbH, HRB 40042, Düsseldorf, Germany	153,600	100.0	28	28
Vanpee AB, 556213-2406, Stockholm	50,000	100.0	20	20
Vanpee Norge AS, 976 286 324, Oslo, Norway	100	100.0	44	44
Vendig AB, 556626-7976, Skara	5,000	100.0	29	29
VP Ledbelysning AB, 556084-5975, Nyköping	4,000	100.0	2	2
Lagercrantz A/S, 81 74 67 10, Copenhagen, Denmark	6	100.0	131	131
Acte A/S, 71 28 89 19, Copenhagen, Denmark	2	100.0	–	–
Lagercrantz Asia Ltd, Hong Kong, China	20,000	100.0	–	–
Acte Poland Sp Z o.o., 5 753, Warsaw, Poland	2	100.0	–	–
Elfac A/S, 17 46 50 31, Silkeborg, Denmark	1	100.0	–	–
ISIC A/S, 16 70 45 39, Århus, Denmark	33,400	100.0	–	–
Vanpée A/S, 25 69 58 01, Copenhagen, Denmark	500	100.0	–	–
Nikodan Conveyor Systems A/S, Snede, Denmark	555,334	80.0	–	–
CAD-Kompagniet A/S, 21 69 77 88, Copenhagen, Denmark	8	100.0	–	–
Projectspine A/S, 36 55 76 80, Brøndby, Denmark	500,000	100.0	–	–
			1,734	1,406

¹⁾ Group companies recognised at carrying amount. Other companies are owned indirectly via Group companies.

²⁾ The participating interest in the capital is referred to, which also corresponds to the proportion of votes of the total number of shares.

Note

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44

Note 23 Receivables from Group companies

	31 Mar 2016	31 Mar 2015
Parent Company		
<i>Accumulated cost</i>		
Opening balance	92	102
Additional receivables	31	89
Settled receivables	-48	-100
Exchange difference	-1	1
Carrying amount at end of the period	74	92

Note 24 Other non-current receivables

	31 Mar 2016	31 Mar 2015
Group		
<i>Accumulated cost</i>		
Opening balance	2	2
Additional receivables	1	0
Settled receivables	-	0
Carrying amount at the end of the year	3	2

Note 25 Inventories

During the year, impairments losses of MSEK 3 on the inventory value (3) were recognised.

Note 26 Trade receivables

Age analysis, not impaired trade receivables due	31 Mar 2016	31 Mar 2015
Group		
Trade receivables not due	434	412
Trade receivables due 0 – 30 days	27	19
Trade receivables due > 30 – 90 days	4	4
Trade receivables due > 90 – 180 days	2	1
Trade receivables due > 180 days	0	1
Total	468	437

Provision account for bad debt losses	31 Mar 2016	31 Mar 2015
Group		
Opening balance	-2	-2
Reversal of previously recognised impairment losses	0	0
Impairment losses during the year	1	0
Exchange difference	0	0
Closing balance	-1	-2

Actual bad debt losses during the year of MSEK 0.5 (0) were charged to profit and loss.

Note 27 Earned but not yet invoiced revenue

	31 Mar 2016	31 Mar 2015
Group		
<i>Work in progress</i>		
Accumulated recognised contract income	190	146
Invoicing	-185	-135
Total claim on clients	5	11
Accumulated contract expenditure and recognised income (after deduction of recognised loss) at the end of the period	190	146
Advanced payments received	-	-
Amounts held back by clients	-	-

Contract income from ongoing fixed price contracts is recognised using the percentage of completion method. Calculations are made based on time spent in relation to the time estimated to complete the entire contract.

Note 28 Prepaid expenses and accrued income

	31 Mar 2016	31 Mar 2015
Group		
Prepaid rents	7	6
Prepaid insurance premiums	3	3
Other items	23	22
	33	31
Parent Company		
Prepaid rents	1	1
Prepaid insurance premiums	0	0
Other items	2	2
	3	3

Note 29 Equity**Parent Company**

Under Swedish law, equity shall be allocated between non-distributable (restricted) and distributable (non-restricted) funds.

Restricted reserves

Restricted funds consist of share capital and the following reserves:

Legal reserve

The purpose of the legal reserve is to set aside the portion of net earnings not required to cover a loss brought forward.

Non-restricted equity

Non-restricted funds consist of retained earnings:

Retained earnings

Consist of the preceding year's unrestricted equity after any allocation to legal reserve and after any dividends paid. Constitute the total non-restricted equity together with net profit for the year, i.e. the amount for payment as dividends to the shareholders.

Share capital

Distribution and change of Class of share

Class of shares	Number of shares	Number of votes
A shares, 10 votes per share	3,263,802	32,638,020
B shares, 1 vote per share	66,256,125	66,256,125
The company's repurchased shares	-1,675,900	-1,675,900
Total	67,844,027	97,218,245
	A shares	B shares
Number of outstanding shares at start of period	1,087,934	22,085,375
Redemption of shares	-	-
Split 3:1	2,175,868	44,170,750
Number of outstanding shares at end of period	3,263,802	66,256,125
Number of repurchased shares		
At start of period	-	582,450
Split 3:1	-	-1,027,600
Shares used during redemption of options	-	84,150
Repurchased shares during the period	-	-150,000
At the end of the period	-	-1,675,900

The share capital amounted to MSEK 48.9 at the end of the period. The B share is listed on Nasdaq Stockholm. According to the Articles of Association, the share capital shall be not less than MSEK 25 and not more than MSEK 100. The share's quota value (after split) is SEK 0.70.

The proposed dividend for the year is SEK 1.75 (1.50) per share.

The employee share options programmes described in Note 6 are secured by shares repurchased at an average cost of SEK 18.92.

When the call options are exercised at a redemption price of SEK 41.80, SEK 53.90 and SEK 78.80, respectively, per share, the number of outstanding shares may increase by the number of call options redeemed, or a total 1,622,500 shares. The number of repurchased shares will then decline by an equivalent amount.

Group

The Group's equity consists of share capital and the following items:

Other paid-up capital

Refers to equity contributed by the owners.

Reserves

Reserves refer to translation reserve and hedging reserve.

The translation reserve includes all exchange differences that arise when translating the financial statements of foreign operations. These entities prepare their financial statements in a different currency than the Group and the Parent Company, which report in Swedish kronor (SEK). The translation reserve also consists of exchange rate differences that arise upon remeasurement of net investments in a foreign operation.

The hedging reserve includes the effective portion of the accumulated net change in fair value of a cash flow hedging instrument attributable to hedging transactions that have not yet occurred.

Retained earnings

Retained earnings include earned profit in the Parent Company and its subsidiaries. Net profit for the year is reported separately in the statement of financial position. Prior provisions to the legal reserve, excluding transferred share premium reserves, are included in this equity item.

Capital management

The Group's goal according to its finance policy, is to maintain a good capital structure and financial stability in the interest of retaining the confidence of investors, credit institutions and the market in general. In addition, this constitutes a foundation for continued development of the business operations. Capital is defined as total shareholders' equity, not including non-controlling interests.

The ambition of the Board of Directors is to retain a balance between a high return and the security of a large capital base. The Group's goal is to achieve a return on equity of at least 25 percent per year. During the 2015/16 financial year, the return was 25 percent (24). Profit amounted to MSEK 241 (203) and average equity during the year amounted to MSEK 975 (861). Profit increased more than the equity, among other reasons due to this year's dividend paid of about MSEK 102.

The Group's policy is to pay a dividend of 30 – 50 percent of the net profit for the year with cash flow and capital expenditure needs taken into account. Ahead of the AGM 2015, the Board of Directors has proposed a dividend of MSEK 1.75 (1.50) per share. The proposed dividend is equivalent to a dividend payout ratio of 49 percent (50). The dividend is also equivalent to 10 percent (11) of consolidated equity on the balance sheet date.

The Group's Board of Directors has a mandate from the 2015 AGM to repurchase shares. No shares were repurchased during the year. The timing of repurchases is determined by the share price. The repurchased shares are, in part, intended to cover the Group's commitment under outstanding option programmes, where senior executives and certain key persons have the opportunity to acquire class B shares by exercising acquired options. There is no formal repurchase plan. Decisions to buy and sell shares in the Group are instead made by the Board of Directors within the framework of the mandate given by AGM. The Board of Directors is again proposing that the 2016 AGM authorise the Board of Directors to repurchase the company's shares.

There was no change in the Group's capital management during the year.

Note 30 Provisions for pensions and similar obligations**Defined benefit obligations**

Lagercrantz Group has defined benefit pension plans in just a few countries. The plans in Sweden cover certain Group companies. The plans provide benefits based on the remuneration and length of service the employees have at or close to retirement. The pension plan according to ITP, secured by insurance with Alecta, is recognised as a defined contribution plan since the company has not had access to such information to make it possible to recognise this plan as a defined benefit plan.

	31 Mar 2016	31 Mar 2015
Group		
The present value of unfunded defined benefit obligations	55	68
Net obligations including adjustments	55	68
Distribution of amount on plans in the following countries	31 Mar 2016	31 Mar 2015
Sweden	55	68
Germany	–	–
Amount in statement of financial position	55	68

Actuarial gains and losses may arise when the present value of the commitments is determined. They arise either when the actual outcome differs from the previously made assumption, or when assumptions are changed.

	2015/16	2014/15
Pension expense		
Group		
<i>Defined benefit plans</i>		
Cost of pensions earned during the year	0	0
Change of liability for payroll tax	-3	-4
Interest expense	-1	-2
Cost of defined benefit plans	-4	-6
Cost of defined benefit plans	-44	-39
Total cost of payments, post-employment	-48	-45

The pension cost relating to the most important defined benefit pension plans is reported in the income statement on the lines Selling costs, Administrative expenses and Interest expense. Since virtually no new salaries are earned in this category, the change in the liability for payroll tax and the interest portion of the pension expense represent the main part of this. The change in the liability for payroll tax is recognised as an administrative expense of MSEK 3 (4) and the interest expense as a financial expense of MSEK 1 (2). The pension expense for defined contribution plans amounted to MSEK 44 (39). The pension total cost for defined benefit and defined contribution pension plans amounted to MSEK 48 (45).

The forecast for the period 2016/17 is that the pension expense will be in line with 2015/16, of which the financial expense for defined benefit plans is estimated at MSEK 2.

Reconciliation of net amount of pensions in the statement of financial position

The following table explains how the net amount in the statement of financial position changed during the period:

	2015/16	2014/15
Opening balance: Present value of obligation	68	56
Cost of defined benefit plans	1	2
Payments disbursed	-2	-4
Change in actuarial gains/losses	-13	14
Exchange differences	1	–
Closing balance: Present value of obligation	55	68
Net amount in statement of financial position, closing balance	55	68

Actuarial assumptions

The following significant actuarial assumptions have been applied when calculating the obligations:

(weighted average values)	31 Mar 2016	31 Mar 2015
Discount rate	3.0%	2.0%
Expected inflation	1.5%	1.5%

As in prior years, the basis for discount interest rate in Sweden is the interest rate on housing bonds. The Group estimates that MSEK 2 will be paid during 2015/16 to funded and unfunded defined benefit plans.

Assumptions regarding life-span are the same as proposed by the Swedish Financial Supervisory Authority, effective from 31 December 2007 (FFFS 2007:31).

Sensitivity analysis**Change of the unfunded defined benefit obligation, MSEK:**

Discount rate, decrease of 0.5%	4.9
Discount rate, increase of 0.5%	-4.4
Inflation, decrease of 0.5%	-4.4
Inflation, increase of 0.5%	4.8
Life expectancy, increase of 1 year	2.4
Life expectancy, decrease of 1 year	-2.4

	31 Mar 2016	31 Mar 2015
Parent Company		
Provision for pensions	20	21
	21	21

Pledged assets for pension obligations

The Parent Company has guaranteed the PRI liabilities of Group companies.

Note 31 Deferred tax

31 Mar 2016	Deferred tax asset	Deferred tax liability	Net
Group			
Other non-current assets	1	-114	-113
Other provisions	1	-	1
Untaxed reserves	-	-42	-42
Other	4	-2	2
Loss carryforwards	1	-	1
	7	-158	-151
31 Mar 2015			
Group			
Other non-current assets	5	-82	-77
Other provisions	1	-	1
Untaxed reserves	-	-34	-34
Other	2	0	2
Loss carryforwards	1	-	1
	9	-116	-107

Non-recognised deferred tax assets

Deferred tax assets relating to tax deficits of MSEK 0 (1) have not been recognised. The value of tax loss carryforwards is taken into account to the extent it is deemed possible that they will result in lower tax payments in the future.

Change of deferred tax in temporary differences and loss carryforwards

	Opening balance	Recognised via profit or loss	Closing balance
Group			
Other non-current assets	-77	10	-113
Other provisions	1	-1	1
Untaxed reserves	-34	-	-42
Other	2	-	2
Loss carryforwards	1	-	1
	-107	9	-151

The difference on the change by type of tax not carried via profit or loss is explained by deferred taxes in connection with acquisitions and translation differences.

The company recognises no deferred taxes on temporary differences attributable to investments in Group companies. Any effects in the future will be recognised when the company can no longer control the reversal of such differences, or when it for other reasons is no longer probable that reversal will take place within the foreseeable future.

The Parent Company has a deferred tax asset of MSEK 1 (1).

Note 32 Other provisions

	31 Mar 2016	31 Mar 2015
Group		
<i>Other provisions such as non-current liabilities</i>		
Costs for restructuring measures	-	-
Guarantee reserve	3	5
Other	3	2
	6	7
<i>Other provisions such as current liabilities</i>		
Costs for restructuring measures	8	1
Other	1	0
	9	1
Carrying amount at start of the period	8	5
Provisions in acquired subsidiaries	-	2
Provisions made during the period	11	4
Amounts claimed during the period	-3	-3
Unutilised amount reversed during the period	-1	0
Carrying amount at end of the period	15	8

Restructuring

Reserved restructuring costs mainly consist of measures related to structural and personnel changes.

Note 33 Financial assets and liabilities**Financial instruments by category**

Fair values of financial assets and liabilities essentially correspond to the carrying amounts. Fair value of contingent consideration is measured using the fair value option contained in IAS 39, category 3. Derivatives are measured at fair value based on observable market inputs and are included in IAS 39, category 2. As per 31 March 2016 and 2015 there were no outstanding derivatives.

Group	Loans and trade receivables	Contingent consideration	Total
31 Mar 2016			
<i>Assets in the statement of financial position</i>			
Non-current receivables	3		3
Trade receivables	468		468
Cash and cash equivalents	67		67
Total	538	-	538

All financial assets of MSEK 538 (519) are measured at amortised cost. The consolidated statement of financial position shows other receivables of MSEK 74. All items are non-financial.

31 Mar 2016	Financial liabilities	Contingent consideration	Total
<i>Liabilities in the statement of financial position</i>			
Current liabilities to credit institutions	607		607
Trade payables	245		245
Other current liabilities	-	184	184
Total	852	184	1036

The consolidated statement of financial position shows other liabilities of MSEK 260. There are no derivatives as of the balance sheet date. Contingent consideration payments are recognised of MSEK 184 measured at fair value via profit or loss. Other financial liabilities of MSEK 852 (647) are measured at amortised cost. Financial liabilities are mostly payable within 12 months. Other items are non-financial.

31 Mar 2015	Loans and trade receivables	Contingent consideration	Total
<i>Assets in the statement of financial position</i>			
Non-current receivables	2		2
Trade receivables	437		437
Cash and cash equivalents	80		80
Total	519	-	519

The consolidated statement of financial position shows other liabilities of MSEK 519. All items are non-financial.

31 Mar 2015	Financial liabilities	Contingent consideration	Total
<i>Liabilities in the statement of financial position</i>			
Current liabilities to credit institutions	378		378
Trade payables	269		269
Other current liabilities	-	95	95
Total	647	95	742

The consolidated statement of financial position shows other liabilities of MSEK 175. There are no derivatives as of the balance sheet date. Contingent consideration payments are recognised of MSEK 95 measured at fair value via profit or loss. Financial liabilities are mostly payable within 12 months. Other items are non-financial.

Change in contingent consideration (category 3)

	2015/16	2014/15
Opening balance	95	97
Additional liabilities during the year	106	51
Settled liabilities	-12	-30
Remeasured liabilities	-6	-24
Exchange difference	1	1
Carrying amount at end of the period	184	95

Parent Company

31 Mar 2016	Loans and trade receivables	Contingent consideration	Total
<i>Assets in the balance sheet</i>			
Non-current receivables from subsidiaries	74		74
Other current receivables	243		243
Cash and cash equivalents	0		0
Total	317	-	317

31 Mar 2016	Financial liabilities	Contingent consideration	Total
<i>Liabilities in the balance sheet</i>			
Non-current liabilities to Group companies	–	–	–
Current liabilities to credit institutions	300	–	300
Trade payables	1	–	1
Other current liabilities	241	184	425
Total	542	184	726

Contingent consideration represents MSEK 184 of other liabilities and is measured at fair value.

31 Mar 2015	Loans and trade receivables	Contingent consideration	Total
<i>Assets in the balance sheet</i>			
Non-current receivables from subsidiaries	92	–	92
Other current receivables	85	–	85
Cash and cash equivalents	0	–	0
Total	177	–	177

31 Mar 2015	Financial liabilities	Contingent consideration	Total
<i>Liabilities in the balance sheet</i>			
Non-current liabilities to Group companies	–	–	–
Current liabilities to credit institutions	272	–	272
Trade payables	2	–	2
Other current liabilities	187	90	277
Total	461	90	551

Contingent consideration represents MSEK 90 of other liabilities and is measured at fair value.

Note 34 Interest-bearing liabilities and provisions

The Group's interest-bearing liabilities are allocated in the statement of financial position as follows: Provision for pensions MSEK 55 (68), Non-current liabilities MSEK 311 (104), Current liabilities to credit institutions MSEK 307 (278) and Other current liabilities MSEK 0 (0). Total MSEK 673 (450). The provision for pensions is defined as an interest-bearing provision since the present value of defined benefit pension obligations is calculated using a discount rate in accordance with IAS 19. For details, refer to Note 30.

Credit terms on trade payables in the Group follow normal industry practice.

Nominal value of interest-bearing liabilities and provisions essentially agree with book values.

Liabilities to credit institutions

	31 Mar 2016	31 Mar 2015
Group		
Short-term portion	306	106
Maturity date, 1–5 years from the balance sheet date	5	4
Maturity date, more than 5 years from the balance sheet date	6	–
	317	110
Parent Company		
Short-term portion	300	100
Maturity date, 1–5 years from the balance sheet date	–	–
Maturity date, more than 5 years from the balance sheet date	–	–
	300	100

Overdraft facilities

	31 Mar 2016	31 Mar 2015
Group		
Approved credit limit	503	400
Unutilised portion	-202	-128
Utilised credit amount	301	272
Credit limits on overdraft facilities are extended annually.		
Parent Company		
Approved credit limit	500	400
Unutilised portion	-200	-128
Utilised credit amount	300	272

The credit limit on overdraft facilities is extended annually.

Pledged assets for overdraft facilities

	31 Mar 2016	31 Mar 2015
Group		
Chattel mortgages	5	3
	5	3

Note 35 Accrued expenses and deferred income

	31 Mar 2016	31 Mar 2015
Group		
Employee benefit expenses	104	89
Other items	67	49
	171	138
Parent Company		
Employee benefit expenses	8	4
Other items	3	6
	11	10

Note 36 Interest paid and received

	2015/16	2014/15
Group		
Interest received	0	0
Interest paid	-9	-9
Parent Company		
Interest received	4	4
Interest paid	-9	-8

Note 37 Adjustment for non-cash items

	2015/16	2014/15
Group		
Depreciation and amortisation	77	51
Other provisions	-14	16
Impairment losses och retirements	9	22
Capital gain/loss on disposal of non-current assets	–	0
Change in interest accrual	–	0
Reversal contingent consideration	-6	-24
Other items	1	-4
	67	61
Parent Company		
Depreciation and amortisation	0	0
Impairment losses	0	0
Group contributions not yet received	-34	-33
Other items	-0	-3
	-34	-36

Note 38 Investments in operations

A total of three businesses were acquired during the financial year. All acquisitions were paid for in cash.

Specification of acquisitions

During the first quarter, the operations in Cue Dee AB were acquired along with a subsidiary in China. Cue Dee primarily develops and sells aluminium brackets that meet strict requirements in terms of endurance and flexibility. The customers are global and are mainly found in the telecommunications sector and consist of network providers, operators and installers. Cue Dee generates annual sales of about MSEK 180 with good profitability. The business has been part of Lagercrantz's Mechatronics division as from April 2015.

During the second quarter, the operations in Landauer Nordic AB were acquired with a pertaining subsidiary in the USA. The company develops and sells products and services for radon monitoring. The company has its head office in Uppsala and a subsidiary in Chicago, USA. Landauer Nordic generates annual sales of about MSEK 40 with good profitability. Landauer Nordic forms part of the Lagercrantz Communications division as from September 2015.

The Danish company Nikodan Conveyor Systems A/S was also acquired during the third quarter. Nikodan develops, sells and manufactures customised conveyor belt solutions and product handling systems. Nikodan's customers are industrial customers with high demands for automation. Annual sales amount to about MSEK 150 with good profitability. Nikodan forms part of the Niche Products division as from December 2015.

Estimated consideration for the businesses acquired during the financial year amounted to MSEK 450. This amount includes estimated contingent consideration of MSEK 106, which represents 85 percent of the maximum outcome. The outcome depends on the profit achieved by the companies.

Transactions costs for the three acquisitions made during the financial year amounted to MSEK 2, and are included in Administrative expenses in the income statement.

As a result of the acquisitions carried out during the financial year, goodwill in the Group increased by MSEK 203 on the balance sheet date and other intangible non-current assets, mostly related to proprietary products and customer relationships, increased by MSEK 190. Other non-current assets increased by MSEK 27. The deferred tax liability related to the acquisition amounted to MSEK 43.

The effect of the completed acquisitions on consolidated revenue during the financial year was MSEK 269 and the effect on profit before taxes was MSEK 42 after acquisition costs. Had the acquired operations been consolidated as of 1 April 2015, the effect on revenue and profit before taxes would have been MSEK 376 and MSEK 58, respectively, after acquisition costs.

During the financial year, the difference between contingent consideration reserved and paid of MSEK 5 was taken up as revenue as other operating income. The annual impairment testing resulted in impairment losses of MSEK 9 in respect of goodwill, which are recognised as other operating expenses in the consolidated income statement.

Since information about the companies on an individual basis is not essential, it is provided here in aggregated form. Lagercrantz Group normally uses contingent consideration as a complement to the basic purchase price. The estimated total purchase price includes reserved contingent consideration of MSEK 106 for the recently acquired companies. The calculation is based on probability-weighted expected values. The absence of contingent consideration is the minimum outcome that can occur. This is not probable, however. Of the as yet unpaid consideration, estimated contingent consideration and the collateral held amounted to MSEK 184. The outcome depends on the profit achieved by the companies. Intangible surplus values refer primarily to strong product ranges and innovations that justify a good price and a good position in the market. Goodwill is justified by the value of the technological expertise the companies have and good profitability. The acquisition calculations are still preliminary and are subject to change.

Net assets of the acquired companies at the time of acquisition

	2015/16	2014/15
Net identifiable assets/liabilities	250	125
Goodwill	203	63
Estimated consideration	453	188

Effect on cash flow

	2015/16	2014/15
Group		
Intangible assets	-392	-141
Property, plant and equipment	-20	-18
Inventories	-30	-29
Other current assets	-143	-56
Provisions	48	24
Non-current liabilities	5	15
Current liabilities	79	17
Total consideration	-453	-188

Cash and cash equivalents in the acquired operations	68	40
Impact on the Group's cash and cash equivalents from acquisitions during the year	-385	-148
Adjustment of estimated contingent consideration in older acquisitions	58	-30
Amortisation/repayment of liabilities relating to acquired businesses	5	50
Cash flow related to investments in operations	-322	-128

Distribution of intangible assets in connection with acquisitions

	2015/16	2014/15
Goodwill	203	63
Trademarks	-	-
Other intangible assets	189	78
Total intangible assets via acquisitions	392	141

Contribution of the acquired entities to Group revenue and earnings

	2015/16	2014/15
Revenue	269	56
Profit contribution before acquisition costs	72	14
Transaction costs	-2	-2
Amortisation of surplus value	-16	-3
Profit contribution after acquisition costs	54	9
Financing costs	-12	-2
Profit contribution after financing costs	42	7

Contribution of the acquired entities to Group revenue and earnings if they been included for the entire year

	2015/16	2014/15
Revenue	377	164
Profit contribution before acquisition costs	97	42
Transaction costs	-2	-2
Amortisation of surplus value	-21	-8
Profit contribution after acquisition costs	74	32
Financing costs	-16	-6
Profit contribution after financing costs	58	26

Transaction costs relating to acquisitions during the year of MSEK 2 (1) are recognised as administrative expenses.

During the year, the subsidiary Betech was divested. The total value of divested assets and liabilities, consideration and the effect on the Group's cash and cash equivalents was as follows:

	2015/16	2014/15
Intangible assets	42	-
Other current assets	49	-
Current liabilities	-56	-
Total consideration	35	-
Cash and cash equivalents in the divested subsidiary	-1	-
Profit contribution after financing costs	34	-

Note 39 Contingent liabilities

	31 Mar 2016	31 Mar 2015
Group		
Guarantee commitments, FPG/PRI	1	1
Other guarantees	13	8
	14	9

Note 40 Earnings per share

	2015/16	2014/15
Earnings per share, SEK	3.55	3.00
Earnings per share after dilution, SEK	3.54	2.99

The calculation of earnings per share for 2015/16 is based on profit for the year attributable to the Parent Company's shareholders amounting to MSEK 241 (203) and a weighted average number of shares outstanding during 2015/16 of 67,889,371 (67,718,916). The weighted number of shares outstanding including dilution is 68,120,656 (67,963,662).

Instruments that may generate future dilution effects

During the 2015/16 financial year, the company had three call option programmes outstanding, where the redemption prices (SEK 41.80, SEK 53.90 and SEK 78.80 per share) in one case exceeded the average market price of the share during the year (SEK 66.47 per share). These options give rise to a dilutive effect and have been included in the estimated earnings per share after dilution. Refer to Note 6 for a description of the options programme. Repurchased shares are used as a hedge for this programme.

Note 41 Risk management

Financial risks

It is essential to Lagercrantz Group to have an efficient and systematic risk assessment process for managing financial as well as business risks. Lagercrantz Group's risk management model does not mean that risks are avoided but is aimed at identifying, managing and pricing these risks.

Lagercrantz Group's Board of Directors is responsible for adopting a financial policy that provides guidelines, goals and limits for financial management and handling of financial risks in the Group. The financial policy governs the allocation of responsibilities between Lagercrantz Group's Board of Directors, Group Management and Group companies. In the Group, Group Management has the operative responsibility to secure the Group's financing, to manage the liquidity, financial assets and liabilities efficiently.

Currency risk

Despite the fact that Lagercrantz Group has an international presence, its operations are local in nature as far as currency risk is concerned. Incoming and outgoing payments in the various local currencies are thus well balanced. Currency risk is the greatest financial risk to which Lagercrantz Group is exposed. It is defined as the risk for a negative effect on profit caused by exchange rate fluctuations. Exchange rate fluctuations affect the company's profit, equity and competitive situation in different ways:

- The result is affected when sales and purchases are in different currencies (transaction exposure).
- The result is affected when assets and liabilities are in different currencies (translation exposure).
- The result is affected when subsidiaries' results in different currencies are translated to Swedish kronor (translation exposure).
- Equity is affected when the subsidiaries' net assets in different currencies are translated to Swedish kronor (translation exposure).

Transaction exposure

In an internationally active trading company such as Lagercrantz Group it is important to offer customers and suppliers opportunities to pay in their own currency. This means that the Group continually assumes currency risks, both in the form of trade receivables and trade payables in foreign currency.

Since the largest part of sales is in the Nordic Region, Lagercrantz Group has a surplus of foreign currency flows exposed to transaction risks in that region. The Group's purchases and sales in important foreign currencies amounted to MSEK 1,137 and MSEK 1,811, respectively, during the year.

Purchasing/sales in important currencies

Amounts in MSEK	Purchasing	Sales
USD	341	330
EUR	519	698
GBP	10	42
DKK	162	442
NOK	14	203
JPY	32	13
PLN	59	83
Group total	1,137	1,811

Cash and cash equivalents per currency

Amounts in MSEK	31 Mar 2016	31 Mar 2015
SEK	2	22
USD	14	5
EUR	14	13
DKK	9	1
NOK	7	11
Other currencies	21	28
Group total	67	80

According to Lagercrantz Group's guidelines, the foreign currency exposure should be limited in nature. Foreign currency exposure that arises is eliminated to the greatest extent possible through foreign currency clauses and invoicing in the same currency as the purchase currency. Hedging of current exposure is used sparingly. The long-term benefit of hedging is deemed to be limited, combined with increased complexity in the reporting of financial derivatives.

Translation exposure in the statement of financial position

An individual subsidiary should normally have no translation risk in its own balance sheet. This means that a subsidiary's receivables and liabilities in foreign currency should be balanced. Subsidiaries also normally conduct their borrowing in their own currency. In practice, this only comes into play when loans are raised in conjunction with the acquisition and in the case of loans between subsidiary and parent company. Equity in foreign Group companies is normally not hedged since investments in subsidiaries are considered to be of a long-term character. There may be exceptions, however. The translation exposure in consolidated equity can be substantial during certain periods with sharp currency fluctuations. The largest exposures are in DKK, USD, EUR and NOK. The effect of translation differences on equity is shown in the summary of changes in equity.

Exchange rate sensitivity

As a rule of thumb it can be said that a change in the euro exchange rate (including the Danish krone, the exchange rate of which is linked to EUR) relative to the Swedish krona by plus or minus 5 percent is estimated to change Lagercrantz Group's operating profit by plus or minus MSEK 13, respectively, on an annual basis given the conditions that prevailed during the financial year. The equivalent change in the Norwegian exchange rate gives an effect of plus and minus MSEK 5, respectively. A change in the US dollar exchange rate of plus or minus 5 percent, would have no direct effect on Lagercrantz Group's operating profit, as income and costs are matched. However, there may be an indirect effect as purchase prices are sometimes determined by the USD rate even in local currencies.

The effects of exchange rate changes can also have other effects on results since measures are continually taken to minimise the negative effects of exchange rate changes. This makes the ultimate effects on the result difficult to predict and analyse. The rule of thumb should therefore be used with caution.

Interest rate risk

The financial policy states that maximum borrowing and fixed interest periods should relate to the period where a borrowing need is expected to exist. The general rule is that a maximum of 50 percent of borrowing can be fixed for one to five-year terms. Interest rate risk arises in two ways:

- The company may have invested in interest-bearing assets, the value of which changes when interest rates change.
- The cost of the company's borrowing changes when the interest rate scenario changes.

Lagercrantz Group has no long-term surplus liquidity and normally does not invest funds in anything but short-term bank deposits/money market instruments with maturities of less than 90 days. The interest rate risk in the Group's investments in securities is therefore minimal. Changes in interest rates therefore primarily affect the company's borrowing costs. A change in the weighted average interest rate by 1 percentage point is estimated to affect the Group's interest expense before taxes by MSEK 5 on an annual basis, given the conditions that prevailed during the financial year.

The Group's goal is to have an appropriate liquidity reserve available in the form of cash liquidity and committed credit facilities.

Weighted average effective interest rates on loans

	Group		Parent Company	
	2015/16	2014/15	2015/16	2014/15
Non-current liabilities				
to credit institutions	1.75%	1.74%	1.78%	1.62%
Current liabilities				
to credit institutions	1.01%	1.57%	1.01%	1.57%

Credit risk

Lagercrantz Group's credit risk with respect to trade receivables is highly diversified through a large number of projects and other business agreements of varying size and type, with a large number of customer categories in a multitude of geographical markets. The company therefore has no significant concentration of credit risks. Financial credit and counterparty risk is identified, managed and reported in accordance with the framework defined in the Group's finance policy, risk policy and attestation rules. In connection with financing of projects and other business agreements, Lagercrantz may in certain cases assume responsibility for bank guarantees, in the form of Parent Company guarantees towards a third party, for the purpose of securing financing during a limited period of time. According to the finance policy, as few credit counterparties as possible shall be strived for and they should always be highly creditworthy. No significant losses of a financial character occurred during the year.

Liquidity risk

Well established relationships with the capital markets are essential for Lagercrantz Group to be able to ensure the supply of capital on market terms on a long-term basis. Thanks to negotiated credit facilities there is adequate preparedness for temporary fluctuations in the Group's liquidity requirements. For a maturity schedule, refer to Note 34. Lagercrantz Group's committed bank credit facilities consist of:

- A committed credit facility of MSEK 500 in the Parent Company.
- A revolving credit facility of MSEK 300, to be renewed in August 2016.

Capital risk

The Group's goal with respect to its capital structure is to ensure the ability to continue operations, allowing the company to continue generating a return to its shareholders and benefits for other stakeholders, and to maintain a capital structure that provides a low overall capital cost. The risk inherent in the Group's level of capital is judged in terms of the equity/assets ratio and interest coverage ratio. The present levels of these metrics adequately meet the requirements, so-called covenants, imposed by lenders.

Note 42 Related parties

Related parties

The Parent Company has a related-party relationship with its Group companies and with the members of the Management team. The company's directors and their close family members control approximately 33 percent of the votes in the company.

Related party transactions

The Parent Company invoices subsidiaries for intra-Group services. Sales among Group companies involving small amounts have taken place. Transactions are based on market-related terms. No other related party transactions have occurred within the Group. No other purchases or sales have occurred between the Parent Company and the Group companies.

Note 43 Post-balance sheet events

Lagercrantz acquired Kondator AB on 27 April 2016. The company develops and markets ergonomic, computer-related accessories that are mainly used in offices. Customers primarily consist of office furniture manufacturers, resellers of office furniture and specialised resellers within the ergonomics field. The company's operations are based in Tyresö outside Stockholm and it generates annual sales equivalent to about MSEK 60 with good profitability. Kondator forms part of the Lagercrantz Niche Products division as from April 2016. No other significant events for the company have occurred after the balance sheet date on 31 March 2016.

Note 44 Information about Lagercrantz Group AB

Lagercrantz Group AB (publ) with its registered office in Stockholm.
Box 3508, Torsgatan 2, SE-103 69 Stockholm, Sweden.
Corporate Identity Number 556282-4556.

The company's primary object is to manufacture and deliver proprietary products and as well as products and solutions made by others in the fields of electronic and electro-mechanical components, equipment for communication and information technology and other niche technology areas – in a value-adding manner – through niche-oriented subsidiaries to corporate customers, and to conduct other business compatible with this. The average number of employees for the year was 11. The Parent Company's shares are registered on Nasdaq Stockholm. The annual accounts and the consolidated financial statements were approved for publication by the Board of Directors and the President on 28 June 2016.

Auditor's Report

To the annual meeting of the shareholders of
Lagercrantz Group AB (publ), corp. id. 556282-4556

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Lagercrantz Group AB (publ) for the financial year 2015-04-01 – 2016-03-31. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 2 – 38.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 March 2016 and of their financial performance and cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 March 2016 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by

the EU, and in accordance with the Annual Accounts Act. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the statement of comprehensive income and statement of financial position for the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Lagercrantz Group AB (publ) for the financial year 2015-04-01 – 2016-03-31.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

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

As basis for our opinion on the Board of Directors proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

As basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Opinions

We recommend to the annual meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Stockholm 28 June 2016

KPMG AB

KPMG AB

George Pettersson
Authorized Public Accountant

Jenny Jansson
Authorized Public Accountant

Board of Directors and Auditors



Tom Hedelius

Vice Chairman of the Board
Born: 1939.

Edu: Doctor h. c. Economics, Bachelor of Science (Econ.).
Honorary chairman of Svenska Handelsbanken AB. Chairman of Anders Sandrews stiftelse and Jan Wallanders och Tom Hedelius stiftelse. Vice chairman of Addtech AB. Holding: 1,432,674 A shares and 16,200 B shares. Elected 2001.

Roger Bergqvist

Board member
Born: 1948.

Edu: Economics and marketing at university level.
Vice chairman of B&B Tools AB. Board member of Coroventa AB and Ventilationsgrossisten Nordic AB. Holding: 18,000 B shares. Elected 2011.

Marika Rindborg Holmgren

Board member
Born: 1961.

Edu: Bachelor of Laws. Chairman of Rindborg & Rindborg Advokatbyrå AB. Board member of Riksgälden and Karin Sandqvist Stiftelse för resestipendier och forskning inom området ögonsjukdomar. Holding: 4,500 B shares. Elected 2013.

Lennart Sjölund

Board member
Born: 1949.

Edu: Bachelor of Science (Econ.). Chairman of ErySave AB, Fässbergs EL AB, Kinna El & Tele AB, Parkallen Invest AB, Östanbäck's Timmerhus AB, Zarismo AB and Elinväst AB. Board member of Godiva AB, Quickcool AB and New Nordic Healthbrands AB. Holding (family): 228,885 B shares. Elected 2001.

Anders Börjesson

Chairman of the Board
Born: 1948.

Edu: Bachelor of Science (Econ.). Chairman of Addtech AB, B&B Tools AB and Tisenhult-gruppen AB. Board member of Bostad Direkt AB, Futuraskolan AB, Inomec AB, Swedish Cable Trolleys AB and Ventilationsgrossisten Nordic AB. Holding (family): 1,477,764 A shares and 1,208,550 B shares. Elected 2001.

Pirkko Alitalo

Board member
Born: 1949.

Edu: Bachelor of Science (Econ.). Holding: 15,000 B shares. Elected 2001.

Jörgen Wigh

President and CEO
Born: 1965.

Edu: Bachelor of Science (Econ.). Holding: 68,430 A shares, 532,950 B shares and 145,800 call options on B shares. Elected 2006.

Auditors

Auditors appointed by the 2015 Annual General Meeting are the registered auditing company KPMG AB. Auditor in charge George Pettersson, Authorised Public Account.

Holding refers to status per 31 maj 2016. After 3:1 split.

Management

Jörgen Wigh

President and CEO

Born: 1965.

Holding: 68,430 A shares,
532,950 B shares and
145,800 call options on B shares.

Bengt Lejdström

Chief Financial Officer

Born: 1962.

Holding: 56,500 B shares and
104,400 call options on B shares.

Magnus Söderlind

*Executive Vice President and
Head of Business Development*

Born: 1966.

Holding: 248,816 B shares and
103,800 call options on B shares.

Per Ikov

*CEO of Lagercrantz A/S and Head
of M&A Lagercrantz Denmark*

Born: 1961.

Holding: 6,300 B shares and
63,000 call options on B shares.

Ulf Gladh

Vice President Electronics

Born: 1961.

Holding: 15,000 B shares and
38,250 call options on B shares.

Sten Alfredsson

Vice President Mechatronics

Born: 1952.

Holding: 62,480 B shares and
64,500 call options on B shares.

Kjell Eriksson

Vice President Communications

Born: 1954.

Holding: 33,000 B shares and
18,000 call options on B shares.

Daniel Reithner

Vice President Communications

Born: 1970

Holding: None.

Leif Åkesson

Vice President Communications

Born: 1958.

Holding: 36,000 call options on
B shares.

Jonas Ahlberg

Vice President Niche Products

Born: 1966.

Holding: 52,000 B shares and
64,500 call options on B shares.

Holding refers to status per 31 maj 2016. After 3:1 split.

Financial Performance in Summary

INCOME STATEMENT

Amounts in MSEK	2015/16	2014/15	2013/14	2012/13	2011/12
Net revenue	3,057	2,846	2,546	2,328	2,265
Operating profit before depreciation and amortisation	392	327	286	252	219
Depreciation and amortisation	-77	-51	-44	-39	-35
Operating profit	315	276	242	213	184
Financial income and expenses	-8	-11	-12	-13	-13
Profit after financial items	307	265	230	200	171
Taxes and non-controlling interests	-66	-62	-53	-41	-45
Net profit for the year	241	203	177	159	126

BALANCE SHEET

Amounts in MSEK	31 Mar 2016	31 Mar 2015	31 Mar 2014	31 Mar 2013	31 Mar 2012
Assets					
Intangible assets	1,307	983	880	743	553
Property, plant and equipment	206	167	140	125	87
Financial assets	10	11	9	10	10
Other current assets	992	865	810	691	659
Cash and cash equivalents and investments in securities	67	80	38	36	37
Total assets	2,582	2,106	1,877	1,605	1,346
Equity and liabilities					
Equity and non-controlling interests	1,032	917	805	699	620
Interest-bearing provisions and liabilities	673	450	379	343	222
Non-interest-bearing provisions and liabilities	877	739	693	563	504
Total equity and liabilities	2,582	2,106	1,877	1,605	1,346
Capital employed	1,705	1,367	1,184	1,042	842
Pledged assets and contingent liabilities	45	12	5	13	6

STATEMENT OF CASH FLOWS

Amounts in MSEK	2015/16	2014/15	2013/14	2012/13	2011/12
Profit after financial items	307	265	230	200	171
Adjustment for taxes paid and items not included in cash flow	-18	-6	-15	-25	13
Cash flow before changes in working capital	289	259	215	175	184
Cash flow from changes in working capital	-32	9	16	2	-9
Cash flow from operating activities	257	268	231	177	175
Cash flow from investing activities	-358	-166	-175	-228	-68
Cash flow from operating and investing activities	-101	102	56	-51	107
Cash flow from financing activities	88	-60	-54	51	-127
Cash flow for the year	-13	42	2	0	-20

KEY RATIOS

Amounts in MSEK unless otherwise stated	2015/16	2014/15	2013/14	2012/13	2011/12
Change in revenue, %	7.4	11.8	9.4	2.8	11.6
Profit after tax	241	203	177	159	126
Operating margin, %	10.3	9.7	9.5	9.1	8.1
Profit margin, %	10.1	9.3	9.0	8.6	7.5
Equity/assets ratio, %	40	44	43	44	46
Operating profit / Working capital (P/WC), %	58	58	55	52	48
Return on capital employed, %	21	22	22	23	22
Return on equity, %	25	24	24	24	22
Debt/equity ratio, times	0.6	0.4	0.4	0.4	0.3
Net debt/equity ratio, times	0.5	0.3	0.4	0.4	0.2
Interest coverage ratio, times	20	18	16	13	11
Net interest-bearing liabilities (+) / receivables (-)	551	302	285	248	135
Number of employees at year-end	1,230	1,139	1,010	932	780
Average number of employees	1,237	1,073	995	864	753
Payroll expenses incl. social security contributions	755	659	574	510	441
Revenue outside Sweden	1,991	1,931	1,676	1,553	1,533

PER SHARE DATA (AFTER 3:1 SPLIT)

	2015/16	2014/15	2013/14	2012/13	2011/12
Number of shares at year-end after repurchases ('000)	67,844	67,773	67,572	67,560	66,651
Weighted number of shares after repurchases during the period ('000)	67,889	67,719	67,632	67,278	66,726
Weighted number of shares after repurchases and dilution ('000)	68,121	67,965	67,995	67,503	67,176
Operating profit per share, SEK	4.63	4.06	3.56	3.16	2.74
Earnings per share, SEK	3.55	3.00	2.62	2.36	1.89
Earnings per share after dilution, SEK	3.54	2.99	2.60	2.36	1.88
Cash flow from operations per share after dilution, SEK	3.77	3.94	3.40	2.62	2.61
Cash flow per share after dilution, SEK	-0.19	0.62	0.03	0.00	-0.30
Dividend per share, SEK (dividend for the year as proposed)	1.75	1.50	1.33	1.08	0.92
Equity per share, SEK	15.22	13.53	11.90	10.33	9.30
Latest price paid per share, SEK	77.50	52.67	42.33	29.42	19.08

DEFINITIONS**Return on equity**

Profit for the year as a percentage of average equity.

Return on working capital (P/WC)

Operating profit as a percentage of average working capital, where working capital consists of inventories, trade receivables and trade payables.

Return on capital employed

Profit after financial items, plus financial expenses as a percentage of average capital employed.

EBITA

Operating profit before amortisation of intangible assets that arose in connection with acquisitions (Earnings Before Interest, Tax and Amortisation).

Equity per share

Equity in relation to number of shares outstanding at year-end after repurchases.

Average number of employees

Average number of full-time employees during the year.

Cash flow per share after dilution

Cash flow for the year in relation to weighted number of shares outstanding after repurchases and dilution.

Cash flow from operations per share after dilution

Cash flow from operating activities in relation to weighted number of shares outstanding after repurchases and dilution.

Net interest-bearing liabilities / receivables

Interest-bearing provisions and liabilities, less cash and cash equivalents, and investments in securities.

Net debt / equity ratio

Interest-bearing provisions and liabilities, less cash and cash equivalents and investments in securities in relation to equity plus non-controlling interests.

Change in revenue

Change in net revenue as a percentage of the preceding year's net revenue.

Interest coverage ratio

Profit after financial items, plus financial expenses divided by financial expenses.

Operating margin

Operating profit as a percentage of net revenue.

Debt / equity ratio

Interest-bearing liabilities in relation to equity, plus non-controlling interests.

Equity / assets ratio

Equity, plus non-controlling interests as a percentage of total assets.

Capital employed

Total assets, less non-interest-bearing provisions and liabilities.

Earnings per share

Profit for the year attributable to the Parent Company's shareholders, in relation to the weighted number of shares outstanding after repurchases.

Earnings per share after dilution

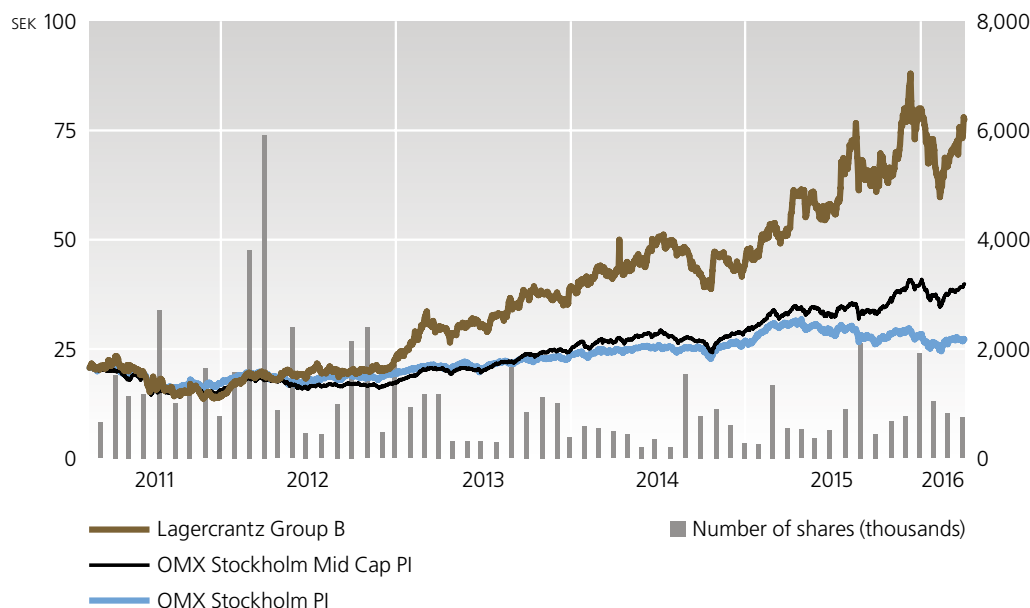
Profit for the year attributable to the Parent Company's shareholders, in relation to the weighted number of shares outstanding after repurchases and dilution.

Profit margin

Profit after financial items, less participations in associated companies as a percentage of net revenue.

The Share

LAGERCRANTZ SHARE



Over a five-year period between 1 April 2011 and 31 March 2016, the market price of the Lagercrantz share has appreciated by 277 percent. The broad OMX Stockholm Price Index rose 33 percent during the same period, and the benchmark OMX Stockholm Mid Cap PI index, which tracks the overall development of medium-sized companies, rose by 94 percent.

All share-related information in the 2015/16 Annual Report has been restated after the 3:1 split (carried out on 6 October 2015).

The market price of the share as of 31 March 2016 was SEK 77.50 (52.67). During the 2015/16 financial year (April – March), the market price of the share rose by 47 percent (24). During the same period, the OMX Stockholm Price Index fell by -11 percent (22) and the OMX Stockholm Mid Cap PI index rose by 19 percent (25). Lagercrantz Group had a market capitalisation of MSEK 5,258 (3,567) as of 31 March 2016, calculated based on the number of shares outstanding after repurchases.

PROPOSED DIVIDEND

The dividend proposed by the Board of Directors for the 2015/16 financial year implies an increase to SEK 1.75 (1.50) per share. The total dividend payment amounts to MSEK 119 (102).

TRADING VOLUME OF THE SHARE

During the financial year, 10.8 million shares (7.5) corresponding to a value of MSEK 747 (348), were traded on the stock exchange. The turnover rate of outstanding shares was 16 percent (11). The average number of transactions per trading day in the Lagercrantz share was 82 (36).

REPURCHASE OF OWN SHARES

The 2015 Annual General Meeting authorised the Board of Directors to repurchase shares. During the 2015/16 financial year, no repurchases were made. A total of 221,450 repurchased Class B shares were sold for a total of MSEK 6 during the financial year in connection with redemption of options. At the end of the period, Lagercrantz Group held 1,675,900 Class B shares, equivalent to 2.4 percent of the total number of shares and 1.7 percent of the votes in the Lagercrantz Group. The average cost of the repurchased shares amounts to SEK 18.92 per share.

3:1 SHARE SPLIT

The 2015 AGM authorised the Board to carry out a 3:1 share split. The number of shares in the company increased when each share was divided into three shares (share split), whereupon the number of shares in the company increased to 69,519,927 shares, of which 3,263,802 shares are of Class A and 66,256,125 shares are of Class B, each share with a quota value of SEK 0.70.

SHARE DATA

Short name	LAGR B
ID	SSE14335
ISIN code	SE0000808396
Segment	Mid Cap
Sector	Industrial goods and services
ICB code	2700
Listed since	3 September 2001

LARGEST SHAREHOLDERS IN LAGERCRANTZ GROUP 31 MAR 2016

Shareholder	Number of A shares	Number of B shares	Holding	Votes
Anders Börjesson with family	1,477,674	1,208,550	4.0%	16.4%
Tom Hedelius	1,432,674	16,200	2.1%	14.8%
Lannebo Funds		9,813,124	14.5%	10.1%
Swedbank Robur Funds		5,505,192	8.1%	5.7%
SEB Investment Management		4,767,047	7.0%	4.9%
Didner & Gerge Funds		4,228,718	6.2%	4.3%
Handelsbanken Funds		3,968,596	5.8%	4.1%
SEB Asset Management		2,898,633	4.3%	3.0%
Odin Funds		2,882,716	4.2%	3.0%
Säve family	60,000	1,330,000	2.0%	2.0%
Nordea Investment Funds		1,759,311	2.6%	1.8%
Christina Mörner	30,000	1,039,233	1.6%	1.4%
Fondita Nordic Micro Cap		1,310,000	1.9%	1.3%
Jörgen Wigh	68,430	532,950	0.9%	1.3%
Margareta von Matérn		1,024,983	1.5%	1.1%
DFA Funds		923,902	1.4%	1.0%
Länsförsäkringar Funds		856,299	1.3%	0.9%
Charlotte Rapp Hamrén		747,501	1.1%	0.8%
Susanne Rapp Nilsson		716,001	1.1%	0.7%
Fredrik Rapp		715,998	1.1%	0.7%
20 largest owners	3,068,778	46,244,954	72.7%	79.1%
Other owners	195,024	18,335,271	27.3%	20.9%
Total excl. repurchased shares	3,263 802	64,580,225	100%	100%
Lagercrantz Group (repurchased)		1,675,900		
Total	3,263,802	66,256,125		

OWNERSHIP STRUCTURE IN LAGERCRANTZ GROUP 31 MAR 2016

Number of shares	Number of owners	Holding	Votes
1–500	1,625	0.4%	0.3%
501–1,000	1,522	3.3%	2.3%
1,001–10,000	539	7.4%	6.0%
10,001–50,000	74	6.9%	5.9%
50,001–100,000	15	4.9%	3.5%
100,001–	26	77.1%	82.0%
Total	3,801	100%	100%
Category	Number of owners	Holding	Votes
Institutional ownership	347	70.2%	50.5%
Private individuals	3,454	29.8%	49.5%
Total	3,801	100%	100%
of which Sweden based	3,625	82.0%	87.4%

Addresses

Lagercrantz Group AB (publ)

Torsgatan 2
P.O. Box 3508
SE-103 69 Stockholm
SWEDEN
Tel: +46 8 700 66 70
www.lagercrantz.com
Corporate Identity Number:
556282-4556

ELECTRONICS

ACTE A/S

Vallensbækvej 41
DK-2605 Brøndby
DENMARK
Tel: +45 46 900 400
www.acte.dk

ACTE AS

Vestvollveien 34 B
P.O. Box 190
NO-2021 Skedsmokorset
NORWAY
Tel: +47 63 89 89 00
www.acte.no

ACTE Solutions AB

Karlsbodavägen 39, Bromma
P.O. Box 4115
SE-171 04 Solna
SWEDEN
Tel: +46 8 445 28 00
www.acte.se

ACTE Sp. z o.o.

ul Krancowa 49
PL-02-493 Warszawa
POLAND
Tel: +48 22 336 02 00
www.acte.pl

El-produkter AS

Brendehaugen 4, Saunesmarka
P.O. Box 430
NO-6067 Ulsteinvik
NORWAY
Tel: +47 70 01 80 60
www.el-produkter.no

Idesco Oy

Teknologiantie 9
FI-90590 Uleåborg
FINLAND
Tel: +358 20 743 4175
www.idesco.fi

ISIC A/S

Edwin Rahrs Vej 54
DK-8220 Brabrand
DENMARK
Tel: +45 70 20 70 77
www.isic.dk

Unitronic GmbH

Mündelheimer Weg 9
DE-40472 Düsseldorf
GERMANY
Tel: +49 211 951 10
www.unitronic.de

Vanpee AB

Karlsbodavägen 39, Bromma
P.O. Box 4115
SE-171 04 Solna
SWEDEN
Tel: +46 8 445 28 28
www.vanpee.se

Vanpee A/S

Vallensbækvej 41
DK-2605 Brøndby
DENMARK
Tel: +45 44 85 90 00
www.vanpee.dk

Vanpee AS

Vestvollveien 6 E
NO-2019 Skedsmokorset
NORWAY
Tel: +47 64 83 82 80
www.vanpee.no

MECHATRONICS

Cue Dee AB

Sikeå 58
SE-915 93 Robertsfors
SWEDEN
Tel: +46 934 153 10
www.cuedee.se

EFC Finland Oy

Järvvägen 6
FI-65520 Helsingby
FINLAND
Tel: +358 6 322 6222
www.efc.fi

Elfac A/S

Priorsvej 23
DK-8600 Silkeborg
DENMARK
Tel: +45 86 80 15 55
www.elfac.dk

Elkapsling AB

Industrivägen 1, Alby
P.O. Box 18
SE-841 21 Änge
SWEDEN
Tel: +46 690 76 30 00
www.elkapsling.se

Elpress AB

Industrivägen 15
P.O. Box 186
SE-872 24 Kramfors
SWEDEN
Tel: +46 612 71 71 00
www.elpress.se

Enkom Active Oy

Upseerinkatu 1-3
FI-02600 Espoo
FINLAND
Tel: +358 9 752 761
www.enkom-active.fi

Kablageproduktion i Västerås AB

Omformargatan 12
SE-721 37 Västerås
SWEDEN
Tel: +46 21 81 51 51
www.kablageproduktion.com

Norwesco AB

Enhagsslingan 19
P.O. Box 603
SE-187 26 Täby
SWEDEN
Tel: +46 8 792 27 00
www.norwesco.se

COMMUNICATIONS**CAD-Kompagniet A/S**

Stationsparken 37, 2 sal
DK-2600 Glostrup
DENMARK
Tel: +45 70 22 22 17
www.cad-komp.dk

COBS AB

Norra Långebergsgatan 4
P.O. Box 9242
SE-400 95 Göteborg
SWEDEN
Tel: +46 31 333 38 40
www.cobs.se

Direktronik AB

Konsul Johnsons väg 15
P.O. Box 234
SE-149 23 Nynäshamn
SWEDEN
Tel: +46 8 52 400 700
www.direktronik.se

Excidor AB

Industrigatan 7
SE-821 41 Bollnäs
SWEDEN
Tel: +46 278 136 70
www.excidor.se

ISG Systems AB

Sporthallsvägen 10
SE-263 34 Höganäs
SWEDEN
Tel: +46 42 36 21 40
www.isg.se

Landauer Nordic AB

Rapsgatan 25
P.O. Box 6522
SE-751 38 Uppsala
SWEDEN
Tel: +46 18 56 88 80
www.landauernordic.se

Leteng AS

Enebakkveien 117
NO-0680 Oslo
NORWAY
Tel: +47 62 48 24 50
www.leteng.no

Load Indicator AB

Aröds Industriväg 58
SE-422 43 Hisings Backa
SWEDEN
Tel: +46 31 220 730
www.loadindicator.se

Nordic Alarm AB

Karlsbodavägen 39
SE-168 67 Bromma
SWEDEN
Tel: +46 8 27 27 27
www.nordicalarm.se

Precimeter Control AB

Östra Hamnen 7
SE-475 42 Hönö
SWEDEN
Tel: +46 31 764 5520
www.precimeter.com

Projectspine A/S

Vallensbækvej 41
DK-2605 Brøndby
DENMARK
Tel: +45 43 48 74 99
www.projectspine.com

STV Video Data AB

Anderstorpsvägen 12, 2 tr
SE-171 54 Solna
SWEDEN
Tel: +46 8 568 441 00
www.stv.se

NICHE PRODUCTS**Asept International AB**

Traktorvägen 17
SE-226 60 Lund
SWEDEN
Tel: +46 46 329 700
www.asept.com

Dooman Teknik AB

Klangfärgsgatan 8
SE-426 52 Västra Frölunda
SWEDEN
Tel: +46 31 69 68 50
www.dooman.se

Kondator AB

Energivägen 8
P.O. Box 121
SE-135 23 Tyresö
SWEDEN
Tel: +46 8 556 595 00
www.kondator.se

Nikodan Conveyor Systems A/S

Fællesvej 9
DK-8766 Nr. Snede
DENMARK
Tel: +45 39 304 316
www.nikodan.dk

Plåt & Spiralteknik i Torsås AB

Ramsåggsgatan 8
SE-385 34 Torsås
SWEDEN
Tel: +46 486 456 50
www.pst.se

Steele AB

Industrivägen 31
SE-330 10 Bredaryd
SWEDEN
Tel: +46 370 37 41 00
www.steele.se

Svenska Industriborstar i Västerås AB

Ödhumlagatan 4
SE-723 55 Västerås
SWEDEN
Tel: +46 21 203 76
www.sib.brushes.se

SwedWire AB

Birger Svenssons väg 16
P.O. Box 170
SE-432 24 Varberg
SWEDEN
Tel: +46 340 64 54 30
www.swedwire.se

Thermod AB

Söderborgsvägen 32
SE-671 95 Klässbol
SWEDEN
Tel: +46 570 72 74 70
www.thermod.se

Vendig AB

Göteborgsvägen 1
P.O. Box 62
SE-532 21 Skara
SWEDEN
Tel: +46 511 173 60
www.vendig.se



Lagercrantz Group AB (publ)

Torsgatan 2
P.O. Box 3508
SE-103 69 Stockholm
Tel: +46 8 700 66 70
info@lagercrantz.com
www.lagercrantz.com