Translation from the Swedish original

Auditor's Report

To the general meeting of the shareholders of Advania AB, corp. id 556963-8991

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Advania AB for the year 2018.

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 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the statement of profit and loss and statement of financial position for the parent company and the statement of profit and loss and statement of financial position for the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Other Matter

The audit of the annual accounts for year 2017 was performed by another auditor whose engagement ceased in advance and who submitted an auditor´s report dated 10 April 2018, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

Responsibilities of the Board of Directors and the Managing Director

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

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Advania AB for the year 2018 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.
The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act

Stockholm 3 June 2019

KPMG AB	KPMG AB
Hök Olov Forsberg	Susanna Norlin
Authorized Public Accountant	Authorized Public Accountant
Auditor in charge	

The following item has been attached to the auditors report: Copy of statement according to Swedish Companies Act 9:23 and 9:23 a §.

Bolagsverket
851 81 Sundsvall

Avseende Advania AB, org. nr 556963-8991

Anmälan och redogörelse enligt 9 kap. 23 § aktiebolagslagen (2005:551)
Vårt uppdrag som revisor i bolaget har upphört i förtid genom beslut av extra bolagsstämma.

Några förhållanden som föranleder anmärkning i denna redogörelse har inte kommit till min kännedom.

Underrättelse enligt 9 kap. 23 a § aktiebolagslagen (2005:551)
Skälet till att vårt uppdrag upphör i förtid är att bolaget har valt att utse annan revisor på extra bolagsstämma.

Stockholm den 18 januari 2019
Grant Thornton Sweden AB

Anders Meyer
Auktoriserad revisor

Annual Report
and
Consolidated Financial Statements
2018

for

Advania AB
556963-8991

The Annual report and consolidated financial statements comprise of: Page

FASTSTÄLLELSEINTYG

Undertecknad styrelseledamot Gestur G. Gestsson intygar härmed, dels att denna kopia av årsredovisningen och koncernredovisningen stämmer överens med originalet, dels att resultaträkningen och balansräkningen för moderföretaget samt koncernresultaträkningen och koncernbalansräkningen har fastställts på årsstämma den . Årsstämman beslutade att godkänna styrelsens förslag till resultatdisposition.

Stockholm den

Gestur G. Gestsson

Annual Report
and
Consolidated Financial Statements
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for

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556963-8991

The Annual report and consolidated financial statements comprise of: **Page**

Management report

The Board of Directors and CEO of Advania AB, company registration number 556963-8991, with its registered office in Stockholm, hereby submit the annual report and consolidated financial statements for the financial year 01/01/2018 to 31/12/2018.

Operations

Advania is a customer-oriented IT company that has experienced strong growth in recent years through a clear customer focus and through acquisitions, two fundamental parts of Advania's DNA. The company is one of the market leaders in Iceland, with a customer base that covers many of Iceland's businesses, government authorities and municipalities. Advania is a clear challenger on the Swedish market and is one of its highest-ranked integrators and outsourcing suppliers. In Norway, Advania is Microsoft's largest partner in Business Systems. Advania Denmark was established in 2016 in order to develop the business and provide customers with turnkey solutions throughout the Nordic region. At year-end 2018 Advania extended its footprint to Finland with the acquisition of 28% share in Vintor Oy, with the intent to acquire the remaining shares in February 2019.

Advania offers a wide range of IT services, platforms, cloud solutions and support for both large and small private companies, multinationals, government authorities and publicsector businesses, built around creating value for customers. In order to create customer value, and ultimately satisfied customers, the Group's strategy and customer offering focuses on identifying opportunities for the smart and strategic use of IT based on the individual needs of each customer.

Significant events during the year

The subsidiaries Advania Sverige AB and Caperio AB were merged in October 2018 following the acquisition of the Caperio group in 2017. The Group acquired two subsidiaries in 2018, Embla Solutions ehf., Iceland, which held 100% share in the subsidiary Embla Doo in Serbia, and Stepper AS in Norway. Embla Doo provides the Group with IT consultancy services. Stepper sells hardware which is a new field for the Norwegian segment. The Group acquired 28% share in Vintor Oy, Finland, on 28 December 2018 with the intent to buy the remaining shares with a closing date in February 2019. Vintor Oy operates in the field of customer services and integrated communication systems.

Shares numbering 20,619,032 were retired in a redemption of shares on 28 September 2018 with the total amount of SEK 134.9 million being repaid through a set-off against a receivable on the parent company at the time.

Advania appointed Adalsteinn Jóhannsson, Benjamin Kramarz and Gestur G. Gestsson as new Board members at an extraordinary general meeting on 1 October 2018.

Development of business, position and performance

	2018	2017	2016	2015
Amounts in SEK million				
Net revenues	3.477,2	2.803,5	1.747,0	930,8
Operating profit, EBITDA*	309,6	258,0	162,3	118,6
Operating profit, EBIT	169,6	93,7	55,5	60,8
Profit before income tax	125,0	46,3	80,6	37,5
Total assets	1.847,0	2.028,7	1.367,1	1.194,7
Equity ratio	9,6%	10,9%	16,7%	5,0%
Return on equity	48,0%	10,2%	42,5%	n.a.
Return on capital employed	2,8%	11,2%	15,4%	n.a.
Average number of employees	1.158	1.090	940	554

* For definitions of alternative key perfomance indicators, see page 9.

Revenues

Advania's revenue in 2018 amounted to SEK 3,477.2 million (2017: SEK 2,803.5 million). The increase in revenue is partly the result of the acquisition of Caperio, which took place in June 2017, as well as increased contract revenue, greater chargeability and higher average prices within service activities in terms of hours on a time and materials basis. In the Sweden operating segment, revenues amounted to SEK 2,152.1 million and increased by 35.7% from previous year (2017: SEK 1,585.7 million). The increase in revenue is partly the result of the acquisition of Caperio, which took place in June 2017, as well as increased contract revenue, greater chargeability and higher average prices within service activities in terms of hours on a time and materials basis. In the Iceland operating segment, revenue amounted to SEK 1,218.6 million and increased by 7.6% from previous year (2017: 1,132.8 million). The increase in revenue is the result of greater chargeability and higher average prices within service activities in terms of hours on a time and materials basis. In the Norway operating segment revenue amounted to SEK 163.2 million and increased by 35.7% (2017: SEK 120.2 million). The increase in revenue partly related to the acquisition of Stepper AS in October 2018 and the sale of hardware as well as increased contract hours.

Operations during the year

The Group's total expenses amounted to SEK 3,331.1 million in 2018 (2017: SEK 2,723.3 million). Cost of goods sold was the largest cost item, amounting to SEK 1,781.3 million (2017: SEK 1,297.6 million) and increased by SEK 483.8 million from previous year. This increase is partly related to the acquisition of Caperio which took place in June 2017, the primary income of which originates from product sales, which generates costs in terms of goods sold. Salaries and related expenses amounted to SEK 1,154.2 million (2017: SEK 1,015.5 million) and increase by SEK 138.7 million from previous year. The increase in salaries and related expenses is the result of a rise in the number of consultants employed. Expenses include cost due to legal restructuring amounting to SEK 6.4 million (2017: SEK 33.5 million).

Operating profit before interest, taxes, depreciation and amortisation (EBITDA) amounted to SEK 309.6 million (2017: SEK 258.0 million), an increase of 20.0% compared to previous year. In Sweden, EBITDA amounted to SEK 212.0 million (2017: SEK 170.1 million). EBITDA in Iceland amounted to SEK 97.9 million (SEK 123.0 million) and Norway EBITDA amounted to SEK 7.6 million (2017: SEK 4.3 million). EBITDA in new markets was negative by SEK -1.2 million (2017: SEK -1.4 million).

Operating profit (EBIT) for the year amounted to SEK 169.6 million (2017: SEK 93.7 million), and increased by SEK 75.9 million from previous year.

Net financial items for the year amounted to SEK -44.6 million (2017: SEK -47.4 million). Financial expenses during the year amounted to SEK 55.9 million (2017: SEK 61.8 million). Financial income during the year amounted to SEK 26.7 million (2017: SEK 14.4 million). The changes between the years is primarily the result of currency exchange differences, which amounted to SEK 11.6 million during the year (2017: SEK 8.6 million) as well as interest revenues from previous parent company which amounted to SEK 9.2 million during the year (2017: SEK 3.1 million). The large currency exchange differences effects in 2018 are mainly the result of movements in the Icelandic krona. Profit after tax in 2018 amounted to SEK 95.8 million (2017: SEK 23.0 million), a change of SEK 72.8 million from previous year.

Investments

Advania's investments mainly relate to the acquisition of subsidiaries. Embla Solutions ehf. and Stepper AS were acquired in October 2018. The Company's investments in intangible non-current assets relate mainly to computer software and licences. Investments in operating assets relate mainly to servers, computers and other IT equipment. These investments are made primarily in conjunction with new customer contracts or new assignments for existing customers. The investments have been financed through own funds and cash flow from operating activities. The acquisition of Embla Solutions ehf. and Stepper AS was financed with own funds. Investments in operating and intangible assets during the year are lower than in 2017. Advania uses finance leases as a means of financing the hardware and software that in some cases forms part of the Group's offering and supply to the customer. Ongoing investments, calculated as net investments in operating assets, as well as changes in and repayment of leasing liabilities, have increased, largely driven by the Group's investments relating to new customers. These investments, which also include investments in the now divested operations of Advania Data Centers ehf. and Advania MobilePay ehf. partly in 2017, amounted to SEK 105.3 million (2017: SEK 159.3 million). Investments in continuing operations in 2018 amounted to SEK 105.3 million (2017: SEK 122.7 million).

Financing and liquidity

Cash flows from operating activities before changes to working capital amounted to SEK 233.3 million in 2018 (2017: SEK 199.4 million). Cash flows from investing activities in 2018 amounted to SEK 87.1 million (2017: SEK -381.0 million). The repayment of the loan from Vianada represented the largest item in 2018 and amounted to SEK 107.5 million. During 2018 the Group acquired shares in the subsidiaries Embla Solutions ehf. and Stepper AS. Cash flows used in financing activities amounted to SEK -323.0 million in 2018 (2017: SEK 357.1). Cash flows from financing activities was positive in 2017 mainly due to new borrowings. Overall, cash and cash equivalents decreased by SEK 89.2 million in 2018, compared with an increase of SEK 180.2 million in 2017. Cash and cash equivalents at the end of the year amounted to SEK 129.1 million (2017: SEK: 216.5 million). An overdraft facility was utilised in the amount of SEK 101.6 million (2017: SEK 95.9 million). The overdraft limit was SEK 312.6 million (2017: 247.0 million).

Financial position

Total assets amounted to SEK 1,786.0 million at year-end 2018 (2017: SEK 2,028.7 million). Total non-current assets amounted to SEK 961.9 million (2017: SEK 1,225.6 million) and total current assets amounted to SEK 824.1 million (2017: SEK 803.2 million). The decrease in total assets during 2018 is primarily attributable to the repayment of the receivable from parent company. Equity amounted to SEK 178.6 million at year-end 2018 (2017: SEK 222.1 million). Non-current liabilities amounted to SEK 661.4 million (2017: SEK 923.1 million) and current liabilities amounted to SEK 946.0 million (2017: SEK 883.5 million).

Employees

The average number of employees was 1,159 (2017: 1,090), of which 264 (2017: 245) were female. More information about initiatives relating to gender equality, work environment and continuing professional development can be found under Risk management, Operational risks and in Note 13.

Corporate governance

Corporate governance refers to the rules and structure established in order to direct and manage operations at a limited company in an effective and controlled manner. Advania's corporate governance is based on Swedish law, principally the Swedish Companies Act (2005:551), its Articles of Association, internal rules, regulations and policies.

Risk and risk management

Advania's operations and market are subject to number of risks, including external factors, which are events the company is unable to influence, such as economic trends, regulations, laws and political decisions. Risk management is based on Advania's corporate culture, values, internal control, financial reporting and financial control.

Financial risks

Advania is exposed to financing risk, liquidity risk, credit risk, interest rate risk and currency risk. Advania is primarily exposed to changes in the exchange rates of ISK, NOK, DKK and USD in relation to SEK and to currency risks arising on the translation of income statement and balance sheet items in foreign currency to SEK, which is Advania's presentation currency. The reporting of risks in financial instruments can be found in Note 4.

Risk management

Risk management for financial instruments can be found in Note 7. The Board of Directors adopted and implemented a risk and financial policy in 2017.

Operational risk

Advania offers a wide range of IT services, platforms, cloud solutions and support for both large and small private companies, multinationals, government authorities and public-sector businesses, built around creating value for customers. Advania is subject to IT related risks, such as intrusion into Advania's network security, where unauthorised persons obtain access to information for which Advania is responsible. Furthermore, there is the risk that Advania's products, software or solutions contain undetected errors or deficiencies that reduce demand for Advania's services. If any IT-related risk occurs, it is possible that Advania's relationships with customers and stakeholders may be affected, the risk of Advania's reputation and brand being damaged. In Advania's business it has sustainability risk in relation to the environment, social conditions, employees, human rights and corruption. Advania's own activities have limited impact on the environment, but through the range we offer, we have a major opportunity to have a positive influence on our customers' environmental performance by digitising their business.

If Advania has shortcomings in its social conditions, it can affect the ability to recruit and retain employees. Demand for qualified employees is rising, which increases the pressure on the Group to be an attractive employer. Healthy and motivated staff with the right skills are vital for the Group to achieve its goals. There is always a risk that Advania may not succeed in recruiting and retaining senior executives and other key personnel with the specialist expertise on which the Group depends. The risk of human rights infringements is greatest in Advania's supply chain, often far removed from the market where Advania operates and where Advania can have indirect influence by placing requirements on the Group's business partners to comply with basic principles. The Group could be held responsible for an employee's failure to apply and comply with regulations and internal policy documents relating to corruption. The Group's business involves a risk of disputes and legal risks. Disputes can arise in contracts, delivery of products or services or if the Group does not agree with the customer on the terms and conditions that apply. Disputes can also arise, for example, in agreements with business partners or on the acquisition of companies.

Risk management

Advania's Group-wide sustainability policy describes the focus areas the company works with in all countries in order to take responsibility for the impact of the Group's activities on people and the environment, how Advania must influence the Group's suppliers and business partners to take responsibility and how Advania proactively helps customers to become more sustainable through the Group's services. The sustainability policy is based on the United Nations' Global Compact initiative, which contains ten principles on human rights, the environment, labour standards and corruption. The policy also describes a selection of the UN's global development goals, Agenda 2030, where Advania has the greatest opportunity to influence social development in a positive direction. Ultimate responsibility for the sustainability policy lies with the CEO and the results of the policy are followed up by the Board of Directors. The policy is implemented locally in each country, where decisions are made on local goals, policies, procedures and instructions based on standardised principles for management systems. A clear division of responsibility of areas and risks is also determined locally in each country. The Goup complies with all relevant laws and ordinances applicable on the local markets on which Advania operates, including regulations on systematic work environment management and national laws prohibiting discrimination on all grounds. The group-wide anti-corruption policy and sanctions policy describe the overall governance and the division of responsibility centrally and locally for systematic work to fight corruption, for example.

Risk policy, sustainability policy, sanctions policy and anti-corruption policy were revised and adopted by the Board of Directors in 2017.

Strategic risks

Strategic risks may affect Advania's long-term financial and operational goals. Strategic risks include, for example, the risk of domestic and foreign competitors being able to sell services comparable with Advania's services and offering more favourable terms or competing on price in a way that Advania cannot do in the long term. There are risks related to Advania being unable to improve and develop technology platforms in time to keep up with developments in technology, trends within the IT area and the technical needs of end users. There is a risk of Advania not being able to manage its growth effectively or of not achieving the anticipated growth on which Advania's strategy is based. There is a risk of Advania not successfully identifying, acquiring or integrating companies or technologies in line with its strategy.

Advania's strategy relies on the responsibility and trust that is delegated to employees who work closest with the customer, in order to enable them to make decisions in an effective way that provide the greatest benefit to the customer. This strategy involves continuous work in an ongoing dialogue with the customer in order to ensure competitiveness in terms of range, pricing and technological development.

Advania has an extensive internal process for evaluating potential acquisitions and avoids participating in formal auctions. Instead, Advania prefers to take time to identify the best candidates for acquisition and then initiate discussions at management level. In those cases where there appears to be a mutual understanding, there is the opportunity to take the process further.

Sustainability

Advania is a comprehensive IT Group with a focus on consultancy, outsourcing and the sale of hardware and software. This means that the Group's strategy is not to develop its own products or to make itself dependent on subcontractors. Advania's business concept and strategy are to create value for customers through the smart and strategic use of IT. Advania creates customer value through well-established, long-term and sustainable relationships. A prerequisite for sustainable enterprise is profitable growth. Under the heading Risks and risk management in the Operational risks section, Advania reports the Group's sustainability risks, risk management and policy documents for sustainability, the environment, social conditions, employees, human rights and corruption. In the areas of sustainability, the environment, social conditions, employees, human rights and corruption, the qualitative performance indicators form part of policy documents, codes and management systems. In 2017, the Board of Directors decided to establish policy documents, codes and management systems which the management was instructed to implement.

Environment

Advania is not engaged in any operations that require a licence under the Swedish Environmental Code.

Share and ownership details

Each share provides entitlement to one vote and are divided into two classes. The shares do not have equal entitlement to dividends. Advania's five largest direct shareholders (including indirect ownership) as at 31 December 2018 were VIA VPF K/S with 29.75% share, Nordic IT Holding Limited with 26.41%, Advkap AB with 19.26%, Bull Hill Capital AB with 5.64% and Lombard International Assurance S.A. with 5.18%. The remaining shares are controlled by management, the Board, employees and private investors. The number of registered shares in Advania at 31 December 2018 was 27,473,549 and the weighted average number of shares was 27,643,144.

Parent Company

The parent company operations consist of shared Group functions and employees consist of CEO and COO. The parent company's revenue amounted to SEK 33.1 million (2017: SEK 4.6 million). The revenue increased as management fee is now invoiced from the parent company to the subsidiaries for service rendered. The operating loss (EBIT) amounted to SEK -6.8 million (2017: SEK -33.5 million). Profit/loss after taxes amounted to SEK 38.6 (2017: SEK -10.5 million). Total assets amounted to SEK 733.7 million (2017: SEK 1,059.3 million) and the equity ratio was 6.2% (2017: 12.8%). Equity at the end of the year amounted to SEK 45.7 million (2017: SEK 135.8 million). The parent company's loans and borrowings from credit institutions amounted to SEK 654.0 (2017: SEK 909.5 million). Cash flows from investing activities was positive by SEK 216.2 million due to repayment of a loan from previous parent company and subsidiaries (2017: SEK -823.9 million). Financing activities amounted to SEK -236.1 million mainly due to repayments of loans and borrowings (2017: SEK 833.0 million).

Transaction with related parties

The reporting of transactions with related parties can be found in Note 35. Advania did not carry out any transactions with related parties after 31 December 2018. All transactions with related parties took place on market terms.

Research and development

Advania does not carry out any research and development but maintains a continuous dialogue with customers in order to obtain their views on the development they would like to see in terms of products, services and technology platforms and Advania's range.

Trends

IT service companies offer value-adding information technology solutions that aim to enhance the competitiveness and efficiency of customers, within both the public and the private sectors. Modern society's growing trend for digitisation has resulted in several technological breakthroughs, which have increased demands on various IT services and applications. Mobility, machine learning, cloud solutions, the "Internet of things" and analysis of large data volumes are ground-breaking areas that are prompting companies, organisations, municipalities and public authorities to re-examine how their IT architecture can contribute to growth, increased efficiency and competitiveness. IT suppliers are well positioned to benefit from the underlying digitalistation trend in society, a trend that involves an increasing degree of digital complexity and shifting expectations among customers.

Outlook

Several technological trends are expected to have a positive impact on the demand for IT services, as customers within various sectors invest in improving their IT infrastructure. These trends include: the growing importance of value-creating innovative IT services, increased digitisation, the growth of contract-based services, higher penetration of cloud solutions and continued outsourcing of IT services.

Proposed appropriation of profits

The following profits are at the disposal of the AGM:

Retained earnings	SEK	6.560.111
Profit for the year	SEK	38.584.808
Total	**SEK**	**45.144.919**

The Board proposes that the profit is appropriated as follows:

Dividend to shareholders SEK 0 per share	SEK	0
Carried forward	SEK	45.144.919
Total	**SEK**	**45.144.919**

Definitions of alternative key performance indicators

Alternative key performance indicators	Definition	Explanation/use
Operating profit, EBITDA	Profit before interest, taxes depreciation and amortisation.	Indicates the profit generated by operations before financial items, tax, depreciation of operating assets and amortisation of intangible assets.
Equity ratio (%)	Equity divided by total assets on the balance sheet date.	Specifies how large a proportion of the assets are financed with equity and use as an indication of the financial stability of the Group.
Return on equity (%)	Profit after tax attributable to the shareholders of the parent company for the current period divided by average equity excluding non-controlling interests during the current period (based on opening and closing balance).	Indicates profitability by showing how much profit a company generates in relation to the capital invested in the Company by shareholders.
Return on capital employed (%)	Operating profit plus financial income for the current period divided by average capital employed during the current period (based on opening and closing balance).	Indicates the effectiveness of the use of the capital in the Company that requires a return. The return should be higher than the Company's costs for capital.

Consolidated statement of profit and loss and other comprehensive income

Amounts in SEK millions	Note	2018	2017
Revenue	8,9	3.477,2	2.803,5
Other income	10	23,5	13,6
		3.500,7	**2.817,1**
Operating expenses			
Cost of goods sold		-1.781,3	-1.297,6
Other expenses	8,9	-235,8	-235,5
Salaries and related expenses	13	-1.154,2	-1.015,5
Depreciation and amortisation	20,21	-140,0	-164,3
Other operating expenses	14	-19,7	-10,4
Operating profit		**169,6**	**93,7**
Net finance costs			
Finance income	15	26,7	14,4
Finance costs	16	-71,3	-61,8
Profit before income tax		**125,0**	**46,3**
Income tax	17	-29,2	-23,3
Profit for the year		**95,8**	**23,0**
Attributable to:			
Shareholders of the parent company		89,0	16,7
Non-controlling interests		6,8	6,3
Earnings per share, SEK	18		
Before dilution		3,2	0,7
After dilution		3,2	0,7

Consolidated statement of comprehensive income

Amounts in SEK millions	Note	2018	2017
Profit for the year		**95,8**	**23,0**
Other comprehensive income			
Items that can be reversed to profit or loss			
Translation differences for the year		-6,0	-3,0
Total items that can be reversed to profit or loss		-6,0	-3,0
Comprehensive income for the year		**89,8**	**20,0**
Attributable to:			
Shareholders of the parent company		83,0	13,1
Non-controlling interest		6,8	6,9

Consolidated statement of financial position

Amounts in SEK millions	Note	31.12.2018	31.12.2017
ASSETS			
Non-current assets			
Intangible assets	20		
Goodwill		471,9	475,4
Other intangible assets		296,8	336,4
		768,8	**811,9**
Property, plant and equipment			
Operating assets	21	214,7	139,6
		214,7	**139,6**
Financial non-current assets			
Receivables from parent company	22	0,0	239,0
Shares in associates	23	3,6	0,0
Other non-current receivables	24	3,5	3,9
		7,1	**242,9**
Deferred tax assets	17	32,4	31,2
Total non-current assets		**1.022,9**	**1.225,6**
Current assets			
Inventories		42,4	27,4
		42,4	**27,4**
Current receivables			
Trade receivables	25	487,2	425,5
Receivables from Group companies		0,0	3,7
Other receivables		29,2	14,7
Prepaid expenses and accrued income	26	136,2	115,4
		652,6	**559,3**
Cash and cash equivalents	27	**129,1**	**216,5**
Total current assets		**824,1**	**803,2**
TOTAL ASSETS		**1.847,0**	**2.028,7**

Consolidated statement of financial position

Amounts in SEK millions	Note	31.12.2018	31.12.2017
EQUITY AND LIABILITIES			
Equity			
Share capital		0,6	0,6
Other contributed capital		35,1	163,8
Translation reserve		-8,4	-2,4
Retained earnings including profit/loss for the year		101,9	12,9
Equity attributable to owners of the Company	28	**129,2**	**174,9**
Non-controlling interest		**47,9**	**47,2**
Total equity		**177,1**	**222,1**
Non-current liabilities	29,30		
Loans and borrowings from credit institutions		591,3	844,9
Other non-current liabilities		2,9	15,3
Non-current prepaid income		40,9	0,0
Deferred tax liabilities	17	66,5	62,9
		701,5	**923,1**
Current liabilities			
Loans and borrowings from credit institutions	29	115,9	111,5
Overdraft facility		101,6	95,9
Trade payables		286,7	270,6
Current tax liability		16,5	8,2
Other current liabilities		133,6	110,3
Accrued expenses and prepaid income	31	314,1	287,0
		968,3	**883,5**
TOTAL EQUITY AND LIABILITIES		**1.847,0**	**2.028,7**

Consolidated statement of changes in equity

Amounts in SEK millions

	Share capital	Other con-tributed capital	Translation reserve	Retained earnings including profit for the year	Total equity attributable to shareholders of the parent company	Non-controlling interests	Total equity
Balance at 1 January 2017	**0,1**	**159,4**	**2,3**	**22,7**	**184,5**	**43,4**	**227,9**
Profit for the year				16,7	**16,7**	6,3	23,0
Other comprehensive income			-3,7		-3,7	0,6	-3,0
Total comprehensive income			**-3,7**	**16,7**	**13,1**	**6,9**	**20,0**
Contributions and distributions							
Redemption of shares		-10,7			-10,7		-10,7
Bonus issue	0,5	-0,5			0,0		0,0
Non-cash issue	0,1	15,5		9,9	25,5	-9,9	15,6
Change in ownership of subsidiaries			1,3	1,9	3,2	-2,1	1,2
Share-based payments				-8,3	-8,3	0,4	-7,9
Total contributions and distributions	**0,5**	**4,4**	**1,3**	**3,6**	**9,8**	**-11,6**	**-1,8**
Changes in ownership interests							
Acquisition of non-controlling interests			-2,4	-30,2	-32,5	-33,8	-66,3
Acquisition of subsidary with NCI					0,0	42,3	42,3
Total changes in ownership interest	**0,0**	**0,0**	**-2,4**	**-30,2**	**-32,5**	**8,5**	**-24,0**
Total transactions with owners of the Company	**0,5**	**4,4**	**-1,1**	**-26,5**	**-22,7**	**-3,1**	**-25,8**
Balance at 31 December 2017	**0,6**	**163,8**	**-2,4**	**12,9**	**174,9**	**47,2**	**222,1**
Balance at 1 January 2018	**0,6**	**163,8**	**-2,4**	**12,9**	**174,9**	**47,2**	**222,1**
Profit for the year				89,0	**89,0**	6,8	95,8
Other comprehensive income			-6,0		**-6,0**		-6,0
Total comprehensive income			**-6,0**	**89,0**	**83,0**	**6,8**	**89,8**
Contributions and distributions							
Warrants issued		6,3			6,3		6,3
Dividend paid					0,0	-6,1	-6,1
Total contributions and distributions	**0,0**	**6,3**	**0,0**	**0,0**	**6,3**	**-6,1**	**0,1**
Changes in ownership interests							
Redemption of shares		-134,9			-134,9		-134,9
Total changes in ownership interest	**0,0**	**-134,9**	**0,0**	**0,0**	**-134,9**	**0,0**	**-134,9**
Total transactions with owners of the Company	**0,0**	**-128,7**	**0,0**	**0,0**	**-128,7**	**-6,1**	**-134,8**
Balance at 31 December 2018	**0,6**	**35,1**	**-8,4**	**101,9**	**129,2**	**47,9**	**177,1**

Consolidated statement of cash flows

Amounts in SEK millions	Note	2018	2017
Cash flows from operating activities			
Profit before income tax		125,0	46,3
Adjustments for non-cash items:			
Depreciation and amortisation		140,0	164,3
Unrealised foreign exchange differences		-6,7	-7,2
Capital gains/losses on sale of non-current assets		-0,1	-0,1
Costs relating to share based payments		0,0	1,9
Net interest income/expense not settled in cash		29,2	46,9
Interest received		11,7	3,5
Interest paid		-52,2	-45,7
Income tax paid		-11,8	-10,6
Cash flows from operating activities before changes in working capital		**235,1**	**199,4**
Changes in working capital			
Decrease(+)/increase(-) in inventories		-15,4	17,8
Decrease(+)/increase(-) in operating assets		-90,6	-111,6
Decrease(-)/increase(+) in operating liabilities		82,6	100,9
Cash flows from changes in working capital		**-23,4**	**7,0**
Cash flows from operating activities		**211,7**	**206,4**
Investing activities			
Acquistion of subsidiaries net of cash acquired	32	-7,5	-201,5
Sale of subsidiaries net of cash disposed of	32	0,0	26,0
Acquistion of intangible assets		-1,6	-4,2
Acquistion of operating assets		-77,7	-18,7
Sale of operating assets		0,6	1,0
Financial assets, change		108,4	-183,6
Cash flows from investing activities		**22,1**	**-381,0**
Financing activities	31		
Premiums received for subscription options		6,3	6,1
Dividend paid		-5,9	0,0
New share issue		0,0	8,2
Proceeds from non-current borrowings		6,1	986,1
Repayment of loans and borrowings	27	-236,5	-574,3
Repayments of leasing debt		-92,9	-69,0
Cash flows from financing activities		**-323,0**	**357,1**
Cash flows for the year		**-89,2**	**182,5**
Cash and cash equivalents at the beginning of year		**216,5**	**36,3**
Exchange difference in cash and cash equivalents		**1,7**	**-2,3**
Cash and cash equivalents at the end of year	23	**129,0**	**216,5**

	2018	2017
Investment and financing activities not affecting cash flows:		
Interest received	3,7	0,0
Acquisition of operating assets	-82,1	-116,6
Acquistion of intangible assets	-9,4	-23,3
Long-term receivable, change	131,2	17,5
Other short term receivables, change	-0,2	0,0
Redemption of shares	-134,9	0,0
Proceeds from non-current borrowings	91,7	122,5

Parent company statement of profit and loss

Amounts in SEK millions	Note	2018	2017
Revenues	2	33,1	4,6
Operating expenses			
Other external expenses		-23,3	-35,5
Salaries and related expenses	4	-16,5	-0,2
Operating loss		**-6,8**	**-31,0**
Financial items			
Earnings from shareholdings in Group companies	5	54,3	24,4
Other interest and similar income	6	33,7	7,4
Interest and similar expenses	7	-66,1	-11,3
Profit (loss) after financial items		**15,1**	**-10,5**
Group contribution		**23,4**	**0,0**
Profit (loss) before income tax		**38,5**	**-10,5**
Income tax	8	0,1	0,0
PROFIT (LOSS) FOR THE YEAR		**38,6**	**-10,5**

Parent company statement of comprehensive income

Amounts in SEK millions	Note	2018	2017
Profit (loss) for the year		**38,6**	**-10,5**
Other comprehenvise income		**-**	**-**
COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		**38,6**	**-10,5**

Parent company statement of financial position

Amounts in SEK millions	Note	31.12.2018	31.12.2017
ASSETS			
Non-current assets			
Financial non-current assets			
Shares in Group companies	9	536,9	535,2
Shares in associated companies		3,6	0,0
Receivables from Group companies	10	125,8	423,5
Deferred tax asset	8	0,2	0,0
Total non-current assets		**666,6**	**958,7**
Current assets			
Current receivables			
Receivables from Group companies		60,6	92,6
Other receivables		2,4	4,1
Prepaid expenses and accrued income	11	2,5	3,9
		65,5	**100,7**
Cash and cash equivalents	12	**1,6**	**0,0**
Total current assets		**67,1**	**100,7**
TOTAL ASSETS		**733,7**	**1.059,3**
EQUITY AND LIABILITIES			
EQUITY			
Restricted equity			
Share capital		0,6	0,6
		0,6	**0,6**
Non-restricted equity			
Share premium		21,8	15,5
Retained earnings		-15,2	130,2
Profit/loss for the year		38,6	-10,5
		45,1	**135,2**
Total equity		**45,7**	**135,7**
Non-current liabilities	13		
Loans and borrowings from credit institutions		523,6	773,4
		523,6	**773,4**
Current liabilities			
Loans and borrowings from credit institutions		40,3	40,2
Overdraft facility		90,1	95,9
Trade payables		5,9	7,3
Payable to Group companies		1,0	6,4
Other liabilities		20,0	0,3
Accrued expenses and prepaid income	14	7,0	0,2
		164,4	**150,2**
TOTAL EQUITY AND LIABILITIES		**733,7**	**1.059,3**

Parent company statement of changes in equity

(MSEK)

	Restricted equity	*Unrestricted equity*			
	Share capital	Share premium	Retained earnings	Profit (loss) for the year	**Total equity**
Balance at 1 January 2017	**0,1**	**0,0**	**148,1**	**-6,9**	**141,3**
Appropriation of previous year's loss			-6,9	6,9	0,0
Loss for the year				-10,5	-10,5
Total comprehensive income	**0,0**		**0,0**	**-10,5**	**-10,5**
Redemption of shares			-10,6		-10,6
Bonus issue	0,5		-0,5		0,0
Non-cash issue	0,1	15,5	0,0		15,6
Balance at 31 December 2017	**0,6**	**15,5**	**130,2**	**-10,5**	**135,8**
Balance at 1 January 2018	**0,6**	**15,5**	**130,2**	**-10,5**	**135,8**
Appropriation of previous year's loss			-10,5	10,5	0,0
Profit for the year				38,6	38,6
Total comprehensive income	**0,0**	**0,0**	**0,0**	**38,6**	**38,6**
Redemption of shares			-134,9		-134,9
Warrants issued		6,3			6,3
Balance at 31 December 2018	**0,6**	**21,8**	**-15,2**	**38,6**	**45,7**

Parent company statement of cash flows

Amounts in SEK millions	Note	2018	2017
Cash flows from operating activities			
Profit (loss) after financial items		15,1	-10,5
Adjustments for non-cash items:			
Unrealised foreign exchange differences		-4,0	-2,4
Capital gains/losses on sale of non-current assets		0,0	3,9
Net finance cost		16,9	3,9
Group contribution		23,4	0,0
Interest received		21,4	-0,1
Interest paid		-46,6	-8,3
Income tax paid		-0,2	0,0
Cash flows from operating activities before changes in working capital		**26,0**	**-13,5**
Changes in working capital			
Decrease(+)/increase(-) in operating assets		-20,7	-8,0
Decrease(-)/increase(+) in operating liabilities		16,3	12,0
Cash flows from changes in working capital		**-4,4**	**4,0**
Cash flows from operating activities		**21,6**	**-9,5**
Investing activities			
Acquistion of subsidiaries net of cash acquired		-1,7	-381,1
Sale of subsidiaries net of cash disposed of		0,0	16,6
Financial assets, change		217,9	-459,4
Cash flows from investing activities		**216,2**	**-823,9**
Financing activities			
Premiums received for subscription options		6,3	4,9
Proceeds from non-current borrowings		0,0	828,1
Repayment of loans and borrowings		-236,5	0,0
Short-term borrowing, change		-5,8	0,0
Cash flows from financing activities		**-236,1**	**833,0**
Cash flows for the year		**1,6**	**-0,5**
Cash and cash equivalents at beginning of year		**0,0**	**0,5**
Cash and cash equivalents at end of year	12	**1,6**	**0,0**
Investing and financing activities not affecting cash flows:			
Financial assets, change		134,9	0
Redemption of shares		-134,9	0

Notes to the consolidated financial statements

Note 1 Reporting entity

Advania AB, with the company registration number 556963-8991, is a limited liability company registered in Sweden with its registered office in Stockholm. Advania AB operates through subsidiaries in Sweden, Iceland, Norway and Denmark under the name Advania. The Advania Group is a Nordic turnkey supplier within IT and has around 4,900 customers, including in the public sector as well as private companies. The Advania Group offers a wide range of IT services and solutions, hardware, eco-friendly hosting and global IT platforms, with a focus on tailored solutions. The Advania Group works in strategically selected business areas, all of which focus on the customer's requirements, with long-term mutual loyalty as the ultimate goal. The composition of the Group is described in Note 19.

Note 2 Basis of accounting

The consolidated financial statements for Advania AB have been prepared in accordance with International Financial Reporting Standards (IFRS) as approved by the EU. In addition to IFRS the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups, has also been applied

The annual report and the consolidated financial statements have been approved for issuance by the Board of Directors and the CEO on 3 June 2019. The Group's consolidated statement of profit and loss, other comprehensive income and the consolidated statement of financial position as well as the Parent Company's statement of profit and loss and the statement of financial position are subject to approval at the Annual General Meeting on the 25 June 2019.

Note 3 Functional and presentation currency

The Parent Company's functional currency is Swedish kronor, which is also the reporting currency for the Parent Company and the Group. This means that the financial reports are presented in Swedish kronor. All amounts, unless otherwise stated, are rounded to the nearest million kronor.

Note 4 Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements and estimates that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

• note 17 - recognition of deferred tax assets: availability of future taxable profit against which deductable temporary differences and tax losses carried forward can be utilised.

• note 20 - impairment tests of intangible assets and goodwill: key assumptions underlying recoverable amounts.

Measurement of fair values

Some of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows. The fair value of other intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

Note 5 Changes in significant accounting policies

The Group has applied IFRS 15 and IFRS 9 from 1 January 2018. A number of other new standards are also effective from 1 January 2018 but they do not have a material effect on the Group's financial statements.

Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards exept for separately presenting impairment loss on trade receivables and contract assets.

The effect of initially applying these standards is limited.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 *Revenue* and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control - at a point in time or over time - requires judgement.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated - i.e. it is presented, as previously reported, under IAS 18 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information. The adoption of IFRS 15 did not have an effect on the opening balance on 1 January 2018.

IFRS 9 *Financial Instruments*

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement.*

As a result of the adoption of IFRS 9 IAS 1 Presentation of Financial Statements require impairment of financial assets to be presented in a separate line item in the Statement of Comprehensive Income. As the amount of the Group's impairment losses are not material the Group's approach is to continue to include impairment losses of trade receivables in general and administrative expenses in the Statement of Comprehensive Income. The adoption of IFRS 9 did not have an effect on the opening balance on 1 January 2018 as the the Group does not have any derivative financial instruments and losses on trade receivables is not material in the Group's operations.

Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, Fair Value Through Other comprehensive Income (FVOCI) and Fair value Through Profit & Loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and the Group does not have any derivative financial instruments.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 January 2018. The carrying amounts are the same based on the original classification under IAS 39 and the new classification under IFRS 9.

	Note	Original classification under IAS 39	New classification under IFRS 9
Trade and other receivables	25	Loans and receivables	Amortised cost
Cash and cash equivalents	27	Loans and receivables	Amortised cost
Bank overdrafts	29	Other financial liabilities	Other financial liabilities
Secured bank loans	29	Other financial liabilities	Other financial liabilities
Finance lease liabilities	30	Other financial liabilities	Other financial liabilities
Trade payables		Other financial liabilities	Other financial liabilities

No significant changes were recognised in implementing IFRS 9 in either financial assets or financial liabilities.

Standards issued but not yet effective

A number of new standards are effective for annual periods beginning after 1 January 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards in preparing these consolidated financial statements.

Of those standards that are not yet effective, IFRS 16 is expected to have a material impact on the Group's financial statements in the period of initial application.

A. IFRS 16 *Leases*

The Group will adopt IFRS 16 *Leases* from 1 January 2019. The Group has assessed the estimated impact that initial application of IFRS 16 will have on its consolidated financial statements, as described below. The actual impacts of adopting the standard on 1 January 2019 may change because:

- the Group has not finalised the testing and assessment of controls over its new IT systems; and
- the new accounting policies are subject to change until the Group presents its first financial statements that include the date of initial application.

IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

IFRS 16 replaces existing leases guidance, including IAS 17 *Leases* , IFRIC 4 *Determining whether an Arrangement contains a Lease* , SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease* .

i. Leases in which the Group is a lessee

The Group will recognise new assets and liabilities for its operating leases of office premises and cars, see note 9. The nature of expenses related to those leases will now change because the Group will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities

Previously, the Group recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense

In addition, the Group will no longer recognise provisions for operating leases that it assesses to be onerous as described in Note 9. Instead, the Group will include the payments due under the lease in its lease liability.

No significant impact is expected for the Group's finance leases.

Based on the information currently available, the Group estimates that it will recognise additional lease liabilities of SEK 237.0 million as at 1 January 2019. The Group does not expect the adoption of IFRS 16 to impact its ability to comply with the covenants described in Note 31.

B. Other standards

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated

- IFRIC 23 *Uncertainty over Tax Treatments.*
- *Prepayment Features with Negative Compensation* (Amendments to IFRS 9).
- *Long-term Interests in Associates and Joint Ventures* (Amendments to IAS 28).
- *Plan Amendment, Curtailment or Settlement* (Amendments to IAS 19).
- Annual Improvements to IFRS Standards 2015–2017 Cycle – various standards.
- Amendments to *References to Conceptual Framework* in IFRS Standards.
- IFRS 17 *Insurance Contracts.*

Note 6 Significant accounting policies

Items in the consolidated financial statements have been valued at cost, with the exception of certain financial instruments measured at fair value. The significant accounting policies applied are described below.

Basis of consolidation

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The accounting policies of subsidiaries have been modified where necessary in order to correspond to those of the Group. All intra-group transactions, balances and unrealised gains and losses relating to intra-group transactions have been eliminated in the preparation of the consolidated accounts.

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The identifiable assets acquired and liabilities assumed are recognised at fair value at the time of acquisition, with the following exceptions:

• Deferred tax assets or tax liabilities and liabilities or assets attributable to the acquired company's agreements on the remuneration of employees are recognised and valued in accordance with IAS 12 Income Taxes and IAS 19 *Employee Benefits* respectively.

• Liabilities or equity instruments attributable to the share-based allocations of the acquired company or to the exchange of the share-based allocations of the acquired company for those of the acquirer are valued at the time of acquisition in accordance with IFRS 2 *Share-based Payment.*

• Assets (or discontinued operations) classified as held for sale in accordance with IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations* are valued in accordance with this standard.

For business combinations where the sum of the consideration paid, any non-controlling interests and the fair value at the time of acquisition of previous shareholdings exceeds the fair value at the time of acquisition of identifiable net assets acquired, the difference is recognised as goodwill in the statement of financial position. If the difference is negative, this is recognised directly in profit and loss as a bargain purchase gain after review of the difference.

Non-controlling interests

NCI are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. Changes in the Group's interest in a subsidiary that do not result in a change of control are accounted for as equity transactions.

In the event of gradual acquisition, the previous equity interests in the acquired company are revalued to their fair value at the time of acquisition (i.e. when a controlling interest was acquired). Any gains or losses are recognised in profit and loss. Any changes in the value of previous equity interests which were recognised in other comprehensive income before the time of acquisition are reclassified in profit and loss on the same basis that would be required if these shares had been sold.

Intrests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

In the event of transactions between Group companies and associates, the portion of unrealised gains or losses that corresponds to the Group's share in the associate is eliminated. Dividends received from associates reduce the carrying amount of the investment.

Segment reporting

An operating segment is a part of a company that operates business activities from which it can receive income and incur costs, whose operating profit is regularly reviewed by the company's chief operating decision-maker and for which independent financial information is available. The company's reporting of operating segments corresponds to the internal reporting to the chief operating decision-maker. The chief operating decision-maker is the function that assesses the results of the operating segment and decides on the allocation of resources. The CEO is the chief operating decision-maker. The accounting policies of the reportable segments correspond to the policies applied by the Group as a whole.

Revenue

Revenue is measured based on the consideration specified in contracts with customers. Revenue is recognised when control over goods or services are transferred to the customer.

When contracts contain lease components, the lease part is separated and recognised in accordance with principles for lease accounting (below). Such components, for instance, exist when control over a specific asset has not transferred because the customer has a right to sell the asset back to the Group at a future time and the customer has economic reasons to do so. Also, to the extent that an asset is 'sold' to a finance company and leased back, in this transaction itself the asset is not considered sold and is consequently not derecognised; instead a liability to the finance company is recognised

The Group's revenue originates primarily from the sale of IT services and solutions, hardware, hosting and global IT platforms.

	Nature and timing of satisfaction of performance obligations, including significant payment terms	**Revenue recognition under IFRS 15 (applicable from 1 January 2018)**	**Revenue recognition under IAS 18 (applicable before 1 January 2018)**
Sale of goods	Standard product sale and software sales. Customer obtain control of the goods when the products have been transferred to the customer. Invoices are generated at that point in time. Invoices are usually payable within 30 days. Some discount may be provided for larger clients or large orders. Some contracts permit the customer to return an item in exchange for new goods. No cash refunds are offered.	Revenue is recognised when the goods are delivered and have been accepted by customers at their premises. For contracts that permit the customer to return an item, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on the historical data for specific types of products. No refund liability is recognised as historical returns are very low. The right to recover returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The Group reviews its estimate of expected returns at each reporting date and updates the amounts of the asset and liability accordingly.	Revenue was recognised when the goods were delivered to the customers' premises, which was taken to be the point in time at which the customer accepted the goods and the related risks and rewards of ownership transferred, provided that a reasonable estimate of the returns could be made. If a reasonable estimate could not be made, then revenue recognition was deferred until the return period lapsed or a reasonable estimate of returns could be made.
	Nature and timing of satisfaction of performance obligations, including significant payment terms	**Revenue recognition under IFRS 15 (applicable from 1 January 2018)**	**Revenue recognition under IAS 18 (applicable before 1 January 2018)**
Sale of services	Billable hours, contracts for cloud services, hosting and operations, IT administration, ad-hoc services, mainframe, annual upgrade contracts and human resourse management software. Invoices are usually generated monthly. and payable within 30 days. Some discount may be provided for larger clients or large orders. Customer returns are not an issue in sales of services.	Revenue is recognised based on hours worked, usage of services and underlying service level agreements. Contracts are monitored and the probability assessed at each contract date weather contracts at a fixed price will be within its framework or if any cautionary entries are needed.	Revenue was recognised based on hours worked, usage of services and underlying service level agreements. Contracts were monitored and the probability assessed at each contract date weather contracts at a fixed price would be within its framework or if any cautionary entries were needed.

Dividends and interest income

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

Interest income is recognised allocated over the term by applying the effective interest method.

Leases

A finance lease is an agreement whereby the economic risks and benefits associated with the ownership of an asset are essentially transferred from the lessor to the lessee. Other leases are classified as operating leases.

Group as lessee
Assets held under finance leases are recognised as non-current assets on the consolidated balance sheet at fair value at the beginning of the lease term or at the present value of the minimum lease payments, where this is lower. The equivalent liability to the lessor is recognised on the balance sheet as a finance lease liability. The lease payments are divided between interest and amortisation of the liability. Interest is distributed over the term of the lease so that an amount corresponding to a fixed interest rate for the liability recognised in each period is charged to each accounting period. Interest expense is recognised in the statement of profit and loss. The non-current assets are depreciated over the shorter of the asset's useful life and the term of the lease.

Lease payments for operating leases are expensed on a straight-line basis over the term of the lease, unless a different systematic method better reflects the economic benefit for the user over time.

Group as a lessor (dealer lessor)
When a specific asset is leased to a customer, either explicitly as a lease in a contract or implicitly in a larger contract, the lease component is classified as an operating or a finance lease. Often the Group's classification of a lease component depends on whether the price in a customer's option to put the asset back or a residual value guaranteed by the Group is insignificant or not. When the residual value so guaranteed by the Group is not insignificant, the lease is classified as a finance lease. Otherwise the lease is classified as an operating lease, unless some other criteria induce finance lease classification.

For operating leases, lease income is recognised straight line over the lease term. The underlying asset is not derecognised and depreciation expense is recognised in profit or loss. For finance leases, the underlying asset is derecognised and replaced with a receivable for the sales value of the asset to be received in the form of future lease payments. In profit or loss, on lease commencement, revenue from the sale and cost of the asset sold are recognised gross. Interest income is recognised over the lease term.

Foreign currency
Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

Foreign exchange differences are recognised in the income statement for the period in which they arise, with the exception of transactions that constitute hedging and fulfil the requirements for the hedge accounting of cash flows or of net investments, where gains and losses are recognised in other comprehensive income.

In the preparation of consolidated financial statements, assets and liabilities of foreign subsidiaries are translated to SEK at the exchange rate on the balance sheet date. Revenue items and cost items are translated at the average rate for the period, unless the exchange rate fluctuated considerably during the period in which case the exchange rate on the transaction date is used. Any translation differences arising are recognised in other comprehensive income and transferred to the Group's translation reserve. On the sale of a foreign subsidiary, such translation differences are recognised in the income statement as part of the capital gain/loss.

Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities in this operation and are translated at the exchange rate on the balance sheet date.

Employee benefits
Employee benefits in the form of salaries, bonuses, paid holiday, paid sick leave, etc., as well as pensions, are recognised as they are earned. Pensions and other remuneration after employment has ended are classified as defined contribution or defined benefit pension plans. The Group only has defined contribution pension plans.

Defined contribution plans
With defined contribution plans, the Group makes fixed contributions to a separate independent legal entity and has no obligation to make any further contributions. Costs are charged to the Group's profit and loss when the benefits are earned, which is normally when the premiums are paid.

Termination benefits
Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

Income tax
Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax
Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.
Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax
Deferred tax is recognised for temporary differences between the carrying amounts of assets and liabilities in the financial statements and the tax values applied in the calculation of taxable profit. Deferred tax is recognised in accordance with the balance sheet method. Deferred tax liabilities are recognised in principle for all taxable temporary differences and deferred tax assets are recognised in principle for all tax-deductible temporary differences to the extent it is likely that the amounts can be offset against future taxable profit. Deferred tax assets and tax liabilities are not recognised if the temporary difference is attributable to goodwill or if it is the result of a transaction that constitutes the initial recognition of an asset or liability (other than a business combination) and which, at the time of the transaction, affects neither the recognised profit nor the taxable profit.

Deferred tax liabilities are recognised for taxable temporary differences attributable to investments in subsidiaries, except where the Group is able to control the time when the temporary differences are reversed and it is unlikely that such a reversal will take place within the foreseeable future. The deferred tax assets that are attributable to tax-deductible temporary differences in relation to such investments are only recognised to the extent it is likely that the amounts can be offset against future taxable profit and it is likely that this will take place within the foreseeable future.

The carrying amount of deferred tax assets is tested at each closing date and is reduced to the extent it is no longer likely that sufficient taxable profit will be available for offsetting, in whole or in part, against the deferred tax asset.

Deferred tax is calculated using the tax rates that are expected to apply for the period in which the asset is received or the liability settled, based on the tax rates (and tax legislation) that apply or have been announced on the balance sheet date.

Deferred tax assets and tax liabilities are offset if they are attributable to income tax that is charged by the same public authority and where the Group intends to settle the tax net.

Current and deferred tax for the period
Current and deferred tax are recognised as a cost or income in the income statement, except where the tax is attributable to transactions that are recognised in other comprehensive income or directly in equity. In such cases, the tax is also recognised in other comprehensive income or directly in equity. The tax effect of current and deferred tax arising on the recognition of business combinations is recognised in the acquisition analysis.

Classifications
Non-current assets consists of amounts that are expected to be recovered or paid later than twelve months after the balance sheet date, while current assets consists of amounts that are expected to be recovered or paid within twelve months of the balance sheet date. Non-current liabilities consists of amounts that the Group has an unconditional right to choose to pay more than twelve months after the balance sheet date. If the Group does not have such right at the balance sheet date the amount of debt is reported as current liabilities.

Property, plant and equipment
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

The cost comprises the purchase price, expenses directly attributable to bringing the asset to the location and into the condition required for use and estimated expenses for dismantling and removing the asset and restoring the site where applicable. Additional expenses are only included in the asset or recognised as a separate asset if it is likely that future economic benefits that may be attributed to the item will accrue to the Group and the cost of the same can be calculated reliably. All other expenses for repairs and maintenance, as well as additional expenses, are recognised in the income statement in the period in which they are incurred.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. The estimated useful life of operating assets for current and comparative periods is 3–15

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The reported value of any operating asset is removed from the balance sheet on disposal or sale, or when no future economic benefit is expected from the use or disposal/sale of the asset. Gains or losses arising from the sale or disposal of an asset, comprising the difference between any net income from its sale and the carrying amount of the asset, are recognised in profit and loss in the period when the asset is removed from the balance sheet.

Intangible assets
Goodwill
Goodwill arising on the preparation of the consolidated accounts constitutes the amount by which the consideration paid, any non-controlling interests in the acquired company and the fair value on the date of acquisition of previous equity interests in the acquired company exceeds the fair value on the date of acquisition of the identifiable net assets and liabilities acquired. Goodwill is recognised at cost at the time of acquisition and following initial recognition it is valued at cost less any accumulated impairment. In testing for impairment, goodwill is allocated to the cash-generating units that are expected to benefit from the acquisition. Any impairment is recognised immediately as an expense and is not reversed.

Acquired through separate acquistion
Intangible assets with a definite useful life that have been acquired separately are recognised at cost less accumulated amortisation and any accumulated impairment. Straight-line amortisation is applied over the estimated useful life of the asset, which is estimated at 2–15 years. Estimated useful lives and amortisation methods are tested at least at the end of each financial year, with the effect of any changes in the assessments recognised with future effect.

Acquired as a part of a business combination
Intangible assets that have been acquired through a business combination are identified and reported separately from goodwill if they meet the definition of an intangible asset and their fair value can be calculated reliably. The cost of such intangible assets comprises their fair value at the time of acquisition. The intangible assets are amortised over their expected useful life, which is as follows:

Customer relationships	3-20 years
Trademarks	0-5 years

Software

Computer programs	3-15 years
Licences	2-6 years

The normal useful life for customer relationships is 3–8 years, which covers the majority of assets; other useful lives relate to smaller elements of customer relationships acquired through previous mergers.

The normal useful life for computer programs is 3–5 years; other useful lives relate to computer programs acquired through acquisitions where the Group has considered the lifetime to be longer.

Following initial recognition, intangible assets acquired through a business combination are recognised at cost less accumulated amortisation and any accumulated impairment in the same way as intangible assets acquired separately.

Write-down of operating assets and impairment of intangible assets
Every balance sheet date, the Group analyses the carrying amounts of operating assets and intangible assets in order to determine whether there is any indication of a loss in the value of these assets. If this is found to be the case, the recoverable amount of the asset is calculated in order to determine the value of any write-down or impairment. Where the recoverable amount of an individual asset cannot be calculated, the Group calculates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, other intangible assets with an indefinite useful life and intangible assets which are not yet ready for use must be tested for impairment annually or when there is an indication of a reduction in value.

The recoverable amount is the higher of the fair value, less selling expenses, and the value in use. When calculating the value in use, estimated future cash flows are discounted to present value using a discount rate before tax that reflects the current market assessment of the monetary time value and the risks associated with the asset.

Where the recoverable amount of an asset (or cash-generating unit) is identified as being lower than the reported value, the reported value of the asset (or the cash-generating unit) is written down to the recoverable amount. Any write-down must be expensed immediately in the income statement.

Where a write-down is subsequently reversed, the carrying amount of the asset (the cash-generating unit) increases to the revalued recoverable amount, but the increased carrying amount may not exceed the carrying amount that would have been recognised if the asset (the cash-generating unit) had not been written down previously. The reversal of a write-down is recognised directly in the income statement.

Financial instruments
Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

The Group classifies non-derivative financial assets into loans and receivables, other receivables and cash and cash equivalents.

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

Financial assets and financial liabilities that are not recognised at fair value through profit or loss in the following report are initially recognised at fair value with the addition or deduction, as appropriate, of transaction costs. Financial assets and financial liabilities that are recognised at fair value through profit or loss in the following report are recognised at the initial recognition of fair value. Financial instruments are valued in the following report at amortised cost or at fair value, depending on the initial classification in accordance with IFRS 9.

On initial recognition, a financial instrument is classified in one of the following categories:

Financial assets:
a) Fair value through profit or loss
b) Amortised cost
c) Investments held to maturity
d) Available for sale financial assets

Financial liabilities
a) Fair value through profit or loss
b) Other financial liabilities measured at amortised cost

Amortised cost
Financial assets measured at amortised cost are loans and receivables with fixed or determinable payments that are not quoted in an active market. All individually significant assets were individually assessed for impairment. Those found not to be impaired were then collectively assessed for any impairment that had been incurred but not yet individually identified. Assets that were not individually significant were collectively assessed for impairment. Collective assessment was carried out by grouping together assets with similar risk characteristics.

In assessing collective impairment, the Company used historical information on the timing of recoveries and the amount of loss incurred, and made an adjustment if current economic and credit conditions were such that the actual losses were likely to be greater or lesser than suggested by historical trends.

An impairment loss was calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses were recognised in profit or loss and reflected in an allowance account. When the Company considered that there were no realistic prospects of recovery of the asset, the relevant amounts were written off. If the amount of impairment loss subsequently decreased and the decrease was related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss was reversed through profit or loss.

Offsetting of financial assets and liabilities
Financial assets and financial liabilities are offset and recognised net on the balance sheet when there is a legal right to offset and the intention is to settle the items as a net amount or simultaneously realise the asset and settle the liability.

Cash and cash equivalents
Cash and cash equivalents include cash and bank balances, as well as other short-term liquid investments that can easily be converted to cash and which are subject to insignificant risk of value fluctuations. For classification as cash or cash equivalents, the maturity period must not exceed three months from the date of acquisition. Cash and bank balances are classified as "Loan receivables and trade receivables", which means they are valued at amortised cost. As bank balances are payable on demand, the amortised cost is the same as the nominal amount. Short-term investments are classified as "Held for trading" and are measured at fair value with value changes recognised in profit or loss.

Trade receivables
Trade receivables are valued at amortised cost. The expected terms of the trade receivables are short, however, so they are recognised at nominal amount without discounting. A deduction is made for doubtful receivables. The need for impairment of the receivables is determined on the basis of an individual assessment, taking into account historical experience of customer losses for similar receivables. Impairment of trade receivables is recognised in operating expenses.

Loans and borrowings from credit institutions and other borrowings
Interest-bearing bank loans, overdraft facilities and other loans are classified as "Other financial liabilities" and are valued at amortised cost according to the effective interest method. Any differences between the loan amount received (net of transaction costs) and the repayment or amortisation of the loan are recognised over the term of the loan.

Inventories
Inventories are measured at the lower of cost and net realisable value. The cost is calculated using weighted average prices. The net realisable value is the estimated selling price less the estimated costs of completion and the estimated costs required to achieve a sale.

Earnings per shares
The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for treasury shares held, for the effects of all dilutive potential ordinary shares.

Contingent liabilities
A contingent liability is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events, which are not completely within the control of the company, or an obligation arising from past events that is not recognised as a liability or provision because:
i. it is unlikely that an outflow of resources will be required to settle the obligation, or
ii. the size of the obligation cannot be estimated with sufficient reliability.

Note 7 Financial risk management and financial instruments

Through its operations the Group is exposed to various kinds of financial risks, such as market, liquidity and credit risks. Market risks consist primarily of interest rate risk and currency risk. The company's Board of Directors has ultimate responsibility for the exposure, management and monitoring of the Group's financial risks. The framework for the exposure, management and monitoring of the financial risks is established in a finance policy. This policy is reviewed annually and the Board of Directors can decide to deviate from it. The risks are reported to the CEO on a monthly basis and to the Board on a quarterly basis. The reports cover exposures to currency and interest rate risks, available liquidity reserves and a liquidity forecast, the loan portfolio and covenant monitoring.

Market risks

Currency risks

Currency risk refers to the risk of a fluctuation in fair value or future cash flows as a result of changes in exchange rates. Exposure to currency risk arises mainly from borrowing in foreign currency and from payment flows in foreign currency, referred to as transaction exposure, and from the translation of the income statements and balance sheets of foreign subsidiaries to the presentation currency of the Group, which is Swedish kronor (SEK), referred to as translation exposure.

Transaction exposure

Transaction exposure can be divided into commercial and financial. These involve a risk that earnings will be negatively affected by fluctuations in exchange rates for the cash flows that take place in foreign currency. The Group's commercial inflows and outflows consist mainly of EUR and USD, as well as limited flows in DKK, GBP and NOK, which are included under Other in the table below.

Financial transaction exposure consists mainly of borrowing in USD and ISK, as well as limited bank balances in these currencies. The Group is therefore greatly affected by changes in these exchange rates.

In addition to reporting, there is a policy for assets that are to be invested in the unit's reporting currency. Deviations from this are permitted where this reduces exposure.

The table below shows nominal net amounts for the significant flows that constitute transaction exposure. The exposure is stated on the basis of the Group's payment flows in the most important currencies.

Currency (SEK million)	**31.12.2018**	**31.12.2017**
EUR	-75,3	-64,8
USD	-120,1	-92,7
Other	-16,1	0,6

Translation exposure

Translation exposure involves a risk that the value of the Group's net investments in foreign currency will be negatively affected by changes in exchange rates. The Group consolidates net assets in SEK on the balance sheet date.

The table below shows the translation exposure for net investments in foreign currency. The amounts below are stated in local currency.

The effects of changes in exchange rates in relation to SEK for the most significant foreign currencies are presented under *"Sensitivity analysis for market risks"* below.

Interest rate risks

Interest rate risk refers to the risk of a fluctuation in fair value or future cash flows as a result of changes in market interest rates. The Group is primarily exposed to interest rate risk through its loan financing. Loans are subject to variable interest rates, which means that the Group's future financial expenses are affected by changes in market interest rates.

The effects of changes in market interest rates are presented under *"Sensitivity analysis for market risks"* below.

Sensitivity analysis for market risks

The sensitivity analysis for *currency risk* shows the Group's sensitivity in the event of an increase or a decrease of 10% in the value of SEK compared with the most significant currencies. For *transaction exposure*, the effect on the Group's profit after tax in the event of a change in exchange rates is shown. This also includes outstanding monetary receivables and liabilities in foreign currency at the balance sheet date, including loans between Group companies where the currency effect has an impact on the consolidated income statement. For *translation exposure,* the effect on the Group's profit after tax and on its equity in the event of a change in exchange rates is shown.

The sensitivity analysis for *interest rate risk* shows the Group's sensitivity in the event of an increase or a decrease of 1% in the market interest rate. Interest rate sensitivity is based on the effect on profit after tax of a change in the market interest rate, in terms of both interest income and interest expenses. As the Group does not report any changes in value in other comprehensive income or equity, a corresponding effect arises in equity. The sensitivity analysis is based on the fact that all other factors remain unchanged. The same conditions were applied for 2018

	2018	**31.12.2018**	**2017**	**31.12.2017**
	Effect on profit	**Effect on equity**	**Effect on profit**	**Effect on equity**
Transaction exposure				
EUR +10%	-7,5		-6,5	
EUR -10%	7,5		6,5	
DKK +10%	-1,2		-1,2	
DKK-10%	1,2		1,2	
USD +10%	-12,0		-9,3	
USD -10%	12,0		9,3	
Translation exposure				
ISK +10%		24,6		4,3
ISK -10%		-24,6		-4,3
NOK +10%		0,4		
NOK -10%		-0,4		
DKK +10%		-0,5		
DKK -10%		0,5		
Interest				
Financial expenses +1%	-6,3	-6,3	-8,2	-8,2
Financial expenses -1%	6,3	6,3	8,2	8,2

Liquidity and financing risk

Liquidity risk refers to the risk that the Group will have problems meeting its obligations in relation to the Group's financial liabilities. Financing risk refers to the risk that the Group will be unable to arrange adequate financing at a reasonable cost. In order to reduce liquidity risk and financing risk, the Group must, according to the finance policy, have a liquidity reserve covering 5% of the Group's income, which means SEK 177.0 (2017: 140.2) million. At the turn of the year, the reserve totalled SEK 340.0 (2017: 311.4) million.

The maturity distribution of contractual payment obligations relating to the financial liabilities of the Group and the parent company, excluding derivatives, are shown in the tables below. The figures in these tables are not discounted values and they also include interest payments where applicable, meaning that these figures cannot be compared with the figures recognised on the balance sheets. Interest payments are determined on the basis of the conditions prevailing at the balance sheet date. Amounts in foreign currencies are translated to Swedish kronor (SEK) at the exchange rates on the balance sheet date.

Liquidity is tracked using forecasts and monitoring of available reserves and the maturity of the loan portfolio must be spread over time.

The Group's loan agreements do not contain any special conditions, except for the covenants reported in Note 29.

31 December 2018	**Within 3 months**	**3 - 12 months**	**1 - 5 years**	**Over 5 years**	**Total**
Loans and borrowings from credit institutions	16,5	47,4	542,8	0,0	606,7
Leasing	22,8	53,5	69,2	0,0	145,4
Other non-current borrowings	0,0	0,0	2,9	0,0	2,9
Overdraft facility	102,1	0,0	0,0	0,0	102,1
Trade payables	286,7	0,0	0,0	0,0	286,7
Other current liabilities	133,6	0,0	0,0	0,0	133,6
Total	**531,7**	**120,5**	**931,1**	**0,0**	**1.277,4**
31 December 2017					
Loans and borrowings from credit institutions	9,3	68,4	841,9	0,0	919,6
Leasing	22,1	52,1	74,0	0,0	148,2
Other non-current borrowings	0,0	0,0	15,3	0,0	15,3
Overdraft facility	97,9	0,0	0,0	0,0	97,9
Trade payables	270,0	0,0	0,0	0,0	270,0
Other current liabilities	132,4	0,0	0,0	0,0	132,4
Total	**531,8**	**120,6**	**931,2**	**0,0**	**1.583,5**

Credit and counterparty risk
Credit risk refers to the risk that the counterparty in a transaction will cause a loss to the Group by failing to fulfil its contractual obligations. The Group's exposure to credit risk relates primarily to trade receivables (commercial risk) and cash and cash equivalents (financial risk). The financial risk is limited by a requirement to use more than one counterparty.

Trade receivables are spread across a large number of customers and no single customer represents a significant portion of total trade receivables. Nor are the trade receivables concentrated in any particular geographical area. The Group therefore considers the concentration risks to be limited.

The Group's maximum exposure to credit risk is considered to be equal to the carrying amounts of all financial assets and is shown in the table below.

	31.12.2018	**31.12.2017**
Financial non-current assets	7,1	242,9
Trade receivables	487,2	425,5
Other receivables	29,2	14,7
Cash and cash equivalents	129,1	216,5
Maximun credit risk exposure	**652,6**	**899,6**

Classification of financial instruments
The carrying amounts of financial assets and financial liabilities by valuation category in accordance with IFRS 9 are shown in the table below.

31 December 2018	**Amortised cost**	**Other liabilities**	**Carrying amount**
Financial assets			
Financial non-current assets	7,1		7,1
Trade receivables	487,2		487,2
Other receivables	29,2		29,2
Cash and cash equivalents	129,1		129,1
	652,6	**-**	**652,6**
Financial liabilities			
Loans and borrowings from credit institutions		591,3	591,3
Other non-current borrowings		2,9	2,9
Current loans and borrowings from credit institutions		115,9	115,9
Overdraft facility		101,6	101,6
Trade payables		286,7	286,7
Other current liabilities		133,6	133,6
	-	**1.231,9**	**1.231,9**

31 December 2017	**Loan and trade receivables**	**Other liabilities**	**Carrying amount**
Financial assets			
Financial non-current assets	242,9		242,9
Trade receivables	425,5		425,5
Other receivables	14,7		14,7
Cash and cash equivalents	216,5		216,5
	899,6	**-**	**899,6**
Financial liabilities			
Loans and borrowings from credit institutions		844,9	844,9
Other non-current borrowings		15,3	15,3
Current loans and borrowings from credit institutions		111,5	111,5
Trade payables		270,6	270,6
Other current liabilities		110,3	110,3
	-	**1.352,6**	**1.352,6**

The carrying amounts of all financial assets and financial liabilities are considered to be a good approximation of their fair values, as the term and/or fixed-interest period is less than three months, which means that discounting based on prevailing market conditions is not considered to have any significant effect.

The credit margin for non-current liabilities is considered to have been stable and therefore discounting of this has no significant effect.

Capital management
The Group defines capital as reported equity.

Note 8 Segment information

The Group management evaluates the Group's operations based on geographical areas. The Group's reportable operating segments are Sweden, Iceland, Norway and New market.

- Sweden offers a comprehensive range of IT services, software and hardware.
- Iceland offers a comprehensive range of IT services, software and hardware, as well as expertise in the execution of complex projects.
- Norway offers a broad portfolio of Microsoft solutions and hardware.
- New market offers a global range of services, in other words Communication Centers and Market place.

The accounting policies for the reportable segments correspond to those of the Group. There are no sales between segments.

The CEO monitors EBITDA. EBITDA is defined as the profit for the year excluding depreciation, amortisation, impairment losses, financial items and income tax.

Segment revenues and profit

2018	Sweden	Iceland	Norway	New markets	Group adjustments and eliminations	Total Group
Hardware	1.112,2	268,1	22,2	0,0	-3,7	1.398,8
Software	295,5	60,2	6,6	0,0	-34,2	328,1
Billable work	287,4	400,3	94,6	0,2	-10,7	771,7
Contracts	457,0	473,8	37,6	0,0	-2,5	966,0
Other	0,0	16,2	2,2	0,0	-5,8	12,6
Total revenues	**2.152,1**	**1.218,6**	**163,2**	**0,2**	**-56,9**	**3.477,2**
EBITDA	212,0	97,9	7,6	-1,2	-6,7	309,6
Depreciation and amortisation					-140,0	-140,0
Financial income					26,7	26,7
Financial expenses					-71,3	-71,3
Profit before income tax					**-184,7**	**125,0**

Segment revenues and profit

2017	Sweden	Iceland	Norway	New markets	Group adjustments and eliminations	Total Group
Hardware	804,0	214,4	0,0	0,0	-0,9	1.017,6
Software	122,0	13,0	2,4	0,0	0,0	137,4
Billable work	262,4	427,6	81,3	0,2	-22,0	749,6
Contracts	391,4	450,2	34,3	0,0	-0,9	875,0
Other	1,2	27,6	2,2	0,0	-7,0	24,0
Total revenues	**1.581,0**	**1.132,8**	**120,2**	**0,2**	**-30,8**	**2.803,5**
EBITDA	170,1	123,0	4,3	-1,8	-37,5	258,0
Depreciation and amortisation					-164,3	-164,3
Financial income					14,4	14,4
Financial expenses					-61,8	-61,8
Profit before income tax					**-211,7**	**46,3**

Revenues from external customers by country	**2018**	**2017**
Sweden	2.152,1	1.581,0
Iceland	1.218,6	1.132,8
Norway	163,2	120,2
Other	0,2	0,2
Group adjustmens and eliminations	-56,9	-30,8
Total	**3.477,2**	**2.803,5**

1) Revenues from external customers by country is based on customer location.

Non-current assets	**2018**	**2017**
Sweden	619,9	802,5
Iceland	346,7	375,2
Norway	23,9	16,7
Other	0,1	0,0
Total	**990,5**	**1.194,4**

2) Non-current assets are stated excluding financial instruments and deferred tax assets.

Information about large customers

The Group has no customer that alone accounts for 10% or more of the Group's revenue.

Contract balances

The following table provides information about trade receivables, contract assets and contract liabilities from contracts with customers.

	2018	2017
Trade receivables	487,2	425,5
Contract assets	19,2	11,0
Contract liabilties	60,3	40,4

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date. No impairment is posted on contract assets during the period ended 31 December 2018. The contract assets are transferred to receivables when the rights become unconditional. This usually occurs when the Group issues an invoice to the customer.

The contract liabilities primarily relate to the advance consideration received from customers for which revenue is recognised over time.

The amount of SEK 4,0 million recognised in contract liabilities at the beginning of the period has been recognised as revenue for the period ended 31 December 2018

Note 9 Distribution of revenues

	2018	2017
Sale of goods	1.824,1	1.243,5
Sale of services	1.640,4	1.540,7
Other	12,6	19,4
Total	**3.477,2**	**2.803,5**

Note 10 Other operating income

	2018	2017
Foreign exchange differences	18,7	9,0
Other	4,8	4,6
Total	**23,5**	**13,6**

Note 11 Auditors' remuneration

	2018	2017
KPMG		
Audit assignments	3,6	2,3
Tax advisory services	0,0	0,1
Other services	0,6	1,0
Grant Thornton Sweden AB		
Audit assignments	1,0	1,0
Tax advisory services	0,1	0,1
Other services	1,2	1,2
Total	**6,5**	**5,6**

Audit assignment means the auditor's remuneration for the statutory audit. This work includes reviewing the annual report and consolidated financial statements, the accounts and the administration by the Board of Directors and the CEO, as well as fees for audit advice provided in connection with the audit assignment.

Note 12 Leases

Operating leases - lessee

The Group is a lessee through operating leases relating to offices, vehicles and IT equipment. The Group's total expensed lease payments for operating leases during the year amount to SEK 62.5 million (2017: SEK 67.7 million). Future minimum lease payments for non-terminable lease agreements fall due as follows:

Due date:	2018	2017
Minimum lease payments		
Within one year	62,2	61,8
Later than one year but within five years	144,3	142,5
Later than five years	72,4	81,7
Total	**278,8**	**286,0**

Note 13 Number of employees, employee costs and senior executives

Average number of employees 2018	**Women**	**Men**	**Total**
Parent company			
Sweden	0	3	3
Parent company total	**0**	**3**	**3**
Subsidiaries			
Sweden	72	378	450
Iceland	163	456	619
Norway	28	54	82
Denmark	0	1	1
Serbia	1	2	3
Subsidiaries total	**264**	**891**	**1.155**
Group total	**264**	**894**	**1.158**

Average number of employees 2017	**Women**	**Men**	**Total**
Parent company			
Sweden	0	0	0
Parent company total	**0**	**0**	**0**
Subsidiaries			
Sweden	65	360	425
Iceland	152	432	584
Norway	28	52	80
Denmark	0	1	1
Subsidiaries total	**245**	**845**	**1.090**
Group total	**245**	**845**	**1.090**

Board Members and other senior executives	**31.12.2018**	**31.12.2017**
Parent company		
Women:		
Board of Directors	2	2
Other senior executives, incl. CEO	0	0
Men:		
Board of Directors	2	3
Other senior executives, incl. CEO	3	1
Parent company total	**7**	**6**
Group		
Women:		
Board of Directors	0	2
Other senior executives, incl. CEO	4	0
Men:		
Board of Directors	3	8
Other senior executives, incl. CEO	18	8
Group total	**32**	**24**

Salaries and benefits

Cost of employee benefits	**31.12.2018**	**31.12.2017**
Parent company		
Salaries and other benefits	11,9	1,3
Social security expenses	3,0	0,1
Pension costs	1,7	0,0
Subsidiaries		
Salaries and other benefits	864,6	778,0
Social security expenses	144,2	126,0
Pension costs	107,1	90,2
Total salaries and benefits in the Group	*876,5*	*779,3*
Total social security expenses in the Group	*147,2*	*126,1*
Total pension costs in the Group	*108,8*	*90,2*
Group total	**1.132,5**	**995,6**

Of the parent company's pension costs, SEK 0 million (2017: SEK 0 million) relates to the company's CEO and Board of Directors. The Company's outstanding pension obligations to these total SEK 0 million (2017: SEK 0 million). Remuneration of the Board of Directors amounts to SEK 1.3 million (2017: SEK 1.4 million).

Of the Group's pension costs, SEK 0.3 (2017: SEK 1.2 million) relates to the company's CEO and Board of Directors. The Group's outstanding pension obligations to these total SEK 0 million (2017: SEK 0 million).

2018 **Salaries and other benefits to the Board of Directors and CEO and to other emloyees**	**Board and CEO**	**Other employees**
Parent company	7,8	7,3
of which bonuses and similar benefits	1,7	0,5
Subsidiaries	20,2	841,9
of which bonuses and similar benefits	6,0	0,0
Group total	**28,0**	**849,2**
of which bonuses and similar benefits	7,6	0,0

2017 **Salaries and other benefits to the Board of Directors and CEO and to other emloyees**	**Board and CEO**	**Other employees**
Parent company	1,3	0,0
of which bonuses and similar benefits to the Board of Directors and CEO	0,0	0,0
Subsidiaries	18,7	850,8
of which bonuses and similar benefits to other employees	5,8	0,0
Group total	**20,0**	**850,8**
of which bonuses and similar benefits	5,8	0,0

Benefits for senior executives 2018	**Base salary/ Fee**	**Consultancy fee**	**Variable remunera-tion**	**Other benefits**	**Pension costs**	**Total**
Chariman of the Board ,Thomas Ivarson	0,5	0,1	0	0	0	0,6
Board Member Adalsteinn Jóhannsson	0,0	0,0	0	0	0	0,0
Board Member Bengt Engström	0,2	0,0	0	0	0	0,2
Board Member Benjamin Kramarz	0,0	0,0	0	0	0	0,0
Board Member Birgitta Stymne Göransson	0,2	0,0	0	0	0	0,2
Board Member Katrin Olga Jóhannesdottír	0,2	0,0	0	0	0	0,2
Board Member Vesa Suurmune	0,0	0,0	0	0	0	0,0
Boards of subsidiaries	0,0	0,0	0	0	0	0,0
CEO Gestur G. Gestsson	4,8	0,0	1,6	0,1	0,3	6,9
Other senior executives (7 executives)	14,2	0,0	6,0	0,9	4,6	25,6
Total benefits for senior executives	**20,2**	**0,1**	**7,6**	**1,0**	**4,9**	**33,8**

Benefits for senior executives 2017	**Base salary/ Fee**	**Consultancy fee**	**Variable remunera-tion**	**Other benefits**	**Pension costs**	**Total**
Chariman of the Board ,Thomas Ivarson	0,5	0,1	0	0	0	0,6
Board Member Birgitta Stymne Göransson	0,3	0,0	0	0	0	0,3
Board Member Bengt Engström	0,2	0,0	0	0	0	0,2
Board Member Katrin Olga Jóhannesdottír	0,1	0,0	0	0	0	0,1
Board Member Vesa Suurmune	0,0	0,0	0	0	0	0,0
Boards of subsidiaries	0,0	0,0	0	0	0	0,0
CEO Gestur G. Gestsson	4,1	0,0	1,6	0,0	1,2	6,9
Other senior executives (7 executives)	12,3	0,0	4,0	0,8	3,7	20,8
Total benefits for senior executives	**17,5**	**0,1**	**5,6**	**0,8**	**4,8**	**28,9**

Benefits for senior executives
Fees are paid to the Chairman of the Board and the Board members in accordance with the resolution of the General Meeting. Fees are paid for committee work.

The Chairman of the Board has a consultancy contract with the company regarding the provision of advice on strategic issues to the company management, which provides a maximum remuneration of SEK 132,000 per 12 months. For 2018, remuneration for consultancy services is included in the reported fee of an amount of SEK 132,000 (2017: SEK 129,500). The current contract expires on 31 August 2019.

The General Meeting has adopted the following guidelines in relation to employee benefits for the management.

Benefits for the CEO and other senior executives comprise basic salary, variable remuneration, other benefits, pension and financial instruments, etc. Other senior executives refers to the seven people who together with the CEO form the Group management.

The distribution between basic salary and variable remuneration must be in proportion to the responsibility and authority of the executive. The variable remuneration of the CEO is capped at 46% of the basic salary. For other senior executives, the variable remuneration is capped at 25–50% of the basic salary. The variable remuneration is based on the outcome in relation to individual targets. The CEO's benefits are specified in ISK.

Pension benefits and other benefits for the CEO and other senior executives are paid as part of the total employee benefits.

Pensions
The retirement age for the CEO is 67. The pension premium will amount to 19.3% of the pensionable salary. Pensionable salary means the basic salary plus variable remuneration. The retirement age for other senior executives varies between 65 and 67. The pension agreement states that the pension premium will amount to 20–35% of the pensionable salary if premium-based. Those senior executives with defined benefit pension agreements are covered by the ITP 2 plan.

Agreements on severance pay
In the event of notice of termination given by the Company, a notice period of 18 months applies, the first three of which are subject to an obligation to work. If the CEO gives notice of termination, a notice period of 12 months applies, the first three of which are subject to an obligation to work. From month four and for the remaining notice period, the CEO is entitled to commence employment at or provide services for a non-competing third party. No deduction of income from such third party from the CEO's salary or other benefits may be made during this period, provided that the CEO fulfils his/her obligations to the Company under his/her employment contract. If the CEO is permitted to commence employment at or provide services for a non-competing third party during the first three months of the notice period, a deduction for such income may nevertheless be made during the period in question.

Defined benefit pension plans through Alecta
For salaried employees in Sweden, the ITP 2 plan's defined benefit pension obligations for old-age and family pension are secured through an insurance policy at Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 Reporting of ITP 2 pension plan financed through insurance at Alecta, this is a multi-employer defined benefit plan. For the 2018 and 2017 financial years, the company has not had sufficient access to the information required in order to report its proportional share of the plan obligation and of the plan assets and costs and has therefore been unable to report the plan as a defined benefit plan. The ITP 2 pension plan, which is secured through an insurance policy at Alecta, is therefore reported as a defined contribution plan. The premium for the defined benefit old-age and family pension is individually calculated and is dependent, among other things, on salary, pension previously earned and expected remaining period of service.

The anticipated fees for the next reporting period for ITP 2 insurance arranged at Alecta amount to SEK 16.3 million (2017: SEK 11.5 million).

The Group's share of the total fees for the plan and the Group's share of the total number of active members in the plan are 0.05072% and 0.055542% respectively (2017: 0.04443% and 0.04295%).

The collective funding level is the market value of Alecta's assets as a percentage of the insurance commitments, calculated in accordance with Alecta's actuarial methods and assumptions, which do not comply with IAS 19. The collective funding level is normally permitted to vary between 125% and 155%. If Alecta's collective funding level falls below 125% or exceeds 155%, measures must be taken in order to create the conditions for the funding level to return within the normal range. If funding is too low, possible measures include increasing the agreed price for new registrations and extending existing benefits. If funding is too high, possible measures include applying premium reductions.

At the end of 2018, Alecta's surplus in the form of the collective funding level was 142% (2017: 154%).

Share-based payments

In December 2018 the Group established a subscription option scheme that entitles key managment personel. The market value was calculated by an independent party using the Black & Scholes valuation model. The market value of the subscription options as paid in cash by the participants.

The options have a period of three years from the date of allocation and the options cannot be transferred. The options are earned at a rate of 1/3 per year and entitlement to the options endures only to the extent they are redeemable on cessation of employment.

The anticipated volatility in the share price is based on the historical volatility (based on the remaining option period).

All employee share options and subscription options issued in Advania Holding hf. were exercised in December 2017, which meant that 194,725,592 class C shares in the same company were issued to option holders (“Option shareholders”). On 22 December 2017, Advania AB (publ) made a share issue to the Option shareholders through which the Option shareholders contributed their shares in Advania Holding hf. to Advania AB (publ) in exchange for 2,495,178 ordinary shares and 154,229 class D shares in Advania AB (publ).

In December 2014, the Icelandic Group company Advania Ísland ehf., company registration no. 590269-7199, issued two share option schemes for 20 key personnel at Advania Ísland ehf. and 17 key personnel at the subsidiary Advania AB in Sweden. Employee share options were issued in Iceland and subscription options in Sweden, but with the same underlying terms. The market value was calculated by an independent party using the Black & Scholes valuation model. The employee share options were issued free of charge, while the subscription options were paid in cash.

The options have a period of three years from the date of allocation and the options cannot be transferred. The options are earned at a rate of 1/3 per year and entitlement to the options endures only to the extent they are redeemable on cessation of employment. Each option grants the right to acquire one share at a predetermined price.

Following the changes to the Group company structure in 2015, the share option scheme in Advania Ísland ehf. was closed on 1 January 2016 and an equivalent share option scheme was issued instead in the Icelandic Group company Advania Holding hf., company registration no. 670514-2340, after conversion to correspond to the same percentage share.

The terms of the schemes are summarised below:

Outstanding option program		**Option scheme Advania AB**	
Scheme:	Employees of Advania Sverige AB	Employees of Advania Ísland ehf.	Employees of Advania Norge AS
Category:	Subscription opt.	Subscription opt.	Subscription opt.
Max. number of options:	476.941	167.281	243.475
Max. number of shares:	476.941	167.281	243.475
Shares in company:	Advania AB	Advania AB	Advania AB
Number of participants:	32	10	5
Excercise price per option, SEK:	46,2	46,2	46,2
Maturity date:	1 - 15 Oct 2021	1 - 15 Oct 2021	1 - 15 Oct 2021

Previous option program	**Option scheme Advania Holding hf.**	
Scheme:	Employees of Advania Ísland ehf.	Employees of Advania Sverige AB
Category:	Employee opt.	Subscription opt.
Max. number of options:	93.500.000	101.200.000
Max. number of shares:	93.500.000	101.200.000
Shares in company:	Advania Holding hf.	Advania Holding hf.
Number of participants:	20	17
Exercise price per option, ISK:	0,58	0,58
Maturity date:	Closed	Closed

Change in number of outstanding options, thousands

At the beginning of the year 1 January 2018	-	-
Issued	887.697	-
Exercised	-	-
Withdrawn	-	-
Lapsed	-	-
At the end of the year, 31 December 2018	**887.697**	**-**

Change in number of outstanding options, thousands

At the beginning of the year 1 January 2017	74.800	101.200
Issued	167	–
Exercised	-74.967	-101.059
Withdrawn	-	–
Lapsed	-	-141
At the end of the year, 31 December 2017	**-**	**-**

Employees cost for share based payments

	31.12.2018	31.12.2017
Costs attributable to options settled through equity	0,0	1,4
Social security expenses	0,0	0,1
	0,0	**1,5**

Liabilities for social security expenses for share based payments

	31.12.2018	31.12.2017
Social security expenses	0,0	0,1
	0,0	**0,1**

Employee subscription option scheme
The calculated fair value on the date of allocation in relation to the subscripion options allocated in December 2018 was SEK 46.2 per option. The fair value on the date of allocation is calculated using a conventional Black-Scholes calculation method taking into consideration preferential disbursements for preferred shareholders. As the issue of warrants will dilute other shareholdings, the dilution effect is taken into consideration. The model takes into account the redemption price, the term of the option, the share price on the date of allocation and the anticipated volatility in the share price and the risk-free interest rate for the term of the option. Each option grants the right to acquire one share at a predetermined price.

Input data in the model for options in Advania AB:
a) the subscription options are paid in cash and earned over a three-year period.
b) Exercise price: SEK 7.02
c) Fair value: SEK 46.2
d) date of allocation: 28 December 2018
e) maturity date: 1 - 15 October 2021
f) share price on date of allocation: SEK 46.2
g) anticipated volatility in the company’s share price: 23.8%
h) risk-free interest rate: -0.7%

Previous employee share option scheme
The calculated fair value on the date of allocation in relation to the options allocated during 2016 was ISK 0.6 per option. The fair value on the date of allocation is calculated using an adapted version of the Black-Scholes valuation model. This includes a Monte Carlo simulation model, which takes into account the redemption price, the term of the option, the share price on the date of allocation and the anticipated volatility in the share price and the risk-free interest rate for the term of the option. Each option grants the right to acquire one share at a predetermined price.

Following the changes to the Group company structure in 2015, the share option scheme in Advania Ísland ehf. was closed on 1 January 2016 and an equivalent share option scheme was issued instead in the Icelandic Group company Advania Holding hf., company registration no. 670514-2340, after conversion to correspond to the same percentage share.

Note 14 Other operating expenses

	2018	2017
Foreign exchange differences	-19,7	-10,4
Total	**-19,7**	**-10,4**

Note 15 Financial income

	2018	2017
Interest income, Group companies	9,2	3,1
Interest income, other	5,9	2,8
Foreign exchange differences	11,6	8,6
Total	**26,7**	**14,4**

Note 16 Financial expenses

	2018	2017
Interest expenses, Group companies	0,0	-3,2
Interest expenses, other	-52,2	-42,6
Foreign exchange differences	-3,7	-15,4
Other	-15,4	-0,5
Total	**-71,3**	**-61,8**

Note 17 Tax

	2018	2017
Current tax		
Current tax on profit/loss for the year	-29,9	-9,2
Deferred tax		
Deferred tax attributable to temporary differences	0,7	-14,1
Total	**-29,2**	**-23,3**

Reconciliation of tax expenses for the year

	2018	2017
Profit/loss before tax	125,0	46,3
Tax at applicable tax rate for parent company (22%)	-27,5	-10,2
Tax effect of different tax rates for foreign subsidiaries	1,0	-0,8
Other non-deductable expenses	-16,4	-15,7
Non-taxable income	11,3	6,3
Current-year losses for which no deferred tax assets is recognized	2,2	-2,6
Adjustments recognised in the current year for current tax in previous years	0,2	0,1
Other	0,0	-0,5
Total	**-29,2**	**-23,3**
Recognised tax expense for the year	**-29,2**	**-23,3**

Deferred tax assets and deferred tax liabilities

The Group’s deferred tax assets and deferred tax liabilities relate to the following items:

	31.12.2018	31.12.2017
Deferred tax asset		
Trade receivables	0,2	0,9
Other temporary differences	3,1	2,8
Tax loss carry forward	33,2	37,4
Deferred tax asset	**36,6**	**41,1**
Offsetting	-4,2	-9,9
Net deferred tax asset	**32,4**	**31,2**
Deferred tax liability		
Intangible assets	58,1	64,6
Inventories	12,3	5,9
Other temporary differences	0,3	2,3
Deferred tax liability	**70,7**	**72,8**
Offsetting	-4,2	-9,9
Net deferred tax liability	**66,5**	**62,9**

Deferred tax assets are valued depending on how the carrying amount of the corresponding asset or liability is expected to be received or settled respectively. The amounts are based on the tax rates and tax rules that have been adopted on the balance sheet date and have not been discounted to present value.

Deferred tax assets attributable to loss carry-forwards are valued no higher than the amount that is likely to be recovered based on future taxable profits. The Group analyses and assesses each case of uncapitalised items separately. These decisions are based on, among other things, expectations of the future and the facts available at the time the assessment is made.

At year-end, the Group has estimated loss carry-forwards totalling SEK 423.1 million (2017: SEK 444.0 million), of which SEK 280.0 million (2017: SEK 284.2 million) relates to loss carry-forwards for which no deferred tax asset has been capitalised. These relate to the parent company Advania AB and the Norwegian subsidiaries Advania Norge AS and Advania Danmark A/S.

The tax rate for the calculation of deferred tax is determined according to local tax rules.

Note 18 Earnings per share

Earnings per share before and after dilution
Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average outstanding number of shares during the period and shows the earnings per share. Dilution was non significant for the period.

	2018	2017
Profit for the year attributable to the shareholders of the parent company	88.990.265	16.719.423
Weighted average number of ordinary shares outstanding, before dilution [1])	27.643.144	25.072.164
Earnings per share before dilution, SEK	**3,2**	**0,7**

[1]) The weighted average number of shares, before dilution, has been adjusted retroactively for a 50,000:1 share split that took place after the balance sheet date.

Earnings per share after dilution
For earnings per share after dilution, the amount per share after dilution that is attributable to holders of ordinary shares in the parent company must be calculated.

Warrants were issued on 28 December 2018 and has therefore not lead to any material dilutive effect. The number of options issued was 887,697 and the exercise price of the options is SEK 46.02.

Note 19 Investments in subsidiaries

For business combinations, see Note 33. Advania Sverige AB and Caperio AB were merged on 1 October 2018. Stepper AS was liquidated on 31 January 2019, Advania Holding AB and Caperio Holding AB were merged on 24 January 2019 and Advania Ísland ehf. and Embla Solutions ehf. were merged on 1 January 2019.

The Group has the following subsidiaries as at 31 December 2018:

Name	Comp. reg. no. and country of operation	Activities	Share-holding (%)[1]
Advania Holding AB	556616-7598, Sweden	Owns and manages shares in IT companies	100,0%
Advania Sverige AB	556214-9996, Sweden	IT consultancy and trading of IT-related products	100,0%
Knowledge Factory Consulting AB	556713-6840, Sweden	IT consultancy	100,0%
Virtus AB	556496-7221, Sweden	No current activities - previously IT consultancy	100,0%
Caperio Holding AB	556680-2673, Sweden	Owns and manages shares in IT companies	100,0%
Advania Finance AB	556737-7840, Sweden	Provision of finaning solutions and handling of used IT equipment	51,0%
Advania Holding hf.	670514-2340, Iceland	Owns and manages shares in IT companies	100,0%
Advania Ísland ehf.	590269-7199, Iceland	IT consultancy and trading in IT-related products	100,0%
Embla Solutions ehf.	460217-1130, Iceland	IT consultancy	100,0%
Advania Holding AS	916 156 146, Norway	Owns and manages shares in IT companies	100,0%
Advania Norge AS	967 372 668, Norway	IT consultancy	100,0%
Stepper AS	914 794 811, Norway	Trading of IT-related products	100,0%
Advania Holding A/S	371 44 282, Denmark	Owns and manages shares in IT companies	100,0%
Advania Danmark A/S	367 15 103, Denmark	Provision of turnkey solutions within IT	100,0%
Embla Solutions Doo	21269611, Serbia	IT consultancy for Group companies	100,0%

[1] Percentage shareholding refers to the share of ownership and share of votes held by the parent company. The share of votes in Advania Finance AB is 51.9%.

The Group had the following subsidiaries as at 31 December 2017:

Name	Comp. reg. no. and country of operation	Activities	Share-holding (%)[1]
Advania Holding AB	556616-7598, Sweden	Owns and manages shares in IT companies	100,0%
Advania Sverige AB	556214-9996, Sweden	IT consultancy and trading of IT-related products	100,0%
Knowledge Factory Consulting AB	556713-6840, Sweden	IT consultancy	100,0%
Virtus AB	556496-7221, Sweden	No current activities - previously IT consultancy	100,0%
Caperio AB	556583-4875, Sweden	IT consultancy and trading of IT-related products	100,0%
Caperio Holding AB	556680-2673, Sweden	Owns and manages shares in IT companies	100,0%
Advania Finance AB	556737-7840, Sweden	Provision of finaning solutions and handling of used IT equipment	51,0%
Advania Holding hf.	670514-2340, Iceland	Owns and manages shares in IT companies	100,0%
Advania Ísland ehf.	590269-7199, Iceland	IT consultancy and trading of IT-related products	100,0%
Advania Holding AS	916 156 146, Norway	Owns and manages shares in IT companies	100,0%
Advania Norge AS	967 372 668, Norway	IT consultancy	100,0%
Advania Holding A/S	371 44 282, Denmark	Owns and manages shares in IT companies	100,0%
Advania Danmark A/S	367 15 103, Denmark	Provision of turnkey solutions within IT	100,0%

[1] Percentage shareholding refers to the share of ownership and share of votes held by the parent company. The share of votes in Advania Finance AB is 51.9%.

Non-controlling interests

The table below provides information about subsidiaries in the Group that are not wholly owned, but in which there is a significant non-controlling interest (SEK million):

31 December 2018

Name	Country of registration and operation	Non-controlling interest (%)[1]		Profit attributable to non-controlling interests	Accumulated non-controlling interest
Advania Finance AB	Sweden	49,0%		6,8	47,9
Total				**6,8**	**47,9**

31 December 2017

Name	Country of registration and operation	Non-controlling interest (%)[1]		Profit attributable to non-controlling interests	Accumulated non-controlling interest
Advania Finance AB	Sweden	49,0%	49,0%	4,9	47,2
Advania Holding hf.	Iceland	N/A	N/A	3,3	N/A
Advania MobilePay ehf.	Iceland	N/A	N/A	-1,9	NA
Total				**6,3**	**47,2**

Caperio Finance AB changed its name to Advania Finance AB on 25 January 2018.

Summarised financial information is provided below for each subsidiary with a non-controlling interest that is of significance to the Group. The amounts indicated for each subsidiary are before intra-Group eliminations.

Advania Finance AB	**31.12.2018**	**31.12.2017**
Current assets	73,2	48,7
Non-current assets	0,2	1,1
Current liabilities	-46,2	-24,0
Equity	-27,2	-25,8
	2018	**2017**
Revenues	430,7	252,7
Expenses	-412,7	-240,2
Financial income	-0,1	0,3
Income tax	-3,9	-2,8
Profit/loss for the year	**13,9**	**10,0**
Profit attributable to the shareholders of the parent company	7,1	5,1
Profit attributable to non-controlling interests	6,8	4,9
Profit/loss for the year	**13,9**	**10,0**
Dividends paid to non-controlling interests	6,1	0,0
Cash flows from operating activities	-23,9	1,9
Cash flows from investing activities	45,0	19,4
Cash flows from financing activities	-6,1	0,0
Increase/decrease in cash and cash equivalents	15,0	21,3

Advania Holding hf.	**31.12.2017**
Current assets	375,2
Non-current assets	229,8
Current liabilities	-209,0
Non-current liabilities	-147,3
Equity attributable to the shareholders of the parent cmpany	-248,7
	2017
Revenues	1.173,3
Expenses	-1.191,7
Profit/loss for the year	**-18,4**
Profit attributable to the shareholders of the parent company	-21,7
Profit attributable to non-controlling interests	3,3
Profit/loss for the year	**-18,4**

Other comprehensive income attributable to the sharehoders of the parent company	72,1
Other comprehensive income attributable to the non-controlling interest	1,0
Other comprehensive income for the year	**73,1**
Total comprehensive income attributable to the sharehoders of the parent company	50,4
Total comprehensive income attributable to the non-controlling interest	4,3
Total comprehensive income for the year	**54,7**
Cash flows from operating activities	137,7
Cash flows from investing activities	335,6
Cash flows from financing activities	-397,6
Increase/decrease in cash and cash equivalents	75,7

Transactions with non-controlling interests

The Group holds 100% of the shares in Caperio Holding AB, which holds 51.0% of the shares in Advania Finance AB.

	2018	**2017**
Carrying amount of non-controlling interests	0,0	0,0
Consideration received from non-controlling interests	0,0	5,2
Transactions with non-controlling interests	**0,0**	**5,2**

Note 20 Intangible assets

Cost	**Goodwill**	**Customer relation-ships**	**Trade-marks**	**Software**	**Other intangible assets**	**Total**
Balance at 1 January 2018	**475,4**	**262,0**	**87,0**	**91,4**	**10,9**	**926,8**
Purchases	0,0	0,0	0,0	11,0	0,0	11,0
Acquisitions	0,0	1,2	0,0	7,4	0,0	8,7
Sales/disposals	0,0	0,0	0,0	1,2	0,0	1,2
Translation difference for the year	-3,5	-2,4	-0,9	-1,0	0,0	-7,8
Balance at 31 December 2018	**471,9**	**260,9**	**86,1**	**110,0**	**10,8**	**939,8**
Balance at 1 January 2018	**0,0**	**-63,8**	**-2,9**	**-38,5**	**-9,7**	**-114,9**
Sales/disposals		0,0	0,0	0,0	0,0	0,0
Amortisation for the year		-28,4	-2,9	-25,9	-1,0	-58,2
Translation difference for the year		1,5	0,0	0,5	0,0	2,0
Balance at 31 December 2018	**0,0**	**-90,6**	**-5,8**	**-64,0**	**-10,7**	**-171,0**
Carrying amount as at 31 December 2018	**471,9**	**170,3**	**80,3**	**46,1**	**0,1**	**768,8**

Cost	**Goodwill**	**Customer relation-ships**	**Trade-marks**	**Software**	**Other intangible assets**	**Total**
Balance at 1 January 2017	**404,7**	**203,7**	**83,8**	**108,0**	**17,0**	**817,1**
Purchases	0,0	0,0	1,3	18,7	0,0	19,9
Acquisitions	133,2	64,3	5,3	12,9	0,0	215,7
Sales/disposals	-57,4	-1,9	0,0	-44,5	-5,8	-109,6
Translation difference for the year	-5,1	-4,0	-3,3	-3,6	-0,3	-16,4
Balance at 31 December 2017	**475,4**	**262,0**	**87,0**	**91,4**	**10,9**	**926,8**
Balance at 1 January 2017	**-**	**-43,3**	**0,0**	**-51,1**	**-11,8**	**-106,2**
Sales/disposals	-	1,9	0,0	44,5	3,4	49,8
Amortisation for the year	-	-24,4	-2,9	-34,7	-1,6	-63,6
Translation difference for the year	-	2,0	0,0	2,8	0,2	5,1
Balance at 31 December 2017	**0,0**	**-63,8**	**-2,9**	**-38,5**	**-9,7**	**-114,9**
Carrying amount as at 31 December 2017	**475,4**	**198,3**	**84,1**	**52,9**	**1,2**	**811,9**

Finance leases included in intangible assets:	**31.12.2018**	**31.12.2017**
Software held through finance leases are included at carrying amount of	17,8	29,9

For further information about finance leases within the Group and the maturity dates of finance lease liabilities, see note 29.

Impairment testing of goodwill

Goodwill has been allocated to the following cash-generating units:

Goodwill by cash generating unit:	**31.12.2018**	**31.12.2017**
Iceland	176,9	180,6
Sweden	282,8	282,8
Norway	12,3	12,0
Carrying amount	**471,9**	**475,4**

Goodwill is tested for impairment annually and when there are indications that impairment is necessary. The recoverable amount for a cash-generating unit is established by calculating the value in use. The calculations are made using estimated future cash flows based on financial forecasts approved by the management that cover a five-year period. In the assessment of future cash flows, assumptions are initially made about sales growth, EBITDA margin and weighted average cost of capital (WACC). Anticipated cash flows are discounted using a weighted average cost of capital (WACC) for the relevant cash generating unit. WACC is derived from the risk- free interest rate in local currency, the country's risk premium, the business risk represented by estimated beta, the local stock market risk premium and an estimated reasonable borrowing cost above the risk-free interest rate.

The forecast period, discount rates (WACC), growth rate, EBITDA margin and inflation that are used to extrapolate the cash flows beyond the forecast period vary for the different cash generating units in the manner shown below.

The estimated growth rate is based on industry forecasts and the expectations of the company management. The forecast EBITDA margin has been based on previous results and on the management's market expectations. The management considers that the final values for growth and EBITDA margin will not in any case exceed the average growth rates for the markets in which the company operates. The estimated inflation rate is based on the future expectations of the central bank in each country.

		2018	
Year / Percentage	**Iceland**	**Sweden**	**Norway**
Forecast period (years)	5	5	5
WACC %, before tax	14,1	9,5	10,4
Growth rate after the forecast period (%)	3,8	3,0	3,0
EBITDA-margin after the forecast period (%)	10,5	7,0	7,0
Inflation rate (%)	2,5	2,0	2,5
Tax rate (%)	20	22	23

		2017	
Year / Percentage	**Iceland**	**Sweden**	**Norway**
Forecast period (years)	5	5	5
WACC %, before tax	13,2	9,7	10,2
Growth rate after the forecast period (%)	3,8	3,0	1,0
EBITDA-margin after the forecast period (%)	10,3	8,8	13,0
Inflation rate (%)	2,5	2,0	2,5
Tax rate (%)	20	22	28

Based on the assumptions described above, the value in use exceeds the recognised value of goodwill for each cash-generating unit. Reasonable changes to the above assumptions would not result in any need for impairment with regard to goodwill for the respective cash-generating units for the years 2018 and 2017.

Note 21 Operating assets

Cost	
Balance at 1 January 2018	**226,6**
Purchases	159,9
Sales/disposals	-4,8
Reclassification	0,0
Translation differences for the year	-3,1
Balance at 31 December 2018	**378,6**

Depreciation	
Balance at 1 January 2018	**-87,0**
Sales/disposals	2,5
Reclassification	0,0
Depreciation for the year	-81,8
Translation differences for the year	2,3
Balance at 31 December 2018	**-163,9**
Carrying amount as at 31 December 2018	**214,7**

Cost	
Balance at 1 January 2017	**225,8**
Purchases	135,3
Business combinations	16,1
Sales/disposals	-140,1
Translation differences for the year	-10,5
Balance at 31 December 2017	**226,6**

Depreciation	
Balance at 1 January 2017	**-81,5**
Sales/disposals	88,6
Depreciation for the year	-100,7
Translation differences for the year	6,6
Balance at 31 December 2017	**-87,0**
Carrying amount as at 31 December 2017	**139,6**

Finance leases included in operating assets:	31.12.2018	31.12.2017
Operating assets held through finance leases included at a carrying amount	129,3	112,7

For further information about finance leases within the Group and the maturity dates of finance lease liabilities, see note 29.

Note 22 Receivables from parent company

	31.12.2018	31.12.2017
At beginning of year	**239,0**	**17,1**
Lending	0,0	221,9
Accrued interest	9,5	0,0
Redemption of shares	-134,9	0,0
Repayments	-113,6	0,0
Carrying amount at end of year	**0,0**	**239,0**

Note 23 Shares in associates

Acquired during the year	3,6	0,0
Carrying amount at the end of the year	**3,6**	**0,0**

Name	Comp. reg. no. and country of operation	Activities	Share-holding (%)
Vintor Oy	2116894-5, Finland	IT consultancy	28,4%

The Group purchased 28,4% share in Vintor Oy, Finland, at the end of December 2018. The remaining outstanding shares were purchased in February 2019.

Note 24 Other non-current receivables

	31.12.2018	31.12.2017
Balance at the beginning of the year	**3,9**	**19,4**
Additional receivables	3,8	2,1
Settled receivables	-1,6	-17,5
Reclassifications of current to non-current	-2,7	0,0
Translation differences for the year	0,0	-0,1
Balance at the end of the year	**3,5**	**3,9**

Note 25 Trade receivables

	31.12.2018	31.12.2017
Trade receivables, gross	492,5	432,6
Provisions for doubtful receivables	-5,3	-7,1
Trade receivables, net after provisions for doubtful receivbles	**487,2**	**425,5**

The company management considers that the carrying amount for trade receivables, net after provisions for doubtful receivables, corresponds to the fair value.

	31.12.2018	31.12.2017
Provisions for doubtful receivables at beginning of year	7,1	7,0
Losses during the year	-0,8	2,3
Change in provisions for doubtful trade receivables during the year	-0,9	-2,2
Translation difference	-0,1	0,0
Total	**5,3**	**7,1**

Age analysis of trade receivables	31.12.2018	31.12.2017
Overdue by 0-30 days	469,3	418,0
Overdue by 31-60 days	8,2	7,0
Overdue by 61-90 days	3,8	1,6
Overdue by > 90 days	5,9	-1,0
Total	**487,2**	**425,5**

The Group's assessment is that payment will be received for trade receivables that are overdue but have not been written down, as the payment history of the customers is good.

Note 26 Prepaid expenses and accrued income

	31.12.2018	31.12.2017
Prepaid expenses	73,2	63,4
Accrued revenues	63,0	52,0
Total	**136,2**	**115,4**

Note 27 Cash and cash equivalents

	31.12.2018	31.12.2017
Available balances at banks and other credit institutions	102,0	171,4
Short-term liquid investments	27,0	45,0
Total	**129,1**	**216,5**

Short-term investments on the balance sheet at the end of the year totalled SEK 27 (2017: 45) million and comprised deposits with a term of up to three months.

Note 28 Equity

At year end 2018 the registered share capital was 27,473,549 (2017: 27,649,407) shares at a par value of SEK 0.02 (2017: 0.02), giving a total share capital of SEK 552.988 (2017: 552.988).

At year end 2018 Other contributed capital consists of shareholder contributions, capital contributed as well as warrants issued to employees in December 2018.

Translation reserves relates to currency translation differences due to translation of foreign operations to SEK. It is recognised in other comprehensive income.

Shares numbering 20,619,032 were retired in a redemption of shares on 28 September 2018 with the total amount of SEK 134.9 million being repaid through a set-off against a receivable on the parent company at the time.

The Board of Directors proposes that no dividends will be paid to shareholders in the year 2019. Reference is made to the financial statements regarding allocation of profit and other changes in equity.

The following profits are at the disposal of the AGM:

Retained earnings	SEK	6.560.111
Profit for the year	SEK	38.584.808
Total	**SEK**	**45.144.919**

The Board proposes that the profit is appropriated as follows:

Dividend to shareholders SEK 0 per shar	SEK	0
Carried forward	SEK	45.144.919
Total	**SEK**	**45.144.919**

Not 29 Non-current liabilities

	31.12.2018	31.12.2017
Bank loans	563,9	813,6
Financial lease liabilities	143,0	142,8
Current part of non-current liabilities	-115,6	-111,5
Non-current prepaid income	40,9	-
Deferred tax liability	66,5	62,9
Other non-current liabilities	2,9	15,3
Carrying amount	**701,5**	**923,1**

The Group's utilised overdraft facility amounts to SEK 101.6 (2017: 95.9) million. The overdraft limit is SEK 312.5 (2017: 247.0) million.

See Note 31 for details of pledged assets in relation to the above liabilities.

Advania AB refinanced the Group's non-current liabilities and short-term overdraft facilities for working capital during 2017 with a bank consortium comprising Skandinaviska Enskilda Banken AB (SEB) and Landsbankinn hf. The agreement was amended and restated on 28 December 2018. The term of the agreement is 3+1+1 years. This long-term financing provides funding of SEK 550 (2017: 650) million and ISK 3,471 (2017: 5,700) million. Of the SEK 550 million, SEK 50 million and SEK 100 million represent scope for borrowing to fund company acquisitions and SEK 100 million is a revolving credit facility. The overdraft facility amounts to SEK 150 million, plus a revolving credit facility of SEK 100 million. Icelandic subsidiary Advania Island ehf. has further overdraft facilities of ISK 700 million and USD 0.95 million. The significant conditions stipulated by the financing agreement relate to net debt/ EBITDA and the interest coverage ratio, which are reported quarterly. All conditions under the financing agreement were fulfilled as at the balance sheet date.

Pledged assets for the Group's borrowing are described in Note 32.

Note 30 Finance leases

The Group has entered into finance leases in relation to intangible assets (software) and operating assets (equipment, tools, fixtures and fittings). The lease agreements are non-terminable and the lease terms vary from one to five years. Variable charges relate primarily to interest. The maturity dates of the finance lease liabilities are shown below:

Maturity date:	**31.12.2018**	**31.12.2017**
Within one year	75,3	71,3
Later than one year but within five years	67,7	71,5
Later than five years	0,0	0,0
Total	**143,0**	**142,8**
Long-term element (included in balance sheet item: Liabilities to credit institutions)	67,7	71,5
Short-term element (included in balance sheet item: Liabilities to credit institutions)	75,3	71,3
Total	**143,0**	**142,8**

Note 31 Accrued expenses and prepaid income

	31.12.2018	**31.12.2017**
Accrued salaries	34,6	36,8
Accrued holiday pay	85,3	74,8
Accrued social security expenses	22,8	47,5
Prepaid income	147,3	100,0
Other items	24,1	27,9
Carrying amount	**314,1**	**287,0**

Note 32 Pledged assets and contingent liabilities

Pledged assets	**31.12.2018**	**31.12.2017**
Assets with retention of title	147,1	142,6
Trade receivables and inventories	120,2	113,7
Total	**267,2**	**256,3**

In addition to the above pledged assets, the shares in Advania Holding hf., Advania Holding AB, Advania Ísland ehf., Advania Holding AS and Advania Holding A/S have been pledged as collateral for loans and borrowings from credit institutions.

Contingent liabilities	**31.12.2018**	**31.12.2017**
Guarantee commitments	9,5	9,5
Other contingent liabilities	26,5	42,3
Total	**36,0**	**51,8**

Contingent liabilities relate to the subsidiary Advania Finance AB and constitute a repurchase obligation (right and obligation) in relation to residual values for financed IT equipment issued to various funding partners for a total of SEK 26.5 (2017: 26.5) million. The repurchase obligation is given a low valuation in relation to the anticipated actual value at the time of realisation, which is why no provisions have been made for these rights/obligations. Historically, the repurchase obligation has been lower than the actual market value at the time of realisation, which is why there is a contingent asset equivalent to at least the amount of the contingent liability. A contingent liability, in the amount of SEK 15.8 million, arose when an undertaking was made to one of the sellers, Framtakssjóður Íslands, when Advania was acquired by its current owners. As the undertaking was linked to listing in Iceland no later than the end of 2018 and the listing has not taken place the amount was paid to Framtakssjóður Íslands in January 2019. It is posted as other in the breakdown of finanical expenses in note 13. Advania AB's unrestricted equity at year end 2018 amounted to SEK 23.4 (2017: 119.7) million.

Note 33 Statement of liabilities attributable to financing activities

	Non-current liabilities		*Current liabilities*		
	Liabilities to credit institutions	**Other non-current liabilities**	**Liabilities to credit institutions**	**Overdraft facilities**	**Other current liabilities**
Carrying amount 1 January 2018	**844,9**	**15,3**	**111,5**	**95,9**	**110,3**
Cash flows from financing activities					
Loans raised	0,0	0,0	0,0	6,1	0,0
Amortisation of loans	0,0	0,0	-236,5	0,0	0,0
Amortisation of finance leases	0,0	0,0	-92,9	0,0	0,0
Changes not affecting cash flows:					
Loans raised, finance leases	91,5	0,0	0,0	0,0	0,0
Effect of changes in exchange rates	-11,4	0,0	0,0	-0,4	0,0
Other changes					
Reclassification between non-current liabilities and current liabilities relating to the payments for the coming year	-333,6	-12,4	333,6	0,0	23,3
Carrying amount 31 December 2018	**591,4**	**2,9**	**115,7**	**101,6**	**133,6**

	Non-current liabilities		Current liabilities		
	Liabilities to credit institutions	**Other non-current liabilities**	**Liabilities to credit institutions**	**Overdraft facilities**	**Other current liabilities**
Carrying amount 1 January 2017	**582,1**	**0,0**	**54,1**	**44,4**	**47,1**
Cash flows from financing activities					
Loans raised	936,7	0,0	0,0	46,5	0,0
Amortisation of loans	0,0	0,0	-574,3	0,0	0,0
Finance leases entered into	3,1	0,0	0,0	0,0	0,0
Amortisation of finance leases	0,0	0,0	-69,0	0,0	0,0
Changes not affecting cash flows:					
Loans raised, finance leases	127,9	0,0	0,0	0,0	0,0
Acquisition of subsidiairies	18,8	15,3	0,0	0,0	0,0
Sale of subsidiaries	-108,9	0,0	0,0	-2,4	0,0
Effect of changes in exchange rates	-14,0	0,0	0,0	7,5	0,0
Other changes					
Reclassification between non-current liabilities and current liabilities relating to the payments for the coming year	-700,7	0,0	700,7	0,0	63,2
Carrying amount 31 December 2017	**844,9**	**15,3**	**111,5**	**95,9**	**110,3**

Note 34 Business combinations

Business combinations in 2017

On 2 June 2017, the Group acquired 100% of the share capital in Caperio Holding AB for SEK 158.4 million. The acquisition of Caperio Holding AB is part of the Group's strategic focus on being a turnkey supplier of IT services.

Consideration transferred	**Caperio Holding AB**
Cash and cash equivalents	158,4
Total consideration transferred	**158,4**

Expenses relating to acquisitions amount to SEK 6.8 million and have been recognised as other expenses in the income statement.

Amounts recognised at the time of acquisition for net assets acquired

(SEK million)	**Caperio Holding AB**
Non-current assets	
Intangible assets	74,8
Property, plant and equipment	16,1
Financial non-current assets	9,6
Current assets	
Inventories	17,4
Trade receivables	96,7
Other current receivables	6,9
Prepaid expenses and accrued income	28,3
Cash and cash equivalents	36,0
Non-current liabilities	
Interest-bearing non-current borrowings	-8,8
Other non-current liabilities	-6,7
Deferred tax liability	-15,3
Contingent liabilities	-17,1
Current liabilities	
Interest-bearing borrowings	-10,0
Trade payables	-105,1
Other current liabilities	-9,0
Accrued expenses and prepaid income	-46,3
Identifiable assets and liabilities, net	**67,5**
Consideration transferred	158,4
Non-controlling interest	42,3
Goodwill	**133,2**

No part of the goodwill that arose in connection with the acquisitions is expected to be tax-deductible.

Net cash flows from acquisitions	
Cash consideration paid	158
Less: Cash and cash equivalents acquired	-36
Net cash flows	**122**

The acquisition's impact on the Group's earnings

Of the Group's revenues, SEK 754.1 million is attributable to Caperio Holding AB. Caperio Holding AB has contributed SEK 40.2 million to the Group's EBIT. If the acquisition had taken place on 1 January 2017, the Group's revenues would have been SEK 3,154.8 million and the Group's EBIT would have been SEK 94.8 million

Net cash flows from acquisitions in 2017	
Acquisition of Caperio	-122,0
Acquisition of non-controlling interest in Advania Holding hf.	-79,0
Net cash flows	**-201,0**

Net cash flows on the sale of subsidiaries in 2017	
Cash consideration received for Advania Data Center ehf.	21,0
Cash consideration received for Advania Mobile Pay ehf.	5,0
Net cash flows	**26,0**

Note 35 Transactions with related parties

Transactions between the parent company and its subsidiaries, which are related parties of the company, have been eliminated on consolidation, therefore no information is provided about these transactions in this note. Information about transactions between the Group and other related parties is provided below.

The parent company has purchased services from Beringer Finance AB. Bull Hill Capital AB holds a non-controlling interest in Advania AB and is the main shareholder in Beringer Finance AB. The transactions took place on market terms.

Sales of goods and services	**2018**	**2017**
Advania Data Centers ehf.	21,9	7,9
Advania MobilPay ehf.	0,0	1,1
Beringer Finance AB	3,5	0,0
3Step IT AB	4,2	0,0
Total	**29,7**	**9,0**

Purchase of goods and services	**2018**	**2017**
Beringer Finance AB	0,3	13,8
Advania Data Centers ehf.	6,6	2,9
Advania MobilPay ehf.	0,0	0,1
3Step IT AB	14,8	9,3
Simplex Bemanning AB	0,0	0,8
Total	**21,7**	**16,8**

Receivables from related parties	**31.12.2018**	**31.12.2017**
Parent company	0,0	239,0
Advania Data Centers ehf.	1,4	2,3
Beringer Finance AB	0,2	0,0
3Step IT AB	0,9	0,0
Carrying amount	**2,5**	**241,4**

Liabilities to related parties	**31.12.2018**	**31.12.2017**
Advania Data Centers ehf.	0,2	0,6
Carrying amount	**0,2**	**0,6**

Interest	**31.12.2018**	**31.12.2017**
Vianada AB	9,2	3,1
Total	**9,2**	**3,1**

Details of benefits for senior executives are provided in Note 13.

Related party transactions took place with a number of different parties. Advania Data Centers ehf. was, until 31 August 2017, a wholly owned subsidiary and was sold to Vianada AB, which owned 90.4% of Advania AB as at 31 December 2017. At year end 2018 Vianada is not a shareholder in Advainia AB. Advania Data Centers ehf. was considered a related party as of 1 September 2017 until November 2018. The Group has sold administrative services as well as products and related services to Advania Data Centers ehf. The Group has also purchased data hall capacity and related services. Advania Mobilepay ehf. was a majority owned subsidiary until 31 August 2017. The Group sold administrative services and products as well as related services to Advania Mobilepay ehf. in 2017 and the Group also purchased consultancy services from Advania Mobile Pay ehf. in 2017.

Beringer Finance AB is a wholly owned subsidiary of Beringer Finance AS. Bull Hill Capital AB owns approximately 60% of the share capital in Beringer Finance AS. Adalsteinn Johansson, a board member of Advania AB, is the CEO of Beringer Finance AB and the majority shareholder in Bull Hill Capital AB. Bull Hill Capital AB holds a non-controlling interest in Advania AB at year end 2018. Advania AB has purchased financial advice services from Beringer Finance AB, primarily in relation to company acquisition projects and refinancing.

3Step IT AB owns 49% of the share capital in Advania Finance AB (formerly Caperio Finance AB). As part of this joint venture, the Group purchased administrative services and logistics services from 3Step IT AB.

Simplex Bemanning AB is considered a related party as Tomas Wanselius, CEO of Advania Sverige AB, is a Board member and minority shareholder in the company. The Group has purchased consultancy services from Simplex Bemanning AB.

As at 31 December 2017, Vianada owned 90.4% of the share capital in Advania AB but is not a shareholder at year end 2018. At year end 2017 Vianada has an interest-bearing liability to Advania AB that resulted in net interest income for Advania AB. At year end 2018 Vianada AB is not a shareholder in Advania AB and the interest-bearing liability has been paid in full.

Details of benefits for senior executives are provided in Note 13.

All transactions with related parties take place on market terms.

Note 36 Events after the balance sheet date

Advania AB finalised the purchase of Vintor Oy, Finland in February 2019. The Group acquired 28% of the shares in December 2018 and the remaining 72% in February 2019. The purchase price will be on the range of SEK 2.7- 4.0 million, partially depending on an earnout element which will be based on Vintor's 2019 audited EBITDA.

Advania Holding hf. has signed an agreement for the purchase of all shares in Wise lausnir ehf. The purchase price amounts to ISK 800 million in addition to working capital and net debt adjustment in accordance with definitions in the purchase price agreement. The purchase is being reviewed by the Competition Authorities and is subject to uncertainty until approved.

Notes for the parent company

Note 1 Significant accounting policies

The Parent Company prepared its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and recommendation RFR 2 Accounting for Legal Entities, from the Swedish Financial Reporting Board. RFR 2 prescribes that, in the annual accounts for its legal entity, the Parent Company shall apply all EU-approved IFRSs and standard interpretations to the greatest extent possible within the scope of the Annual Accounts Act and taking account of the relationship between reporting and taxation. The recommendation specifies which exceptions from and additions to IFRSs must be made.

Changes to accounting policies applicable for the 2018 financial year

Changes to RFR 2 have not had any significant impact on the parent company's financial reports for the 2018 financial year.

Differences between the accounting policies of Group and the parent company

Differences between the accounting principles of the Group and the parent company are described below. The below accounting policies for the parent company has been followed consequently for all periods that are presented in the parent company's financial statements.

Classification and presentation

The parent company prepares its income statement and balance sheet in accordance with the format specified in the Swedish Annual Accounts Act. The main difference between this and IAS 1 *Presentation of Financial Statements*, as applied to the preparation of the consolidated financial statements, is in the recognition of financial income and expenses, non-current assets and equity.

Subsidiaries

Shares in subsidiaries are recognised at cost. Dividends from subsidiaries are recognised as revenue when the right to receive a dividend is considered certain and the dividend can be estimated reliably.

Financial instruments

The parent company does not apply IFRS 9 *Financial Instruments: Recognition and Measurement*. The parent company applies a method based on cost in accordance with the Swedish Annual Accounts Act.

Note 2 Information concerning intra-Group sales and purchases

	2018	**2017**
Purchases	7,4	0,0
Sales	33,1	4,6
	40,5	**4,6**

Note 3 Auditors' remuneration

	2018	**2017**
KPMG		
Audit assignments	0,5	0,0
Grant Thornton Sweden AB		
Audit assignments	1,7	0,3
Audit activities in addtion to the audit assignment	0,0	1,2
Tax advice	0,2	0,1
Other services	0,9	0,0
Total	**3,3**	**1,6**

Note 4 Number of employees, staff cost and senior executives

Salaries and other benefits	**2018**	**2017**
Salaries and other benefits	11,9	0,2
Social security expenses	3,0	0,0
Pension costs	1,7	0,0
Total	**16,5**	**0,2**

See Note 10 for the Group for information about the average number of employees, salaries and benefits and the distribution of women and men on the Board of Directors and among senior executives.

Note 5 Earnings from shareholdings in Group companies

	2018	2017
Dividend	54,3	28,3
Capital gains on the sale of shares	0,0	-3,9
Total	**54,3**	**24,4**

Note 6 Financial income

	2018	2017
Interest income	0,3	0,0
Interest income, Group companies	20,2	2,4
Exchange difference	13,1	5,0
Total	**33,7**	**7,4**

Note 7 Financial expenses

	2018	2017
Interest expense	-46,7	-4,1
Interest expense, Group companies	0,0	-7,2
Exchange difference	-4,0	0,0
Other	-15,4	0,0
Total	**-66,1**	**-11,3**

Note 8 Tax on profit/loss for the year

	2018	2017
Current tax	0,1	0,0
Tax on profit/loss for the year	**0,1**	**0,0**

Reconciliation of tax expenses for the year

	2018	2017
Recognised profit/loss before tax	38,5	-10,5
Tax calculated at Swedish tax rate (22%)	-8,5	2,3
Non taxable revenues	11,9	0
Non-deductable expenses	-3,4	0,0
Increase in tax loss carry-forwards without corresponding capitalisation of deferred tax	0,0	-2,3
Total	**0,1**	**0,0**
Recognised tax expense for the year	**0,1**	**0,0**

Note 9 Shares in Group companies

Opening balance at 1 January 2017	**175,0**
Acquistion of Advania Holding hf.	96,6
Acquistion of Advania Holding AB	284,0
Acquisition of Advania Holding AS	0,5
Sale of Advania MobilePay ehf.	-7,8
Sale of Advania Norge AS	-13,1
Carrying amount as at 31 December 2017	**535,2**
Opening balance at 1 January 2018	**535,2**
Share increase Advania Holding AS	1,6
Acquistion of Embla Solutions Doo	0,1
Carrying amount as at 31 December 2018	**536,9**

Company's shareholdings in Group companies

Specification of shareholdings of the parent company and the Group in companies as at 31 December 2018:

Name	Comp. reg.no. and country of operations	Activities	Share-holdings (%)
Advania Holding AB	556616-7598, Sweden	Owns and manages shares in IT companies	100,0%
Advania Sverige AB	556214-9996, Sweden	IT	100,0%
Knowledge Factory Consulting AB	556713-6840, Sweden	IT consultancy	100,0%
Virtus AB	556496-7221, Sweden	No current activity - previous IT consultancy	100,0%
Caperio Holding AB	556680-2673, Sweden	Owns and manages shares in IT companies	100,0%
Advania Finance AB	556737-7840, Sweden	Provision of financing solutions and handling of used IT equipment	51,0%
Advania Holding hf.	670514-2340, Iceland	Owns and manages shares in IT companies	100,0%
Advania Ísland ehf.	590269-7199, Iceland	IT consultancy and trading in IT related products	100,0%
Embla Solutions ehf.	460217-1130, Iceland	IT consultancy	100,0%
Advania Holding AS	916 156 146, Norway	Owns and manages shares in IT companies	100,0%
Advania Norge AS	967 372 668, Norway	IT consultancy	100,0%
Stepper AS	914 794 811, Norway	Trading of IT-related products	100,0%
Advania Holding A/S	371 44 282, Denmark	Owns and manages shares in IT companies	100,0%
Advania Danmark A/S	367 15 103, Denmark	Provision of turnkey solutions with in IT	100,0%
Embla Solutions Doo	21269611, Serbia	IT consultancy for Group companies	100,0%

[1] Percentage shareholding refers to the share of ownership and share of votes held by the parent company. The share of votes in Advania Finance AB is 51.9%.

Specification of shareholdings of the parent company and the Group in companies as at 31 December 2017:

Name	Reg.no. and country of operations	Activities	Share-holdings (%)
Advania Holding AB	556616-7598, Sweden	Owns and manages shares in IT companies	100,0%
Advania Sverige AB	556214-9996, Sweden	IT consultancy and trading in IT related products	100,0%
Knowledge Factory Consulting AB	556713-6840, Sweden	IT consultancy	100,0%
Virtus AB	556496-7221, Sweden	No current activity - previous IT consultancy	100,0%
Caperio AB	556583-4875, Sweden	IT consultancy and trading in IT related products	100,0%
Caperio Holding AB	556680-2673, Sweden	Owns and manages shares in IT companies	100,0%
Advania Finance AB	556737-7840, Sweden	Provision of financing solutions and handling of used IT equipment	51,0%
Advania Holding hf.	670514-2340, Iceland	Owns and manages shares in IT companies	100,0%
Advania Ísland ehf.	590269-7199, Iceland	IT consultancy and trading in IT related products	100,0%
Advania Holding AS	916 156 146, Norway	Owns and manages shares in IT companies	100,0%
Advania Norge AS	967 372 668, Norway	IT consultancy	100,0%
Advania Holding A/S	371 44 282, Denmark	Owns and manages shares in IT companies	100,0%
Advania Danmark A/S	367 15 103, Denmark	Provision of turnkey solutions with in IT	100,0%

[1] Percentage shareholding refers to the share of ownership and share of votes held by the parent company. The share of votes in Advania Finance AB is 51.9%.

Note 10 Receivables from Group companies

Opening balance 1 January 2018	**423,5**
New loans	52,8
Repayments	-345,5
Currency differences	-5,0
Carrying amount as at 31 December 2018	**125,8**

Note 11 Prepaid expenses and accrued income

	31.12.2018	**31.12.2017**
Prepaid bank charges	1,7	2,6
Accrued interest income	0,8	1,3
Carrying amount	**2,5**	**3,9**

Note 12 Cash and cash equivalents in cash flows

	31.12.2018	**31.12.2017**
Available balances at banks and other credit institutions	1,6	0,0
Total	**1,6**	**0,0**

Note 13 Loans and borrowings from credit institutions

	31.12.2018	31.12.2017
Loans and borrowings from credit institutions	523,6	773,4
Total	**523,6**	**773,4**

Note 14 Accrued expenses and prepaid income

	31.12.2018	31.12.2017
Accrued cost	7,0	0,2
Total	**7,0**	**0,2**

Note 15 Pledged assets and contingent liabilities

Pledged assets	**31.12.2018**	**31.12.2017**
Shares in subsidiaries	536,9	535,2
Total	**536,9**	**535,2**

Contingent liabilities		
Parent company guarantee	0,0	15,8
Total	**0,0**	**15,8**

Unrestricted equity at Advania AB as at 31/12/2018 amounted to SEK 23.4 (119.7) million. A contingent liability, in the amount of SEK 15.8 million, arose when an undertaking was made to one of the sellers, Framtakssjóður Íslands, when Advania was acquired by its current owners. As the undertaking was linked to listing in Iceland no later than the end of 2018 and the listing has not taken place the amount was paid to Framtakssjóður Íslands in January 2019. It is posted as other in the breakdown of finanical expenses in note 8.

Note 16 Statement of liabilities attributable to financing activities

	Non-current liabilities		*Current liabilties*			
	Liabilities to Group companies	**Liabilties to credit institutions**	**Liabilties to credit institutions**	**Overdraft facilities**	**Liabilities to Group companies**	**Other current liabilities**
Carrying amount 1 January 2018	**0,0**	**773,5**	**40,2**	**95,9**	**6,4**	**0,2**
Cash flows from financing activities						
Loans raised	0,0	0,0	0,0	0,0	0,0	0,0
Amortisation of loans	0,0	-236,5	0,0	-5,8	-5,3	0,0
Changes not affecting cash flows						
Effect of changes in exchange rates	0,0	-13,2	0,0	0,0	0,0	0,0
*Other changes**						
Reclassification between non-current liabilties and current liabilties relating to the payments for the coming year	0,0	-0,1	0,1	0,0	0,0	6,8
Carrying amount 31 December 2018	**0,0**	**523,6**	**40,3**	**90,1**	**1,1**	**7,0**
Carrying amount 1 January 2017	**42,5**	**0,0**	**0,0**	**0,0**	**44,5**	**0,0**
Cash flows from financing activities						
Loans raised	0,0	818,6	0,0	95,9	0,0	0,0
Amortisation of loans	-42,5	0,0	0,0	0,0	-38,1	0,0
Changes not affecting cash flows						
Effect of changes in exchange rates	0,0	-4,9	0,0	0,0	0,0	0,0
*Other changes**						
Reclassification between non-current liabilties and current liabilties relating to the payments for the coming year	0,0	-40,2	40,2	0,0	0,0	0,2
Carrying amount 31 December 2017	**0,0**	**773,5**	**40,2**	**95,9**	**6,4**	**0,2**

* Other changes include accrued interest and payments

Note 17 Transactions with related parties

Transactions between the parent company and its subsidiaries, which are related parties of the parent company, as well as information about transactions between other related parties are presented below.

Purchases of goods and services	2018	2017
Beringer Finance AB	0,3	13,8
Total	**0,3**	**13,8**

The parent company has purchased services from Beringer Finance AB. Bull Hill Capital AB holds a non-controlling interest in Advania AB and is the main shareholder in Beringer Finance AB. The transactions took place on market terms.

Beringer Finance AB is a wholly owned subsidiary of Beringer Finance AS. Bull Hill Capital AB owns approximately 60% of the share capital in Beringer Finance AS. Adalsteinn Johansson is the CEO of Beringer Finance AB and the majority shareholder in Bull Hill Capital AB. Bull Hill Capital AB holds shares in Advania AB. Advania AB has purchased financial advice services from Beringer Finance AB, primarily in relation to company acquisition projects and refinancing. Adalsteinn Johansson also became a board member in Advania AB in October 2018.

Receivables from related parties	31.12.2018	31.12.2017
Parent company	0,0	239
Advania Data Centers ehf.	1,4	2
Total	**1,4**	**241,3**

Liabilities to related parties	31.12.2018	31.12.2017
Advania Data Centers ehf.	0,2	0,6
Total	**0,2**	**0,6**

Interest income	31.12.2018	31.12.2017
Vianada AB	9,2	3,1
Total	**9,2**	**3,1**

At year-end 2018 Vianada had sold its outstanding shares in Advania AB but owned 90.4% of the share capital in Advania AB at year-end 2017. Vianada had an interest bearing liability to Advania AB at year-end 2017 which was paid during 2018.

Details of benefits for senior executives are provided in Note 13 for the Group.

All transactions with related parties take place on market terms.

Note 18 Events after the balance sheet date

On 28 December 2018 Advania AB signed a sale and purchase agreement regarding the shares in Vintor Oy, Finland. The Company purchased 28.4% of the shares before year end and bought the remaining shares in February 2019. The purchase price will be in the range of EUR 2.7 - 4.0 million, depending on an earnout caluculated based on among other the EBITDA for the year 2019.

The subsidiaries Advania Sverige AB and Caperio AB were merged on 31 October 2018 andAdvania Holding AB and Caperio Holding AB were merged as of 24 January 2019. The subsidiaries Advania Ísland ehf. and Embla Solutions ehf. were merged on 1 January 2019. Stepper AS was liquidated 31 January 2019.

The Board of Directors proposes that no dividends will be paid to shareholders in the year 2019. Reference is made to the financial statements regarding allocation of profit and other changes in equity.

The annual report and the consolidated financial statements were approved for publication by the Board on 3 June 2019. The consolidated income statement, consolidated balance sheet and the parent company's income statement and balance sheet will be submitted for adoption at the Annual General Meeting on 25 June 2019.

The Board of Directors and the CEO hereby certify that the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for Legal Entities and present fairly the financial position and performance of the company and that the administration report provides a true and fair overview of the development of the business, financial position and performance of the company, and describes the significant risks and uncertainties faced by the company. The Board of Directors and the CEO hereby certify that the consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and present fairly the financial position and performance of the Group and that the administration report for the Group provides a true and fair overview of the development of the business, financial position and performance of the Group, and describes the significant risks and uncertainties faced by the constituent companies of the Group.

Stockholm, on 3 June 2019

Thomas Ivarson Chairman of the Board	Adalsteinn Jóhannsson
Benjamin Kramarz	Gestur G. Gestsson
Vesa Suurmunne	Gestur G. Gestsson Chief Executive Officer

Our audit report was submitted on

KPMG AB

Hök Olov Forsberg Authorised Public Accountant and Auditor in Charge	Susanna Norlin Authorised Public Accountant