Annual Report 2017

LOGIWASTE

02

Contents

Cover image: Central Business District in Beijing. Logiwaste has provided a system for the collection of two fractions of waste for one of the largest life insurance companies in the world, China Life, and their new head office in the district.

This is Logiwaste

Logiwaste continues to expand and develop. We continue to be one of Sweden’s fastest growing environmental technology companies. In the last six years, the company has had an average annual growth of 35%. We have therefore further consolidated our position as one of the leading actors in Scandinavia for automated waste and laundry collection systems. In the last four years, we have also actively worked internationally in selected markets.

We create added value for our customers, owners and for society with our specialist skills, business knowledge and commitment. Our innovative strength and flexibility are forces that give us high competitiveness in our markets. By means of our automated waste and laundry collection solutions, we drive development onwards towards a better and more sustainable society.

Logiwaste’s operations are divided into three business sectors. Stationary systems, mobile systems and services. Logiwaste systems are used primarily in hospitals, residential areas and commercial facilities.

Stationary systems

We help our customers to create significant value by means of stationary systems for managing waste and laundry. We are present throughout the system’s life cycle, from consultation and design to a complete system and then operation and servicing.

Mobile systems

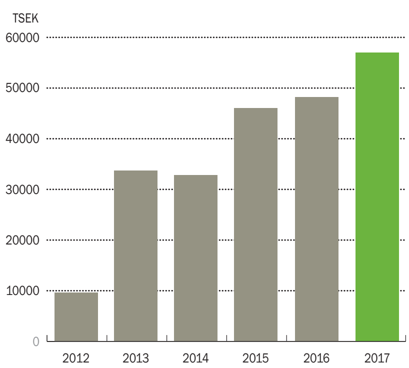
With its mobile waste vacuum system, Logiwaste can offer the same possibility of effective and hygienic waste control for small to medium-sized facilities as well as larger residential areas.

Services

We help our customers to effectively and professionally develop and run their projects through advice, system design, project design and modernisation. We ensure the effective and reliable operation of our customers’ waste vacuum facilities with our operations and maintenance services.

2017

NET TURNOVER



NET TURNOVER

57 434 TSEK

EARNINGS AFTER FINANCIAL ITEMS

685 TSEK

PROFIT MARGIN

1.8 PERCENT

EQUITY RATIO

36.4 PERCENT

Letter from the CEO

2017 was yet another good year for Logiwaste. We saw continued, positive development in all of our business sectors and we have strengthened our position in the market. We have now gone from being the newcomer to a serious contender with the capacity to compete within all segments of the automated waste collection system market, both in terms of size and complexity.

The group's income for the year totalled MSEK 57.4, an increase of 18 percent compared to the previous year. Operating results for 2017 were MSEK 0.7, a drop from MSEK 1.4 in 2016. Our order book continues to grow.

The market situation for Logiwaste systems and solutions continues to be extremely positive. Housing construction in our Scandinavian home market continued to increase throughout 2017. Even if there has been a downturn in the pace of growth in 2018, the slowdown follows on from a historically very high level. We expect demand for projects involving automated waste collection systems both in the residential and healthcare sectors to increase in the same period. Internationally, we have seen a continued and increasing interest in Logiwaste systems, both for residential housing and hospitals.

Within the stationary systems business sector, a number of systems were commissioned in 2017, including the completed New Karolinska Hospital project in Stockholm where three systems were handed over to the customer. The systems handle the collection of four fractions of waste, as well as laundry and food waste. Logiwaste continues to invest in new, innovative products and solutions. Product development is focused on user-friendliness, operational performance and long service life.

The business area mobile systems continues to grow with a high order intake in 2017. A number of installations were implemented in 2017 and the first system was commissioned in Trondheim at the start of 2018. Logiwaste now has a complete product portfolio to deal with our customers various needs. One much appreciated product is our auger conveyor storage tanks, which are always supplied in stainless steel for an extra long service life.

Demand for Logiwaste's services is increasing and we see great potential for this area in the coming years. In connection with the handing over of the systems at the New Karolinska Hospital, Logiwaste signed a five-year service contract

2017 was yet another good year for Logiwaste. We saw continued, positive development in all of our business sectors.

for all three systems, waste, laundry and food waste. To strengthen the service organization a number of recruitments has been made throughout the year, mainly in operation and maintenance. A number of major public procurements for services will take place in 2018 and we therefore plan to continue hiring personnel.

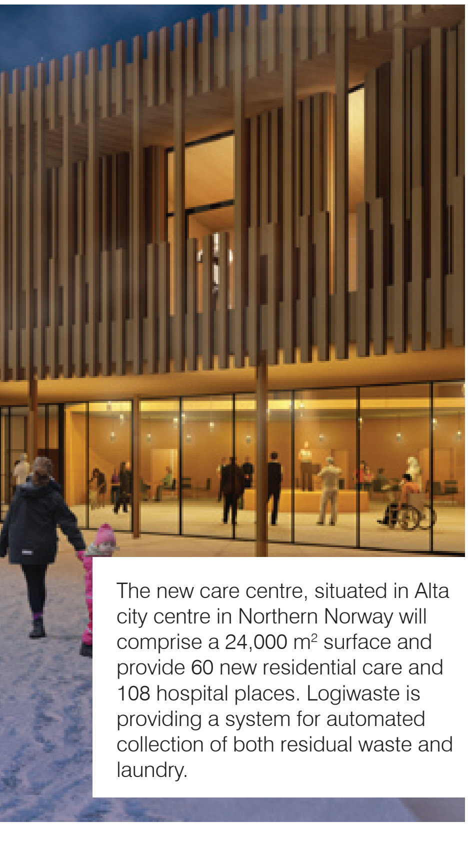
Logiwaste continued its international development in the year. We have several strategic partnerships with locally well-established partners in selected markets. Logiwaste has developed a programme to quickly and effectively establish smooth-running cooperation with local partners. The programme includes everything from marketing and sales, installation and commissioning of systems to subsequent operation and maintenance. The programme has shown itself to work well, for example in Beijing, China, where Logiwaste, together with our local partners, has installed a system for the collection of two fractions of waste. The system is planned to go into commission in the middle of 2018. At the start of 2018, Logiwaste was awarded a project in Russia for automated waste and laundry collection for a hospital.

Procurement based on several factors other than merely the lowest price is already common in Norway and Denmark and is going to become more common in Sweden. It is becoming more common that customers now want our cooperation in the early stages, which gives our employees new opportunities to contribute their expertise to a greater degree. We are going to continue our work building the market's most experienced, competent and motivated team. What we have achieved in recent years shows that Logiwaste gives its customers added value and contributes to positive social development.

Thomas Andersson
CEO

The Skårer area in the Lørenskog district north-east of Oslo will be developed in the coming years with over four thousand new homes. Its vicinity to the capital has made the area attractive for its inhabitants. Logiwaste designs and provides a system where three fractions of waste are automatically collected in for the new town area; residual waste, paper and organic waste. In addition to this, residual waste from businesses in the area will be collected and managed by the system.

In the “Framtidens Akademiska” project, the hospital is going to be extended by 60,000 square metres hospital surface as well as a further 80,000 square metres being remodelled by the year 2022. Logiwaste is providing the system, which shall automatically manage and collect the hospital’s waste and laundry both in the new and existing facilities.



The new care centre, situated in Alta city centre in Northern Norway will comprise a 24,000 m^2 surface and provide 60 new residential care and 108 hospital places. Logiwaste is providing a system for automated collection of both residual waste and laundry.

Stationary systems. Continued strong market position.

The business sector for Stationary systems has seen very good development throughout the year and has continued to consolidate Logiwaste's market position in the sector. We consider that Logiwaste's market share has increased in our existing markets in the year.

Stationary waste vacuum systems dominate the company's business sector and the number of awarded projects in the year has continued to be at a level that enables a continued high growth rate. The order book in relation to turnover has continued to grow both in the residential and healthcare sectors.

In the healthcare sector, demand is continually high where stricter stipulations for an effective and attractive healthcare continues to favour Logiwaste's systems and solutions. Housing construction increased in 2017 by an average of 12% in Scandinavia. The pace is expected to decrease in 2018. The slowdown is however following on from a historically very high level. The part of started projects within both the residential and healthcare sectors for automated waste collection systems also increased in the same period according to our observations.

Several completed systems were commissioned in Scandinavia. At the end of 2016, Logiwaste put into operation a waste and laundry control system at the Karolinska Hospital in Stockholm. The system was continually extended in 2017 and was fully handed over to the customer in October 2017. Read more about the project with the Karolinska Hospital on page 15.

The outside world and our customers' needs and preconditions impact our product development to a large extent. User-friendliness, new functions and better performance are examples of qualities that are often sought. Logiwaste's development department has, during the year, both developed both new products and further developed existing ones that are used in stationary waste vacuum systems. The new, low-built fraction switch is a clear example where the customer's needs and preconditions were the driving force for new, innovative solutions. Read more about Logiwaste's product development work on page 14.

In the Blussuvoll Allé project, Trondheim is constructing 77 new flats. The housing has a fantastic view over both the city and its nearby fjord. The residents in the 77 flats sort their residual waste at its source with the help of Logiwaste's mobile waste vacuum system. Via two inlet points with a total of six inlets, waste is introduced to then be stored in two auger conveyor storage tanks. The auger conveyor storage tanks are emptied on given occasions via two separate docking ports.

Mobile systems. Strong start for the new business sector.

Logiwaste has continued to develop the mobile systems business sector in 2017, in terms of both business and products. We continue to provide a strong offer where smaller and medium-sized facilities and residential areas are given the same possibility of effective and hygienic waste management as larger residential areas.

Due to our strong market position for stationary systems in combination with our know-how of automated collection systems, our mobile systems have quickly gained the acceptance of our customers. Orders booked has been strong during the year and has followed the forecasted volumes with a number of system orders in both Norway and Sweden.

The development of new, innovative products has been an area of focus on the mobile side. We now have an extensive portfolio of products to suit our customers' various needs. Complete sets of auger conveyor storage tanks, inlets suited to mobile systems and docking ports are a few examples.

The business sector has contributed positively with increased competitiveness in the Scandinavian market and we see a continued, positive development potential in the coming years.

Services.
Employees who help our customers move forward.

Logiwaste offers professional services from consultation and design to the completed system with subsequent operation and servicing.

Demand for Logiwaste's services continue to be high. Both professional services and system services such as operation and maintenance have developed positively in the year. In 2017, a number of recruitments were made to primarily strengthen operation and maintenance.

Professional services
The professional services area is central for Logiwaste. We provide extensive support for our customers, from consultation and design to the completed system and throughout its entire lifetime. Our employees' expert knowledge and experience acquired over the years ensure that our customers get high-performance, dependable systems.

Within professional services, system design and waste system design are areas with high demand and strong growth. Our customers are also demanding more optimization in order to achieve increased accessibility. Thanks to a very positive trend in the order book in 2017, it is presently an area with stable demand in the foreseeable future.

System services
We help our customers to fully benefit from their system in an effective manner thanks to our system services. This includes operation, maintenance, repairs and modernization.

We are seeing a growing market need for a qualitative service and for experienced and skilled personnel. Our service personnel have great experience of the systems and technology of all our differently manufactured waste vacuum systems on the market. We can therefore offer the same services, whoever the original system provider was.

As a part of the investment in the services business, Logiwaste has continued to strengthen its organization in operation and servicing throughout the year.

Internationalization. Markets outside Scandinavia give new opportunities.

Demand for modern, sustainable methods to effectively manage waste continues to grow. Structural changes in social development with the growth of sustainable cities are being observed throughout the world, not least in Asia. For this social development, Logiwaste's systems and solutions are an important and sought-after building block. Logiwaste has continued to develop selected geographical markets during the year. Thanks to several strategic partnerships with locally well-established partners, we now have a firm footing for long-term work on Logiwaste's internationalization.

Our business model with local partners has shown itself to work well. Logiwaste has produced a programme to quickly and effectively establish smooth-running cooperation with local partners. The programme helps partners in everything from marketing and sales, installation and commissioning of the system to subsequent operation and maintenance.

We have, in recent years, seen a growing potential and demand in China for sustainable and modern environmental technology as a consequence of state-mandated smart cities that are at the forefront with a new, more sustainable, urban planning. In a similar way, we are seeing growing demand for sustainable and modern waste control for the healthcare sector in China. Many of the new hospitals that are planned are going to have Logiwaste's technology and solutions. At the start of 2017, Logiwaste was awarded its first order in the Chinese market. This system, situated in Beijing, has been successfully installed with the help of a local partner in 2017 and will go into service in 2018.

Continual improvements. Quality, environment and work environment.

Logiwaste has, in 2017, continued its work with further development of work and processes in quality, environment and work environment, which are central areas in Logiwaste's activities. In the course of the year, we renewed our three certificates ISO 9001:2008 for quality, ISO 14001:2004 for environmental management and OHSAS 18001 as management system for the work environment.

Quality

Work on continous improvements within quality is central to achieve increased customer satisfaction and increased profitability in Logiwaste's business activities. We have continued to develop work on our processes and tools in the year.

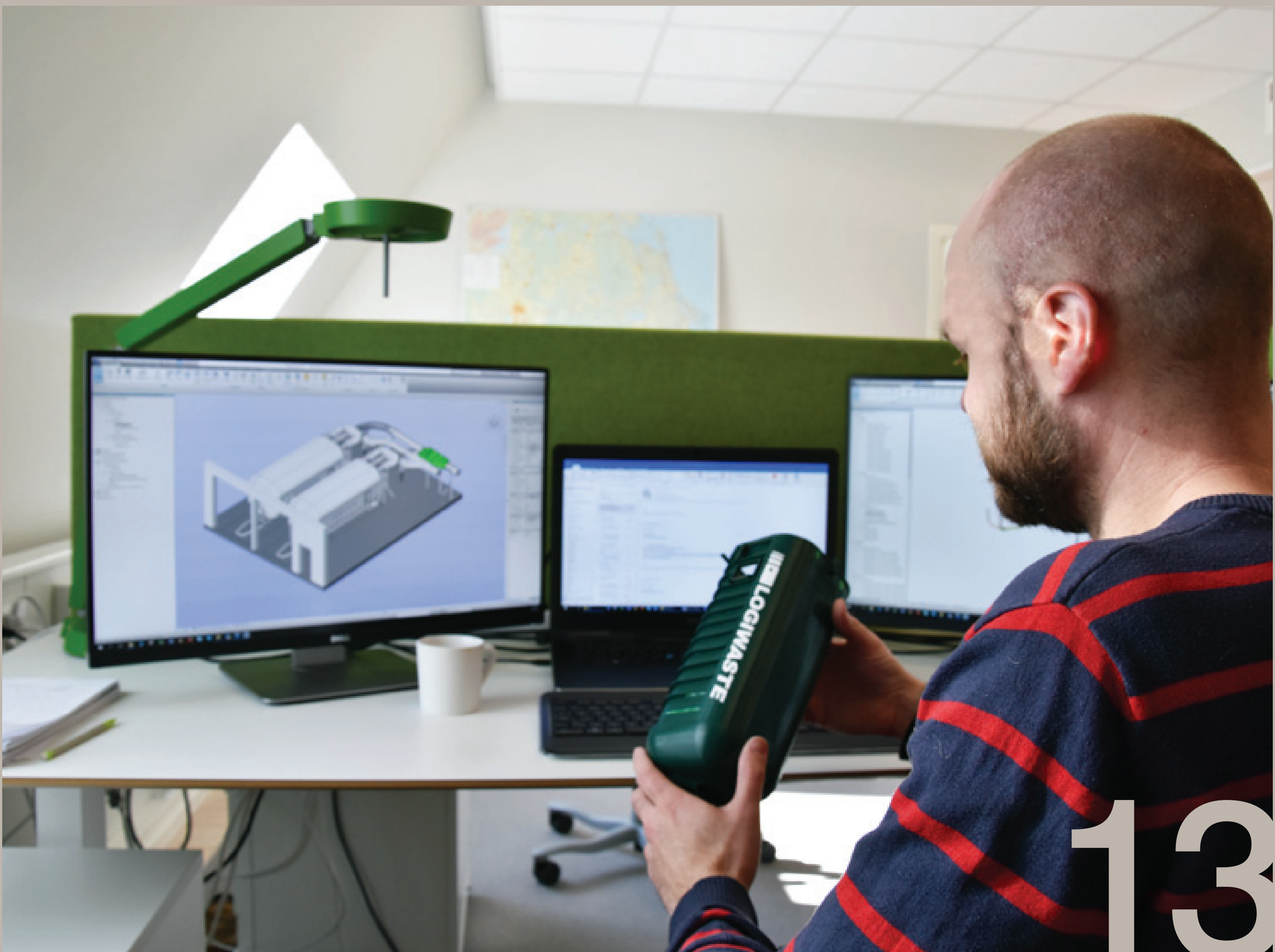
Environment

Logiwaste strives for minimum of environmental impact from our activities. Environmental legislation and other applicable local, national and international laws and rules are conformed to. We work actively to identify and analyse environmental aspects in each part of our business and we take the relevant measures. Environmental risks are analysed and an environmental plan is drawn up for each customer project, each one adapted to the specific situation.

Work environment

We have continued to work actively and systematically to identify and prevent risks in the work environment. We thus create a good and safe work environment for all of Logiwaste's employees and those service suppliers we work with.

The basis for how work shall be managed and implemented within a customer's project is based on good planning, clear procedures and instructions. A work environment plan is drawn up for each project to identify and prevent risks. For all work phases in a project, a preparative work phase with risk analysis is drawn up. The purpose of such work is to prevent and completely avoid workplace accidents.



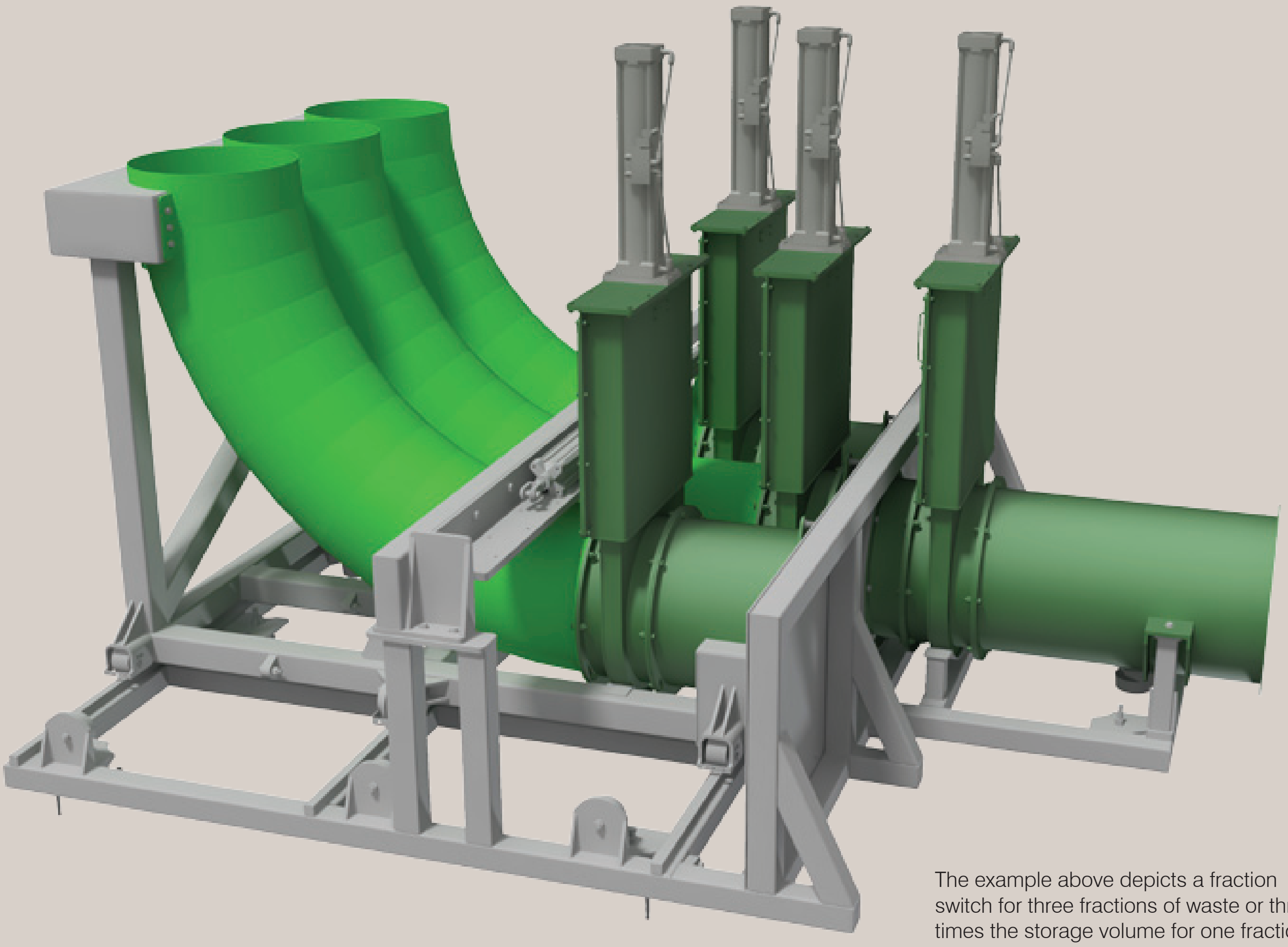
Product development. New ways of thinking and innovation sharpen competitiveness.

Logiwaste launched a recently developed low-profile fraction switch in the course of the year. Fraction switches can be used in all types of buildings but are especially useful when the height of spaces is limited.

With the new fraction switch, we can offer our customers a more compact design that lets them build lower and therefore saves on costs. Thanks to a newly designed and innovative solution, valve space height requirements have been significantly reduced. The new fraction switch uses a horizontal movement, which uses the space's width instead of its height to manage and store the different fractions. Thanks to the unit's linear movement, the height of the space is not influenced by the number of fractions to be managed. It is instead limited by the available horizontal space in the amenity.

The solution combines user-friendliness and performance with a compact, low-profile design. The user chooses which fraction shall be introduced at the inlet point. The fraction switch automatically chooses the right fraction by changing position and the waste or laundry bags can be temporarily stored at the right storage valve before transportation to the terminal. The fraction switch uses compressed air which offers low energy consumption.

A fraction switch has two main application areas. The fraction switch enables handling of several types of waste using the same inlet door in the same system. It can also be used as an expanded storage to increase the storage volume for a chosen fraction.



The example above depicts a fraction switch for three fractions of waste or three times the storage volume for one fraction of waste.

Project development.
At New Karolinska, world-class healthcare services are provided.

The new Karolinska hospital is the central project in one of the largest and most extensive healthcare initiatives ever in Stockholm County. The project is also one of the largest and most innovative healthcare projects in the world.

The starting point in the hospital project has always been “the patient always comes first”. The patient’s privacy, safety and comfort are of central importance. Patients now encounter an extremely modern hospital that is able to fulfil those requirements made upon a modern healthcare amenity in the shape of an excellent work and healthcare environment where planning and design have consistently been based on what is best for them.

The back-office systems, not least the effective and hygienic control of waste and laundry is, in this context, of central importance for the effective running of operations.

Logiwaste has delivered three different systems to the hospital, which are now operational. An automated waste vacuum system, a laundry handling system and a kitchen waste system. The waste vacuum system controls the four different waste fractions; residual waste, paper, plastic, paper packaging.

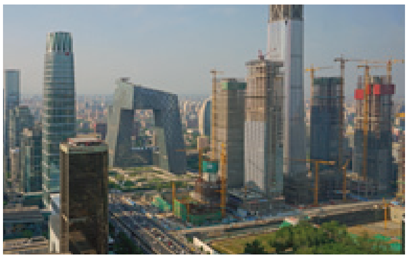
Waste and laundry is disposed of into more than 200 fully automated inlet hatches. For the user, this system represents easy, hygienic control with a minimum of heavy lifting or manual handling. The desired waste fraction is selected by the user via a display with the help of an authentication-checked RFID badge. Waste is disposed of and are thereafter temporarily stored with the help of fraction switches at the bottom of each shaft. The waste is then transported to the terminal via the pipe system. In the terminal, the waste is stored in separate containers. Waste fractions with high volumes are compressed to minimize the number of road transport trips.

Fully automated, no-contact inlets make it easy, hygienic and comfortable for the personnel to introduce waste and laundry bags.

The terminal at Karolinska Hospital in Stockholm. Collection of four fractions of waste in filter containers and compactor containers.

A selection of ongoing projects in 2017


Sundmolen
Residential area
Copenhagen, Denmark


China Life
Commercial facilities
Beijing, China


The Skårer area
Residential area
Lørenskog district, Norway


DNV-Gødstrup
Hospital
Herning, Denmark

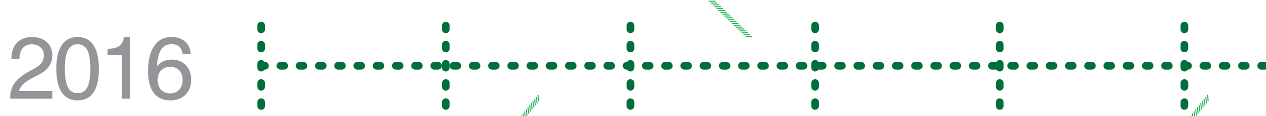

Hagastaden
Residential area
Solna, Sweden


New hospital area in Helsingborg
Hospital
Helsingborg, Sweden

Important events in 2017

Product development: Complete range of auger conveyor storage tanks for mobile systems.

New project: The first contract for an automatic waste collection system in China. The Customer is one of the world's largest life insurance companies, China Life, in Beijing.



New project: The first assignment to build a gravity chute system. The system handles waste and laundry for the Customer Diakonissehuset Lovisenberg in Norway

New project: Automatic collection system for both waste and laundry for the Customer Akademiska Hospital in Uppsala, Sweden


Norrtälje Harbour
Residential area
Norrtälje, Sweden


Fabriksparken
Residential area
Sundbyberg, Sweden


Akademiska Hospital
Hospital
Uppsala, Sweden


Regional hospital Viborg
Hospital, chute
Viborg, Denmark


Tesliåsen
Mobile waste collection system
Trondheim, Norway


Alta Healthcare Centre
Hospital
Alta, Norway

Product development:
Low-built fraction switch

New project: Automatic collection system for both waste and laundry for the Customer Alta Healthcare Centre in Norway.

2018

Commissioning: Commissioning of the first automatic waste collection system in Denmark. Four fractions of waste in Sundmolen

New project: Assignment to build a gravity chute system for waste and laundry collection for the Regional hospital Viborg in Denmark

Product development: Launch of recently developed flap valve

The year in figures.

Management report

Management report

The Board of Directors and managing director for Logiwaste AB, 556839-6245, hereby issue the annual accounts for 2017.

The business in general

The Group

The two group entities offer services, products and servicing for the environmental and cost effective automated collection of waste and laundry. The Swedish parent company operates in Sweden, Norway and Denmark while the Norwegian subsidiary only operates in Norway.
The company is 100% owned by M Industrial Invest AB, 556651-0672, with its head office in Sigtuna.

Parent company

The company offers services, products and servicing for the environmental and cost effective automation collection of waste and laundry. The company operates in Sweden, Norway and Denmark.

Company's operations, results and financial position trend

The Group

Amount in TSEK	2017	2016	2015
Net turnover	57,434	48,596	46,386
Gross profit	8,337	8,240	11,026
Gross margin	14.5%	17.0%	23.8%
Profit after financial items	685	1,446	528
as % of net turnover	1.2%	3.0%	1.1%
Balance sheet total	48,863	37,289	29,616
Equity ratio	36.4%	40.8%	37.7%

Key figure definitions, see note 26.

Parent company

Amount in TSEK	2017	2016	2015	2014
Net turnover	57,293	46,758	45,740	32,781
Gross profit	7,895	7,882	11,828	7,954
Gross margin	13.8%	16.9%	25.9%	24.3%
Profit after financial items	352	1,465	456	303
as % of net turnover	0.6%	3.1%	1.0%	0.9%
Balance sheet total	49,492	36,588	28,918	22,156
Equity ratio	35.5%	41.6%	38.7%	26.4%

Management report

Key events during the financial year as well as after the end of the financial year

The subsidiary Logiwaste Environmental Technology (Beijing) Co., Ltd was created in April 2017. At the start of 2017, the first order was signed for delivery of a waste control system to the Chinese market. Delivery started in the autumn of 2017.

The business sector in mobile waste vacuum system was started and new orders were signed in the year.

An offset shares issue was decided on in December 2017 in the parent company, by which share capital was increased by SEK 666,660 and provisions for SEK 1,333,320 were recorded in the share premium account.

Predicted future development along with significant risks and uncertainty factors

The Group
Future development
The parent company showed a continually bigger order book in 2017 and finished the year with more orders than the previous year. This means the right conditions are in place for good stable growth in the coming years. Internationalization efforts continue and have shown that there is international demand too.

Significant risks and uncertainty factors
Currency risks
A large part of sales transactions in the parent company are in NOK and a substantial part of procurements are paid for in EUR. For the subsidiary in Norway, sales are only in NOK in the Norwegian market and procurements are paid for in EUR and SEK. There is no hedging.

Price risks
The most prevalent part of the group's sales are through long-term procurement agreements where the price level is fixed by a well-documented agreement, which is why the risk of price fluctuations is very small.

Credit risks/Counterparty risks
The major part of the group's sales are to large well-consolidated customers, mainly within the public sector. Agreements reached have, for the most part, a payment plan where payment is made in pace with sunk costs. The parent company has a history of very small customer losses.

Liquidity risks
The parent company has well-established profitability and good financing with low or no outstanding indebtedness. Even if the group's expansion requires more operating capital, the company can fund the operation such that liquidity can be kept at a very healthy level.

Interest rate risks
The group is not exposed to interest rate risks that could be of particular importance for the financial results.

Parent company
Future development
The parent company showed a continually bigger order book in 2017 and finished the year with more orders than the previous year. This means the right conditions are in place for good stable growth in the coming years. Internationalization efforts continue and have shown that there is international demand too.

Significant risks and uncertainty factors
Currency risks
A large part of sales transactions in the parent company are in NOK and DKK and a substantial part of procurements are paid for in EUR. There is no hedging.

Price risks
The most prevalent part of the group's sales are through long-term procurement agreements where the price level is fixed by a well-documented agreement, which is why the risk of price fluctuations is very small.

Credit risks/Counterparty risks
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Research and development

Group and parent company
The parent company has continued to invest in new products and solution along with a control system for mobile facilities in the year.

Foreign branches
The company has a Norwegian branch where a number of projects have been running since 2012.

Equity

	Share capital	Unregistered share capital	Provisions fund for development costs	Depreciation development costs	Balanced earnings incl. profit/loss for year	Sum total
The Group						
Starting balance 01-01-2017	3,840,600	1,080,000	0		10,304,111	15,224,711
New share issue	1,080,000	-1,080,000				0
Still unregistered shares		666,660			1,333,320	1,999,980
Change of development fund			9,211,859	-725,586	-8,486,273	0
Year's translation difference					-16,151	-16,151
Profit/loss for year					578,587	578,587
Equity 31-12-2017	**4,920,600**	**666,660**	**9,211,859**	**-725,586**	**3,713,594**	**17,787,127**

Conditional repayments for shareholder contributions totalled SEK 1,032,942 (SEK 1,032,942)

	Share capital	Unregistered share capital	Provisions fund for development costs	Depreciation development costs	Balanced earnings incl. profit/loss for year	Sum total
Parent company						
Starting balance 01-01-2017	3,840,600	1,080,000	0		9,479,078	14,399,678
New shares issue	1,080,000	-1,080,000				0
Still unregistered shares		666,660			1,333,320	1,999,980
Change of development fund			9,211,859	-725,586	-8,486,273	0
Profit/loss for year					246,048	246,048
Equity 31-12-2017	**4,920,600**	**666,660**	**9,211,859**	**-725,586**	**2,572,173**	**16,645,706**

Conditional repayment obligation for shareholder contributions totalled SEK 1,032,942 (SEK 1,032,942)

Proposed appropriation for company's profit or loss

The board of directors and managing director propose that unrestricted capital, SEK 2,572,173, is appropriated as per the following:

	Amount in SEK
Shall be carried forward	2,572,173
Sum total	**2,572,173**

regarding the group's and parent company's results and financial position otherwise, please refer to the subsequent earnings and balance sheet with annotations.

Consolidated income statement

Amount in SEK	Note	01-01-2017 31-12-2017	01-01-2016 31-12-2016
Net turnover	2	57,433,521	48,595,859
Cost sold products	3,4	-49,095,797	-40,356,086
Gross profit		**8,337,724**	**8,239,773**
Sales costs	3,5	-3,386,291	-2,867,033
Administration costs	3,4,5,6	-3,888,750	-3,456,867
Other operating costs	7	-29,334	-320,913
Operating profit		**1,033,349**	**1,594,960**
Profit from financial items			
Interest income and similar result items		866	24,456
Interest costs and similar result items	8	-349,230	-172,940
Profit after financial items		**684,985**	**1,446,476**
Profit before tax		**684,985**	**1,446,476**
Tax on profit/loss for year	10,11	-106,396	-404,316
Profit/loss for year		**578,589**	**1,042,160**
Attributable to the parent company’s shareholders		578,589	1,042,160

Consolidated statement of financial position

Amount in SEK	Note	31-12-2017	31-12-2016
ASSETS			
Fixed assets			
Intangible fixed assets			
Capital expenditure for development work			
and similar work	12	13,313,331	8,750,570
Concessions, patents, licences, trademarks			
and similar copyrights	13	0	23,750
		13,313,331	**8,774,320**
Tangible fixed assets			
Inventories, tools and installations	14	1,650,567	710,846
		1,650,567	**710,846**
Financial fixed assets			
Other long-term receivables	16	5,000	5,000
		5,000	**5,000**
Total fixed assets		**14,968,898**	**9,490,166**
Current assets			
Inventories and similar			
Raw materials and consumables		252,643	185,959
		252,643	**185,959**
Short-term assets			
Accounts receivables		13,393,292	10,418,019
Tax assets		390,432	-
Generated but not invoiced income	17	14,878,698	10,254,883
Other receivables		163,710	811,767
Deferred expenses and accrued income	18	2,647,154	1,124,430
		31,473,286	**22,609,099**
Cash and bank balances		2,167,699	5,003,337
		2,167,699	**5,003,337**
Total current assets		**33,893,628**	**27,798,395**
TOTAL ASSETS		**48,862,526**	**37,288,561**

Consolidated statement of financial position

Amount in SEK	Note	31-12-2017	31-12-2016
EQUITY AND LIABILITIES			
Equity			
Share capital		4,920,600	3,840,600
Unregistered shares		666,660	1,080,000
Fund for development costs		8,486,273	0
Retained earnings including profit or loss for the year		3,713,594	10,304,111
		17,787,127	**15,224,711**
Equity attributable to the parent company's shareholders		17,787,127	15,224,711
Total equity		**17,787,127**	**15,224,711**
Provisions			
Deferred tax liabilities	20	254,314	254,314
		254,314	**254,314**
Short-term liabilities			
Invoiced but ungenerated income	21	2,480,393	2,850,892
Trade payables		7,169,115	5,323,326
Liabilities to the group entities		10,003,967	5,003,000
Tax liabilities		0	20,005
Other short-term liabilities		2,492,213	1,024,279
Accrued expenses and deferred income	22	8,675,397	7,588,034
		30,821,085	**21,809,536**
TOTAL EQUITY AND LIABILITIES		**48,862,526**	**37,288,561**

Consolidated Statement of Cash Flow

Amount in SEK	Note	31-12-2017	31-12-2016
Operating activities			
Earnings after financial items		684,985	1,446,476
Adjustments for items that are not included in the cash-flow etc.	24	1,516,490	452,169
Paid income tax		-106,396	-296,900
Cash-flow from operating activities before changes of operating capital		**2,095,079**	**1,601,745**
Cash-flow from changes in operating capital			
Increase (-) /Decrease (+) of stocks		-66,684	1,134,461
Increase (-) /Decrease (+) of operating receivables		-8,864,187	-3,288,411
Increase (-) /Decrease (+) of operating liabilities		9,011,549	3,324,615
		80,678	**1,170,665**
Cash-flow from operating activities		**2,175,757**	**2,772,410**
Investment operations			
Acquisition of intangible fixed assets		-5,679,208	-3,785,211
Acquisition of tangible fixed assets		-1,332,167	-499,057
		-7,011,375	**-4,284,268**
Financing activities			
New shares issue		1,999,980	2,997,000
		1,999,980	**2,997,000**
Cash-flow for the year		**-2,835,638**	**1,485,142**
Financial resources at start of year		5,003,337	3,360,839
Exchange rate difference in liquid assets		0	157,356
Cash and cash equivalents at year-end		**2,167,699**	**5,003,337**

Income Statement Parent company

Amount in SEK	Note	01-01-2017 31-12-2017	01-01-2016 31-12-2016
Net turnover	2	57,293,208	46,758,292
Cost sold products	3.4	-49,397,938	-38,876,003
Gross profit		**7,895,270**	**7,882,289**
Sales costs	3.5	-3,353,899	-2,783,006
Administration costs	3,4,5,6	-3,811,027	-3,260,803
Other operating incomes		0	-
Other operating costs	7	-29,334	-207,923
Operating profit		**701,010**	**1,630,557**
Profit from financial items			
Interest income and similar result items		98	554
Interest costs and similar result items	8	-348,664	-165,747
Profit after financial items		**352,444**	**1,465,364**
End-of-year adjustments	9	0	-447,000
Profit before tax		**352,444**	**1,018,364**
Tax on profit/loss for year	10.11	-106,396	-246,899
Profit/loss for year		**246,048**	**771,465**

Statement of financial position Parent company

Amount in SEK	Note	31-12-2017	31-12-2016
ASSETS			
Fixed assets			
Intangible fixed assets			
Capital expenditure for development work			
and similar work	12	13,313,331	8,750,570
Concessions, patents, licences, trademarks			
and similar copyrights	13	0	23,750
		13,313,331	**8,774,320**
Tangible fixed assets			
Inventories, tools and installations	14	1,650,567	710,846
		1,650,567	**710,846**
Financial fixed assets			
Fund units in group companies	15	248,508	111,850
Other long-term receivables	16	5,000	5,000
		253,508	**116,850**
Total fixed assets		**15,217,406**	**9,602,016**
Current assets			
Inventories and similar			
Raw materials and consumables		252,643	185,959
		252,643	**185,959**
Short-term assets			
Accounts receivables		13,162,437	9,604,910
Group company receivables		2,343,708	974,555
Current tax assets		445,228	41,046
Generated but not invoiced income	17	13,530,559	8,573,397
Other receivables		150,623	141,570
Deferred expenses and accrued income	18	2,647,154	5,947,078
		32,279,709	**25,282,556**
Cash and bank balances		1,742,302	1,517,475
		1,742,302	**1,517,475**
Total current assets		**34,274,654**	**26,985,990**
TOTAL ASSETS		**49,492,060**	**36,588,006**

Statement of financial position Parent company

Amount in SEK	Note	31-12-2017	31-12-2016
EQUITY AND LIABILITIES			
Equity			
Restricted capital			
Share capital	19	4,920,600	3,840,600
Still unregistered shares		666,660	1,080,000
Fund for development costs		8,486,273	0
		14,073,533	**4,920,600**
Unrestricted capital			
Retained profits or losses		2,326,125	8,707,613
Profit/loss for year		246,048	771,465
		2,572,173	**9,479,078**
Total equity		**16,645,706**	**14,399,678**
Untaxed reserves			
Accumulated excess amortization		202,000	202,000
Tax allocation reserves		953,972	953,972
		1,155,972	**1,155,972**
Short-term liabilities			
Invoiced but ungenerated income	21	2,480,393	2,356,869
Trade payables		7,123,970	5,259,615
Liabilities to the group entities		10,003,020	5,003,000
Other short-term liabilities		2,808,221	1,012,921
Accrued expenses and deferred income	22	9,274,778	7,399,951
		31,690,382	**21,032,356**
TOTAL EQUITY AND LIABILITIES		**49,492,060**	**36,588,006**

Statement of cash flow Parent company

Amount in SEK	Note	31-12-2017	31-12-2016
Operating activities			
Earnings after financial items		352,444	1,465,364
Adjustments for items that are not included in the cash-flow etc.	24	1,532,643	559,970
Paid tax		-106,396	-82,355
Cash-flow from operating activities before changes of operating capital		**1,778,691**	**1,942,979**
Cash-flow from changes in operating capital			
Increase (-) /Decrease (+) of stocks		-66,683	1,134,461
Increase (-) /Decrease (+) of operating receivables		-6,578,164	-6,408,386
Increase (-) /Decrease (+) of operating liabilities		10,239,036	3,439,011
		3,594,189	**-1,834,914**
Cash-flow from operating activities		**5,372,880**	**108,065**
Investment operations			
Acquisition of subsidiaries		-136,658	0
Acquisition of intangible fixed assets		-5,679,208	-3,785,211
Acquisition of tangible fixed assets		-1,332,167	-499,057
		-7,148,033	**-4,284,268**
Financing activities			
New shares issue		1,999,980	2,997,000
		1,999,980	**2,997,000**
Cash-flow for the year		**224,827**	**-1,179,203**
Financial resources at start of year		1,517,475	2,696,678
Cash and cash equivalents at year-end		**1,742,302**	**1,517,475**

Notes

Note 1. Accounting policies

The amount is given in SEK unless otherwise mentioned.

General accounting policies

The annual accounts have been established in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's general recommendations BFNAR 2012:1 Annual accounts and consolidated accounts (k3) with updates in BFNAR 2016:9.

The parent company applies the same accounting policies as the group except in those circumstances given below in the section Parent company accounting policies.

Valuation principles etc.

Assets, provisions and liabilities have been valuated at acquisition value unless otherwise stated.

Intangible assets

Expenditure for research and development

When accounting expenditure for development, the capitalization model is applied.

This means that expenditure that has been incurred in the development phase is reported as an asset when all the conditions below are met:

- It is technically feasible to complete the intangible fixed asset such that it can be used or sold.
- The intention is to complete the intangible fixed asset and to use or sell it.
- Conditions prevail to use or sell the intangible fixed asset.
- It is probable that the intangible fixed asset will generate future financial benefits.
- Necessary and adequate technical, financial and other resources exist to complete development and to use or sell the intangible fixed asset.
- The expenditure that is attributable to the intangible fixed asset can be calculated in a reliable manner.

Other intangible assets

Other intangible assets that have been acquired by the company are reported at acquisition value minus accumulated depreciations and impairment losses.

Expenditure for internally generated goodwill and trademarks are reported in the profit and loss report as costs when they occur.

Depreciation

Depreciation are made linearly over the asset's calculated useful life. Depreciation are reported as costs in the profit and loss report.

	The Group year	Parent company year
The following depreciation periods are applied		
Internally generated intangible assets		
Capital expenditures for development and similar work:		
Control system	8	8
Product development	5	5
Acquired intangible assets		
Control system	8	8
Product development	5	5

Revised policies for depreciation of control system development. Evaluation of the system's financial lifetime is 8 years. The policies are changed compared to previous years, from 5 years to 8 years.

Leasing - lessee

All leasing agreements have been classified as financial or operational leasing agreements. A financial leasing agreement is a leasing agreement according to which all the risks and benefits associated with the ownership of an asset are, in substance, transferred from the lessor to the lessee. An operational leasing agreement is a leasing agreement that is not a financial leasing agreement.

Financial leasing agreement

Copyrights and obligations as per financial leasing agreements are reported as assets and liabilities in the balance sheet. On initial recognition, the asset and liability are valuated at whatever is lower between the fair value and present value of the minimum lease payments. Expenditure that is directly attributable to acquisition value and the setting up of the leasing agreement are added to the amount that is reported as an asset.

After initial recognition, the minimum lease payments for interest and amortization of liability are broken down as per the effective interest method. Variable fees are reported as costs in the financial year in which they arose.

The leased asset is written off over the useful life [lease term].

Operational leasing agreements

Leasing expenses as per operational leasing agreements, including increased first time rent but excluding expenses for services like insurance and maintenance, are reported as costs linearly over the lease term.

Tax

Tax on profit/loss for year in the profit and loss report consist of current tax and deferred tax. Current tax is income tax for the current financial year that is considered as the year's taxable result and that part of previous financial year's income tax that has still not been reported. Deferred tax is income tax on taxable earnings concerning future financial years as a consequence of previous transactions or events.

Notes

Deferred tax liabilities are reported for all taxable, temporary differences, not however for temporary differences that stem from the first reporting of goodwill. Deferred tax assets are reported as deductible, temporary differences and for the possibility to, in the future, use tax loss carryforward. The valuation is based on how the reported value for corresponding assets or liabilities are expected to be recovered or settled.
The amounts are based on the tax rates and tax rules that are decided upon before the balance sheet date and have not yet been calculated.

In the group balance sheet, untaxed reserves are broken down into deferred tax and equity.

Consolidated financial statements
Subsidiaries
Subsidiaries are companies in which the parent company, directly or indirectly, holds more than 50% of the number of votes or has controlling influence in some other way.

Controlling influence means a right to establish the company's financial and operations strategies for the purpose of obtaining financial benefit. The accounting of business combinations is built on the single entity view. This means that the acquisition analysis is drawn up at the point in time that the acquiring party achieves a controlling influence. From this time onwards, the acquiring party and the acquired entity are seen as a single accounting entity. The application of the single entity view also means that all assets (including goodwill) and liabilities as well as income and expenses are wholly taken into account even for part-owned subsidiaries.

The acquisition value for the subsidiary is calculated as the sum total of the fair value on the acquisition date of assets surrendered with the addition of incurred and contingent liabilities as well as issued equity instruments, expenses that are directly attributable to the business combination as well as any contingent considerations. In the acquisition analysis, the fair value is established, with a few exceptions, on the acquisition date of
acquired, identifiable assets and contingent liabilities as well as minority interest. Minority interest is valuated at fair value on the acquisition date.

From the acquisition date onwards, consolidated accounts are included in the acquired company's income and expenses, identifiable assets and liabilities as well as any resultant goodwill or negative goodwill.

Note 2. Net turnover per business segment and geographical market

	01-01-2017 31-12-2017	01-01-2016 31-12-2016
The Group		
Net turnover per business segment		
Construction contracts	56,975,446	37,891,759
Service contracts	457,630	10,704,100
	57,433,076	**48,595,859**
Turnover per geographical market		
Sweden	27,598,496	25,152,003
Nor	10,997,392	21,989,281
Denmark	15,604,863	1,454,575
China	3,232,325	0
	57,433,076	**48,595,859**
Parent company		
Net turnover per business segment		
Construction contracts	56,835,578	36,054,192
Service contracts	457,630	10,704,100
	57,293,208	**46,758,292**
Turnover per geographical market		
Sweden	27,598,946	25,152,003
Nor	10,857,078	20,151,714
Denmark	15,604,863	1,454,575
China	3,232,325	0
	57,293,212	**46,758,292**

Notes

Note 3. Employees, personnel costs and remuneration to the Board

Average number of employees	01-01-2017 31-12-2017	Of which males	01-01-2016 31-12-2016	Of which males
Parent company				
Sweden	21	21	10	10
Total	**21**	**21**	**10**	**10**
Subsidiaries				
Total subsidiaries	-	-	-	-
Group total	**21**	**21**	**10**	**10**

Salaries and other remuneration as well as social contributions, including pension expenses	01-01-2017 31-12-2017	01-01-2016 31-12-2016
Parent company		
Salaries and other remunerations	10,894,188	6,991,318
Social security costs	5,008,819	3,196,632
(of which pension expenses) 1)	1,318,258	769,522
Subsidiaries		
(of which pension expenses)	-	-
The Group		
Salaries and other remunerations	10,894,188	6,991,318
Social security costs	5,008,819	3,196,632
(of which pension expenses) 1)	1,318,258	769,522

1) Of the group's and subsidiary's pension expenses, SEK 206,380 (prev. year SEK 220,448) concerns the company's management with regard to 1 (1) person,

Note 4. Depreciation of tangible and intangible fixed assets

	01-01-2017 31-12-2017	01-01-2016 31-12-2016
Group and parent company		
Depreciation as per plan broken down per asset		
Capital expenditures for research and development, and similar	-1,116,447	-455,718
Concessions, patents, licences, trademarks	-23,750	-57,000
Inventories, tools and installations	-392,446	-197,257
	-1,532,643	**-709,975**
Depreciation as per plan broken down per function:		
- Cost of sold products	-1,231,741	-530,619
- Administration costs	-300,902	-179,356
	-1,532,643	**-709,975**

Notes

Note 5. Operational leasing - lessee

	01-01-2017 31-12-2017	01-01-2016 31-12-2016
Group and parent company		
Year’s costs for operational leasing agreements	885,457	535,781
agreed future minimum leasing costs for		
non-terminable contracts due for payment		
Within one year	774,084	516,712
Between one and five years	1,163,390	1,143,443
	1,937,474	**1,660,155**

Note 6. Fees and cost reimbursement to auditors

	01-01-2017 31-12-2017	01-01-2016 31-12-2016
The Group		
Adsum Revisorer & Företagskonsulter AB		
Audit fees	77,574	20,900
Collegium revisjon AS		
Audit fees	29,956	0
	107,530	**20,900**
Parent company		
Adsum Revisorer & Företagskonsulter AB		
Audit fees	77,574	20,900
	77,574	**20,900**

Note 7. Other operating costs

	01-01-2017 31-12-2017	01-01-2016 31-12-2016
Group and parent company		
Exchange rate losses on receivables/liabilities relating to operations	29,334	207,923
	29,334	**207,923**

Note 8. Interest costs and similar items

	01-01-2017 31-12-2017	01-01-2016 31-12-2016
The Group		
Interest costs group companies	307,458	150,005
Interest costs, others	41,772	22,935
	349,230	**172,940**
Parent company		
Interest costs group companies	307,458	150,005
Interest costs, others	41,206	15,742
	348,664	**165,747**

Notes

Note 9. End-of-year adjustments

Parent company	01-01-2017 31-12-2017	01-01-2016 31-12-2016
Difference between fiscal and reported depreciation:		
Inventories, tools and installations	0	-77,000
Tax allocation reserves, provision for the year	0	-370,000
	0	**-447,000**

Note 10. Tax on profit for the year

	01-01-2017 31-12-2017	01-01-2016 31-12-2016
The Group		
Current tax	-106,396	-305,976
Deferred tax	0	-98,340
	-106,396	**-404,316**
Parent company		
Current tax	-106,396	-246,899
	-106,396	**-246,899**

Note 11. Reconciliation effective tax

		01-01-2017 31-12-2017	01-01-2016 31-12-2016
The Group			
Profit before tax		684,985	1,446,476
Tax as per applicable tax rates parent company	22%	-150,697	-318,225
Effect of other tax rates for foreign subsidiaries/branches		73,158	-63,230
Other non-deductible costs		-28,869	-22,965
Non-taxable income		11	104
Reported effective tax		**-106,396**	**-404,316**
Parent company			
Profit before tax		352,444	1,018,364
Tax as per applicable tax rates parent company	22%	-77,538	-224,040
Other non-deductible costs		-28,869	-22,963
Non-taxable income		11	104
Reported effective tax		**-106,396**	**-246,899**

Notes

Note 12. Capital expenditures for development work and similar work

	31-12-2017	31-12-2016
Group and parent company		
Accumulated acquisition value:		
- At start of year	9,206,288	5,421,077
- Investments and capitalizations for the year	5,679,208	3,785,211
	14,885,496	**9,206,288**
Accumulated amortizations as per plan		
- At start of year	-455,718	0
- Depreciation as per plan	-1,116,447	-455,718
	-1,572,165	**-455,718**
Reported value at end of year	**13,313,331**	**8,750,570**

Note 13. Concessions, patents, licences, trademarks and similar copyrights

	31-12-2017	31-12-2016
Group and parent company		
Accumulated acquisition value:		
- At start of year	285,000	285,000
	285,000	**285,000**
Accumulated depreciation as per plan		
- At start of year	-261,250	-204,250
- Depreciation as per plan	-23,750	-57,000
	-285,000	**-261,250**
Reported value at end of year	**0**	**23,750**

Note 14. Inventories, tools and installations

	31-12-2017	31-12-2016
Group and parent company		
Accumulated acquisition value:		
- At start of year	1,371,104	872,047
- New purchases	1,332,167	499,057
	2,703,271	**1,371,104**
Accumulated depreciation as per plan		
- At start of year	-660,258	-463,001
- Depreciation as per plan	-392,446	-197,257
	-1,052,704	**-660,258**
Reported value at end of year	**1,650,567**	**710,846**
Inventories that are held under financial leasing agreement are included with	None	None

Notes

Note 15. Shares in group companies

Parent company	31-12-2017	31-12-2016
Accumulated acquisition value:		
- At start of year	111,850	111,850
- Acquisitions	136,658	-
	248,508	**111,850**
Reported value at end of year	**248,508**	**111,850**

Specification of parent company's holdings in group companies

The holding of capital is included that also corresponds to the part of votes for the total number of shares.

Subsidiary/Org. no./Head office	Number of fund units	as a %	31-12-2017 Reported Value	31-12-2016 Reported Value
Logiwaste AS, 915 016 324, Bergen, Norway	100,000	100	111,850	111,850
Logiwaste Environmental Technology (Beijing) Co., Ltd	1	100	136,658	0

Note 16. Other long-term receivables

	31-12-2017	31-12-2016
Group and parent company		
Accumulated acquisition value:		
- At start of year	5,000	5,000
	5,000	**5,000**
Reported value at end of year	**5,000**	**5,000**

Note 17. Generated but not invoiced income

	31-12-2017	31-12-2016
Construction contracts		
The Group		
Generated value	149,403,108	103,357,136
Invoiced value	-134,524,410	-93,102,253
	14,878,698	**10,254,883**
Reported value at end of year	**14,878,698**	**10,254,883**
Parent company		
Generated value	135,611,092	102,209,540
Invoiced value	-122,080,533	-93,636,143
	13,530,559	**8,573,397**
Reported value at end of year	**13,530,559**	**8,573,397**

Contract revenue from ongoing fixed-price contracts are reported with application of successive profit/loss recognition. The calculation is made on the basis of performed work at the end of the period in relation to the calculated work for the entire contract.

Notes

Note 18. Pre-paid expenses and accrued income

	31-12-2017	31-12-2016
The Group		
Pre-paid rents	157,653	100,906
Accrued income other	2,324,768	970,609
Other items	164,733	52,915
	2,647,154	**1,124,430**
Parent company		
Pre-paid rents	157,653	100,906
Accrued income group companies	0	5,064,665
Accrued income other	2,324,768	728,832
Other items	164,733	52,675
	2,647,154	**5,947,078**

Note 19. Number of shares and quota value

Parent company	31-12-2017	31-12-2016
Ordinary shares:		
Number of shares	492,060	384,060
Quota value	10	10

Note 20. Provisions for other taxes

	31-12-2017	31-12-2016
The Group		
Deferred tax liabilities	254,314	254,314
	254,314	**254,314**

Note 21. Invoiced but not recognized income

	31-12-2017	31-12-2016
Construction contracts		
The Group		
Generated value	11,918,934	10,247,358
Invoiced value	-14,399,327	-13,098,250
	-2,480,393	**-2,850,892**
Parent company		
Generated value	11,918,934	10,247,358
Invoiced value	-14,399,327	-12,604,227
	-2,480,393	**-2,356,869**

Contract revenue from ongoing fixed-price contracts are reported with application of successive profit/loss recognition. The calculation is made on the basis of performed work at the end of the period in relation to the calculated work for the entire contract.

Notes

Note 22. Accrued expenses and deferred income

	31-12-2017	31-12-2016
The Group		
Personnel-related items	2,229,347	1,530,650
Provisions project	3,730,000	5,121,600
Accrued guarantee commitments	0	600,000
Other deferred income	170,000	0
Accrued interest costs	457,464	150,005
Other items	2,088,586	185,779
	8,675,397	**7,588,034**
Parent company		
Personnel-related items	2,229,347	1,530,650
Provisions project	3,730,000	4,700,000
Accrued guarantee commitments	0	600,000
Other deferred income	170,000	0
Accrued project costs	724,536	218,561
Accrued interest costs	457,464	150,005
Other items	1,963,431	200,735
	9,274,778	**7,399,951**

Note 23. Pledged assets and contingent liabilities

	31-12-2017	31-12-2016
Pledged assets		
The Group		
Mortgages	7,500,000	7,500,000
	7,500,000	**7,500,000**
Contingent liabilities		
The group has issued guarantee commitments for a total of SEK 16,431,864.		
Parent company		
Mortgages	7,500,000	7,500,000
	7,500,000	**7,500,000**
Contingent liabilities		
The company has issued guarantee commitments for a total of SEK 16,034,695.		

Note 24. Other information to the cash-flow analysis

	31-12-2017	31-12-2016
Adjustment for items that are not included in the cash-flow etc.		
The Group		
Depreciation	1,532,643	709,975
Unrealized exchange rate differences internal dealings	-16,153	-257,806
	1,516,490	**452,169**
Parent company		
Depreciation	1,532,643	709,975
Other non-cash items	0	-150,005
	1,532,643	**559,970**

Note 25. Group information

The company is a wholly owned subsidiary belonging to M Industrial AB, org. no. 556651-6072 with its head office in Sigtuna. The parent company establishes consolidated accounts in which the group is included.

Purchases and sales within the group
Of the group's total purchases and sales converted into Swedish Crowns, 4.6% of purchases and 0% of sales concerned other companies within the entire financial group that the corporate concern belongs to.

Of the parent company's total purchases and sales converted into Swedish Crowns, 4.6% of purchases and 0% of sales concerned other companies within the entire financial group that the company belongs to.

Of the group's and parent company's interest costs, SEK 307,458 concerns interest paid to M Industrial Invest AB.

Note 26. Definitions of key ratios

Gross margin %: Gross profit / Net turnover
Profit margin: Results after financial items / Net turnover
Balance sheet total: Total assets
Equity ratio: (Total equity + 78% of untaxed reserves) / Total assets

Sigtuna 2018-05-17

Daniel Martinwall
Styrelseordförande

Thomas Andersson
Verkställande direktör

Vår revisionsberättelse har lämnats 2018-05-21

Adsum Revisorer & Företagskonsulter AB

Jimmy Ingvarsson
Auktoriserad revisor

Auditor's report

To the general meeting of the shareholders of Logiwaste AB, corporate identity number 556839-6245

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Logiwaste AB for the financial year 2017.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2017 and their financial performance and cash flow for the year then ended in accordance with 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 income statement and balance sheet for the parent company and 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.

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. 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 intends 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 skepticism 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 my 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 my 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 ABC AB for the financial year 2017 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.

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 skepticism 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.

Västerås May 21th 2018

Adsum Revisorer & Företagskonsulter AB

Jihmmy Ingvarsson

Authorized Public Accountant

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