Anticimex

Annual Report 2018

Fun fact (or not so fun):
A mouse can squeeze through
a 6-millimetre hole.

18

Fun fact (or not so fun):
One of the most important differences in behaviour between mice and rats is that mice are curious and rats are cautious.

Contents

This is a translated version of the original Swedish version. In the event of any discrepancies between the two versions, the original Swedish version shall take precedence.

Anticimex is a global leader in preventive pest control, offering modern solutions for a modern society. The company works with prevention, using in-depth knowledge and experience, to minimise the risk of problems occurring. New digital technology offers more efficient, accommodating and environmentally friendly services.

Anticimex operates in 18 countries and has around 6,100 employees. The company has shown growth every year since its inception 84 years ago.

Global leader in preventive pest control

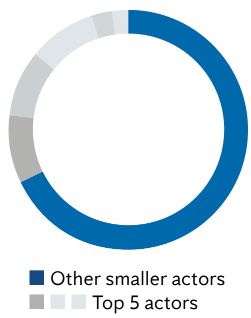
Anticimex is a truly modern pest control company, offering modern solutions for a modern society. The company works with prevention, using in-depth knowledge and experience, to minimise the risk of problems occurring. New digital technology offers more efficient, accommodating and environmentally friendly services. Anticimex has operations in 18 countries with around 6,100 employees. The company has shown growth every year since its inception 84 years ago.

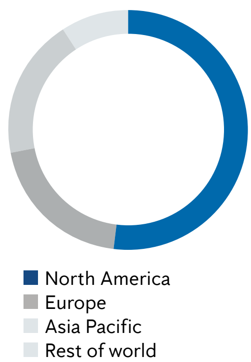
Market

The global market for pest control is large, highly fragmented and growing faster than GDP. The largest market is North America. The fragmented market offers significant growth opportunities, both organic and through acquisitions.

Market growth globally is estimated at between 5–6 percent annually, driven by population growth, urbanisation, globalisation and a lower tolerance for pests.

GLOBAL PEST CONTROL MARKET, SEK 170–180 BN*



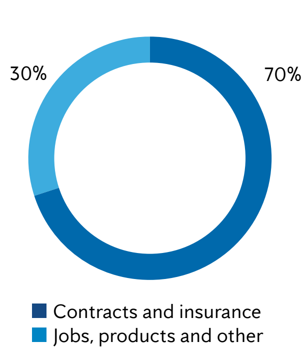


Operations

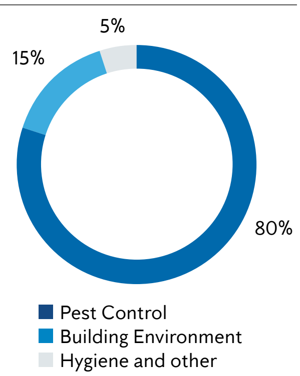
Anticimex's operations are organised through three geographical segments – Europe, North America and Asia Pacific. Revenue from service offering Pest Control is by far the highest.

The company's commercial customers account for 68 percent of revenue and the residential sector stands for 32 percent. Private customers can deal directly with Anticimex or have an insurance solution provided by Anticimex's own insurance solutions or via other insurance providers.

SALES ARE DOMINANTLY RECURRING



SALES DOMINATED BY PEST CONTROL



* Sources: Technavio and management estimates

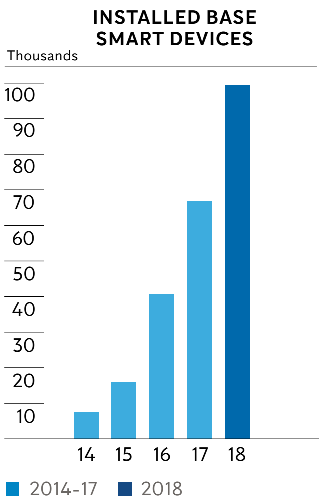
Focus on digital pest control

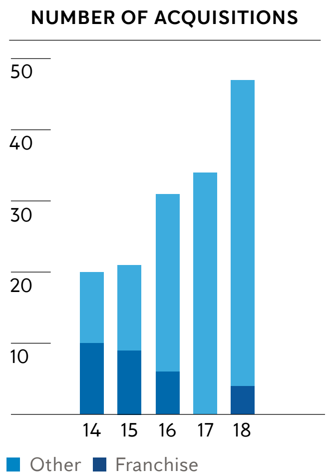
Anticimex's focus on digital solutions offers the most environmentally and service friendly pest control possible. During 2018 the company's installed base of SMART devices reached nearly 100,000 units – an increase of 50 percent compared to 2017.

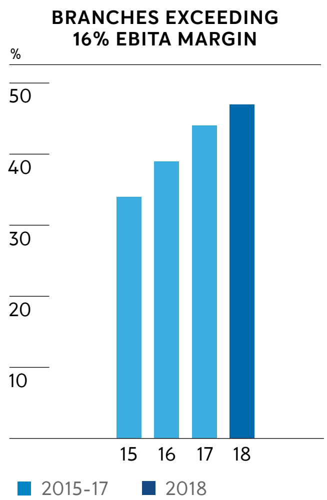
Keys to growth

The decentralised model enables faster expansion, greater accountability and closeness to the customer. Being close to local markets better enables Anticimex to adapt to local conditions while leveraging a service offering and operational best practices of a global network.

The company's approximately 160 branches in 18 countries enjoy extensive responsibility for their operations and results. They are also regularly evaluated on financial and operational KPIs.

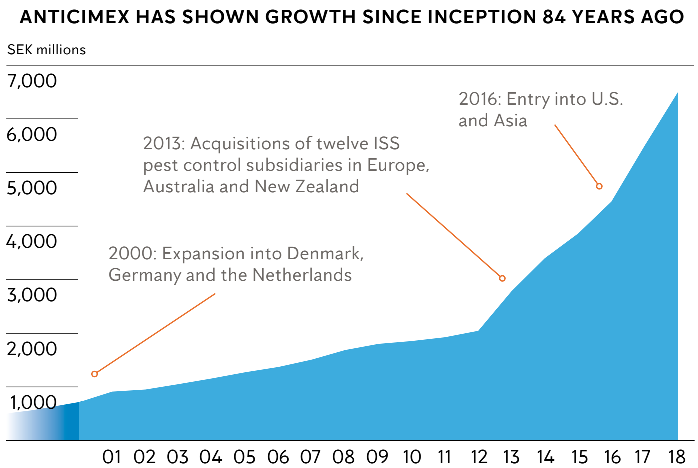






MARKET POSITION

1st	Australia, Denmark, Finland, Italy, Norway, Spain and Sweden
2nd	Austria, Belgium, Germany, Netherlands, Portugal, Singapore and Switzerland
N/A	France, Malaysia, New Zealand and U.S.



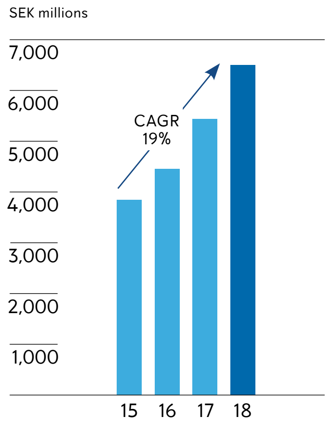
2018 in brief

2018 was characterized by strong acquisitive growth driven by 47 acquisitions globally and stable organic growth largely driven by digital pest control solutions and cooperation with insurance companies. In June the acquisition of Dantons marked the entry into yet another country for Anticimex, France. In addition, Anticimex established further presence in the U.S. through the acquisitions of Turner Pest Control and Killingsworth Environmental. Turner is located in Florida, while Killingsworth operates in North Carolina. These platform acquisitions expanded the geographical presence in the U.S.

Strong financial development

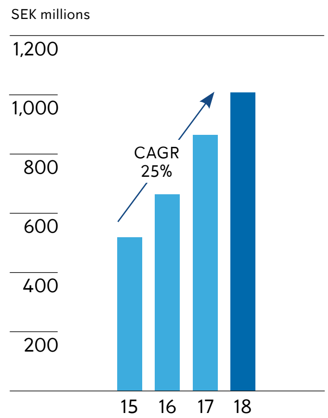
- Organic revenue growth amounted to 3.9 percent and the total growth, spurred by high execution on M&A, reached 20 percent.
- 2018 was another record year, as revenue increased to nearly SEK 6.5 bn. The strong total growth in 2018 accelerated vs. the long term trend due to successful completion of acquisitions in virtually all Anticimex's markets, coupled with continued strong growth of SMART supporting the overall organic growth.

REVENUE



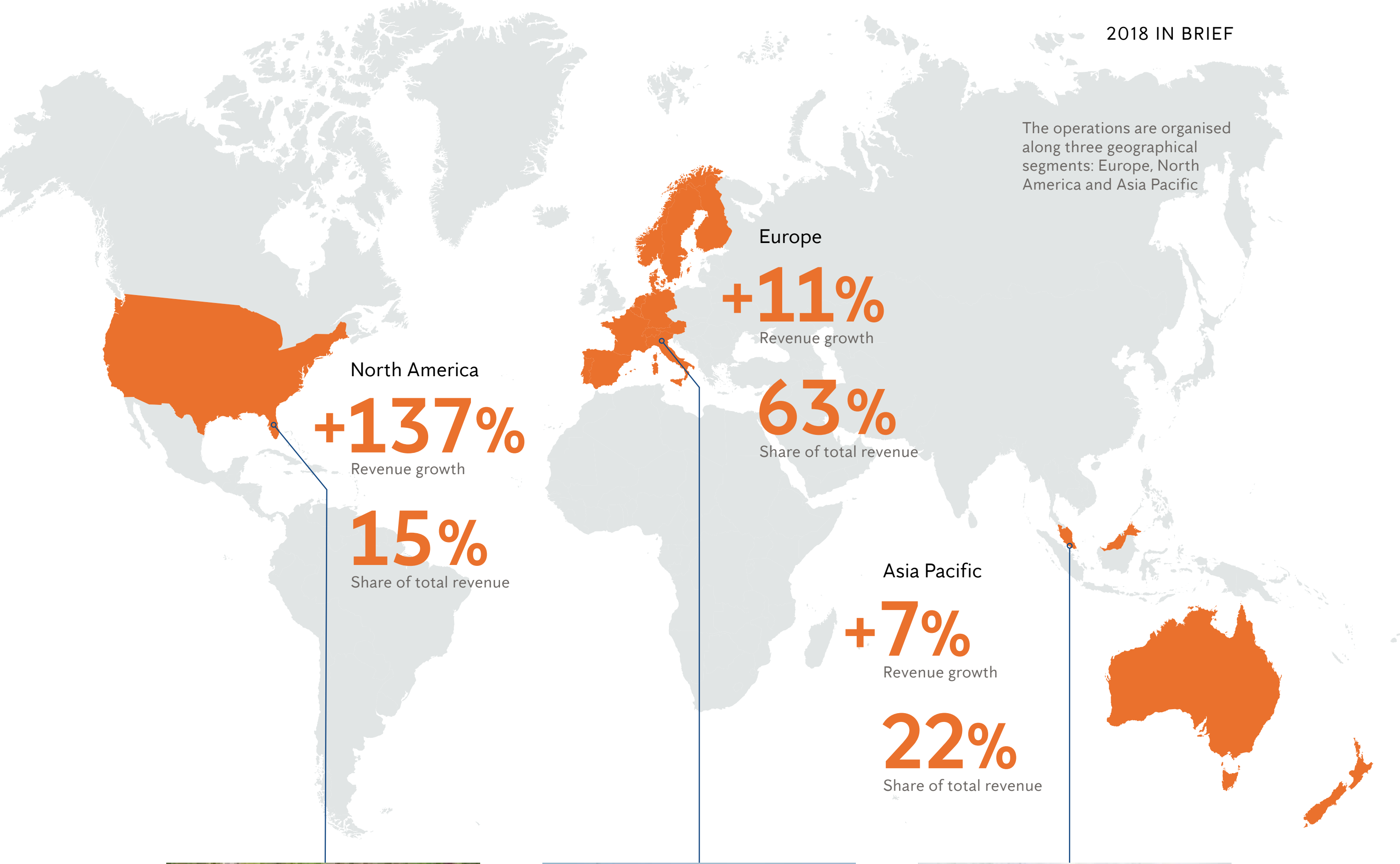
- Operational EBITA increased by 17 percent as a result of continued direct efficiency improvements, acquisitions and synergy benefits.
- The improvement in operational EBITA was supported by increased margins in 14 out of the 20 platforms where Anticimex operated in 2017, indicating that the operating model employed helps drive efficiency improvements.

OPERATIONAL EBITA*



KEY FIGURES	2018	2017	2016	2015
Revenue, SEK millions	6,494	5,434	4,452	3,845
Operational EBITA, SEK millions	1,008	864	664	518
Operational EBITA, %	16	16	15	13

* Earnings before interest, tax, amortisation of acquisition related intangible fixed assets and excluding non-recurring costs. Non-recurring costs contain transaction costs, acquisition related integration costs and restructuring costs.



With the acquisition of Turner Pest Control, one of Florida's fastest growing pest control companies, Anticimex further strengthened its presence on the American east coast.

Early 2018 Anticimex Group acquired Ipecos and GSA Pest Control, Italian preventive pest control companies based in Tuscany and Rome.

The 9th acquisition for Anticimex Singapore and the 2nd for Anticimex Malaysia were the pest control companies Seetoo Pest Control in Singapore and Malaysia.

Growth in 2018

- 47 acquisitions were made during the year. Noteworthy were the acquisitions of Turner Pest Services, Triple S Services and Killingsworth Environmental, which significantly strengthened the company's position in the U.S. Anticimex also added a new country, by entering France and extending its European presence.
- The interest for digital pest control solutions has continued; as of year-end all of Anticimex's markets had launched SMART and now a majority of all branches sell SMART. All markets have increased the installed base compared to last year.
- 2018 was a strong year for the insurance business, which continued to support growth in the Nordics in particular.

Other activities

- During the year the Anticimex Innovation Centre launched SMART Sense, a brand-new product for both crawling and flying insects. Through this, the range of SMART products has been extended to insects and now covers a wider range of pests.
- The branch focus remains an important part of Anticimex's strategy. The branch competitions launched in 2016, comparing operating margin and margin improvements between branches, continued and resulted in 20 winners for 2018 which will meet for a week in Phuket, Thailand to celebrate, share and document best practices.

A business model built on transparency and pride

Three years ago, we introduced a new business model based on distributing extensive responsibility and accountability locally to our branches. The Anticimex model has proven hugely successful – since 2015 we've increased revenues by 70 percent and made a total of 134 acquisitions. We are present in 18 markets – including the U.S., "the world's largest pest control market" – while continuously improving quality and efficiency. We've also become a global leader in digital pest prevention and control. Now we're stepping up our efforts to achieve further growth.

The pest control market is huge. Despite our rapid international expansion in recent years, Anticimex still only has a fairly small share of most markets where we operate. Equipped with an efficient growth model, top-of-the-line products and motivated branch teams, this gives us a huge potential for continued expansion. Based on the positive outcome of our growth strategy, we have defined a set of ambitious financial goals. These include annual revenue reaching 10 billion SEK with an EBITA margin of 20 percent by 2021. In 2018, our revenue rose by 20 percent to 6,5 billion SEK, with an EBITA margin of 15,5 percent.

In order to reach our financial goals, we will continue to focus on the four areas that we have identified as key to success, i.e. creating strong branches, implementing value-based pricing, continuing our efforts to increase the use of digital pest control and expanding through acquisitions in existing and new markets. In the long term, we will also evaluate the opportunities of expanding our insurance concept to additional markets.

Creating strong branches

What works best; a highly centralised organisation - or distributing trust and power to where the market knowledge can be found, thereby empowering employees, while also making them accountable for how they perform?

We firmly believe in the latter system and that the main explanation to our success lies in our branch model. Since we introduced this whole new way of working in 2015, the organisation has been going through a vitalisation process resulting in both better performing and happier employees, i.e. the basis for creating an increase in sales and profitability.

The Anticimex model is built on a decentralised structure, based on strong and entrepreneurial branches with a high degree of both responsibility and accountability. Operations are measured, monitored and managed locally at our currently 160 branches in 18 countries. These branches are responsible for generating new business, as well as their own profit and loss statements. They are also evaluated based on a set of KPIs regarding finances, operations as well as employee and customer satisfaction. Each month, the branches are ranked according to their performance and divided into sections colour marked in green (for good), yellow (for alert) and red (for under-performing). They also compete against each other on an annual

"In order to succeed, we will continue to grow, while continuing to perfect our business model. We must also dare to venture into new markets and technologies, while always offering high quality."

"To date, we have installed more than 100,000 SMART devices in 18 countries across the world"

"We want Anticimex to be perceived as a leading high-quality provider of pest prevention and control."

basis; the 20 branches that achieve the best overall results of the year win a five-star stay with a prize awarding ceremony. In 2018, this was held in Kuala Lumpur in Malaysia.

The mix between increased transparency, encouragement and competition has proven extremely successful. But the most important key lies in winning the trust and commitment of our Branch Managers. He, or she, must believe in our model for it to work. We have seen many examples of this. One is the Kuala Lumpur branch, which climbed from the very bottom of our performance list in 2017 to achieving substantial growth based on both acquisitions and organic growth. Another example is the Munich branch, which has gone through a major transformation process that you can read more about in this annual report.

Implementing value-based pricing

When we analysed our operations globally, we realised that some of our branches had refrained from increasing their prices for many years. We want Anticimex to be perceived as a leading high quality provider of pest prevention and control. As a consequence, one of our priorities has been to adjust our prices to reflect the value of our services. This also means that we must keep our brand promise and always deliver high quality in everything we do.

Increasing digital pest control

Anticimex has taken a leading position in developing digital solutions for pest control. Combining our extensive knowledge of pests with an array of digital equipment, we can offer an effective way of both combatting and preventing pests. These solutions are branded under the SMART name.

Our focus on this area is based on our firm belief that the future of pest control will be digital. Stricter regulation concerning biocides is one argument, cost-effectiveness another. But the main reason is that SMART enables "round-the-clock" service for our customers, providing them with peace of mind. SMART is also an important tool in our ambition to implement value-based pricing. Based on this, we invested further in our Innovation Centre in 2018 and will continue to do so. Product development and training take place in Helsinge, Denmark.

To date, we have installed more than 100,000 SMART devices in 18 countries across the world and the concept is currently being developed for a wider range of pests. During the year, SMART was successfully introduced on the U.S. market and gained new ground in several other important markets, including Malaysia and Singapore. We also launched a digital pest control solution for insects, the SMART Sense.

Continuing our growth through acquisitions

Anticimex operates in a highly fragmented market going through a strong consolidation trend. This provides us with excellent growth opportunities. In 2018, we concluded a total of 47 acquisitions, 13 of which were in the important U.S. market. The companies we acquire are mostly entrepreneurial, which means that they fit well with our corporate culture.

In order to identify potential acquisition targets, we

"The most important key lies in winning the trust and commitment of our Branch Managers. He or she must believe in our model for it to work."

"The organisation has been going through a vitalisation process resulting in both better performing and happier employees, which is the basis for creating an increase in sales and profitability."

rely heavily on local expertise and personal connections. Based on this, we have implemented an acquisition model for which North America has become a showcase. Since 2016 – when we entered the U.S. market – we have acquired five well-established pest control businesses that have become platforms for multiple bolt-on acquisitions, which means that we now cover the Eastern seashore from Maine to Florida. In 2018 only, we acquired 13 pest control businesses in the U.S. Meanwhile, revenue from this market has grown from 60 million SEK in 2016 to 963 million SEK in 2018.

"I would like to thank all employees for great work during the year – as well as our owners for continued support of our ideas."

Our plan is to continue to expand in the same way – both in the U.S., the world's largest pest control market, and elsewhere.

We will also continue to explore the opportunities that our unique insurance business offers. Pest insurances linked to home insurance are already a standard feature in the Nordic region. We have started to market these services also in other countries, including Spain. In the long term, we see a great potential within this area.

Optimism about the future

Based on what we have achieved so far and our carefully defined plans for future growth, I feel optimistic indeed about the future. We have proven that our business model works. Our main challenge now is to not become complacent – but continue being hungry and never satisfied with good enough.

In order to succeed, we will continue on the path described above, growing geographically through acquisitions and organically through focusing on digital pest control, while continuing to perfect our business model. We must also dare to venture into new markets and technologies, while always offering high quality.

I would like to thank all employees for great work during the year – as well as our owners for their continued support of our ideas. I would also like to welcome the new businesses acquired over the year to the Anticimex group, one of the most exciting and innovative pest control companies in the world.

Jarl Dahlfors
President and CEO
Stockholm, April 2019

Growing market favouring large pest control companies

Global demand for pest control continues to grow as a result of increased prevalence of pests in the wake of urbanisation, globalisation and economic and population growth. Rodents and other pests thrive as more people join the urban population. In parallel, growing tourism and trade facilitate pests spreading across the globe. Meanwhile, regulations become stricter favouring large players.

1.

Urbanisation

In 1950, about two-thirds of the global population lived in rural settlements and one third in urbanised areas. By 2050, the opposite distribution is expected, with more than 6 billion people being city dwellers. Urbanisation fuels garbage generation and concentration with a growing rodent population as a result. There is, in fact, more rats per capita today than a hundred years ago.

2.

Globalisation

People travel across the globe like never before. The same goes for goods. In the wake of this exchange of people and goods to new destinations, insects follow in their path. Increased travelling is good news for bedbugs, for instance, an increasing problem all over the western world.

3.

Regulation & legislation

Increased environmental consciousness as a result of concern for climate change leads to politicians driving more regulations and legislations restricting the use of biocides. Regulations concerning hygienic standards are also becoming stricter in many countries. This drives environmentally friendly solutions, e.g. digital pest control such as SMART. Increased regulations and legislation favour large professional players and disadvantage small companies as they are unable to comply with new regulations.

4.

Economic and population growth

Economic growth means a growing middle class. In 2009, the "global middle class" was estimated at 1.8 billion, a number that is expected to grow to 3.2 billion by 2020 and 4.9 billion by 2030, according to the OECD. Improving living standards result in increasing hygiene standards and less tolerance for pests. Another effect of improved living standards is that people produce more garbage – while they also have the financial means to pay for pest control.

The number of senior citizens globally is expected to grow significantly in the future. This will increase demand for healthcare, a growing customer segment for the pest control industry.

Meanwhile, the fact that news spread fast on social media can have a devastating effect on the increasing number of companies in the food and hospitality sectors, where a single incident could pose a real threat to their businesses. This means that pest prevention becomes increasingly important. Quality protocols in food retail have also become stricter.

New technology triggers an increase in demand for more sophisticated and sustainable solutions.

Structural market changes favour large players
In 2018, the top five players in the pest control market accounted for only approximately 30–35 percent of the global market while the balance is made up of thousands of smaller vendors. The global pest control market is experiencing gradual consolidation and with more M&A under way, these smaller local vendors are in the long term likely to come under the ownership or partner with the five key players, of which Anticimex is one of the strongest actors driving the M&A agenda. The market dynamics are characterised by moderate but steady underlying growth, while there is a vast opportunity to outpace market growth given a number of attractive structural characteristics:

The global pest control market is experiencing gradual consolidation and with more M&A under way.

STABLE NON-CYCLICAL MARKET – in general the market displays low correlation to negative GDP growth.

SIGNIFICANT FRAGMENTATION OF THE COMPETITIVE LANDSCAPE – apart from the Nordic countries the market for pest control services is highly fragmented and often consists of a large number of small pest control operators. The two largest operators cover approximately 20 percent of the global market. This means significant growth opportunities, favouring large professional companies like Anticimex with the necessary muscles to grasp acquisition opportunities as they arise.

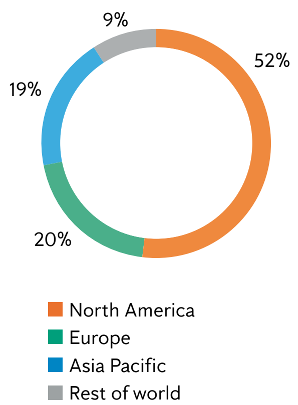
INCREASED STANDARDISATION AND MORE STRINGENT REGULATIONS – public health and safety regulations issued by government agencies remain another important driver for pest control services. The continued drive towards common standards (BRC, IFS, ISO 22000, CEN, AIB, etc.) and certifications initiated by the EU and CEPA, as well as national legislators and food control authorities, also serve to increase the opportunities for big international players like Anticimex. In addition, increasingly stringent reporting and certification requirements in many industries have fuelled demand for detailed documentation of services performed, monitoring systems and inspections results. Large food processing and retail organisations continuously improve their standards to secure safety within the food supply chain.

Market key figures

MARKET POSITION

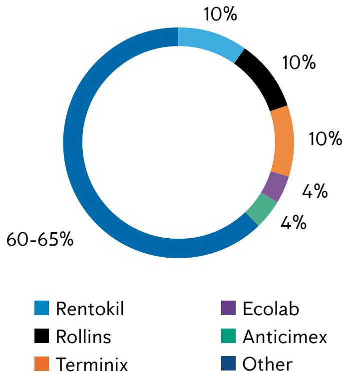
1st	Australia, Denmark, Finland, Italy, Norway, Spain and Sweden
2nd	Austria, Belgium, Germany, Netherlands, Portugal, Singapore and Switzerland
N/A	France, Malaysia, New Zealand and U.S.

GLOBAL PEST CONTROL MARKET, SEK 170–180 BN*



* Sources: Technavio and management estimates

MARKET SHARES, APPROX.



INCREASED PENETRATION AND USE OF DIGITAL TECHNOLOGY – digitalisation favours professional players that can leverage on scale. New technology also triggers an increase in demand for more sophisticated and sustainable solutions. While traditional methods still dominate, the trend clearly points towards digital pest control services in the future. These offer many advantages, including less biocide used to eradicate the source of the problem, and more 24/7 monitoring of real-time information and statistics. The investments and skills required to install and manage digital systems pose an obstacle to the smaller pest control players. The technological developments and the general drive towards sustainable solutions run contrary to the small players' established business model – to sell as many visits as possible.

Insurance-based concepts in the Nordics

The growing emphasis on prevention drives long-term growth of services under contract and insurance solutions, providing customers with efficient solutions and peace of mind. The combination of this and the low relative cost for prevention also makes the business more resilient against economic downturns. Anticimex's cooperation with insurance providers is a key driver in the residential pest control market in the Nordic market, given the opportunity to include pest control coverage within a property insurance policy. The insurance-based policy concept has considerably grown both the pest market and the market for related building environment service offerings and there is great potential in spreading the concept.

Building Environment

The market for building environment services is made up of property owners, property buyers, real estate agents and insurance companies offering property insurance policies. Services included are, for example, property construction inspections related to a transaction and with the purpose of assessing the risk of future damages from pest, mould or dry rot. Sanitation and dehumidification services are offered to property owners and insurance companies that have suffered damages from flooding or pest. The market where Anticimex offers the widest array of building environment services is Sweden.

Hygiene

The market for hygiene services covers particularly those dealing with foodstuffs such as grocery retailers, caterers, hotels and restaurants. Hygiene standards in washrooms used by employees are extremely important in reducing the risk of contaminating food sold to customers. Hygiene and washroom services are in some regions bundled together with pest control services and fit well with Anticimex's route bound business model.

Becoming the global leader in preventive pest control

Anticimex's vision is to be the global leader in preventive pest control. By 2021, Anticimex aims to reach revenues of 10 billion SEK. To achieve this, the company strives to grow organically – providing customers with peace of mind through the best services and most innovative solutions – while continuing to identify and acquire high quality pest control businesses in high potential markets across the globe. An important key to success in both of these areas is the decentralised business model – the Anticimex Model – which Anticimex will continue to develop and enhance.

Goals by 2021

Revenue

SEK 10 bn

EBITA

SEK 2 bn

Key strategic initiatives

Decentralised branch-based business model – distributing extensive responsibility to local branches simply: "the Branch Manager is the hero"

Providing the high quality and efficiency expected of a premium supplier and meeting the requirements of the customer as well as applying value-based pricing in the offerings

Growing organically by providing the most innovative solutions for pest prevention and control

Growing geographically and increase density by acquiring high quality companies in a fragmented market

Focus on growing in the world's biggest pest control market by acquiring platform companies through which bolt-on acquisitions will be made

Growing through inclusion of pest control in home insurances

STRATEGY – THE ANTICIMEX MODEL

The Anticimex model – growing globally by focusing locally

The pest control market is by definition local and the growth potential for each individual market is best identified and pursued by local experts. Based on this, Anticimex's strategy for global growth is to continue to build a decentralised organisation through establishing strong branches with extensive responsibility for their operations and results. The aim is to create a company culture characterized by strong entrepreneurship and personal responsibility.

The company's decentralised branch model was established in 2015. Today, Anticimex has approximately 160 branches in 18 countries. The Branch Managers are the heroes of the Anticimex model and constitute the heart of the operations. They are responsible for generating new business, their own profit and loss statements and they are regularly evaluated based on a set of KPIs regarding financials, operations as well as employee and customer satisfaction. The Branch Managers' belief in SMART has been crucial for the rapid growth in sales of the concept.

The Branch Managers oversee daily operations and are also well-positioned to evaluate potential new acquisitions. The result is a transparent view of the operations at each given moment, providing tools to swiftly detect and act on opportunities and irregularities as well as for comparison. Branch Managers also meet regularly to exchange best practices.

This model, based on distributing responsibility as well as accountability to the Branch Managers, plays an important part in Anticimex's strive for continuous improvements in quality and efficiency, which is crucial for promoting customer satisfaction and enabling the company to adapt value-based pricing.

"You must have the desire to be successful"

– In order to succeed, you must have the desire to be successful, says Thomas Braun, Branch Manager of Anticimex's Munich branch. In just over a year, he managed to transform an underperforming business into one of the best climbers. There was a great potential here, but a lack of leadership. With clear goals, and KPIs to measure progress, we managed to inject motivation into the whole team – because, at the end of the day, this is what it's all about, he says.

Thomas Braun describes himself – with a laugh - as the very embodiment of Anticimex's business model.

– You've got to know your numbers – only then will you know where to go. Not only do we measure KPIs on an individual level every month, but I also share them with every individual.

– This really pays off – the week after, everybody steps up their efforts even more, he says.

With a background in the automotive industry as a Managing Director of various supply companies, he says that he got tired of the endless price negotiations following the crisis in the sector and decided to leave it for the service industry. In 2014, he took on the job as operations manager for Anticimex in Germany. A couple of years later, the role was redefined and Thomas Braun moved on to becoming a Regional Manager, assigned to coach the Branch Managers in the south of Germany.

– Mid 2017 I stepped in to take on the job as Branch Manager for the Munich branch because I really love to have a direct project leader responsibility. I had the advantage of knowing the company and really believing in the concept, he says.

"It's up to you"

The branch enjoyed immediate success after a long period of decline due to a great team freshly infected with the right spirit – and even became one of the branches

**– If you don't believe in digital pest control, you should change company, because this is the future.
Thomas Braun, Branch Manager of Anticimex's Munich branch**

showing most improvement in 2017, winning an award at the yearly branch competition.

– When I took over, three technicians had just handed in their notice and there was a lack of energy, as well as of focus and communication within the team. Therefore, I made a point of being visible and available, discussing personal targets with each individual and how to reach them. It was important to underline the personal responsibility of everyone. You cannot say that it's up to the head office - or blame others. It's up to you, Thomas Braun says.

Entrepreneurial spirit, drive and engagement are some of the characteristics that he mentions as crucial in order to succeed as Branch Manager.

– You must be able to inject energy into your team. It's not a 9–5 job. You must have the desire to be successful 24/7.

Today, the Munich team is a highly motivated team showing continuous improvement. They have also been highly successful in selling SMART pest control, in fact the second best in Germany last year.

– Actually, I have problems with persuading two of our sales guys to also sell conventional pest control these days, Thomas Braun says, and laughs.

– But, on the other hand, if you don't believe in digital pest control, you should change company – because this is the future, he continues.

As part of his role as Branch Manager, Thomas Braun works with integrating newly acquired businesses in his branch.

– I work hard for our goals, but it's also important to have balance in life. For me, running and doing a marathon again is a great counterbalance. I'm also a happy father of little baby boy, also a great joy, he says.

STRATEGY – SMART

Leading the way into using high-tech instead of biocides

Attractive environments are pest-free. They are also green. Based on this, Anticimex is convinced that the future of pest control will be digital.

The pest control market is, in fact, going through a major technological shift towards more sophisticated methods of prevention and protection enabled by new, digital technology. The shift is accentuated by an increased demand for non-toxic, sustainable solutions as a result of new laws and regulations, coupled with more focus on sustainability in society in general.

The shift towards using high technology favours Anticimex, as the company possesses the necessary organisational and financial strength to develop, drive, standardise and commercialise new, digitised solutions captured in the SMART offering. Since Anticimex launched its first digital solution in 2014 – SMART – revenue from this segment has climbed continuously.

SMART customers are found in sectors including food, pharmaceuticals, manufacturing, hotels, restaurants, retailers, cities and municipalities.

Anticimex has established an Innovation Centre aimed at developing new digital solutions, combining extensive knowledge of pests with digital competence. Product development and training take place in Helsinge, Denmark.

Smart move to become Denmark's first rat-free municipality

The rodent problem had come to the point in Danish Gribskov where something had to be done in order for the municipality to stay competitive. The answer was the launch of an ambitious rat battle project based on Anticimex SMART with the aim to create the first rat-free municipality in the country.

– We want to take Gribskov into the future – becoming a role model as a green municipality and creating a place where more people want to live and work, says Bo Jul, Deputy Mayor of Gribskov.

The number of rats was increasing. They were damaging the sewers and the pipes. Even more alarming was the damage they did to the electrical installations at the sewer stations. Gribskov municipality, located in the northern part of Zealand in Denmark, had to act swiftly. Spring 2018, the project "Rat free municipality" was launched in cooperation between the municipality, the local waterworks company Gribvand and Anticimex.

–This is a joint project. We have knowledge about the pipes, the municipality is getting rat reports from the citizens, while Anticimex are experts on rodents and traps, says Mette Therkildsen, CEO of Gribvand.

– Our sewage system is the corridor. The rats live and thrive in the pipes leading into the buildings. Anticimex SMART was the only solution available, fighting the real core of the problem where the rats live – underground, she continues.

Green ambition

A key reason for choosing Anticimex SMART, says Mette Therkildsen, is the fact that the system is based on technology, not biocides.

– Rat poison infects the whole eco-system and is not in line with our green ambition. We wanted to get rid of the rats without the use of poison, and Anticimex SMART offers that opportunity. As it is a non-toxic/no-chemicals system, it will also help providing a better and healthier climate for people, animals and the environment, she explains.

Advantages of converting from traditional pest control to the digital Anticimex SMART system also include lowering call-out costs, as well as reducing damages in the sewage system, sewer stations and in homes.

Mette Therkildsen, CEO of waterworks company Gribvand, and Klaus Baagøe-Nielsen, SMART Training & Competence Manager at Anticimex Innovation Centre.

The system enables cleaning out and securing large urban areas. However, as Gribskov covers a total of 279 square kilometres, the area was assessed as being too big to address as one. The solution was to divide the municipality into sections and address one section at a time, monitoring and continuously optimizing the strategy going forward.

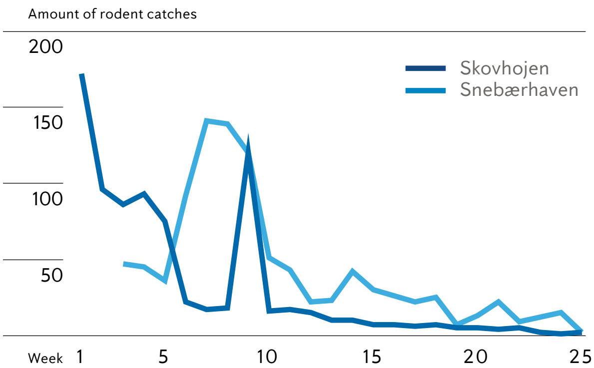
– The plan involves a total of 1,000 traps and is based on both Anticimex's expertise and the municipalities reported data on rat infestations throughout Gribskov, Klaus Baagøe-Nielsen, SMART Training & Competence Manager at Anticimex Innovation Centre, explains.

A political goal to become rat-free

The first goal is to decrease rodents in Gribskov by 75 percent by 2020 – and then successively become the first rat-free municipality in the country.

– It's a political goal to become a rat-free municipality. Today, there is more pressure from citizens on the subject of how a municipality is run and to be green and clean. We are on our way there, and we are looking forward to it, because now it's something people are talking about, says Kim Valentin, former Mayor of Gribskov.

96 AND 99 PERCENT DECREASE OF RODENT POPULATION IN DANISH RAT FREE PROJECT*



* Source: Anticimex Wiseplan

Facts Gribskov municipality

- 41,000 inhabitants
- 279 km^2 land area
- 280 km sewage
- 1,800 manholes

STRATEGY — M & A

Taking advantage of acquisition opportunities

Most of the markets where Anticimex operates are highly fragmented, characterised by a great number of family run businesses, and currently going through a strong consolidation process. This offers many interesting acquisition opportunities, which Anticimex aims to continue to take advantage of. The goal is to become a top player in all markets where the company is present. In 2018, Anticimex acquired a total of 47 businesses in 13 different markets.

An increasing number of customers demand high standard round-the-clock services by companies offering pest-free state-of-the-art solutions. This has proven difficult to provide for many small, family-run businesses that often have difficulties in meeting new regulations concerning the use of biocides and required documentation.

As a result, a strong consolidation trend is visible with increased activity in mergers and acquisitions and Anticimex aims to continue to take advantage of these opportunities. Local pest control companies are often entrepreneurial and they have proved to appreciate Anticimex's decentralised business model, ambitions and the opportunity of access to new technology. Many also appreciate the fact that they can continue to grow as an integrated part of Anticimex.

Anticimex continuously monitors potential new acquisition objects. The goal is to grow both in existing markets and to establish operations in new markets. Anticimex's strategy is to continue to look for high quality pest businesses to expand geographically, grow its market share locally and enhance its margins.

Corporate culture strong driver for rapid growth in Singapore

Can discussing digitalization during tea parties with potential customers and having fun at work lead to business success? According to Tony Hurst, President of Anticimex Asia, this is definitely part of the explanation for the company's rapid growth.

– Much of it derives from creating a corporate culture that makes both employees and customers feel inspired and cherished, he says. And figures speak for themselves – since Anticimex set up business in Singapore in 2016, the company has gone from zero to becoming a market leader. While having fun at work.

In 2016, Anticimex expanded its geographical footprint in Asia through the acquisition of SITA Pest Control & Fumigation Service Pte Ltd, a leading provider of pest and termite management solutions in Singapore and Malaysia. The business got off to a head start with the successful control of an unexpected outbreak of Zika virus, which even earned praise from the World Health Organisation. Since then, Anticimex has made another nine acquisitions in the market, including those of Pest Solute, Seetoo and Island Pest in 2018.

– We've won a reputation for being the leading provider of digital pest prevention technology in the country. This is partly a result of our SMART range of digital solutions for pest control, partly the major assignments we've won, some of which are for big governmental institutions. As an example we secured a record contract for the National Environment Agency in 2018.

– But it's also a result of our willingness to share our digital knowledge with potential customers and others. And we've chosen to do this at informal tea parties that we arrange regularly. The combination of a nice cup of Chinese tea and a spring roll with SMART talk has proven to be a winning recipe, says Tony Hurst.

Just like in many other pest control markets, Singapore is dominated by small, family-run businesses. When they consider a change, Anticimex has become an attractive choice to sell their company to.

– Much of our rapid growth derives from creating a corporate culture that makes both employees and customers feel inspired, informed and cherished.

Tony Hurst, President of Anticimex Asia

Tony Hurst, President of Anticimex Asia and Cynthia Lim, Customer Care Manager, Singapore.

– We've achieved a good reputation, partly through SMART, partly through a successful corporate culture. Our strategy to keep the current employees of the acquired companies has also contributed to our popularity.

– This, along with increasing interest in digital pest control and the many good acquisition opportunities, means that the future here looks bright indeed, Tony Hurst says.

A country of contrasts

The small island nation of Singapore has a reputation of being clean, modern, rich and organised. It has also declared itself as the world's first smart city-state. But, says Tony Hurst, all of these are truths with modifications.

– There are great contrasts here between ultra-modern and old-fashioned, forward thinking and tradition. This is reflected by the fact that when we sell pest control to a customer, they often require that part of their customised solution should be traditional, part digital.

This is also true when it comes to integrating an acquired company and its staff into the business, according to Tony Hurst. The journey for the staff into the new, Swedish-style, flat organisation is often quite revolutionary.

– In order to succeed, Anticimex puts a lot of effort into the integration process, according to Tony Hurst. This includes many different parts, ranging from being taken under the wings of the managers to a series of training programs. But it's also important to mingle and have fun together – simply walking the talk.

– We can create opportunities that many of our new employees couldn't even dream of before. Often in these family-run businesses, it doesn't matter how experienced and skilled you are – if a relative comes along, you won't get the position anyway. We offer career advancement in a global technology company – and if you're good it will show in the opportunities you're offered, even internationally. For instance, many of our employees have already been to Denmark for training in the SMART technology, he says.

STRATEGY – U.S.

Striving to become a top player in the biggest market

North America is the world's largest pest control market. Anticimex has set a high goal; becoming one of the leading pest control businesses in this high potential market. Focus is on acquiring well-established, premier pest control companies and to use these as platforms for further acquisitions.

The North American pest control market is valued at SEK 90 billion, i.e. half of the global market. Meanwhile, it continues to expand as a result of population growth and climate change, leading to rising temperatures and an increased prevalence of pests. As pests start to become more visible, tolerance drops.

The North American market is also highly fragmented with an estimated 20,000 pest control companies. In order to be able to identify potentially interesting acquisition objects both personal connections and market knowledge is required. Anticimex's strategy for growing in the U.S. is acquiring high quality and well-established companies that serve as platforms for further growth. A substantial part of the pest control business in the U.S. is residential, which means that personal relationships are extremely important.

Since entering the U.S. market in 2016, Anticimex has acquired five platform companies operating on the east coast; American Pest, Viking Pest Control, Turner Pest Control, Modern Pest Services and Killingsworth Environmental – and through these a number of bolt-on acquisitions have been made.

The acquisitions opened a world of exciting opportunities

– We liked the management, the clear vision of the company and its ambitious strategy for the U.S. market. And as we've always strived to provide the most modern experience in pest control, Anticimex seemed to be the perfect match for us, Scott Stevenson, former President of Modern Pest, explains. In 2017, he and his brothers felt that it was time to sell their New England based business that had been founded by their grandfather 70 years ago.

– This has given both the company and our employees an opportunity to grow and develop, he says.

How do you decide when the time has come to sell a business svit that you grew up in, that was founded by your grandfather, sold to your father and then passed on to your own generation? For Scott Stevenson and his two younger brothers, who jointly acquired Modern Pest from their father in 2008, that moment came in 2017.

– We've always been the best of friends, but we had different ideas about the future of the company. We also had different levels of engagement in the business. And as there was no clear succession plan for the next generation, we felt selling was the best option.

– We were approached by Anticimex and a number of other international companies. But with most of these companies, we felt that our business would just be eliminated. With Anticimex, it was different. We spoke the same language. They understood the value of our brand, and we trusted that they would keep our staff and continue to look after our customers, Scott Stevenson says.

Knowing the local market

However, upon the acquisition, Anticimex asked for one of the brothers to remain in the company in accordance with its strategy to use local brands and their market knowledge to expand.

– I stayed on – and I've had a lot of fun since then. Over the past 18 months, we've made seven new acquisitions in the region. Everybody knows everybody in the pest control business here. Most of the companies are family-run just like Modern Pest and many of them belong to my friends. I know when they start thinking about selling, Scott Stevenson explains.

– Modern Pest has grown by 20 percent – and we predict even stronger growth for next year. Scott Stevenson, Vice President of Operational Excellence, Region North America.

– This means that there is a great potential for Anticimex to grow here. Another important growth factor is the SMART solutions, which fits extremely well with Modern Pest's mission to provide the "modern experience" in pest control. There has been great interest in SMART since we started marketing these digital solutions here.

Exciting opportunities

We've had several good examples of SMART installations in the region, described by Scott Stevenson as "extremely successful".

– For myself personally, the company and our staff, a world of exciting opportunities has been created. In the past year, Modern Pest has grown by 20 percent – and we predict even stronger growth for next year, says Scott Stevenson, who recently was promoted to another job for Anticimex in the U.S. – as Vice President of Operational Excellence for North America.

Facts Modern Pest:

Founded in 1945 by Howard Stevenson in Woburn, Massachusetts. For the past twenty years, Modern Pest has experienced exceptional growth to become the largest, privately owned pest management company in New England. Nationally, Modern Pest has been ranked as the 42nd largest pest management provider in North America, according to PCT Magazine's annual "Top 100 List," up from 80th position in 2001. With the Modern Pest Services headquarters in Brunswick, Maine and branches in Bangor, Augusta, Brunswick, and Westbrook, ME, Manchester, NH, Boston, MA, and New Haven, CT, Modern Pest employs over 200 service, sales, technical, administrative and management professionals. Modern Pest serves over 20,000 residential, commercial, and wildlife clients.

STRATEGY – INSURANCE

Growing market for insurance-based concepts

Interest is growing in including pest control coverage as a standard feature of home insurances. This is still most common in Sweden and Norway, but in recent years Anticimex has reached agreements with insurance companies in Finland, Denmark and Spain. The potential is also considerable in many other markets in line with growing emphasis on pest prevention and increasing awareness of the many hazards linked to pests.

Cooperation with insurance providers is a key driver in the residential pest control market, allowing for an opportunity to include pest control coverage within property insurances. Today, this is most common in Sweden and Norway. By expanding the insurance offering to other markets, Anticimex hopes to leverage the Swedish and Norwegian model where this approach has considerably grown both the pest market and the market for related building environment service offerings. The combination of this and the relatively low cost for prevention also makes the business more resilient against economic downturns.

The key to success is nationwide coverage – something that Anticimex has in all markets where the service is currently available. But the potential is huge, driven by the current focus on pest prevention to reduce the number of pest occurrences. Additionally, the current practice of applying a "toxic" remediation once infested is becoming increasingly restricted. However, the percentage of residential homes with pest control coverage is still very low outside of Sweden and Norway. As Anticimex continues to grow, for instance in the U.S. with its strong residential market, it also opens up opportunities in insurance-based pest control.

Helping insurance company Folksam become more relevant to its customers

– Sometimes it's about assisting home owners plagued by pests, sometimes about building inspections or preventing damage. But regardless of service, Anticimex always delivers high quality, says Robert Öhrner, one of the master minds behind the long-standing cooperation between Swedish insurance company Folksam and Anticimex.

Anticimex has been cooperating with the Swedish insurance giant Folksam since 1999, with pest control and other services included in some 500,000 home insurances in Sweden. The current agreement, dating from 2012, enables Folksam to include a wide spectrum of Anticimex's services and products, ranging from insurance inspections to combatting pest infestations and building advice. Anticimex has also launched a web shop for Folksam customers, offering damage prevention products.

– The overall aim for Folksam is to become more relevant in the everyday life of their customers. And Anticimex plays an important part in this, by offering services ranging from pest prevention to house inspections, as well as damage prevention products through the web shop on Folksam's web site.

Swift action to wasp infestation

The home insurance offered by Folksam covers assistance in the case of infestation of a wide range of pests, including wood-destroying insects, ants, bed bugs, wasps and rodents.

– One case we had, which is also a good illustration of how Anticimex operates, concerns a desperate lady who called us as a wasp colony had invaded the family's house. As this happened during a hot and dry "wasp summer", the first appointment she could get for sanitation proved to be two weeks away. And as her daughter was badly allergic, the family didn't dare to use their veranda.

– I contacted Anticimex and explained the situation, and they responded by immediately going out to the family to deal with the wasps. The family had dinner on

Anticimex annually conducts some 70,000 insurance inspections of residential homes, summer cottages and other properties for insurance company Folksam.

their veranda the very same evening. The lady sent me an email afterwards expressing her deep gratitude for Anticimex's swift action. This really warms the heart of a customer-owned company, Robert Öhrner says.

Responsive to customer needs

The year in question was 2016. Wasp invasions tend to occur in Sweden every two years, and this year was no exception to the rule. This meant that Anticimex was extremely busy all summer.

– In order to improve service and shortening waiting times for sanitation, Anticimex immediately called in extra staff and also made changes to the web documents used for reporting damage. This is typical for how the company acts; swiftly and responding to customer needs.

– This also includes continuously suggesting improvements to facilitate for the customer, such as using tablets and modern technology to visualise damage when contacting Folksam, Robert Öhrner says.

Risk assessment

Anticimex conducts some 70,000 insurance inspections of residential homes, summer cottages and other properties for Folksam every year. These inspections include assessing potential risks.

– With the assistance of the building advice services provided by Anticimex, the aim is to encourage the customer in the right direction to prevent damage. This could include the simplest of things – like installing floor covering underneath the dishwasher, Robert Öhrner explains.

Footnote: Robert Öhrner currently works with business development at the insurance company Tre Kronor, wholly owned subsidiary of insurance company Folksam.

Fun fact (or not so fun):
Termites cause billions of dollars in structural damage per year in the U.S. and they may affect global warming in some regions by emitting almost as much methane as human industries.

Services focused on prevention

Pest control represents the larger part of Anticimex's business, Building Environment is a complementary area and Hygiene Services are offered in selected markets.

PEST CONTROL

Commercial and residential customers

With its services, Anticimex solves pest control and related issues for both commercial and residential customers. The customer mix mirrors the local markets. To most of the company's customers in the commercial segment (food industry, restaurants, retailers, etc.), pest control services are mission-critical services necessary for preventing stock losses and brand damage. It is also frequently required by legislation and local regulations. To private homeowners, pest control prevents property losses and secures a healthy home environment.

An intelligent way of controlling pests, SMART

Pest control services are provided by both using traditional methods and the company's modern, digital SMART services. Traditional pest control is built on physical presence – regularly visiting the customer site to inspect and monitor any incidents since the previous visit. The digital SMART services provide an intelligent way of controlling pests using technology instead of biocides and has revolutionised the business. It is a result of Anticimex's extensive knowledge of pests integrated into an array of digital equipment. Based on a system of digital traps, cameras and sensors, it offers real-time round-the-clock indications of pest invasion or deviation, setting off alarms. The real-time monitoring, the opportunities created for fact-based improvement efforts and the totally biocide free treatment are valued by customers. Since Anticimex launched SMART, its first digital solution, in 2014, revenue from this segment has been climbing continuously.

Revenue model that focuses on prevention

To Anticimex, the pest control offering secures recurring and predictable revenue streams, especially when delivered under a fixed contract, which is standard procedure in the commercial segment, through an insurance solution or through contracts with private households. The contractual model enables Anticimex to apply a preventive, long-term partnership approach to its services, and as such provides maximum value to its customers. To avoid pest, understanding their living conditions and behaviour is crucial. Anticimex has great experience and expertise in analysing the threats and risks to enterprises and private homes, which vary greatly across different climate zones, types of buildings and businesses. As such, the types of pests targeted vary by market. While some, e.g. rodents, are prevalent in all markets, other types of pest control may be important locally. Examples include termites, bird control, fumigation, and legionella control.

Documentation increasingly important

No matter what type of pest, however, focus is on investigating the underlying reasons for an infestation, rather than simply treating the problem and then customizing a solution. Often documentation and reporting is an important element of the service for commercial customers, as quality standards are becoming increasingly important in many industries, for example in the food industry.

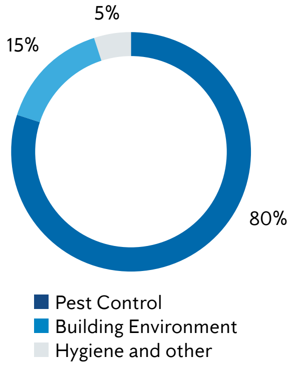
BUILDING ENVIRONMENT

Anticimex offers an array of services and insurance solutions aimed at creating a healthier indoor environment and securing property value. These services include fire prevention, dehumidification, energy inspections, title transfer and insurance against latent defects. The services are delivered through inspections, monitoring and insurance policies, and by assisting homeowners and real estate agents who are in the process of selling or buying property. Anticimex compiles its findings, report them to the client and suggest actions and recommendations for managing issues as required.

HYGIENE

Hygiene or washroom services are route-based with a planning system that is similar to the one used in pest control. They are, however, run separately from the pest control business using different vehicles and technicians, and not necessarily delivered at the same sites. The rationale behind offering washroom services is the cross-sale potential in terms of sales bundling for large contracts to commercial clients. Services include washroom-training programmes for staff and waste collection. The Pacific region is the key market for Hygiene services, but it is also offered in Italy.

NET SALES BY BUSINESS AREA



Europe

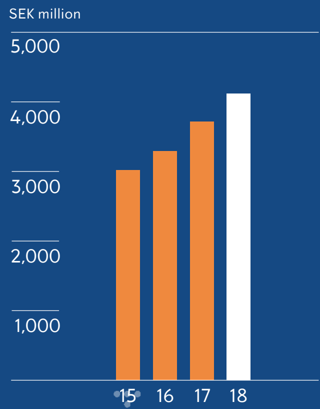
The European segment includes 13 of the 18 markets where Anticimex operates and composes 64 percent of the Company's revenue. In 2018, Anticimex entered a new country, France, and continued to strengthen its footprint in the European segment through 16 acquisitions. Furthermore, the segment grew by 11 percent, largely driven by increased demand for the SMART offering.

In 2018, Anticimex entered France, one of the major pest control markets in the European region.

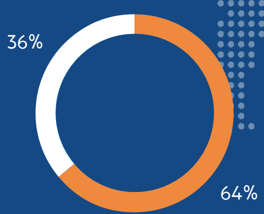
3,510

employees 2018

REVENUE SEK 4,127 MILLION, +11%

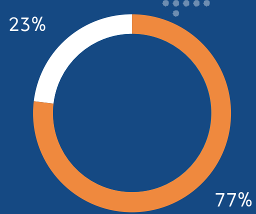


SHARE OF GROUP REVENUE



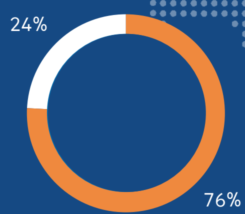
Europe
Other

REVENUE BY BUSINESS RELATION



Contracts and insurance
Jobs

REVENUE BY SERVICE LINE



Pest Control
Building Environment

Further expansion in an established market

In 2018, Anticimex established itself as a market leader in many of its European markets, based on a healthy mix of organic growth and acquisitions. The combination of revenue growth of 11 percent and a good margin increase, made 2018 another successful year for Anticimex in the region. A total of 16 strategic acquisitions were made and further strengthened the company's footprint in the region. One of these was made in France, which means that Anticimex now is represented in another major market.

All across Europe, Anticimex enjoyed a good year with strong performances in terms of both revenues and profits. The increase in revenue was a result of strong organic growth, mainly driven by SMART sales and a growing amount of assignments, combined with a number of acquisitions. Italy as well as Spain recorded organic growth above the market average, while revenues in the central parts of Europe were driven mainly by strong organic growth in Germany, Switzerland and Austria, the latter of which reached growth of around 11 percent. The organic growth was strong in the northern part of Europe as well, foremost in Finland and Norway as their businesses grew mainly through strong SMART sales. Sweden, Anticimex's largest market in the European region, recorded a strong year with substantial organic growth driven by portfolio development combined with new sales across the service segments. Anticimex won several major contracts for its digital pest control system SMART during the year. Demand for biocide free solutions continue to increase in the wake of growing environmental concern expressed by both customers and regulators. This has driven sales of SMART series in all countries. The profitability in the region improved during the year as a result of continued efforts to increase efficiency, while benefits of economies of scale were reached due to higher volumes. Furthermore, efforts done in the countries to improve cost-control, benchmarking and best practice sharing also contributed to increased profits in the region. In the Netherlands, focus in 2018 was to streamline the business on the core service, which is pest control. Anticimex is now well positioned to continue to grow and enhance profitability in the country. In Sweden, profitability increased as all of the 29 branches delivered higher margins and the number of red branches fell to zero.

A total of 16 acquisitions were made during the year, five of which were in Norway and Denmark, even though these are relatively consolidated markets. In June, Anticimex broadened its European footprint by entering France. Spain expanded its business on the Balearic Islands by acquiring a company in Palma de Mallorca. Furthermore, Germany increased its the presence in the areas around Hamburg and Dortmund by making two strategic acquisitions.

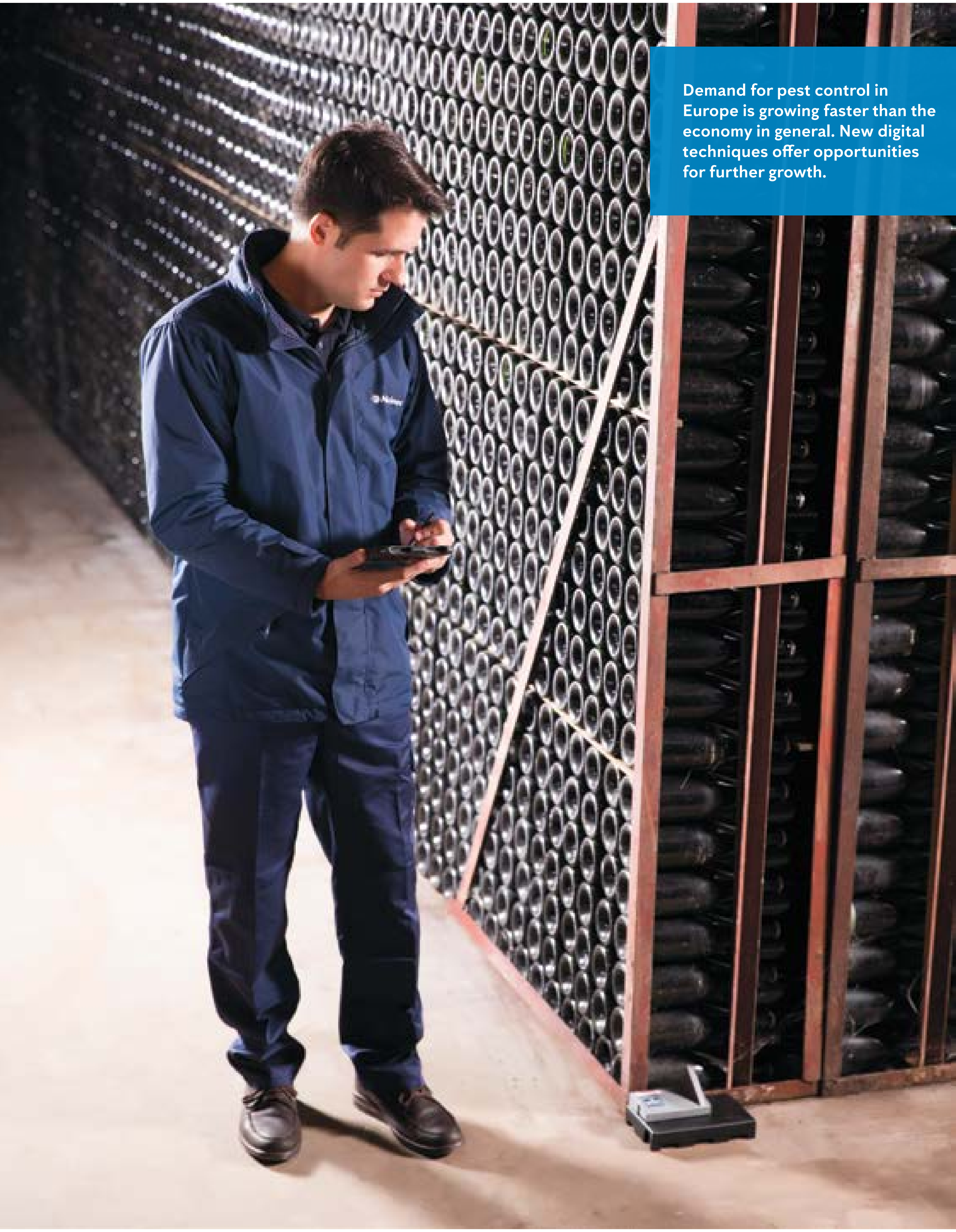
Market trends

Demand for pest control in Europe is growing faster than the economy in general. Increasing incidence of pests such as rats and bedbugs, coupled with new digital techniques for monitoring and control, represent opportunities for further growth. The European market is expected to grow by 4–5 percent per year in the coming years. In most markets in northern and central Europe, sound economies, decent GDP growth and high hygiene standards provide a solid platform for growing demand for pest control services. Many of these markets are also fragmented, which offers a strong potential for further growth through acquisitions. In Sweden, however, Anticimex already has a high market share, which means that opportunities to further consolidate the market are limited. The Swedish residential market also stands out when it comes to pest control coverage. All Swedish insurance companies include pest-related insurance solutions as part of their customer offering – a majority of homeowners are protected by the company's pest control insurance. The residential market is nearly non-existent, with a preference for do-it-yourself solutions. Global competitors in Europe are Rentokil, Ecolab and Rollins.

Regulatory trends

Driven by initiatives from the EU, there is a strong push in Europe in favour of biocide-free solutions, an area where Anticimex has a strong position. The residential market is also affected by new legislation that aims to reduce the purchasing of toxic do-it-yourself pest control products. New legal requirements for non-toxic preventive pest control increase focus on transparency and reporting. This will increase demand for high quality services, reports and traceability and will favour professional suppliers like Anticimex. Self-regulation also plays an important role in professionalizing the pest control market. The Confederation of European Pest Management Associations (CEPA) has introduced a new standard for pest control. Such initiatives are expected to spur market growth in Europe in the years to come. In recent years, there has been new legislation in the European countries restricting the use of rodenticides as a preventive method – and even the use of rodenticides as a control method has been restricted. This gives Anticimex a unique opportunity to offer SMART, one of the few solutions for both for prevention and control of pest problems. Pending legislation appears to be even tougher on the use of rodenticides, which gives a good projection for sales of Anticimex's non-toxic solutions. Going forward, Anticimex expects increases in regulations and adoption of existing EU initiatives to drive the market.

Fun fact (or not so fun):
The first reporting instance of pest control dates back to 2500 BC when Sumerians used Sulfur to control insects.



Demand for pest control in Europe is growing faster than the economy in general. New digital techniques offer opportunities for further growth.

Jesus Machinbarrena, Supervisor, Spain

North America

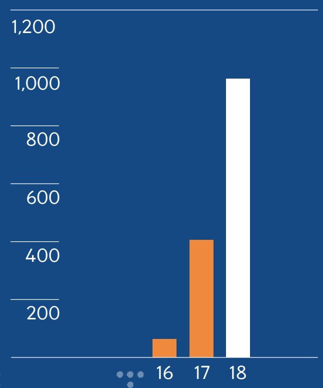
North America is the world's largest pest control market, valued at some SEK 90 billion. It is also highly fragmented, dominated by more than 20,000 small, often family-owned businesses. This presents Anticimex with good acquisition opportunities.
In 2018, Anticimex more than doubled its size in North America by growing organically and completing 13 acquisitions. Revenue grew from SEK 410 million to SEK 963 million – an increase close to 140 percent.

North America's revenue now represents 15 percent of the group's total revenue.

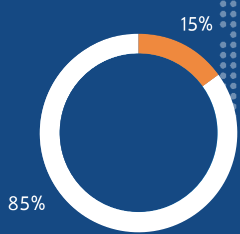
990

employees 2018

REVENUE SEK 963 MILLION, +137%

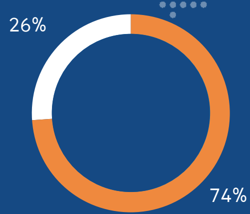


SHARE OF GROUP REVENUE



North America
Other

REVENUE BY BUSINESS RELATION



Contracts and insurance
Jobs

REVENUE BY SERVICE LINE

Pest Control

More than doubled in size

In 2018, Anticimex more than doubled its business in the North American market by continuing its ambitious expansion strategy for the region with two new platform acquisitions and eleven bolt-on transactions. Revenue grew from SEK 410 million to SEK 963 million, an increase close to 140 percent. Along with delivering strong growth, the region also expanded its margin as the growth contributed to higher density, while increased density enabled better route planning and thereby also increased efficiency.

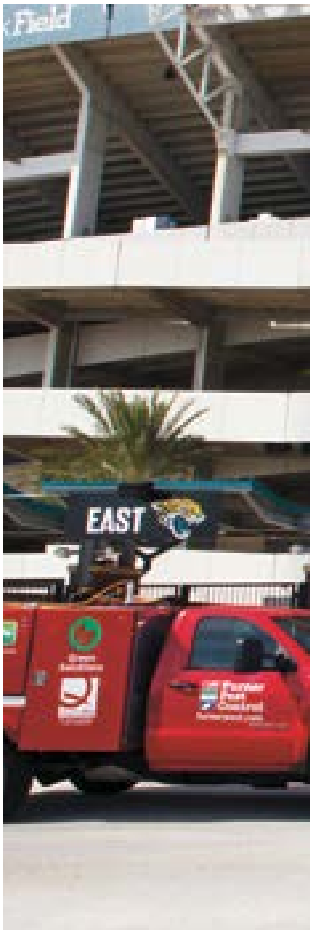
Since its first expansion into the high potential North American market in 2016, Anticimex has taken a number of significant steps towards the goal to become one of the leading pest control companies in the region. During the year, Anticimex acquired a further two companies operating as platforms. This meant that the company expanded its footprint in the region by entering two new geographical areas. Turner Pest Control is based in Jacksonville, Florida, while Killingsworth Environmental has its operations in Charlotte, North Carolina. Thereby, Anticimex's operations now cover the east coast from Maine to Florida. A total of eleven strategic bolt-on companies were acquired during the year. At the end of the year, American Pest completed the bolt-on acquisition of TripleS and Innovative Pest Management. Thereby the presence in the Mid-Atlantic region was further strengthened. The high activity in the region during the year resulted in strong revenue growth and has created a good foundation for continued future expansion in this important region. The region expanded its margins in 2018 as the geographical expansion contributed to higher density, with increased density enabling better route planning and thereby also increasing efficiency. During the year, focus was also on developing cooperation, competition, sharing best practices and benchmarking between the platforms, something that contributed to increased efficiency and higher margins. This work will continue in 2019. SMART was launched during the second half of the year. The concept for digital pest control got off to a successful start as Anticimex won several SMART contracts in a wide-range of business segments. Anticimex will continue the roll out of SMART in the region, not only for commercial customers but also for the residential market, where Anticimex sees further potential.

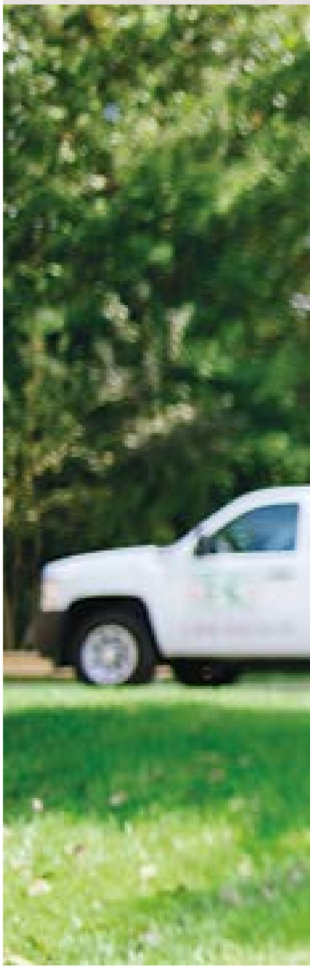
Market trends

North America is the world's largest pest control market, valued at approximately SEK 90 billion. It is highly fragmented, largely consisting of a great number of small, often family-owned businesses. The total number of pest control companies in North America is estimated at more than 20,000, providing vast opportunities for sustainable growth. The North American market is demonstrating stable underlying growth of an estimated 5 percent per year, driven by the same factors as in many other parts of the world; e.g. urbanisation resulting in an expanding pest population, an increasing demand for non-toxic solutions, less tolerance for pests and increasing willingness to buy pest control services instead of "do-it-yourself". The market is distinguished from other markets in two important ways. Firstly, the market is characterized by a high pest control spend per capita, approximately 26 USD as compared to Norway's 14 USD, driven by a high penetration of the residential customer segment. Secondly, termite pest control is a substantial market in the U.S. as opposed to for example Europe. In the coming years, increased business and consumer spending is expected to drive further demand for regular pest inspections. The top three competitors in North America with highest national market share are Rollins, Terminix (ServiceMaster) and Rentokil. However, the main competitors where Anticimex is present are rather locally strong pest control companies.

Regulatory trends

In the United States, the Environmental Protection Agency (EPA) regulates pesticides at the national level. Congress gives the EPA this authority through several federal laws, including the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA). By regulating pesticides, the EPA works to protect human health and the environment. The EPA works cooperatively with state agencies to review pesticide safety data and register pesticide products, educate professional applicators, monitor compliance, and investigate pesticide problems. Other focus areas include pesticide and agricultural worker safety, endangered species and pollinator protection, reducing pesticide drift, and reporting pesticide incidents. Another regulatory influencer on the U.S. pest control market is the National Roadmap for Integrated Pest Management (IPM), a science-based federal program. The program promotes the adoption of pest control in several industries, similar to what exists in the food sector. In the U.S. there are multiple standards and codes introduced by food industry players that favour large actors with strong capabilities to get certifications to win contracts. These large players are also favoured by the stricter requirements for certification of pesticide applicators, which increase cost and add complexity for pest control players.



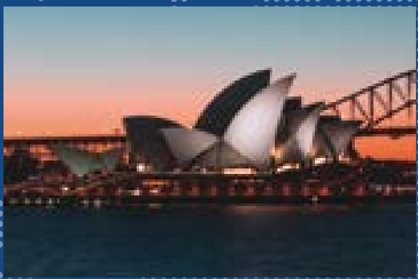


During 2018, Turner Pest Control and Killingsworth Environmental joined the Anticimex family and by that the national covarage in the U.S. expanded from Maine to Florida.

Jacob Taylor, Pest Specialist, Turner Pest Control, U.S.

Asia Pacific

The expansive Asia Pacific pest control markets are expected to grow by some 7 percent annually in the coming years. Since they are also mostly fragmented, this gives Anticimex plenty of growth opportunities. In 2018, Anticimex made a total of 18 acquisitions in the region. The company's share of revenues in the segment amounted to 22 percent.

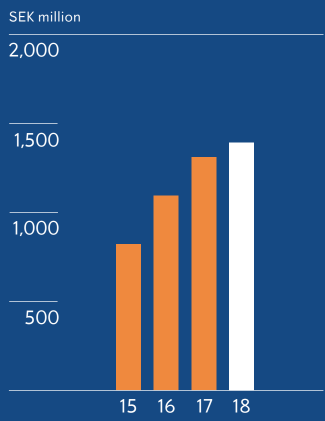


Revenue in the Pacific region increased by more than five percent in 2018 and SMART was successfully re-launched.

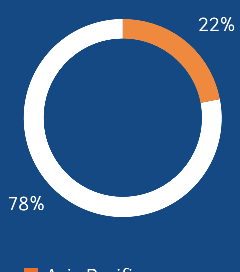
1,613

employees 2018

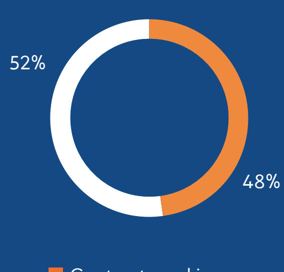
REVENUE SEK 1,400 MILLION, +7%



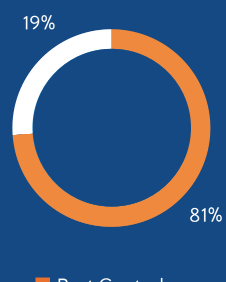
SHARE OF GROUP REVENUE



REVENUE BY BUSINESS RELATION



REVENUE BY SERVICE LINE



Fun fact (or not so fun):
When termite soldiers detect a threat, they tap warning signals to the colony. Termite workers and soldiers are almost always blind.

One of the biggest contracts in Anticimex's history

In 2018, revenues in the Asia Pacific region grew by close to 7 percent. A total of 18 strategic acquisitions were made during the year, aimed at further strengthening the existing operations in the region. Six of these took place in New Zealand, which doubled its size compared to the previous year. Meanwhile, Singapore won one of the largest contracts in Anticimex's history with the assignment for the National Environment Agency.

Asia

Growth reached 20 percent in Asia as a whole, driven by three acquisitions and major contract wins. Profitability margins continued to be on par with the solid results of the previous year, despite substantial investments aimed at future growth.

Anticimex entered the Singapore market in 2016 and has successfully built up a good reputation there since then. This was proven by the Singapore government entrusting Anticimex with a major assignment for the National Environment Agency (NEA). The NEA pest control contract is one of the largest contracts in the company's history. Three businesses were acquired in Singapore during the year. As a result, revenues increased by double digits – in fact by more than 16 percent. SMART was introduced in 2017 and has become a great success since then, driven by strong demand for digital biocide free solutions. In 2018, the SMART installed base continued to grow and reached more than 2,000 units. Anticimex won prestigious SMART contracts for two main tourist attractions in Singapore, i.e. the Wildlife Reserve Singapore and Resort World Sentosa.

In Malaysia, exceptional growth of around 90 percent was recorded, driven by the acquisition of the company SeeToo, something that also increased profitability. Meanwhile, organic growth improved as a result of intense efforts during the year to establish a new organization in order to enable further expansion. Furthermore, focus was on establishing Anticimex as a leading pest control company in Malaysia. These measures mean that the country is set to enhance profitability even more.

Following a year of transition, integration and opportunities that delivered multiple successes in 2018, Anticimex is now prepared for future growth in Asia.

Pacific

Revenues in the Pacific region increased by more than 5 percent in 2018. Both Australia and New Zealand grew organically as well as through acquisitions. Australia returned to positive organic growth with further improvements expected in 2019. Investments were made to upgrade systems, processes and people, which had an impact on profitability. With tight cost control in the second half, the business started to improve and headed into 2019 in a stronger position. The changes initiated in late 2017 continued in 2018 and have helped to return the region to organic growth and are now also starting to show expected results on profitability.

New Zealand doubled in size, compared to the previous year, after having made six acquisitions, the largest of which was QTC at the beginning of the year. Organic growth was above the market average, while profitability increased due to increased volumes, improved density and good cost control.

SMART was successfully re-launched in both countries in 2018 and gained good momentum throughout the year. The launch of the SMART Sense product range is expected to accelerate this development further.

Market trends

The Asia Pacific pest control markets are mostly fragmented, providing Anticimex with an abundance of acquisition opportunities. The market is expected to grow around 7 percent yearly and Anticimex is well positioned to take advantage of the fast growth through its strong network, the high quality of its technicians and competitive service offerings. There is generally low spending per capita in the region, only a few percent of Western European spending; however, there are areas of high spending per capita such as Australia and to some extent, Japan. The Australian pest control market grows at the same pace as the global market. The pest control market currently amounts to approximately 1 billion AUD, divided evenly between corporate customers and private consumers. Growth has mainly been driven by an increase in pests, new builds and stricter regulations for pest control. In general, there is a bigger array of pests in Australia compared to other industrialized countries, mainly due to the climate. There is also a number of species that are endemic to the country and not found elsewhere, including the world's deadliest snakes and spiders. Australia also has the world's largest termite population. Given the prevalence of unique pest problems, consumer propensity to pay for pest control services is high in Australia.

Regulatory trends

Australia hosts the most destructive subterranean termite species in the world. As a result, prevention is reflected in building code legislation, standards, registered technologies and industry best practices which are all adapted continuously as new and better prevention methodologies are developed. Most new homes built in Australia are therefore required by regulations to be fitted with a termite prevention system. In Australia there are several standards and codes introduced by food industry players making it more difficult for pest control providers to get certifications to win contracts, which favours large players with stronger capabilities. Additionally, there are strict requirements for certification of pesticide applicators that increase costs and add complexity for pest control players, again favouring large players like Anticimex. In Singapore, all food retail establishments must be licensed by the National Environment Agency (NEA) in order to operate. They are required to have pest control contracts covering the three vectors, i.e., rodents, cockroaches and flies, during the year-long licensing period. The NEA also emphasizes and encourages certain sectors, e.g., condominium estates, construction sites, schools, and town councils to engage competent pest control operators for mosquito control. Singapore strives to become a smart nation, which is a whole-of-nation journey to support better living, stronger communities, and create more opportunities. The government puts in place appropriate policies and legislations to nurture a culture for experimentation, encouraging innovation and the potential adoption of new ideas. All these provide a platform and opportunity for Anticimex's SMART solutions.

Smart Catch – a single catch unit detecting and dealing with rodents above ground. Attractants lure the rodent into the trap exterminating it efficiently and without toxics.

Clarence Chua, General Manager, Operations Singapore

Directors' Report

The Board and CEO of Anticimex New TopHolding AB, company registration number 559126-5938 (the Company), with registered office in Stockholm, Sweden, hereby submit their annual report and consolidated financial statements for the 2018 financial year.

The company was registered on 26 September 2017. On 29 December 2017, it acquired 100 percent of the shares of Anticimex TopHolding AB, which in turn owns all the subsidiaries in Anticimex Group through its subsidiary Anticimex International AB. Anticimex TopHolding was the consolidating Parent Company in Anticimex Group until 29 December 2017, when EQT through the fund EQT VI divested a minority stake. As part of the structure of that divestment, Anticimex New TopHolding AB acquired all the shares in Anticimex TopHolding AB, becoming the new consolidating Parent for the Group.

Operations

Anticimex was founded in Sweden in 1934 and has since then grown successfully both organically and through acquisitions. Today, Anticimex conducts operations in 18 countries in Europe, Asia Pacific and the U.S. The Group offers services to private customers, organisations and businesses primarily within pest control but also building environment in the Nordics and hygiene services.

Important events

In June the acquisition of Dantons, based in Saint-Malo in Bretagne, marked the entry into yet another country for Anticimex, France. In addition, Anticimex established further presence in the U.S. during the year by acquiring Turner Pest Control (Florida) and Killingsworth Environmental (North Carolina).

During the autumn of 2018, Anticimex refinanced the existing loans of the company.

The branch focus remains an important part of the Anticimex strategy. The branch competition launched in 2016, comparing operating margin and margin improvements between branches, continued and resulted in 20 winners for 2018 who will meet for a week in Phuket, Thailand, to celebrate and share best practices.

Revenue

Consolidated revenue amounted to SEK 6,494 million (5,434), a total growth of 19 percent (22), of which 3.9 percent (4.2) was organic. Acquisitions contributed with 14 percent (17) on a constant currency basis. The largest contribution from acquisitions was in the U.S, see further information below and in Note 30.

Earnings

Operating profit before amortisation (EBITA), excluding non-recurring costs amounted to SEK 1 008 million (864) representing a 17 percent (30) earnings growth year over year. Reported operating profit (EBIT) amounted to SEK 587 million (513).

Financial income and expense

Financial net expenses amounted to SEK -592 million (-517). The increase was primarily driven by higher interest costs as a result of increased interest rates, increased bank loans and bank fees related to this along with the effects of capitalised bank fees being written down. Please see note 11 and 12 for further information.

Profit/loss before tax

Profit/loss before tax amounted to SEK -6 million (-4). If excluding exchange rate effects, the corresponding amount would have been SEK -27 million (31).

Tax, profit/loss for the year and other comprehensive income

Total tax cost for the year amounted to SEK -22 million (-47). Please see note 13 for further information. Consolidated loss for the year amounted to SEK -28 million (-51). Total comprehensive income amounted to SEK 12 million (-75).

Financial position, liquidity and financing

Consolidated equity amounted to SEK 2,454 million

Key ratios

SEK million	2018	2017	2016	2015
Consolidated statement of income				
Revenue	6,494	5,434	4,452	3,845
Adjusted operating profit (EBITA)[1]	1,008	864	664	518
Adjusted operating profit, % (EBITA)[1]	15,5	15,9	14,9	13,5
Profit/Loss for the year	-28	-51	-111	-238
Consolidated cash flows				
Cash flows from operations	406	381	338	151
Cash flows from investment activities	-1,974	-1,898	-2,331	-432
Cash flows from financing activities	1,729	1,522	1,693	762
Cash flow for the year	**161**	**6**	**-300**	**480**
Consolidated balance sheet				
Total assets	14,956	12,612	10,773	8,712
Capital employed	11,679	9,509	7,898	5,976
Net debt	7,781	6,007	4,785	3,061
Shareholders equity	2,454	2,388	980	973

1) Earnings before interest, tax, amortisation of acquisition related intangible fixed assets and excluding non-recurring costs. Operating profit according to IFRS amounted to SEK 587 million, transaction costs amounted to SEK 27 million, integration and restructuring costs amounted to SEK 130 million and amortisations on acquisition related intangibles amounted to SEK 265 million, resulting in an adjusted operating profit of SEK 1 008 million.

(2,388) at year-end. Consolidated cash and cash equivalents amounted to SEK 510 million (323). During the autumn of 2018, Anticimex refinanced the existing loans of the company. The loan agreement was signed on December 21, 2018, but the transaction was not closed until January 22, 2019. In the financial statements for 2018, the total external debt has therefore been classified as current debt.

Current approved bank facilities total SEK 9,756 million (8,846). Of the total bank facilities, SEK 693 million (1,747) was unutilised at the end of the financial year. Available, unutilised bank overdraft facilities amounted to SEK 243 million (124) at the end of the financial year.

Cash flows and investments

Net cash flow from operating activities amounted to SEK 406 million (381), corresponding to 69 percent (74) of operating profit. Cash flow from investing activities amounted to SEK -1,974 million (-1,898), driven by acquisitions of SEK -1,769 million (-1,425), investments in intangible assets of SEK -114 million (-95) and tangible assets SEK -126 million (-110) and investments in financial assets of SEK 6 million (-273). Cash flow from financing activities amounted to SEK 1,729 million (1,522) whereof net increase in borrowings made up SEK 1,727 million (1, 513). Net cash flow for the year amounted to SEK 161 million (6). Cash and cash equivalents including exchange differences amounted to SEK 510 million (323).

Acquisitions

Anticimex made a total of 47 acquisitions (34) during the year. Total purchase price amounted to SEK 1,846 million (1,791) with a net cash flow effect of SEK -1,769 million (-1,425). The most significant impact came from the acquisitions in the U.S.

Further information regarding acquisitions and divestments in 2018 is provided in Note 30.

Acquisitions January – December 2018[1]

SEK million	Consolidated from	Acquired share[2], %	Approximate annual revenue	Purchase Price[3]	Acquisition related intangibles	Goodwill
Turner Pest Control	Feb 28, 2018	100	198	521	85	418
Killingsworth Environmental	May 9, 2018	100	162	305	47	266
Other acquisitions	–	–	412	1,020	339	638
Total acquisitions			**772**	**1,846**	**471**	**1,322**

1) Purchase price allocation is preliminary.
2) Refers to votes in connection with the acquisition of shares. For asset deals, voting rights are not stated.
3) Refers to expected paid purchase price including deferred consideration.

Expected future development

Management's assessment is that the market for pest control will continue to be strong. As one of the market leaders in the industry, Anticimex expects to benefit from these conditions for continuous profitable growth.

Description of significant risks and uncertainties

Anticimex Group is exposed to operational risks linked to conducting business in the markets where the Company is present, along with operational risks inherent to the specific industry in which Anticimex operates. Financial risks are linked to trade receivables, currencies and financing. A full description of these risks is presented in the Risk management section of this Annual Report, see pages 44–47. A description of the Group's financial risk management and risks related to insurance business is provided in Notes 3 to 5.

Personnel

In 2018, the average number of employees increased by 549 people to 6,114 (5,565), mainly driven by the acquisitions carried out during the year. As of December 2018, 29 percent (30) of all employees are women.

Parent Company

The Parent Company Anticimex New TopHolding AB is not conducting any external operations but is solely a holding company conducting management services to the Group. The only employee in the Parent Company is the Group CEO. During 2017 the Parent Company had only one transaction carried out, which was the acquiring of 100 percent of the shares in Anticimex TopHolding AB.

Owner

56.8 percent (67.4) of the Company's shares are owned by EQT via the fund EQT VI. The remaining 43.2 percent is owned by 7 institutional investors (32.0 percent) and employees and senior executives (11.2 percent). EQT is a leading Nordic private equity group based in Sweden with approximately EUR 50 billion in raised capital across 28 funds with some 500 institutional investors. EQT's strategy is to support and develop Anticimex's growth-oriented strategy.

Important events after the end of the financial year

After the end of the financial year another 12 acquisitions have been made. The total purchase price amounts to SEK 604 million with an estimated annual revenue of approximately SEK 270 million.

During the autumn of 2018, Anticimex refinanced the existing loans of the Company. The loan agreement was signed on December 21, 2018, but the transaction was not closed until January 22, 2019. In the financial statements for 2018, the total external debt has therefore been classified as current debt.

Sustainability Report

In accordance with the Swedish Annual Accounts Act chapter 6, paragraph 11, Anticimex has chosen to establish the statutory Sustainability Report as a report separate from the Annual Report. The 2018 Sustainability Report will be published in connection with the Annual Report and can be found at www.anticimex.com.

Proposed disposition of unrestricted equity (Parent Company)

The Board of Directors proposes no dividend but that all available funds are to be carried forward.

The following amounts are available to the Annual General Meeting (SEK):

Unrestricted equity	14,079,597,929
Profit/Loss for the year	-28,774,355
Total	**14,050,823,574**

The Board's proposed disposition of earnings:

To be carried forward	14,050,823,574
Total	**14,050,823,574**

Risk management at Anticimex

Anticimex overall risk management approach is designed to provide reasonable assurance that risks are properly identified and are being effectively monitored and managed. The approach includes market related risks, operations risks, financial risks as well as reporting related risks. The day to day measures required to manage risk are decided and monitored by the local Country Manager and Regional Presidents within their individual geographical area. Anticimex has further established a group-wide function for coordinating risk assessment and internal control. The purpose of the internal control function is to support Country Managers and Group Management in their work with risks, processes and controls. The purpose of Anticimex's internal control process is to ensure that business is conducted in an efficient and effective manner to fulfil the Group's strategic and financial targets and make certain that rules and regulations as well as the mandates set by the Board are being adhered to. The process pays special attention to achieve a balance between internal control activities, an effective control environment and individual accountability throughout the organisation. Internal control within financial reporting is included as a part of the overall internal control of Anticimex and constitutes a central part of the Group's corporate governance. The internal control cycle is a continuous process and designed to follow the calendar year.

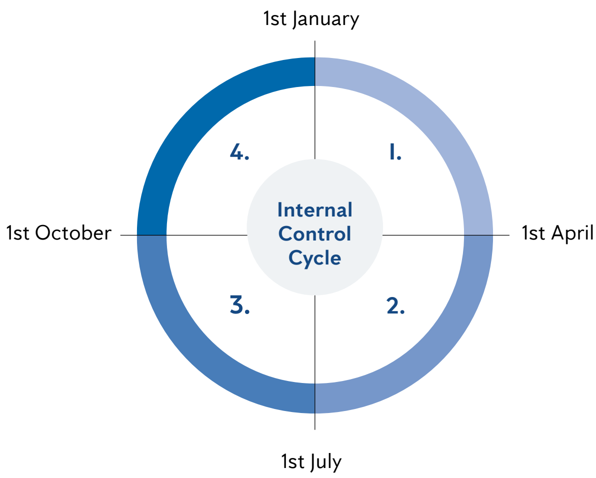
1. In the first quarter, risks and controls are reviewed and updated if needed and country self-assessments are performed.

2. Controls and risks are assessed by the Executive Management team and the self-assessments are reviewed an followed up through internal control visits. There is also a follow up on non-effective controls.

3. In quarter three, visits and follow up continue and action plans and focus areas are identified for each country.

4. Self-assessment and internal control reviews are summarised and reported to Management and the Board and the planning for the upcoming year is initiated.

A description of the identified risks and risk management is presented below.



This illustration shows Anticimex yearly internal control process

External risks/ industry and market-related risks

Risk	Risk description	Risk management
Market risk	The pest control industry is competitive, with many small and large players present in all our markets. The industry is also affected by the global and local macro-economic environment which is subject to uncertainty and volatility. Any actions in relation to pricing and service by our competitors could adversely impact Anticimex revenue and earnings, particularly in a difficult macroeconomic climate which may affect our customers' ability to spend.	Anticimex's business model is strongly focused on building up a contract portfolio. Recurring sales (contracts and insurance) represent the major share of revenues, with a typical average contract duration of approximately 12 months. Furthermore, a significant portion of invoicing is done in advance of delivery. These measures ensure that Anticimex's revenues and earnings are protected on the short to medium term. A wide customer base and an extended geographical footprint stabilises income in the longer term. We also focus on providing excellent service and being front runners in the development of the pest control industry. High level of experience and commitment is key, but this cannot guarantee that the competitors' actions will not affect us adversely.
Environment and regulations risk	Anticimex is affected by environmental laws and regulations relating to the pest control industry, and consequently by changes to these laws. Changes to the regulations and the way that they are enforced may affect Anticimex's revenues and earnings. Anticimex may not always be able to predict the outcome of changes to laws and regulations and how they are enforced.	Anticimex strives towards compliance with all pertinent regulations in addition to the Company's own codes and rules. The Group is continuously monitoring the legal and regulatory framework in the areas we serve and take a proactive stance in the formulation of industry standards. This proactive approach increases control of current rules and awareness of possible changes, reducing any costs of adaptation to new or changed regulations. Nevertheless, the legal and regulatory environment poses a risk factor that by its nature can never be fully mitigated.
Reputational risk	Reputational risks are threats to the brand equity or threats to the brand differentiators that make customers choose Anticimex's services. Brand risk is defined as anything that threatens the sustainability of current and future demand for our services. This could arise from a) poor customer service b) behaviour by consumers due to change in perceptions c) consumers changing social values d) competitors' tactics e) political or community opposition to Anticimex.	Anticimex strives to recognise the unique requirements of countries. The way of working is generally endeavouring to minimise the risk of damaging the brand and important elements in risk management include senior management involvement, appropriate resources and preparedness built into the organisation's culture. In addition, the Anticimex Code of Conduct is an important tool in ensuring that all employees are informed of Anticimex values and the way business is conducted.
Legal risk	In the normal course of business of our operations we may be involved in lawsuits or arbitrations involving claims and possible damages.	Anticimex does not believe that pending claims and litigations have material effects on the Group's financial position for the current and future fiscal years.

Operational risks

Risk	Risk description	Risk management
Health, safety and the environment risk	Anticimex operates in several hazardous environments and situations such as driving to and from customers, the use of poison and fumigation materials, and working at height at customer sites. Any incidents within these areas could lead to personal injury, adverse environmental footprint and damage to Anticimex reputation.	Health and safety management is an integral part of our business model which is followed up regularly during business reviews with the branches. Anticimex also promotes preventative training of all relevant employees in safe working practices, including mandatory training for drivers and those working in hazardous environments, e.g. heat treatment or fumigation.

Operational risks cont.

Risk	Risk description	Risk management
M&A execution and integration risk	An important element of our business strategy is acquisitions. There is an inherent risk in not being able to identify and complete acquisitions on acceptable terms. Furthermore, there is a risk of not being able to integrate acquired operations in a successful manner, adversely affecting Anticimex's revenues and earnings.	Acquisition risk is minimized via a systematic approach and the strict enforcement of a rigorous acquisition process, from identification of possible targets to integration of acquired businesses. The Board of Directors is involved in all material M&A-related decisions and conducts evaluations on a regular basis. Each acquisition is regularly followed up both financially and operationally, to track its performance in relation to the business plan.
Insurance business risk	The Group's insurance business is based on insurance related to pests, dry rot, property transfers and excess compensation in the event of damage.	Anticimex's insurance business is based on a business model with large volumes and risk allocated according to a normal distribution curve. This is achieved, among other things, by uniform pricing and external sales channels combined with risk assessments and insurance inspections. Anticimex assesses that the risk in the insurance business is well balanced in relation to its exposure. This is also supported by a historically acceptable and stable claims experience. When the insurance period covered by the insurance contracts has expired, the insurance risk relates to the provisions for claims made to cover future payments for claims that have already been received. The size of these provisions is determined both through individual assessments of each claim and by standard provisions for not yet individually assessed claims. The Board of Anticimex Försäkringar AB establishes guidelines for the risks for which the Company may assume responsibility and the excess that shall apply, taking into account the articles of association and the limitations that apply to the Company with regard to its equity and otherwise taking into account the limitations in the Insurance Business Act. The Company's Board also ensures that the Company has satisfactory reinsurance cover for subscribed risks. The framework of Anticimex's reinsurance is defined in the Group's reinsurance policy which is reviewed and approved annually by the Board of Anticimex Försäkringar AB.
Employee risk	Anticimex's productivity and earnings growth depends on our ability to attract and retain skilled employees at all levels. Our ability to expand is also affected by the availability of employees with the right skills. Employees may leave the Company and use knowledge and skills to build up competing businesses.	Anticimex is actively working towards creating an attractive workplace that is able to recruit and retain the right people. This also reduces the risk of employees leaving to start competing businesses. This is also progressively becoming less likely due to the professionalism of the business, the increased focus on digital solutions and on higher complexity arising from compliance and regulatory issues. The HR functions are entirely local, meaning that there is a better understanding for local market conditions than if the function would be centralised. In addition to the Code of Conduct, Anticimex has engaged in a Speak Up Line where any employee related issues can be reported.

Financial risks

Risk	Risk description	Risk management
Risk for misstatement in financial reporting	Incorrect financial reporting could result in an inaccurate illustration of Anticimex performance which could result in an inefficient allocation of resources within the Group.	Anticimex continuously monitor financial performance to ensure that the financial reporting is correct. In addition to the local finance organisations within each country, the Group has established a regional structure that oversees and monitors financial performance. Anticimex believes that the regional structure strengthens the Group's internal control. Furthermore, reconciliations and effectiveness of controls are reviewed as part of the internal control process. To further minimise the risk of errors in reporting, Anticimex has established a financial manual with clear instructions and guidelines which is the base for all financial reporting within the Group.

Financial risks cont.

Risk	Risk description	Risk management
Financing risk	Financing risk is the risk of failure to obtain financing, or of obtaining financing only on unfavourable terms. Access to financing is affected by a number of factors, including market conditions, the general availability of credit and Anticimex's creditworthiness and credit capacity. In addition, access to further financing depends on lenders' view of Anticimex's long and short term financial prospects. Disruptions and uncertainty on the capital and credit markets may also limit access to the capital required to run the business.	The Group is managed at a capital structure that balances financial risk with business risk to an acceptable level for the financial markets. The capital structure is constantly monitored by the Board of Directors. Group Treasury also corroborates compliance with bank covenants. The lender base is reasonably diversified through syndication of loans by several banks to avoid dependency on individual sources of financing. The repayment structure for the Group's loans is arranged so that the amortisation is spread over the period.
Liquidity risk	Liquidity risk refers to the risk that Anticimex will not have sufficient funds to pay foreseen or unforeseen expenditures.	Current financing set up is a mix of short and long term funding, based on the principle that expected long-term funding is secured through long-term credit facilities, while credit limits within cash pools and short-term credit facilities can be used to meet smaller and unforeseen short-term funding needs. Rolling seven weeks cashflow forecast are updated biweekly and monitored closely by Group Treasury to manage any unexpected liquidity outflow.
Customer credit risk	Customer credit risk is the risk of financial loss to Anticimex if a customer fails to meet its contractual obligations.	The Group's exposure to individual customers does not pose a significant aggregate threat to the Group. The credit risk is limited by internal policies regulating counterparties that are approved for financial transactions.
Interest rate risk	The interest rate risk refers to fluctuations in interest rates, and the negative effect that this might have on the Group's earnings. The pace with which a change in the interest rate trend affects earnings depends on the fixing periods for interest rates on loans and investments.	The objective of management of interest rate exposure is to limit the immediate negative impact on the income statement from unexpected movements in interest rates. In order to provide a degree of certainty in the value of future interest charges, Anticimex uses interest rate hedges to convert interest on loans. The overall interest exposure should be a balance between floating interest rates to reduce interest expense over time, and fixed interest rates to increase the stability of interest expense.
Currency risk – translation exposure	Translation exposure arises by the financial results and balance sheets of the operating subsidiaries being reported in their respective currencies. Income and expenses are translated to SEK at average exchange rates and assets and liabilities are translated at closing exchange rates. Fluctuations in exchange rates against the SEK will give rise to differences. These differences are recorded as translation gains or losses in Other Comprehensive Income.	Anticimex's policy is to minimise translation risk by matching assets and liabilities in each reporting currency to the largest extent possible, so called natural hedges. Please see Note 3 for further information.
Currency risk – transaction exposure	Currency transaction exposure arises whenever a subsidiary enters into a transaction using a currency other than its reporting currency. If the relevant exchange rates move between the date of the transaction and the date of final payment, the resulting currency balance will produce a gain or loss on exchange.	With local entities serving the local market where Anticimex offers its services, transaction exposures are minimised. Any significant payments in other currencies connected to acquisitions, equipment purchases, and such are monitored on a one-to-one basis and hedged when relevant to minimise uncertainties due to currency fluctuations. Transaction exposure is assessed as being of minor financial significant to the Group, please see Note 3 for further information.

Financial Reports

Consolidated statement of comprehensive income

SEK thousands	Note	1 Jan 2018–31 Dec 2018	1 Jan 2017–31 Dec 2017
Net sales	6	6,472,694	5,422,224
Other operating income	6	21,274	11,503
Total operating income		**6,493,968**	**5,433,727**
Raw materials and consumables		-432,582	-365,896
Employee benefit expenses	7	-3,115,042	-2,638,516
Depreciation, amortisations and write-downs	14, 15, 16	-468,083	-396,562
Other external costs	8, 9, 10	-1,891,678	-1,519,939
Total operating expenses		**-5,907,385**	**-4,920,913**
Operating profit		**586,583**	**512,814**
Financial income	11	102,938	107,872
Financial expenses	12	-695,390	-624,638
Profit/loss before tax		**-5,869**	**-3,952**
Tax	13	-21,854	-46,963
Profit/loss for the year		**-27,723**	**-50,915**
Other comprehensive income			
Components not to be reclassified			
Actuarial gains/losses		7,246	-2,365
Tax related to components not to be reclassified		-1,617	40
Components that can be reclassified			
Translation differences from translation of foreign operations		72,852	15,966
Cash flow hedges, change in fair value during the year		1,935	3,932
Hedge of net investments in subsidiaries		-51,838	-53,779
Tax related to components that can be reclassified		11,016	11,790
Total other comprehensive income for the year, net after tax		**39,594**	**-24,416**
Total comprehensive income for the year		**11,871**	**-75,331**
Profit/loss for the year attributable to :			
Parent Company		-27,723	-50,915
Non-controlling interests		0	0
		-27,723	**-50,915**
Total comprehensive income for the year attributable to:			
Parent Company		11,871	-75,331
Non-controlling interests		0	0
		11,871	**-75,331**

Consolidated statement of financial position

SEK thousands	Note	31 December 2018	31 December 2017[1]
ASSETS			
Non-current assets			
Goodwill	14, 30	8,816,516	7,273,974
Trademarks	14, 15, 30	789,407	802,007
Customer relationships	15	1,614,571	1,332,825
Other intangible assets	15, 30	309,796	247,952
Property, plant and equipment	16	456,846	431,531
Deferred tax assets	13	137,663	126,627
Other financial assets	17	976,581	950,695
Total non-current assets		**13,101,380**	**11,165,611**
Current assets			
Inventory	18	160,451	133,038
Accounts receivable	19	921,941	760,049
Prepaid expenses and accrued income	20	145,338	145,041
Other receivables		116,994	85,664
Cash and cash equivalents	21	510,013	322,870
Total current assets		**1,854,737**	**1,446,662**
TOTAL ASSETS		**14,956,117**	**12,612,273**

1) Anticimex applies IFRS 9 and IFRS 15 from January 1, 2018. The application of these new accounting standards does not cause any change or recalculation in accounting. The Group's balance sheet, applying these new accounting standards as of January 1, 2018, is the same as the accounting according to previous standards as of December 31, 2017.

Consolidated statement of financial position

SEK thousands	Note	31 December 2018	31 December 2017[1]
EQUITY AND LIABILITIES			
Equity			
Share capital	22	1,564,324	1,558,946
Other paid-in capital		1,460,026	1,410,990
Reserves		103,814	69,848
Profit or loss brought forward		-674,123	-652,029
Total equity		**2,454,040**	**2,387,755**
Non-current liabilities			
Borrowing	23, 24, 32	94,235	6,897,657
Provision for pensions	25	134,263	115,502
Other provisions	26	303,543	189,568
Deferred tax liabilities	13	544,896	569,775
Total non-current liabilities		**1,076,937**	**7,772,502**
Current liabilities			
Trade payables		260,449	228,323
Advance payments from customers		32,461	26,009
Borrowing	23, 24	9,131,197	223,670
Current tax liabilities		43,414	44,990
Other provisions	26	355,635	378,485
Accrued expenses and deferred income	19, 27	1,353,900	1,349,551
Other liabilities		248,084	200,988
Total current liabilities		**11,425,140**	**2,452,016**
Total liabilities		**12,502,077**	**10,224,518**
TOTAL EQUITY AND LIABILITIES		**14,956,117**	**12,612,273**

1) Anticimex applies IFRS 9 and IFRS 15 from January 1, 2018. The application of these new accounting standards does not cause any change or recalculation in accounting. The Group's balance sheet, applying these new accounting standards as of January 1, 2018, is the same as the accounting according to previous standards as of December 31, 2017.

Statement of changes in consolidated equity

	Attributable to owners of the Parent						
SEK thousands	Share capital	Non-registered share capital	Other paid-in capital	Hedging reserve	Translation reserve	Profit/loss brought forward	Total
Opening balance, 1 January 2017	**119**	**0**	**1,478,276**	**-55,889**	**147,828**	**-590,721**	**979,613**
Change in equity 1 January 2017 – 31 December 2017							
Profit/loss for the year						-50,915	-50,915
Other comprehensive income							
Cash flow hedges, changes in fair value during the year				3,932			3,932
Translation differences relating to foreign operations					15,966		15,966
Actuarial gains/losses						-2,365	-2,365
Hedge of net investment in subsidiaries				-53,779			-53,779
Tax attributable to components relating to other comprehensive income				11,790		40	11,830
Total comprehensive income for the year	**0**	**0**	**0**	**-38,057**	**15,966**	**-53,240**	**-75,331**
Transactions with owners							
New share issue	2		108,641				108,643
Capitalisation issue		1,382,898					1,382,898
Increase in quota value of shares[1]	-71	175,998	-175,927				0
Dividend						-8,068	-8,068
Closing balance, 31 December 2017	**50**	**1,558,896**	**1,410,990**	**-93,946**	**163,794**	**-652,029**	**2,387,755**
Opening balance, 1 January 2018	**50**	**1,558,896**	**1,410,990**	**-93,946**	**163,794**	**-652,029**	**2,387,755**
Change in equity 1 January 2018 – 31 December 2018							
Profit/loss for the year						-27,723	-27,723
Other comprehensive income							
Cash flow hedges, changes in fair value during the year				1,935			1,935
Translation differences relating to foreign operations					72,852		72,852
Actuarial gains/losses						7,246	7,246
Hedge of net investment in subsidiaries				-51,838			-51,838
Tax attributable to components relating to other comprehensive income				11,016		-1,617	9,399
Total comprehensive income for the year	**0**	**0**	**0**	**-38,887**	**72,852**	**-22,094**	**11,871**
Transactions with owners							
New share issue	5,378		49,036				54,414
Reclassification[2]	1,558,896	-1,558,896					
Closing balance, 31 December 2018	**1,564,324**	**0**	**1,460,026**	**-132,833**	**236,646**	**-674,123**	**2,454,040**

1) The increase in quota value for shares is a result of the new Parent Company Anticimex New TopHolding AB making a capitalisation issue to acquire Anticimex TopHolding AB, having no effect on Group equity, however increasing the quota value per share and resulting in reclassification from Other paid-in capital to Share capital.
2) The non-registered share capital as per 31 December 2017 has been registered during 2018.

Other paid-in capital

Other paid-in capital consists of new issue where the quota value goes to share capital and the remaining amount to other paid-in capital as well as a shareholder contribution.

Hedging reserve

The hedging reserve relates to changes in fair value recognised relating to the effective component of cash flow hedges through interest rate swaps and the effective component of hedges of net investment in foreign operations. Hedge accounting of the interest rate swaps' accumulated gains or losses is recognised in profit or loss when the hedged transaction affects profit or loss. Changes in fair value transferred from equity to profit or loss during the period are recognised as financial expenses. No inefectivity from hedging instruments is recognised in profit or loss. Since hedging of net investment in foreign operations is assessed as effective, no effects are recognised in profit or loss.

Translation reserve

The translation reserve relates to differences from translation of foreign subsidiaries' functional currency to Swedish kronor.

Capital management

The financial goal for the Company is to have a good financial position which contributes to retaining the confidence of customers, policyholders and partners and provides a basis for continued development of business operations at the same time as the long-term return generated to owners is satisfactory.

Consolidated statement of cash flow

SEK thousands	Note	1 Jan 2018 – 31 Dec 2018	1 Jan 2017– 31 Dec 2017
Operating activities			
Operating profit/loss		586,583	512,814
Adjustment for non-cash items			
Reverse depreciation, amortisation and write-downs	14,15,16	468,083	396,562
Gain/Loss from sale of non-current assets		-6,733	2,230
Other		6,035	-1,458
Interest paid		-428,467	-308,103
Interest received		13,382	9,411
Other financial items		-97,157	-88,084
Taxes paid		-80,565	-156,313
Total cash flow from operating activities before changes in working capital		**461,161**	**367,059**
Changes in working capital			
Increase/decrease in trade receivables and other receivables		-131,417	6,373
Increase/decrease in inventory		-17,469	-2,328
Increase/decrease in trade payables and other liabilities		81,453	-18,774
Increase/decrease in other provisions		12,537	29,028
Total change in working capital		**-54,897**	**14,299**
Total net cash flow from operating activities		**406,265**	**381,358**
Investing activities			
Acquisition of intangible assets	15	-113,514	-95,364
Purchase of property, plant and equipment	16	-125,929	-110,020
Acquisition of subsidiaries and operations	31	-1,768,780	-1,424,627
Sale of property, plant and equipment	16	28,710	4,920
Acquisition/divestment of financial assets		5,872	-272,634
Total cash flow from investing activities		**-1,973,641**	**-1,897,725**
Financing activities			
Borrowings	23	1,858,320	1,552,687
Repayment of loans	23	-131,249	-39,329
New share issue		1,667	16,763
Dividend to shareholders		0	-8,068
Total cash flow from financing activities		**1,728,738**	**1,522,053**
Change in cash and cash equivalents		**161,362**	**5,686**
Cash and cash equivalents at the beginning of the year		322,870	321,139
Exchange differences in cash and cash equivalents		25,780	-3,955
Cash and cash equivalents at the end of the year	21	**510,013**	**322,870**

Parent Company income statement

SEK thousands	Note	1 Jan 2018 – 31 Dec 2018	26 Sept 2017 – 31 Dec 2017
Operating income			
Other operating income	6	18,062	0
Total operating income		**18,062**	**0**
Operating expenses			
Employee benefit expenses	7	-19,542	0
Other external costs	8, 9	-33,598	0
Total operating expenses		**-53,140**	**0**
Operating profit/loss		**-35,078**	**0**
Profit/loss from financial items			
Financial income	11	592	0
Other financial charges		-83	0
Profit/loss after financial items		**-34,569**	**0**
Tax	13	5,795	0
Profit/loss for the year		**-28,774**	**0**

Parent Company statement of comprehensive income

SEK thousands	1 Jan 2018 – 31 Dec 2018	26 Sept 2017 – 31 Dec 2017
Profit/loss for the year	**-28,774**	**0**
Other comprehensive income	0	0
Total comprehensive income for the year, net after tax	0	0
Total comprehensive income for the year	**-28,774**	**0**

Parent Company balance sheet

SEK thousands	Note	31 December 2018	31 December 2017
ASSETS			
Financial assets			
Participations in Group companies	31	15,659,242	15,589,457
Deferred tax asset	13	5,795	
Total financial assets		**15,665,037**	**15,589,457**
Current assets			
Receivables from Group companies		59,986	
Other receivables		9,161	50
Cash and bank balances	21	17,824	
Total current assets		**86,971**	**50**
TOTAL ASSETS		**15,752,008**	**15,589,507**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	22	1,564,324	1,558,946
Total restricted equity		**1,564,324**	**1,558,946**
Unrestricted equity			
Premium reserve	22	14,079,598	14,030,561
Profit/loss brought forward		0	0
Profit/loss for the year		-28,774	0
Total unrestricted equity		**14,050,824**	**14,030,561**
Total equity		**15,615,148**	**15,589,507**
Current liabilities			
Provision for pensions	25	5,096	
Total current liabilities		**5,096**	**0**
Current liabilities			
Liabilities to Group companies		114,526	
Trade payables		4	
Accrued expenses and deferred income	27	15,632	
Other liabilities		1,602	
Total current liabilities		**131,764**	**0**
TOTAL EQUITY AND LIABILITIES		**15,752,008**	**15,589,507**

Changes in Parent Company equity

		Restricted equity		Unrestricted equity		
SEK thousands	Note	Share capital	Non-registered share capital	Share premium reserve	Profit/loss brought forward	Total equity
Opening balance, 26 September 2017	22	**50**	**0**	**0**	**0**	**50**
Changes in equity, 26 September 2017 – 31 December 2017						**0**
Profit/loss of the year					0	0
Total comprehensive income for the year		**0**	**0**	**0**	**0**	**0**
Capitalisation issue			1,558,896	14,030,561		15,589,457
Closing balance, 31 December 2017		**50**	**1,558,896**	**14,030,561**	**0**	**15,589,507**
Opening balance, 1 Jan 2018		**50**	**1,558,896**	**14,030,561**	**0**	**15,589,507**
Changes in equity, 1 Jan 2018 – 31 December 2018						**0**
Profit/loss of the year					-28,774	-28,774
Total comprehensive income for the year		**0**	**0**	**0**	**-28,774**	**-28,774**
Reclassification[1]		1,558,896	-1,558,896			0
New share issue		5,378		49,037		54,415
Closing balance, 31 December 2018		**1,564,324**	**0**	**14,079,598**	**-28,774**	**15,615,148**

1) The non-registered share capital as per 31 December 2017 has been registered during 2018.

Parent Company statement of cash flow

SEK thousands	Note	1 Jan 2018 – 31 Dec 2018	26 Sept 2017– 31 Dec 2017
Operating activities			
Operating profit/loss		-35,078	
Interest received		78	
Other financial charges		-83	
Total cash flow from operating activities before change in working capital		**-35,083**	**0**
Changes in working capital			
Increase/decrease in trade and other receivables		-10,739	
Increase/decrease in trade payables and other liabilities		131,764	
Total changes in working capital		**121,025**	**0**
Total net cash flow from operating activities		**85,942**	**0**
Investing activities			
Acquisition of subsidiaries		-69,785	
Total cash flow from investing activities		**-69,785**	**0**
Financing activities			
New share issue		1,667	
Total cash flow from financing activities		**1,667**	**0**
Change in cash and cash equivalents		**17,824**	**0**
Cash and cash equivalents at the beginning of the year		0	0
Cash and cash equivalents at year end	21	**17,824**	**0**

Notes, Group and Parent Company

NOTE 1

General information

Anticimex New TopHolding AB ("the company" or "Anticimex") with company registration number 559126-5938 is a limited company registered in Sweden with its registered office in Stockholm.

Anticimex TopHolding was the consolidating Parent Company in Anticimex Group until 29 December 2017, when EQT divested a minority stake of approximately 20 percent. As part of the structure of that divestment, a new Parent Company acquired all the shares in Anticimex TopHolding AB, rendering a new consolidating Parent for the Group. Anticimex has concluded this to be a business combination of entities under common control, resulting in no effect on the consolidated financial statements and consequently without effects on the comparative numbers.

The Company and its subsidiaries' ("the Group") principal activities comprise the supply of services within pest control as well as other services designed to create safe and healthy indoor environments. Within this area Anticimex provides service and insurance solutions and has a close cooperation with the major Nordic insurance companies.

NOTE 2

Accounting principles

Basis of preparation of financial statements

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as well as interpretations by the IFRS Interpretations Committee as endorsed by the EU. In addition, the Group also applies RFR 1 Complementary Accounting Rules for Groups and applicable statements issued by the Swedish Financial Reporting Board. They include some additional disclosure requirements for Swedish consolidated financial statements that are prepared according to IFRS.

The consolidated financial statements are prepared according to the cost method except with regard to derivative instruments measured at fair value. The Group's presentation currency is SEK. All amounts are stated in SEK thousands unless otherwise specified.

The Parent Company applies the same accounting principles as the Group except in the cases specified below under the heading "Parent Company's accounting principles". Differences between the accounting principles of the Parent Company and the Group are due to restrictions on application of IFRS in the Parent Company due to the Swedish Annual Accounts Act, the Income Security Act and in some cases tax legislation.

New and amended standards and interpretations 2018

New or amended standards and interpretations has had no material impact on the consolidated financial statements for 2018. New accounting standards for financial instruments and revenue from contracts with customers have been adopted according to IFRS 9 and IFRS 15. The Group's conclusion is that the application of IFRS 9 and IFRS 15 will mainly affect the disclosure requirements of the Group in the financial statements together with new documentation requirements. As many contracts and jobs are prepaid, the effect on the financial statements as a result of expected credit loss under IFRS 9 is not expected to have a significant impact on the Group.

New and amended standards and interpretations that are not yet effective

The new or amended standards and new interpretations that have been issued but are not yet effective for financial years beginning on or after 1 January 2019 have not yet been applied by the Group. Described below are those standards expected to have impact on the consolidated financial statements in the period they are applied for the first time.

IFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The Group has set up a project team which has reviewed all the Group's leasing arrangements over the last year considering the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting for the Group's operating leases but also affect the recognition of the current financial leases. As at the reporting date, the Group has non-cancellable operating lease commitments of SEK 678 million, see note 10. Of these commitments, approximately SEK 79 million relate to short-term leases and low value leases which will both be recognised on a straight line basis as expense in profit or loss. SEK 40 million relates to contracts that were signed prior to December 31, 2018, but start later than January 1, 2019.

For the remaining lease commitments, the Group expects to recognise right-of-use assets and lease liabilities of approximately SEK 0.6 billion on January 1, 2019 (after adjustments for prepayments and accrued lease payments recognised as at December, 31 2018).

The Group expects that net profit before tax will decrease by approximately SEK 10 million for 2019 as a result of adopting the new rules. Operating profit is expected to increase by approximately SEK 10 million, as the operating lease payments were included in Operating profit, but the interest on the lease liability is excluded from this measure.

Operating cash flows will increase by approximately SEK 0.2

Note 2 cont.

billion and financing cash flows decrease by approximately SEK 0.2 billion as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

The Group's activities as a lessor are not material and hence the Group does not expect any significant impact on the financial statements. However, some additional disclosures will be required from next year.

The Group will apply the standard from its mandatory adoption date of 1 January 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. All right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). The lease period will initially not include any extension options as the Group has made an assessment that the reasonability to exercise an option to extend a lease is low due to the lack of economic incentives.

IFRS 17 Insurance contracts On May 18, 2017, the IASB published a new standard for accounting of insurance contracts, IFRS 17 Insurance Contracts. In 2017 Anticimex started the work to assess how it will affect the Group and what measures need to be taken to apply the standard as of January 1, 2022.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Significant accounting principles – consolidated financial statements

Subsidiaries

Consolidated financial statements include financial statements relating to the Company and its entities controlled by the Company and its subsidiaries. Control is achieved when the Company i) has power over the investee, ii) is exposed or has rights to variable returns from its involvement with the investee and iii) has the ability to use its power to affect its returns. Subsidiaries are included in the consolidated financial statements from the date when control is transferred to the Group and excluded from the consolidated financial statements from the date when control ceases.

Business combinations are reported according to the acquisition method. The purchase price for a business combination is measured at fair value on the acquisition date which is calculated as the sum of fair values as per the acquisition date for assets acquired, liabilities arisen or assumed as well as issued equity interests in exchange for control over the acquired entity. Acquisition-related costs are recognised in profit or loss when they arise.

Acquired identifiable assets, liabilities and contingent liabilities are measured at fair value on the acquisition date. At a business combination where the sum of the purchase price, any non-controlling interests and fair value on the acquisition date of an earlier shareholding exceeds the fair value at the acquisition date of identifiable acquired net assets, the difference is recognised as goodwill in the statement of financial position. If the difference is negative this is recognised as a gain on a bargain purchase directly in profit or loss after testing of the difference. For each business combination non-controlling interests are measured in the acquired company either at fair value or at the value of the proportional share of a non-controlling interest of the acquired company's identifiable net assets.

All intra-group transactions between group companies as well as intra-company transactions are eliminated in the consolidated financial statements. The accounting principles for subsidiaries have where applicable been changed to conform with the principles applied by the Group.

Changes in the Parent Company's interests in a subsidiary which do not result in loss of control are reported as equity transactions (i.e. transactions with the Group's owners). Any difference between the amount with which a non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and allocated among owners of the Parent.

Associates

An associated company is a company in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but without being in control or joint control over those policies.

Holdings in associates are reported in the consolidated financial statements according to the equity method, i.e. are recognised at cost on the acquisition date and adjusted subsequently with the Group's share of the change in the Company's net assets. The Group's share of the associate's profit is recognised in profit or loss. When the Group's share of an associate's losses amounts to, or exceeds, the holding in the associate, including any receivables without collateral, the Group does not recognise additional losses unless the Group has legal or constructive obligations or has made payments on the associate's behalf.

The surplus that comprises the difference between cost and the Group's share of fair value of acquired identifiable net assets is recognised as goodwill on the acquisition date. Goodwill is recognised as part of the Group's holding in an associate (net after any accumulated depreciation). If cost is less than the fair value of the Group's share of the acquired associate's net assets, the difference is recognised directly in profit or loss.

In the event of transactions between the Group and an associate, the part of profits or losses that corresponds to the Group's share in the associate is eliminated.

Revenue recognition

Revenues are measured at fair value of the remuneration received or which will be received, with deduction for value added tax, returns and discounts. Anticimex generates revenue from three business areas: Pest Control, Building Environment and Hygiene services. These revenues stem from contract based recurring services (including insurance revenues), one-time jobs and product sales.

Performance of services

Contract based recurring revenues can either include a guarantee component, i.e. free call-backs are included in the contract, or they can exclude a guarantee component. For contract based revenues including the guarantee component, revenues are recognised linear over the contract period corresponding to the obligation. For contracts without the guarantee component, revenues are recognised at point of service, as are revenues from one-time jobs.

Revenues related to one-year insurance contracts are recognised linear over the term of the contract, starting in the first month of the contract. The premium reserve provision is normally calculated so that the premium income is strictly accrued based on the duration of the underlying insurance contract. For certain insurance products, especially those with a longer

Note 2 cont.

maturity than one year, the accrual is adjusted risk-adjusted, i.e. in relation to the expected claims outcome.

Service contracts and insurance contracts are often paid in advance by customers. The portion of the payment that is not earned is recognised in the statement of financial position as other provisions and deferred income. Expected losses on service and insurance contracts are recognised immediately as an expense.

Sale of goods

Revenues from the sale of goods are recognised after delivery when all the terms below have been met:

- The Group has transferred the significant risks and benefits associated with ownership of the goods.
- The Group does not retain any commitment in the current administration that is normally associated with ownership nor does the Company exercise any real control over the sold goods.
- The revenue can be calculated in a reliable manner.
- It is probable that the economic benefits associated with the transaction will accrue to the Company.
- Any expenditure that arose or is expected to arise as a result of the transaction can be calculated in a reliable manner.

Interest income

Interest income is recognised based on duration according to the effective interest method.

Leases

Finance leases are contracts under which the risks and rewards associated with ownership of an asset are essentially transferred from the lessor to the lessee. Leases that are not finance leases are classified as operating leases.

Assets held according to a finance lease are recognised as non-current assets in the statement of financial position and the corresponding liability is recognised as a financial liability. Non-current assets and liabilities are initially measured at the lower of the fair value of the leased asset or the present value of minimum lease payments.

Lease payments are allocated between amortisation of the liability and interest so that each accounting period is charged with an amount that corresponds to a fixed interest rate for the period the liability is recognised. The interest expense is recognised in profit or loss. Variable charges are recognised in the periods in which they arise. Lease payments made under operating leases are recognised as an expense on a straight-line basis over the term of the lease. Variable charges as recognised as expenses for the period in which they arise. If the Group receives benefits at the inception of an operating lease, these benefits are recognised as a liability. Benefits received are then recognised as a reduction in lease payments on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern of the user's benefit.

Foreign currency

Items included in the financial statements for the various units in the Group are originally reported in the currency used in the primary economic environment in which it operates (functional currency). In the Group, all amounts are translated into SEK which is the Parent Company's functional currency and presentation currency.

Transactions and balance sheet items

Transactions in foreign currency are recorded in each unit based on the unit's functional currency according to the rate of exchange at the date of the transaction. Monetary assets and liabilities in foreign currency are reported at the closing rate and the exchange differences that arise are recognised in profit or loss. Exceptions are when these transactions are hedges which meet the conditions for hedge accounting of cash flow or of net investments, when profit/losses are recognised in other comprehensive income. Exchange differences attributable to operating receivables and operating liabilities are recognised in operating profit or loss, while exchange differences relating to financial receivables and liabilities are recognised in net financial items.

Translation of foreign subsidiaries

When preparing consolidated financial statements foreign subsidiaries' statements of financial position are translated into SEK as per the closing rate while comprehensive income is translated at the average exchange rate for the period. The translation difference that arises is recognised in other comprehensive income. In the event of disposal of a foreign subsidiary, the accumulated translation difference attributable to this subsidiary is transferred and recognised as part of capital gain or loss. Goodwill and fair value adjustments which arise at acquisition of foreign operations are treated as assets and liabilities in the currency of the acquired operation and translated at the closing exchange rate.

	2018		2017	
	Closing day rate	Average rate	Closing day rate	Average rate
AUD	6.32	6.49	6.42	6.54
CHF	9.10	8.88	8.43	8.67
DKK	1.38	1.38	1.32	1.29
EUR	10.28	10.26	9.85	9.63
MYR	2.17	2.15	2.02	1.95
NOK	1.02	1.07	1.00	1.03
NZD	6.02	6.01	5.85	6.07
SGD	6.56	6.44	6.16	6.18
USD	8.97	8.69	8.23	8.54

Borrowing costs

Borrowing costs that are not attributable to qualifying assets are recognised in profit or loss for the period in which they arise. Borrowing costs attributable to qualifying assets (assets which necessarily take a substantial period to get ready for their intended use or sale), are capitalised as part of the cost of the asset. The Group currently does not have any qualifying assets.

Employee benefits

Employee benefits in the form of salaries, paid holiday, sick pay, etc., as well as pensions are recognised as earned. Pension and other post-employment benefits are classified as defined contribution or defined benefit pension plans.

Note 2 cont.

Preferential shares
Owners of preferential shares class C and D are entitled to annually accumulating interest of 8 percent, along with 1 SEK per preferential share. The accumulated interest is only accounted for after the General Meeting take the decision to pay it, why this is not accounted for until such decision is taken.

Defined contribution pension plans
A defined contribution pension plan is a pension plan according to which the Company pays fixed contributions to a separate legal entity. The Company has no legal or constructive obligation to make further payments. The costs of defined contribution pension plans are recognised in profit or loss as the benefits are earned, which normally coincides with when the premiums are paid.

Defined benefit pension plans
A defined benefit pension plan is a pension plan which guarantees an amount the employee will receive as a pension benefit at retirement, normally based on a number of different factors, such as salary and period of service.

Pension costs for defined benefit plans are calculated using the Projected Unit Credit Method in a manner which allocates the cost of the employee's period of service. The calculation is performed annually by independent actuaries. These obligations, i.e. the liabilities which are recognised, are measured at the present value of expected future payments, where the estimated future salary increases are taken into account, using a discount rate which corresponds to the mortgage bond rate issued in the same currency as the pension will be paid in with a remaining term that is comparable with the obligations. Accumulated actuarial gains and losses are recognised in other comprehensive income in the period in which they arise.

Past service costs are recognised directly in profit or loss unless the changes in the pension plan are subject to the employees remaining in service for a specific period. In such cases, the past service cost is allocated on a straight-line basis over the earning period.

Other pension plans
Anticimex has some Swedish employees with pension payments to a capital insurance. The premiums are expensed on an ongoing basis as they are paid, while a financial asset and a long-term provision are reported in the balance sheet. The plan is measured at fair value and the provision and financial asset are both recognised with the same amount.

Tax
Tax expense (income) for the period consists of current tax and deferred tax. Taxes are recognised in profit or loss except where the underlying transaction is recognised in other comprehensive income or directly in equity whereby the accompanying tax effect is also recognised in other comprehensive income or in equity respectively.

Current tax
Current tax is the tax calculated on taxable income for a period. The taxable profit for the year differs from profit for the year since it has been adjusted for non-taxable and non-deductible items. The Group's current tax liability is calculated using the tax rates which are prescribed or advised on the closing date.

Deferred tax
Deferred tax is reported using the comprehensive balance sheet method. This means that deferred tax liabilities are recognised in the statement of financial position for all taxable temporary differences between the carrying amount and tax bases for assets and liabilities. Deferred tax assets are recognised in the statement of financial position relating to loss carry forwards and all deductible temporary differences to the extent it is probable that the amounts can be recovered against future taxable profits. The carrying amount of deferred tax assets is tested on each closing date and reduced to the extent it is no longer probable that a sufficient taxable profit will be available to be utilised.

Deferred tax is calculated using the tax rates that are expected to apply for the period in which the asset is recovered or the liability is settled.

Offsetting of tax assets and tax liabilities
Tax assets and tax liabilities can only be offset in the statement of financial position if the entity has the legal right and intention to settle on a net basis or where there is an intention to either retain or pay a net amount after payment is received for an asset and to pay the liability at the same time.

Property, plant and equipment
Property, plant and equipment is recognised at cost with deduction for accumulated depreciation and any impairment. Depreciation is based on original cost reduced by estimated residual value and effects on a straight-line basis over the estimated useful life of the assets. Each component of property, plant and equipment with a cost which is significant in relation to the asset's total costs is depreciated separately. Property, plant and equipment held under a finance lease is depreciated over the expected useful life of the asset in the same manner as for other property, plant and equipment. If the leasing period is shorter than the expected useful life, depreciation is instead effected over the leasing period. When calculating depreciation according to plan the following useful lives are applied:

- buildings – foundations and frame 50 years
- buildings – frame structures and interior walls 40 years
- buildings – roofs 20 years
- building equipment 5 years
- land improvements 10 years
- machines 3–5 years
- equipment 4–5 years
- computer hardware 3 years
- vehicles 3–5 years.

The profit or loss arising on the disposal or sale of property, plant and equipment is recognised in profit or loss.

Intangible assets
Goodwill and trademarks
Goodwill and trademarks are recognised in the balance sheet as an intangible asset at cost with deduction for accumulated impairment. Goodwill represents the amount by which the sum of costs, any non-controlling interests and fair value at the acquisition date of the previous shareholding exceeds the fair value of the acquired subsidiary's identifiable net assets on the acquisition date. Gain or loss on disposal of a unit includes remaining carrying amount of the goodwill that relates to the sold operation.

Goodwill and trademarks are generally considered to have an indefinite useful life, however in connection with acquisitions

Note 2 cont.

in Australia the Group has recognised trademarks that are deemed to have a definite useful life of 5 years. Goodwill and trademarks are allocated to the smallest possible cash-generating unit and the carrying amount is tested at least once a year for possible impairment. Testing for impairment is performed more often, however, if there are indications that a decline in value occurred during the year.

Other intangible assets

Intangible assets acquired separately are recognised at cost with deduction for accumulated amortisation and any impairment. Amortisation is straight-line over the estimated useful life. The Group does not have any intangible assets with indefinite useful lives in addition to goodwill and trademarks. Internally generated intangible assets arising from development or in the development phase of an internal project are recognised as an intangible asset in the statement of financial position only when the following conditions are met:

- It is technically possible for the Company to complete the intangible asset so that it can be used or sold.
- It is the Company's intention to complete the intangible asset and use or sell it.
- The Company shows how the intangible asset will generate probable future economic benefits.
- Adequate technical, financial and other resources are available to complete the development and to use or sell the intangible assets.
- The Company can calculate the expenditure attributable to development of the intangible asset in a reliable manner.

Internally generated intangible assets are initially recognised as the sum of the expenditure from the date when the intangible asset first meets the criteria listed above. If an internally generated intangible assets cannot be recognised in the statement of financial position, development costs are recognised in profit or loss as they arise. After the first recognition of internally generated intangible assets, these assets are recognised at cost with deduction for accumulated amortisation and any impairment in the same manner as separately acquired intangible assets.

Intangible assets resulting from acquisitions are recognised separately from goodwill when they meet the definition of an intangible asset. The cost of such intangible assets consists of their fair value on the acquisition date. After the acquisition date intangible assets acquired through a business combination are recognised at cost with deduction for accumulated amortisation and any impairment in the same way as separately acquired intangible assets. When calculating amortisation, the following useful lives are applied:

- computer software 3–10 years
- customer relationships 10–11 years.

Impairment

Impairment is recognised when an asset's carrying amount exceeds the recoverable amount. The carrying amounts for the Company's assets are assessed on each closing date in order to ascertain if there is any indication of impairment. If any such indication exists, the asset's recoverable amount is assessed. The recoverable amount is the higher of value in use and net realisable value.

When calculating value in use, future cash flow are discounted at an interest rate before tax, which is intended to take into account the market's assessment of risk-free interest and risk associated with the specific asset. For an asset which does not generate any cash flow independent of other assets, the recoverable amount is calculated for the cash-generating unit to which the asset belongs.

Reversal of earlier impairment takes place when the recoverable amount for a previously impaired asset exceeds the carrying amount and the need for the impairment recognised earlier is no longer considered necessary and is recognised in profit or loss. Testing of previous impairment is performed individually.

Inventory

Inventories are recognised at the lower of cost and net realisable value. Cost, including a reasonable share of fixed and variable indirect costs, is calculated according to the first-in first-out principle (FIFO) or weighted average prices. Net realisable value is the estimated selling price after deduction for estimated costs for completion of the goods and selling costs.

Financial instruments (applicable until December 31, 2017)

A financial asset or financial liability is recorded in the statement of financial position when the Company becomes party to the contractual terms of the instrument. A financial asset is derecognised from the statement of financial position when the rights in the contract are realised, expire or the Company loses control over them. A financial liability is derecognised from the statement of financial position when the obligation in the contract is met or otherwise extinguished.

Settlement date accounting is applied to spot purchase or sale of financial instruments.

Financial instruments are recognised at amortised cost or fair value depending on the initial classification under IAS 39. Any upfront fees that may arise during a refinancing of loans are capitalized and amortized via profit and loss over the term of the loan agreement. At initial recognition a financial asset or a financial liability is classified in one of the following categories:

Financial assets:

- fair value through profit or loss
- loans and receivables
- held-to-maturity investments
- available-for-sale financial assets

Financial liabilities:

- fair value through profit or loss
- other financial liabilities measured at amortised cost.

Calculation of fair value of financial instruments

When determining the fair value for disclosure purposes for non-current investments and loans the official market listings on the balance sheet date are used in the first instance. If such listings are not available, a valuation is performed using accepted methods such as discounting future cash flow to a listed market rate for each term. For further information on calculation of fair value, see Note 3.

Calculation of amortised cost

Amortised cost is the amount at which the asset or liability was initially recognised minus amortisation, addition or deduction of cumulative accrual according to the effective interest method of the initial difference between the amount received/paid and the amount to pay/receive on the due date and minus any write-down for impairment.

Effective interest rate is the rate which at discount of all

Note 2 cont.

anticipated future cash flow over the expected term results in the initially recognised value of the financial asset or the financial liability.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when there is a legally enforceable right to offset and when there is an intention to settle on a net basis or to realise the asset and settle the liability.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances with financial institutions and short-term highly liquid investments with original maturities of three months or less, which are subject to an insignificant risk of changes in value. Cash and bank balances are classified as "Loans and receivables" which means measurement at amortised cost. Since bank deposits are payable on demand, amortised costs correspond to a nominal amount. Short-term investments are classified as "Held for trading" and measures at fair value with changes in value recognised in profit or loss.

Financial investments

Financial investments consist of non-current investments and are measured at amortised cost.

Trade receivables

Trade receivables are classified as "Loans and receivables" and recognised at amortised cost. Trade receivables are recognized at the amount to be received after deduction for bad debts following individual assessment. The expected maturity is short, the value is recognised at the nominal amount without discounting. Impairment of trade receivables is recorded in operating expenses.

Trade payables

Trade payables are classified as "Other liabilities" which means recognition at amortised cost. Trade payables are of short duration, so the liability is recognised at a nominal amount without discounting.

Other financial liabilities

Liabilities to credit institutions, bank overdraft facilities and other liabilities are classified as "Other liabilities" and measured at amortised cost. Non-current liabilities have an expected maturity of longer than 1 year while current liabilities have a maturity of less than 1 year.

Derivative instruments

The Group enters into derivative transactions in order to manage interest rate risk. Derivative instruments, which comprise interest rate swaps and caps, are recognised in the balance sheet on the transaction date and measured at fair value both initially and on each subsequent balance sheet date. The Group applies hedge accounting where this is possible and derivative instruments are therefore categorised as "Derivatives in hedge accounting".

Derivative instruments with a positive market value on the balance sheet date are recognised as assets. Derivative instruments with a remaining maturity that exceeds 12 months are classified as non-current assets and instruments with a remaining maturity of less than 12 months are classified as current assets.

Derivative instruments with a negative market value on the balance sheet date are recognised as liabilities. Derivative instruments with a remaining maturity that exceeds 12 months are classified as non-current liabilities and instruments which a remaining maturity of less than 12 months are classified as current liabilities.

Cash flow hedging

Cash flow hedging is used to manage interest risk; either through an interest rate swap to replace borrowing of floating interest with a fixed interest, or through caps, where a maximum interest rate is locked in. For a derivative instrument which comprises a hedging instrument in a cash flow hedge, the effective component of change in value is recognised in Other comprehensive income and accumulated in the hedging reserve in equity, while any ineffective component is recognised directly in profit or loss. The change in value component recognised in Other comprehensive income is then transferred to profit or loss in the period when the hedged item affects profit or loss. If conditions for hedge accounting are no longer met, the accumulated changes in value recognised in Other comprehensive income are transferred to profit or loss in the subsequent period since the hedged item affects profit or loss. Changes in value from the day conditions for hedge accounting cease to apply are recognised directly in profit or loss. If the hedged transaction is no longer expected to take place, the hedging instrument's accumulated changes in value are transferred immediately from Other comprehensive income to profit or loss.

Hedging of net investment

Net investment hedges arise when external loans are taken up in the same currency as the net investment (i.e. hedged item) in order to hedge any currency fluctuations. Hedging of net investment in foreign operations is recognised in a similar manner as cash flow hedges. Gains or losses attributable to a hedging instrument are recognised in Other comprehensive income to the extent the hedge is assessed as effective. Gains and losses are accumulated in the hedging reserve in equity. Gains or losses which are attributable to any ineffective component of the hedging instrument are recognised in profit or loss. Accumulated gains and losses in the hedging reserve are reclassified at disposal of a foreign entity.

Financial instruments (applicable from January 1, 2018)

From 1 January 2018, the Group classifies its financial instruments according to IFRS 9 in the following measurement categories:

Financial assets:

- amortised cost
- fair value through Other Comprehensive income
- fair value through profit or loss

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Financial liabilities:

- fair value through profit or loss
- other financial liabilities measured at amortised cost.

A financial asset or financial liability is recorded in the statement of financial position when the Company becomes party to the contractual terms of the instrument. A financial asset is derecognised from the statement of financial position when

Note 2 cont.

the rights in the contract are realised, expire or the Company loses control over them. A financial liability is derecognised from the statement of financial position when the obligation in the contract is met or otherwise extinguished. Settlement date accounting is applied to spot purchase or sale of financial instruments

At initial recognition, the Group measures a financial asset or liability at its fair value plus or minus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset or liability. Transaction costs of financial assets or liabilities carried at fair value over profit and loss are recognised in profit or loss. Any upfront fees that may arise during a refinancing of loans are capitalized and amortized via profit and loss over the term of the loan agreement.

There are three measurement categories for financial assets that the Group applies:

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through Other Comprehensive Income

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at Fair value through Other Comprehensive income. Movements in the carrying amount are taken through Other Comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in Other Comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or Fair value through Other Comprehensive income are measured at Fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at Fair value through profit or loss is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Impairment and expected loss

From 1 January 2018, the Group assesses on a forward-looking basis, the expected credit losses associated with its financial instruments carried at amortised cost and Fair value through Other Comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see note 19 for further details.

Financial investments in Anticimex Insurance

Anticimex Insurance mainly conducts insurance operations and thus fulfils the criteria for applying the temporary exemption under IFRS 9 regarding classification, until IFRS 17 begins to apply. The temporary exemption means that the company will continue to categorize its financial investments according to IAS 39, "Held for trading and fair value option" instead of "Fair value through profit or loss and fair value option" in accordance with IFRS 9. Even though an implementation of IFRS 9 would not result in any significant changes Anticimex insurance has selected to apply the exemption rule so that the company can better coordinate IFRS 9 with the application of IFRS 17.

Offsetting financial assets and liabilities

Financial assets and liabilities are offset, and the net amount presented in the statement of financial position when there is a legally enforceable right to offset and when there is an intention to settle on a net basis or to realise the asset and settle the liability.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances with financial institutions and short-term highly liquid investments with original maturities of three months or less, which are subject to an insignificant risk of changes in value. Cash and bank balances are classified as "amortised cost". Since bank deposits are payable on demand, amortised costs correspond to a nominal amount. Short-term investments are classified as "Held for sale and fair value option" in accordance with IAS 39 due to the application of the temporary exemption rule in IFRS 9 (see information under financial investments Anticimex insurance,) and measures at fair value with changes in value recognised in profit or loss.

Trade receivables

Trade receivables are classified as "amortised cost". Trade receivables are recognised at the amount to be received after deduction for bad debts following individual assessment. The expected maturity of the customer is short and is therefore initially reported at the transaction price. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and accrued income. To measure the expected credit losses, trade receivables and accrued income have been grouped based on the days past due. The accrued income relates to unbilled services performed and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the accrued income.

Trade payables

Trade payables are classified as "Other liabilities" which means recognition at amortised cost. Trade payables are of short duration, so the liability is recognised at a nominal amount without discounting.

Note 2 cont.

Other financial liabilities
Liabilities to credit institutions, bank overdraft facilities and other liabilities are classified as "Other liabilities" and measured at amortised cost. Non-current liabilities have an expected maturity of longer than 1 year while current liabilities have a maturity of less than 1 year.

Derivative instruments
The Group enters into derivative transactions in order to manage interest rate risk. Derivative instruments, which comprise interest rate swaps and caps, are recognised in the balance sheet on the transaction date and measured at fair value both initially and on each subsequent balance sheet date. The Group applies hedge accounting where this is possible and derivative instruments are therefore categorised as cash flow hedges. Derivative instruments with a positive market value on the balance sheet date are recognised as assets. Derivative instruments with a remaining maturity that exceeds 12 months are classified as non-current assets and instruments with a remaining maturity of less than 12 months are classified as current assets.

Derivative instruments with a negative market value on the balance sheet date are recognised as liabilities. Derivative instruments with a remaining maturity that exceeds 12 months are classified as non-current liabilities and instruments which a remaining maturity of less than 12 months are classified as current liabilities.

Cash flow hedging
Cash flow hedging is used to manage interest risk; either through an interest rate swap to replace borrowing of floating interest with a fixed interest, or through caps, where a maximum interest rate is locked in. For a derivative instrument which comprises a hedging instrument in a cash flow hedge, the effective component of change in value is recognised in Other comprehensive income and accumulated in the hedging reserve in equity, while any ineffective component is recognised directly in profit or loss. The change in value component recognised in Other comprehensive income is then transferred to profit or loss in the period when the hedged item affects profit or loss.

If conditions for hedge accounting are no longer met, the accumulated changes in value recognised in Other comprehensive income are transferred to profit or loss in the subsequent period since the hedged item affects profit or loss. Changes in value from the day conditions for hedge accounting cease to apply are recognised directly in profit or loss. If the hedged transaction is no longer expected to take place, the hedging instrument's accumulated changes in value are transferred immediately from Other comprehensive income to profit or loss.

Hedging of net investment
Net investment hedges arise when external loans are taken up in the same currency as the net investment (i.e. hedged item) in order to hedge any currency fluctuations. Hedging of net investment in foreign operations is recognised in a similar manner as cash flow hedges. Gains or losses attributable to a hedging instrument are recognised in Other comprehensive income to the extent the hedge is assessed as effective. Gains and losses are accumulated in the hedging reserve in equity. Gains or losses which are attributable to any ineffective component of the hedging instrument are recognised in profit or loss. Accumulated gains and losses in the hedging reserve are reclassified at disposal of a foreign entity.

Interest expenses
Interest expenses are calculated according to the effective interest method. The Group's average effective interest rate during the year amounted to 5.01 percent (4.83).

New issue

At new issues an amount corresponding to the quota value is recognised in equity and the remainder in other paid-in capital, with deduction for any emission costs.

Provisions

Provisions are recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimation of the amount can be made.

Provisions for insurance contracts
The share of insurance premiums received in respect of existing contracts which are attributable to outstanding risk at the reporting date are recognised as a provision for unearned premiums, among other provisions. Provisions for unearned premiums are usually calculated according to an estimate of expected payments throughout the agreed period of risk. Adjustments are made to reflect any changes in risk frequency. Provisions for insurance claims are calculated based on estimates of reported claims and estimates of claims incurred but not yet reported. Estimates of non-reported claims are based on historical statistics. The provision for insurance losses include a provision for claims management costs.

Liability adequacy test for technical provisions
At each balance sheet date, the Company tests whether the recognised insurance liabilities are adequate, by making current estimates of future cash flow under its insurance contracts. Estimates of future cash flow for claims, profits and direct and indirect claims management costs are used in the test. Any loss is recognised immediately in profit or loss by the relevant provision being increased.

Significant accounting principles for the Parent Company

The Parent Company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act and RFR 2 Accounting for legal operations issued by the Swedish Financial Reporting Board. RFR 2 means that the Parent Company in the annual accounts for the legal entity must apply all EU endorsed IFRS and interpretations as far as possible within the framework of the Annual Accounts Act and the Income Security Act and taking into account the correlation between accounting and taxation. The recommendation specifies which exceptions and additions are to be made from IFRS.

The comparative numbers for equity and participation in group companies has been recalculated.

Amendments in RFR 2 for 2018
Amendments in RFR 2 has not had a material impact on the Parent Company's financial statements 2018.

Amendments in RFR 2 for 2018 that are not yet effective
Management's assessment is that amendments to RFR 2 that are not yet effective will not have a material impact on the Parent Company's financial statements.

NOTE 3

Financial risk management and financial derivatives

The Group's activities expose it to interest rate-, credit-, liquidity- and currency risks. Management of these risks is governed by the Group's financial policy as approved by the Board. The financial policy regulates the allocation of responsibilities in financial matters between the Board and the organization. Group Treasury is responsible to monitor and follow up on the financial risks on an ongoing basis.

For a future overview of the Group's financial risks, please also see the Director's report.

Currency risk

Currency risk is the risk that changes in exchange rates have a negative effect on the Group's earnings and equity. Currency exposure arises in connection with payment flows in foreign currency (transaction exposure) and the translation of foreign subsidiaries' balance sheets and income statements into SEK (translation exposure). The most significant currencies for translation exposure are AUD, EUR, DKK and USD. Transaction exposure is assessed as being of minor financial significance.

The exposure from the Group's net investments in foreign currency is broken down as below:

- AUD: 307 million
- CHF: 17 million
- DKK: 276 million
- EUR: 149 million
- MYR: 17 million
- NOK: 244 million
- NZD: 12 million
- SGD: 29 million
- USD: 325 million

The Group's net investments in AUD, DKK, NOK, EUR, SGD and USD are hedged through loans raised in the equivalent currencies. For investments in AUD, SGD and USD, the external loans are taken up by the local units where the investment is made; so called natural hedges. The external loans in NOK, DKK, EUR and USD are handled as net investment hedges and any exchange differences are recognised in Other comprehensive income.

A translation exposure per percentage change in FX (gross), taking the hedging of net investments into account (net), would amount to the following per currency:

	31 Dec 2018		31 Dec 2017	
SEK million	Net	Gross	Net	Gross
EUR	5	15	2	12
DKK	1	4	2	4
AUD	5	19	7	21
USD	1	29	2	15
Other	3	7	2	5
Total exposure	**15**	**74**	**15**	**57**

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will have a negative effect on the Group's net interest. How quickly a change in interest rates has an effect on net interest depends on the fixed interest period of the loans.

At 31 December 2018, 24 percent (52) was hedged by interest derivatives. The average fixed interest period for the interest hedging instruments was 6 months (16). The average fixed interest period for the entire portfolio amounts to 2 months (11), and the effective interest rate during the year is 5.2 percent (5.0).

A change in the relevant interest rate base of 1 percentage point, taking into consideration any effects from current interest hedging, would have an annual effect on interest expenses totalling SEK 68.5 million (33.9), broken down as follows:

- STIBOR: SEK 30.5 million (17.3)
- EURIBOR: SEK 10.7 million (4.9)
- NIBOR: SEK 0.3 million (0.5)
- BBSW (AUD): SEK 3.4 million (3.5 million)
- SIBOR: SEK 2.1 million (1.7)
- CIBOR: SEK 2.7 million (1.8)
- USDLIBOR: SEK 18.7 million (4.2)

The Group's distribution of fixed interest terms on interest-bearing assets and liabilities:

SEK thousands	31 Dec 2018	31 Dec 2017
Financial assets with fixed interest period		
Within 1 year	279,012	159,936
Between 1 and 5 years	656,864	781,812
Total financial assets	**935,876**	**941,748**
Financial liabilities with fixed interest period		
Within 1 year	9,224,898	5,117,435
Between 1 and 5 years	534	2,147,695
More than 5 years	0	0
Total financial liabilities	**9,225,432**	**7,265,129**
Of which hedged through interest derivatives	**2,215,646**	**3,640,180**

During the fall of 2018 Anticimex negotiated a total refinancing of the Senior Facilities Agreement (SFA), originally dated 16 May, 2012. The new SFA was signed 21 December, 2018, with a closing on January 22, 2019. As an outcome, the outstanding external debt per 31 December 2018, has been classified as short-term debt.

Credit risk

The Group's financial transactions give rise to credit risks relating to financial counterparties. Credit risk or counterparty

Note 3 cont.

risk refers to the risk of loss if a counterparty fails to meet its obligations. The Group's financial policy stipulates that financial transactions shall only be initiated with counterparties with long term rating of minimum BBB (Standard & Poor's) or Baa2 (Moody's). At 31 December 2018 there were no significant concentrations of credit risk. The maximum credit risk corresponds to the carrying amount of financial assets.

Financing and liquidity risk

Financing risk is the risk that the cost becomes higher and financing opportunities limited when loans are refinanced, and that payment obligations cannot be met due to insufficient liquidity or difficulties in obtaining financing. The Group's cash and cash equivalents are invested short-term and the goal is that excess liquidity will be used to amortise loans. At the end of 2018 the Group had confirmed bank facilities of SEK 9,756 million (8,846), of which utilised bank facilities amounted to SEK 9,063 million (7,099). The weighted duration of the utilised bank facilities was 0.06 years (4.9). Due to refinancing the external loans under the current SFA, mature on 22 January, 2019, i.e. the closing date for the new SFA. Under the new SFA, the Group will have confirmed bank facilities of SEK 12,900 million, of which, at closing on 22 January 2019, utilized bank facilities will amount to SEK 9,701 million. The weighted duration of the drawn bank facilities at closing will be 6.44 years. At year-end, all agreed loan terms (covenants) were met.

The table below presents the contractual undiscounted future payments linked to the Group's financial liabilities as well as for the financial assets which are primarily used to manage the Group's liquidity risk.

Contractual undiscounted cash flows, Group	31 December 2018				
SEK thousands	0–3 months	3–12 months	1–5 years	More than 5 years	Total
Financial assets					
Derivatives used for hedging	3,640	3,680	–	–	7,320
Financial assets	150,951	137,232	647,205	–	935,388
Trade receivables	921,941	–	–	–	921,941
Cash and cash equivalents	510,013	–	–	–	510,013
Total financial assets	**1,586,545**	**140,912**	**647,205**	**0**	**2,367,342**
Financial liabilities					
Borrowing	9,099,109	–	–	–	9,099,109
Trade payables	260,449	–	–	–	260,449
Total financial liabilities	**9,359,558**	**0**	**0**	**0**	**9,359,558**

Contractual undiscounted cash flows, Group	31 December 2017				
SEK thousands	0–3 months	3–12 months	1–5 years	More than 5 years	Total
Financial assets					
Financial assets	28,416	139,478	689,004	85,113	942,011
Trade receivables	760,049	–	–	–	760,049
Cash and cash equivalents	322,870	–	–	–	322,870
Total financial assets	**1,111,335**	**139,478**	**689,004**	**85,113**	**2,024,930**
Financial liabilities					
Borrowing	514,162	333,241	3,742,147	4,181,389	8,770,939
Trade payables	228,323	–	–	–	228,323
Derivatives used for hedging	48	151	99	–	299
Total financial liabilities	**742,533**	**333,392**	**3,742,246**	**4,181,389**	**8,999,560**

Note 3 cont.

Financial derivative instruments
The Group uses financial derivative instruments to manage interest rate exposure in operations. The risk is managed by two different types of instruments; interest rate swaps and caps. Anticimex borrows at floating interest and changes the interest rate exposure by entering into interest rate hedging agreements in which it is agreed that floating interest is received and fixed interest paid (interest rate swap). The other type of instrument (cap) only hedges upward movements in the interest as a maximum interest rate is locked in. Both hedging instruments are classified as cash flow hedging if considered effective.

All outstanding interest rate swaps at 31 December 2018 were held for hedging purposes and assessed as effective.

Derivatives are subject to master netting agreements. The net position for 2018 was 0 (0) million. At 31 December 2018 the nominal amount for outstanding interest rate derivatives agreements amounted to SEK 2,215,646 thousand (3,640,180). The Group's most significant floating interest is linked to STIBOR, EURIBOR, USDLIBOR and BBSW (AUD). Derivative instruments are recognised as financial assets or liabilities. Any ineffective portion of cash flow hedging has not affected profit or loss for the financial year-ending on 31 December 2018 and 31 December 2017 respectively.

Fair value
Financial instruments measured at fair value are presented in the table below, based on the method used to determine their fair value.

Financial instruments, Group

SEK thousands	Level[1]	2018
Financial assets		
Fair value through profit or loss		
Treasury bills and bonds	1	935,876
Fair value through Other Comprehensive income		
Interest rate derivatives	2	7,986
Amortized cost		
Other long-term receivables		32,719
Trade receivables		921,941
Cash and cash equivalents		510,013
Total financial assets		**2,408,535**
Financial liabilities		
Fair value through Other Comprehensive income		
Net investment hedging	1	1,721,078
Other financial liabilities measured at amortized cost		
Trade payables		260,449
Other liabilities		162,248
Borrowings		7,341,918
Total financial liabilities		**9,485,693**

Financial instruments, Group

SEK thousands	Level[1]	2017
Financial assets		
Financial assets at fair value through profit or loss		
Treasury bills and bonds	1	941,748
Derivatives in hedge accounting		
Interest rate derivatives	2	5,880
Loans and receivables		
Other long-term receivables		3,067
Trade receivables		760,049
Cash and cash equivalents		322,870
Total financial assets		**2,033,614**
Financial liabilities		
Cash flow hedging		
Net investment hedging		1,358,908
Other financial liabilities measured at amortized cost		
Trade payables		228,323
Other liabilities		239,924
Borrowings		7,025,205
Total financial liabilities		**8,852,360**

1) There are three levels:
1. Quoted prices for identical assets or liabilities in an active market.
2. Quoted prices in markets that are not active, quoted prices for similar assets or liabilities, other information than quoted prices but which are observable directly or indirectly for primarily the instrument's entire maturity as well as inputs to valuation models obtained from observable market inputs.
3. Information which is significant for the fair value of the asset or liability which is not observable, but the Group's own assessments are applied.

Note 3 cont.

The value of the stated treasury bills and bonds is the fair value. Fair value of derivatives used for cash flow hedging (interest rate swaps and caps) is determined by discounting future cash flows through external valuations from the banks.

There have been no transfers between levels in the fair value hierarchy during the period. For the Group's other financial assets and liabilities, the carrying values are assessed to be a good approximation of the fair values. An estimate of fair value based on discounted future cash flows, where the discount rate reflects the counterparty's credit risk, represents the most significant input data and is assessed not to significantly differ from the carrying value. As the long-term bank loans are recently renegotiated (fall 2018) the credit terms in existing agreement are assessed as being in line with market terms and consequently, fair value do not significantly deviate from carrying value.

Capital management

Anticimex defines capital as borrowings and equity, which by the end of the year amounted to SEK 11,679 million (9,509).

The financial goal for the Company is to have a good financial position which contributes to retaining the confidence of customers, policyholders and partners and provides a basis for continued development of business operations at the same time as the long-term return generated to owners is satisfactory.

The Group's external financing is dependent on a couple of defined conditions (covenants) being met. These conditions are reported to lenders on a regular basis and include interest margin and debt coverage in relation to debt.

Anticimex Insurance

The Board of Directors in Anticimex Försäkringar AB, as responsible for the internal control of the insurance company, has determined investment strategy guidelines defined in the company's finance policy in order to limit and control the financial risks.

Anticimex Försäkringar AB has no required return on investments. Investments with an estimated low risk and good liquidity are prioritized. To ensure that appropriate risk diversification is maintained, the company has established specific approaches to financial assets and exposures.

As per 31 December 2018 the investments include treasury bills and municipal bonds as well as corporate bond issued by banks and financial institutions.

For further information regarding risk management and the financial investments in Anticimex Försäkringar AB, please see note 4 and 17, and the annual report of Anticimex Försäkringar found on Anticimex website.

NOTE 4
Insurance risk

Insurance risk is the risk attributable to the insurance business. The Group's insurance business is based on insurance related to pests, dry rot, property transfers and excess compensation in the event of fire, burglary and water damage.

Anticimex's insurance business is based on a business model with large volumes and normally allocated risk selection. This is achieved, among other things, by uniform pricing and external sales channels combined with risk assessments and insurance inspections. Anticimex assesses that the risk in the insurance business is well balanced in relation to the size of the premiums.

When the insurance period covered by the insurance contacts has expired, the insurance risk relates to provisions for future payments for claims that have already occurred. The size of these provisions is determined both through individual assessments of each known claim and by actuarially calculated provisions for not yet reported claims.

The Board of Anticimex Försäkringar AB establishes guidelines for the risks for which the Company may assume responsibility and the excess that shall apply taking into account the articles of association and the limitations that apply to the Company with regard to its equity and otherwise taking into account the limitations in the Insurance Business Act. The Company's Board also ensures that the Company has satisfactory reinsurance cover for subscribed risks.

The framework of Anticimex's reinsurance is defined in Anticimex Försäkringar AB's reinsurance policy which is reviewed and approved annually by the Board of Anticimex Försäkringar AB. When placing reinsurance for the Company, the reinsurer's solvency and ability to pay security) is assessed. The reinsurer must have a minimum BBB rating (Standard & Poor's) or equivalent.

The Group's insurance business is conducted in the European region but concentrated to Sweden, Norway, Finland and Denmark.

NOTE 5

Key estimates and assessments

When preparing financial statements in accordance with IFRS and generally accepted accounting principles, management and the Board must make assumptions that affect the balance sheet and income statement items recorded in the closing accounts as well as information provided in general. These assessments are based on historical experience and the various assumptions which management and Board judge reasonable under the prevailing circumstances. Conclusions reached in this way form the basis for decision concerning carrying amounts of assets and liabilities where these cannot otherwise be determined through information from other sources. Actual outcomes can differ from these assessments if other assumptions are made or other conditions prevail. Particularly within the area measurements of goodwill and taxes, assessments can have a significant impact on Anticimex's earnings and financial position.

Impairment testing for goodwill and trademarks

Goodwill and trademarks are tested annually for impairment. Testing requires an estimation of the parameters that affect future cash flow as well as determination of a discount factor. Note 14 contains a description of significant assumptions made when impairment testing for goodwill and trademarks.

Accounting for acquisitions of subsidiaries

The valuation of identifiable assets and liabilities in conjunction with the acquisition of subsidiaries or operations requires that items in the acquired company's balance sheet, as well as items that have not been reported in the acquired company's balance sheet, such as customer relations, should be valued at fair value. Under normal circumstances, as listed market prices are not available for the valuation of the assets and liabilities to be valued, different valuation methods must be applied. These valuation methods are based on a number of assumptions where the most significant ones are contract length and customer retention rate. The valuation of identifiable assets and liabilities also depends on the accounting environment in which the acquired company/operations were conducted. This relates to, for example, the accounting norms according to which the financial reporting was previously prepared and, thereby, the scale of the adaptations which must be made to the Group's accounting principles, the regularity with which financial statements were prepared, as well as data of various types which may be necessary for the valuation of identifiable assets and liabilities. All balance sheet items are, in case of acquisitions, subject to certain estimates and assumptions. This implies that a preliminary valuation may be required and adjusted at a later date. All acquisition analysis are subject to final adjustment one year after the acquisition date, at the latest. In light of the factors stated above, Anticimex has chosen, on the condition that the adjustment in question is not considered significant, neither to provide separately, for each individual acquisition, the reasons why the first reporting of the business combination is preliminary, nor to state the assets and liabilities for which the first reporting is preliminary.

Contingent considerations are reported as part of the purchase price and is recorded based on an assessment assuming that the appropriate terms and conditions agreed upon in connection with the acquisition will be complied with. Contingent considerations are reported at fair value and the valuation is subject to assessment on each reporting occasion. As per 31 December 2018 the provision for contingent considerations amounts to SEK 221 million.

Measurement of loss carry forwards

The Group reports deferred tax assets relating to loss carry forwards at 31 December 2018 amounting to SEK 94,454 thousand (83,976). On the balance sheet date, the carrying amount of these tax assets was tested and it has been assessed as probable that the deductions can be used against surpluses at future taxation. Tax assets mainly relate to a tax deficit in Sweden (see also Note 13).

In addition, the Group had tax loss carry forwards amounting to SEK 806,327 thousand (742,168) for which no deferred tax asset has been recognized. The reason for not recognizing these losses is that the entities are in tax loss making positions.

Accounting of insurance related items

Insurance premiums are accounted for over the insurance period. The reserve risk, i.e. the risk that technical provisions are insufficient to settle claims occurred and future claims, is mainly managed through assessments based on experience combined with advanced actuarial methods. The reserve risk is also limited through reinsurance. Through reinsurance the size of exposures can be managed and therefore the insurance company's equity protected. Reinsurance is purchased as a part of the total risk to which the insurance company is exposed in different areas, as well as an upper limit for the size of the risk in each area. Single claims have a limited impact on the result since the average insured amounts and claims costs are relatively low.

In the current assessment for Hidden fault insurance, the calculation of technical provisions are based on claims date being the same date as when the claim is discovered by the customer. During 2019, the company has initiated a review of this assessment.

For further information on insurance related technical provisions, see Note 26 Other provisions.

NOTE 6
Revenues

Net sales by segment

SEK thousands	Pest Control	Building Environment	Hygiene	Other	Total
	Business areas				
Europe	3,084,915	993,666	16,298	22,387	4,117,266
whereof Insurance	*584,251*	*554,597*	–	–	*1,138,848*
Asia Pacific	1,132,954	–	260,894	–	1,393,848
US	961,580	–	–	–	961,580
Total net sales	**5,179,449**	**993,666**	**277,192**	**22,387**	**6,472,694**
Revenue recognition – over time	*2,830,523*	*673,892*	*137,592*	*0*	*3,642,007*
Revenue recognition – at point in time	*2,348,926*	*319,774*	*139,600*	*22,387*	*2,830,687*

The contract period for some of Anticimex contracts are longer than 12 months. The Group's average retention rate is estimated to approximately 85 percent.

Specification of revenues attributable to insurance services:

Insurance premiums earned, net after reinsurance, Group

SEK thousands	1 Jan 2018– 31 Dec 2018	1 Jan 2017– 31 Dec 2017
Premiums written	1,184,940	1,126,900
Premiums ceded to reinsurance	-29,117	-24,734
Change in provision for unearned premiums and unexpired risks	-17,748	-32,506
Reinsurers share of change in provision for unearned premiums and unexpired risks	773	9,434
Total premiums earned, net after reinsurance	**1,138,848**	**1,079,094**

Other operating income

Group

SEK thousands	1 Jan 2018– 31 Dec 2018	1 Jan 2017– 31 Dec 2017
Sale of other fixed assets	7,121	1,895
Other operating income	14,153	9,608
Total other operating income	**21,274**	**11,503**

Parent Company

SEK thousands	1 Jan 2018– 31 Dec 2018	26 Sept 2017– 31 Dec 2017
Other operating income	18,062	0
Total other operating income	**18,062**	**0**

Other operating income in the Parent Company is exclusively related to intra-group invoicing with subsidiaries.

NOTE 7

Boards, senior executives and employees

Average number of employees

	1 Jan 2018–31 Dec 2018		1 Jan 2017–31 Dec 2017	
	Number of employees	Of whom men	Number of employees	Of whom men
Parent Company				
Sweden	1	1	1	1
Total in Parent Company*	**1**	**1**	**1**	**1**
Subsidiaries				
Sweden	1,385	952	1,514	1,040
Finland	115	95	110	93
Norway	282	204	285	207
Denmark	142	111	141	111
Netherlands	177	151	178	155
Germany	211	175	175	145
Belgium	159	131	146	119
Austria	49	40	49	39
Switzerland	61	51	63	52
Spain	470	347	412	298
Italy	345	301	318	272
Portugal	107	86	82	67
France	7	5	–	–
Australia	1,204	590	1,140	547
New Zealand	34	23	24	13
Singapore	282	246	240	211
Malaysia	93	72	86	62
U.S.	990	787	601	477
Total in subsidiaries	**6,113**	**4,367**	**5,564**	**3,908**
Total in Group	**6,114**	**4,368**	**5,565**	**3,909**

* The CEO was formally moved from Anticimex TopHolding AB to Anticimex New TopHolding AB in May 2018. The number relates to both the former and the current Parent Company.

The average number of employees was calculated based on the number of paid hours during the year in relation to the company's normal working hours per year. The Board consists of six members whereof no women.

Note 7 cont.

Salaries and other remuneration

SEK thousands	1 Jan 2018–31 Dec 2018 Salaries and other remunera-tion, Board, MD & VP	1 Jan 2018–31 Dec 2018 Salaries and other remunera-tion, other employees	1 Jan 2018–31 Dec 2018 Social security costs	1 Jan 2018–31 Dec 2018 of which pension costs	1 Jan 2017–31 Dec 2017 Salaries and other remunera-tion, Board, MD & VP	1 Jan 2017–31 Dec 2017 Salaries and other remunera-tion, other employees	1 Jan 2017–31 Dec 2017 Social security costs	1 Jan 2017–31 Dec 2017 of which pension costs
Parent Company								
Sweden	14,938	0	7,020	1,798	12,745	0	4,483	1,556
Total in Parent Company*	**14,938**	**0**	**7,020**	**1,798**	**12,745**	**0**	**4,483**	**1,556**
Subsidiaries								
Sweden	16,993	628,761	297,081	67,019	17,178	602,045	268,116	59,759
Finland	2,093	42,094	10,308	8,523	1,907	38,915	9,382	7,552
Norway	2,467	144,504	37,820	5,606	1,940	136,201	40,947	3,922
Denmark	4,053	84,576	6,730	8,857	4,225	70,190	6,080	5,665
Germany	2,020	85,203	18,862	7,508	3,207	60,300	15,200	6,733
Netherlands	2,554	76,002	17,579	3,908	2,446	64,375	17,368	3,969
Belgium	2,195	71,039	16,504	0	2,398	61,841	15,528	0
Switzerland	2,461	51,966	7,648	5,241	2,167	46,224	7,282	4,707
Spain	5,795	125,614	38,606	0	4,797	127,054	31,267	0
Italy	4,041	102,557	30,350	6,472	3,699	88,620	25,767	5,886
Australia	3,422	410,753	35,434	35,434	4,135	399,396	34,065	34,066
Singapore	2,642	65,286	9,775	0	2,083	49,668	8,455	0
U.S.	16,532	391,675	35,028	747	7,530	187,657	15,803	1,521
Other	3,632	57,684	11,751	205	3,495	34,998	7,636	2,148
Total in subsidiaries	**70,900**	**2,337,714**	**573,476**	**149,520**	**61,207**	**1,967,484**	**502,896**	**135,928**
Total in Group	**85,838**	**2,337,714**	**580,496**	**151,318**	**73,952**	**1,967,484**	**507,379**	**137,484**

* Relate to the current as well as previous Parent Company for 2018 (Anticimex New TopHolding AB and Anticimex TopHolding AB).

Of the Group's total pension costs SEK 6,988 thousand (4,636) refers to the Group Board of Directors and other senior executives.

Composition of the Board of Directors and their remuneration

The Board of Anticimex New TopHolding AB consists of Gunnar Asp (Chairman), Hans-Erik Andersson, Edward Brown, Dick Seger, Per Franzén and Michael Kneeland.

The chairman of the Board and Board members received fees for 2018 totalling SEK 2,338 thousand (1,056). The chairman of the Board and Board members have not received any remuneration other than Directors' fees.

Remuneration to CEO and senior executives

Basic salary (excluding vacation pay) to the CEO amounts to SEK 6,300 thousand (6,367) for the calendar year 2018. In addition, the CEO may receive variable compensation maximised to 100 percent (100) of basic salary. During 2018 CEO received the maximum amount for variable compensation of SEK 6,300 thousand (5,322). The CEO also has a sickness benefit insurance and a sickness cost insurance. Pension premiums comprise a total of 30 percent of pensionable salary. The notice period between the Company and the CEO is 6 months if termination of employment is triggered by either the Company or the CEO. During the notice period the CEO is entitled to basic salary and other employment benefits (including pension) in accordance with the employment contract regardless of whether or not there is an obligation to work. If employment is terminated by the Company, severance pay will be paid corresponding to 12 months. The CEO's shareholdings in Anticimex are described below.

Other senior executives receive a fixed basic salary and variable compensation. The possible variable compensation to which a senior executive is entitled is maximised to 30 or 50 percent of basic salary. In addition, senior executives are entitled to a company car in accordance with the Anticimex car policy. Anticimex pays insurance premiums for senior executives according to local applicable agreements. The notice period is 6 months from both the Company and the senior

Note 7 cont.

executives. If a senior executive's employment is terminated by the Company, the executives are entitled to 6 or 12 months' severance pay. Senior executives' shareholdings in Anticimex are described below.

The CEO's pension scheme is defined contribution. Other senior executives are covered by pension plans in accordance with applicable agreements in each of the countries they are employed in.

Remuneration to Board, CEO and other senior executives

	1 Jan 2018–31 Dec 2018			1 Jan 2017–31 Dec 2017		
SEK thousands	Board and CEO	Other senior executives	Total	Board and CEO	Other senior executives	Total
Parent Company						
Basic Salary	6,300	0	6,300	6,367	0	6,367
Variable compensation	6,300	0	6,300	5,322	0	5,322
Other benefits	205	0	205	0	0	0
Pension costs	1,798	0	1,798	1,556	0	1,556
Directors' fees	2,338	0	2,338	1,056	0	1,056
Total in Parent Company*	**16,941**	**0**	**16,941**	**14,301**	**0**	**14,301**
Subsidiaries						
Directors' fees	0	0	0	0	0	0
Basic salary	0	22,568	22,568	0	18,130	18,130
Variable compensation	0	6,031	6,031	0	3,657	3,657
Other benefits	0	4,282	4,282	0	2,967	2,967
Pension costs	0	5,190	5,190	0	3,178	3,178
Total in subsidiaries	**0**	**38,071**	**38,071**	**0**	**27,932**	**27,932**
Total in Group	**16,941**	**38,071**	**55,012**	**14,301**	**27,932**	**42,233**

* The compensation for the Board of Directors and CEO for FY18 and FY17 relates both to the current Parent Company as well as the previous (Anticimex TopHolding AB). The Board was formally registered in Anticimex New TopHolding in June 2018 and the CEO's employment was moved in May 2018.

Other senior executives refer to the 10 (11) people who together with the CEO constituted Group management in 2018. Out of these, one (two) is a woman.

Note 7 cont.

Board's, CEO's and other Senior Executives' shareholdings SEK thousands	**Number of shares 31 Dec 2018**	**Number of shares 31 Dec 2017**
Gunnar Asp, Chairman of the Board [1]	140,931,387	140,931,387
Anna Settman [1]	–	1,262,406
Johan Bygge [2]	–	11,158,118
Per Franzén	0	0
Hans-Erik Andersson	11,119,705	11,119,705
Walter Gehl [2]	–	19,257,233
Edward Brown	7,151,303	7,151,303
Michael Kneeland [2]	4,064,868	–
Dick Seger [2]	12,000,000	–
Total Board	**175,267,263**	**190,880,152**
Jarl Dahlfors, CEO	180,758,485	180,758,485
Other senior executives	255,850,492	264,920,536
Total number of shares	**611,876,240**	**636,559,173**

1) Owned via company. Anna Settman left the Board of Anticimex New TopHolding in November 2018.
2) During early 2018 Johan Bygge and Walter Gehl left the Board of Anticimex New TopHolding AB and Michael Kneeland and Dick Seger were formally nominated

NOTE 8

Fees and disbursements to auditors

Auditors' fees, Group

SEK thousands	1 Jan 2018–31 Dec 2018	1 Jan 2017–31 Dec 2017
PwC		
Audit assignment	-8,922	
Whereof parent company auditors	*-3,274*	
Audit-related activities in addition to audit assignment	-216	
Whereof parent company auditors	*-205*	
Tax advice	–	
Whereof parent company auditors	–	
Other services	-609	
Whereof parent company auditors	*-609*	
Total PwC	**-9,747**	
Deloitte		
Audit assignment	-1,325	-6,653
Audit-related activities in addition to audit assignment	-54	-262
Tax advice	-1,210	-502
Other services	-68	-714
Total Deloitte	**-2,657**	**-8,131**
Total audit fees and fees for other assignments	**-12,404**	**-8,131**

The parent company auditors in 2017 were Deloitte. In 2018 PwC was chosen as parent company auditors.

During 2018, the Parent Company has paid SEK 249 thousand in audit fees.

NOTE 9

Other external costs

Group

SEK thousands	1 Jan 2018–31 Dec 2018	1 Jan 2017–31 Dec 2017
Claims incurred*	-99,016	-114,066
Subcontractors	-348,764	-330,121
Consultancy fees	-168,201	-125,386
Other	-1,275,697	-950,366
Total other external costs	**-1,891,678**	**-1,519,939**

*Claims incurred, for own account, Group

SEK thousands	1 Jan 2018–31 Dec 2018	1 Jan 2017–31 Dec 2017
Claims paid before reinsurers' share	-127,568	-133,606
Claims management costs	-15,196	-14,715
Reinsurers' share of claims paid	20,897	34,235
Change in provision for claims outstanding	22,851	20
Total claims incurred, for own account	**-99,016**	**-114,066**

Parent Company

SEK thousands	1 Jan 2018–31 Dec 2018	26 Sept 2017–31 Dec 2017
Consultancy fees	-25,993	0
Other	-7,605	0
Total other external costs	**-33,598**	**0**

The consultancy fees in the Parent Company is related to the owners' divestment of a minority stake to institutional investors in 2017. Previous year, the costs were accounted for in a subsidiary. In 2018 an analysis of the incurred costs from the transaction was performed and consequently invoiced to the Parent Company.

NOTE 10
Operating leasing

Future operating lease payments, Group

	31 Dec 2018			31 Dec 2017		
SEK thousands	Equipment	Premises	Total	Equipment	Premises	Total
Maturity						
Within 1 year	118,455	116,468	234,923	100,224	102,721	202,945
Later than 1 year but within 5 years	151,726	220,453	372,179	142,164	204,541	346,705
Later than 5 years	9,182	61,499	70,681	5,687	81,926	87,613
Total future operating lease payments	**279,363**	**398,420**	**677,783**	**248,075**	**389,188**	**637,263**

Leases for equipment mainly relate to cars (outside Sweden), where the lease payment consists of a fixed monthly charge, not including any non-lease components. There are no terms which give the Group an opportunity to acquire the asset or extend the period of the lease. Nor is there any indexation clause or any restrictions for dividend, borrowing or similar. During the period, paid lease fees amounted to SEK 267 million (246).

No operating lease agreements or operating lease costs exist in the Parent Company.

NOTE 11
Financial income

Group

SEK thousands	1 Jan 2018–31 Dec 2018	1 Jan 2017–31 Dec 2017
Interest income	6,919	8,689
Interest income derivatives	6,463	722
Exchange gains	89,556	74,934
Other financial income	–	23,527
Total financial income	**102,938**	**107,872**

No interest income relates to financial instruments measured at fair value through profit or loss.

The Parent Company has SEK 78 thousand in interest income and SEK 514 thousand in exchange gains.

NOTE 12
Financial expense

Group

SEK thousands	1 Jan 2018–31 Dec 2018	1 Jan 2017–31 Dec 2017
Interest expenses, loans	-428,161	-306,464
Interest expenses, related party loans	–	-104,159
Interest expenses derivatives	–	-2,396
Investment return transferred to the technical account	-717	-1,106
Other financial expenses	-32,692	-73,025
Capitalized bank fees*	-165,550	-27,911
Exchange losses	-68,270	-109,577
Total financial expenses	**-695,390**	**-624,638**

* Of the total cost for capitalised bank fees, SEK 144,904 thousand relate to the write down related to the SFA that was replaced end of December 2018.

NOTE 13
Tax

Income tax recognised in profit or loss

Group

SEK thousands	1 Jan 2018– 31 Dec 2018	1 Jan 2017– 31 Dec 2017
Current tax cost (-)/income (+)	-53,958	-52,308
Adjustment of current tax attributable to previous years	13,869	-3,964
Deferred tax expense/income relating to temporary differences	18,235	9,309
Total recognised tax income/expense	**-21,854**	**-46,963**

Parent Company

SEK thousands	1 Jan 2018– 31 Dec 2018	26 Sept 2017– 31 Dec 2017
Deferred tax expense/income relating to temporary differences	5,795	0
Total recognised tax income/expense	**5,795**	**0**

Income tax in Sweden is calculated at 22 percent (22) of taxable profit for the year. Tax in other jurisdictions is calculated at the rate applicable to each jurisdiction.

Reconciliation of effective tax

Group

SEK thousands	1 Jan 2018– 31 Dec 2018	1 Jan 2017– 31 Dec 2017
Tax income/expense for the year	**-21,854**	**-46,963**
Profit for the year before tax	-5,869	-3,952
Tax calculated using Swedish tax rate, 22 %	1,291	869
Tax effect of non-deductible expenses	-24,079	-35,177
Tax effect of non-taxable income	22,618	4,119
Effect of different tax rates in subsidiaries' various jurisdictions	12,533	4,014
Increase/decrease in loss carryforward without corresponding capitalisation of deferred tax	-46,348	-14,948
Effect of changed tax rate	6,611	-3,378
Other	-8,349	1,502
Total tax income/expense for the year	**-35,723**	**-42,999**
Adjustment of tax attributable to previous years	13,869	-3,964
Recognised tax income/expense for the year	**-21,854**	**-46,963**

Effective tax rate in the Group amounted to 372 percent (1,188).
During 2018 the corporate tax rates in Norway, Sweden and the U.S.have changed.

Note 13 cont.

Parent Company

SEK thousands	1 Jan 2018– 31 Dec 2018	26 Sept 2017– 31 Dec 2017
Tax income/expense for the year	5,795	0
Profit for the year before tax	-34,569	0
Tax calculated using Swedish tax rate, 22 %	7,605	0
Tax effect of non-deductible expenses	-1,647	0
Effect of changed tax rate	-163	–
Recognised tax income/expense for the year	**5,795**	**0**

Deferred tax assets and tax liabilities
Temporary differences exist in cases where the recognised and taxable values of assets and liabilities are different.

The Group's temporary differences have resulted in deferred tax liabilities and deferred tax assets relating to the following items:

Deferred tax assets (+)/liabilities (–), Group

	Deferred tax asset		Deferred tax liability		Net	
SEK thousands	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Intangible assets	–	–	-443,095	-467,721	-443,095	-467,721
Property, plant and equipment	20,096	6,005	-7,715	-1,082	12,381	4,923
Trade receivables	3,258	4,840	–	–	3,258	4,840
Provisions for pensions	12,918	13,922	–	–	12,918	13,922
Other provisions	13,111	15,166	–	–	13,111	15,166
Insurance related contingency reserve	–	–	-50,039	-51,442	-50,039	-51,442
Other temporary differences	9,636	2,718	-59,857	-49,530	-50,221	-46,812
Unutilised loss carryforward	94,454	83,976			94,454	83,976
Total tax assets/liabilities	**153,473**	**126,627**	**-560,706**	**-569,775**	**-407,233**	**-443,148**
Offsets	-15,810	0	15,810	0	0	0
Total tax assets/liabilities, net	**137,663**	**126,627**	**-544,896**	**-569,775**	**-407,233**	**-443,148**

The Parent Company has deferred tax assets recognised as per year-end relating to tax loss carry forwards amounting to SEK 5,795 thousand (0).

Change in deferred tax in temporary differences and loss carry forwards, Group

SEK thousands	31 Dec 2018	31 Dec 2017
Opening balance	**-443,148**	**-449,284**
Change through business combination	-10,507	-13,268
Recognised in profit or loss	35,137	9,309
Tax items recognised in other comprehensive income	11,016	11,830
Other	-254	-2,942
Translation differences	523	1,207
Closing balance	**-407,233**	**-443,148**

Note 13 cont.

Unrecognised deferred tax assets
At year-end the Group had total deferred tax assets attributable to tax loss carry forwards amounting to SEK 94,454 thousand (83,976). In addition, the Group had tax loss carry forwards amounting to SEK 806,327 thousand (742,168) for which no deferred tax asset has been recognised. The increase is primarily related to the U.S. operations, where amortisations on acquisition related intangible assets are tax deductible.

NOTE 14

Goodwill

Group

SEK thousands	31 Dec 2018	31 Dec 2017
Opening accumulated costs	7,343,678	5,974,460
Business combinations	1,322,062	1,483,215
Reclassification	2,509	-40,410
Translation differences	219,033	-73,587
Closing accumulated costs	**8,887,282**	**7,343,678**
Opening accumulated impairment	-69,704	-67,799
Impairment	0	0
Translation differences	-1,062	-1,905
Closing accumulated impairment	**-70,766**	**-69,704**
Opening carrying amount	**7,273,974**	**5,906,661**
Closing carrying amount	**8,816,516**	**7,273,974**

Goodwill and trademarks incurred in connection with business combinations have been allocated at acquisition to the cash generating units (CGU) in the Group which are expected to receive benefits from the acquisition. The cash generating units in Anticimex Group consist of the segments Europe, Asia Pacific and North America.

Trademarks are disclosed in Note 15, however are included in the impairment testing as the majority of the recognised carrying value is considered to have indefinite useful life, hence are not amortised (for more information on trademarks please see note 15). The total carrying amount of trademarks with indefinite useful life amounts to SEK 770 million (772), whereof SEK 639 million (639) was attributable to CGU Europe and the remaining SEK 131 million (133) was attributable to CGU Asia Pacific.

Goodwill by segment

SEK thousands	31 Dec 2018	31 Dec 2017
Europe	4,672,713	4,325,803
Asia Pacific	1,786,233	1,718,032
North America	2,357,570	1,230,139
Total carrying amount goodwill	**8,816,516**	**7,273,974**

Impairment testing
Anticimex reporting segments are based on geographical spread and are divided between Europe, Asia Pacific and North America. Segment Asia Pacific includes Australia, New Zealand, Singapore and Malaysia, whilst segment Europe consolidate two regions; Nordics (Sweden, Norway, Finland and Denmark) and Europe (Belgium, Netherlands, Spain, Italy, France, Portugal, Germany, Switzerland and Austria). North America consists of the operations in the U.S. This also reflects how the operations are run and followed up by management, and the segments hence reflect the Group's cash generating units (CGU's).

Goodwill and trademarks with indefinite useful lives are tested annually for possible impairment. Value in use is measured as the expected future discounted cash flow based on financial plans developed in each cash generating unit. The financial plans are built upon the adopted budget and strategic three-year plans committed to by Group management and presented to the Board of Directors. These financial plans cover a forecasted period of three years and include the organic revenue growth, the development of operating margins, and changes in the level of operating capital employed. The key assumptions used in the value in use calculations for the cash generating units are as follows:

Growth rate
Applied growth rate for the upcoming year is based on past achievements immediately before the budget period along with a growth rate of 5 percent 2020-2021. This reflects management's plan on the future development of the operations and are considered to be achievable. Growth rate beyond the 3-year forecasted period and in perpetuity, is estimated at 2.5 percent. A long-term growth rate of 2.5 percent for pest control services in mature markets is at present regarded as being a reasonable estimate in view of the businesses historical organic growth rate and also taking into consideration external estimates of the future, where urbanisation, globalisation and climate change facilitate further market growth.

Margins
Margins for the operations' upcoming three years have been based on actually achieved margins immediately before the budget period and margin development, based on expected efficiency improvements. Management expects efficiency improvements of 0.2-1 percentage points per year depending on the different markets. This reflects the managements' plans on the future development of the operations and are considered to be achievable. After the 3-year forecast period there are no efficiency improvements accounted for.

Note 14 cont.

WACC

Cash flows are discounted using the Weighted Average Cost of Capital (WACC). The pre-tax WACC rates applied in impairment testing for 2018 are 8.3–8.5 percent.

Pre-tax WACC, %

	31 Dec 2018
Europe	8.3
Asia Pacific	8.4
North America	8.5

Sensitivity

The sensitivity analysis indicates that a decrease in growth rate beyond the three-year period by 0.5 percentage points would not result in the aggregate carrying amounts in any of the cash generating units exceeding the recoverable amounts in any of the cash generating units. The sensitivity analysis indicates that an increase of post-tax WACC of 0.5 percentage points would not result in the aggregate carrying amounts in any of the cash generating units exceeding the recoverable amounts. Management and the directors do not believe that any reasonably possible change in the other key assumptions on which recoverable amounts are based would cause the aggregate carrying amounts to exceed the aggregate recoverable amounts in any of the cash generating units. The sensitivity analysis indicates the least headroom in CGU Asia Pacific.

Impairment testing 2017

In light of the transaction 2017 where a minority stake of Anticimex was sold from EQT to a number of institutional investors ("the transaction"), Anticimex Group had a recently well established valuation of the Group. As a consequence, the Group chose to use the fair value less costs for disposal as impairment testing methodology. The transaction established an aggregated value of the Anticimex Group amounting to SEK 22 billion, and the estimated costs for disposal is approximately SEK 60 million, and this indicated no need for impairment, as there was significant headroom to the carrying amount of approximately SEK 11 billion.

NOTE 15

Other intangible assets

Group

SEK thousands	Trade-marks	Customer relation-ships	Computer software	Technology	Other	Total
Opening accumulated costs, 1 Jan 2017	**826,731**	**1,786,041**	**259,915**	**0**	**21,479**	**2,894,166**
Increase through business combinations	0	298,011	0	24,915	0	322,926
Reclassification, sale and disposals	0	40,410	-8,010	0	-164	32,236
Purchases	0	0	81,526	0	13,838	95,364
Translation differences	-4,073	-29,240	-186	219	82	-33,198
Write downs	0	0	-17,185	0	0	-17,185
Opening accumulated costs, 1 Jan 2018	**822,658**	**2,095,222**	**316,060**	**25,134**	**35,235**	**3,294,309**
Increase through business combinations	0	470,535	637	0	205	471,377
Reclassification, sale and disposals	-17	18,663	-5,186	0	-1,163	12,297
Purchases	0	0	87,321	0	26,193	113,514
Translation differences	-2,830	76,984	3,210	1,010	507	78,881
Write downs	0	0	-10,000	0	-4118	-14,118
Closing accumulated costs, 31 Dec 2018	**819,811**	**2,661,404**	**392,042**	**26,144**	**56,859**	**3,956,260**

Note 15 cont.

SEK thousands	Trade-marks	Customer relation-ships	Computer software	Technology	Other	Total
Opening accumulated amortisation, 1 Jan 2017	**-10,983**	**-567,668**	**-96,067**	**0**	**-5,703**	**-680,421**
Amortisation for the year	-10,417	-198,737	-25,273	-2,073	-4,526	-241,026
Increase through business combinations	0	0	–	–	–	0
Reclassification, sale and disposals	0	0	5,325	–	–	5,325
Translation differences	749	4,008	-184	-21	45	4,597
Opening accumulated amortisation, 1 Jan 2018	**-20,651**	**-762,397**	**-116,199**	**-2,094**	**-10,184**	**-911,525**
Amortisation for the year	-10,338	-246,895	-31,375	-3,273	-4,048	-295,929
Increase through business combinations	0	0	-306	–	-31	-337
Reclassification, sale and disposals	0	-23,515	3,863	–	267	-19,385
Translation differences	585	-14,026	-1,716	-84	-69	-15,310
Closing accumulated amortisation, 31 Dec 2018	**-30,404**	**-1,046,833**	**-145,733**	**-5,451**	**-14,065**	**-1,242,486**
Opening carrying amount, 1 Jan 2017	**815,748**	**1,218,373**	**163,848**	**0**	**15,776**	**2,213,745**
Opening carrying amount, 1 Jan 2018	**802,007**	**1,332,825**	**199,861**	**23,040**	**25,051**	**2,382,784**
Closing carrying amount, 31 Dec 2018	**789,407**	**1,614,571**	**246,309**	**20,693**	**42,794**	**2,713,774**

Other intangible assets in the Group consists mainly of software, customer relationships (incl. contract portfolios), technology as well as trademarks identified in connection with acquisition, patents and capitalised development costs. Capitalised expenditure for own developed software amounts to a total of SEK 169 million, whereof SEK 52 million relates to capitalisation during 2018.

All other intangible assets are assessed as having a limited useful life, except for some trademarks.

Trademarks accounted for have been incurred in connection with business combinations. Trademarks recognised before 2015 relate to the trademarks Anticimex and Flick (Australia). In light of both these trademarks history, combined with the Group's commitment to continue maintaining, supporting and investing in these trademarks, the useful lives of them are considered to be indefinite. Legally, no restrictions exist as to the limitation of the registration of a trademark over time and they can continually be renewed. Economically, the future lives of trademarks are therefore deemed indefinite. Trademarks recognised in 2015 relate to the acquisition of Enviropest in Australia. The brand 'Enviropest' is unlike Anticimex and Flick deemed to have a definite useful life of 5 years as a result of the decision to phase out the usage of this brand during the next 5 years. Trademarks recognised in 2016 relate to the acquisition of Amalgamated Pest Control in Australia. Also, this brand name is deemed to have a definite useful life of 5 years, as it has been decided to phase out the usage of this during the upcoming 5 years.

Technology arose in connection with the acquisition of Danish company WiseCon A/S, offering intelligent electronic rodent traps, fly traps and monitoring systems. Technology includes the value of both patented and unpatented technology and know how.

Significant intangible assets

The customer relationships accounted for in connection with business combinations include also the contract portfolios available in the acquired assets. Contract portfolios are agreements with periods between 1–5 years.

NOTE 16

Property, plant and equipment

Group SEK thousands	Land and buildings	Machines and other technical equipment	Equipment, tools and installations	Financial leasing	Total
Opening accumulated costs, 1 Jan 2017	**35,760**	**76,613**	**353,953**	**157,558**	**623,884**
Increase through business combinations	14,979	7,917	20,344	0	43,240
Purchases	802	18,533	90,685	41,189	151,209
Sales and disposals	-578	-4,742	-96,002	-21,875	-123,197
Reclassifications	0	-194	7,262	0	7,068
Translation differences	-592	-3,167	177	294	-3,288
Opening accumulated costs, 1 Jan 2018	**50,371**	**94,960**	**376,419**	**177,166**	**698,916**
Increase through business combinations	676	46,393	56,437	0	103,506
Purchases	3,605	7,062	115,262	54,368	180,297
Sales and disposals	-20,950	-9,458	-39,006	-32,045	-101,459
Reclassifications	-754	-103,585	117,822	0	13,483
Translation differences	1,810	3,464	10,733	442	16,449
Closing accumulated costs, 31 Dec 2018	**34,758**	**38,836**	**637,667**	**199,931**	**911,192**
Opening accumulated depreciation, 1 Jan 2017	**-10,988**	**-33,944**	**-154,732**	**-4,653**	**-204,317**
Increase through business combinations	-12,014	-5,970	-9,129	0	-27,113
Sales and disposals	578	3,652	91,723	9,586	105,539
Depreciation for the year	-1,283	-22,418	-82,217	-32,433	-138,351
Reclassifications	-185	212	-4,623	0	-4,596
Translation differences	345	2,388	-986	-294	1,453
Closing accumulated depreciation, 31 Dec 2017	**-23,547**	**-56,080**	**-159,964**	**-27,794**	**-267,385**
Increase through business combinations	-93	-31,841	-33,400	0	-65,334
Sales and disposals	8,084	6,571	32,776	15,237	62,668
Depreciation for the year	-2,857	-9,611	-109,770	-35,798	-158,036
Reclassifications	2,744	74,288	-92,195	0	-15,163
Translation differences	-978	-2,498	-7,178	-442	-11,096
Closing accumulated depreciation, 31 Dec 2018	**-16,647**	**-19,171**	**-369,731**	**-48,797**	**-454,346**
Opening carrying amount, 1 Jan 2017	**24,772**	**42,669**	**199,221**	**152,905**	**419,567**
Opening carrying amount, 1 Jan 2018	**26,824**	**38,880**	**216,455**	**149,372**	**431,531**
Closing carrying amount, 31 Dec 2018	**18,111**	**19,665**	**267,936**	**151,134**	**456,846**

Financial leases relate to leasing of cars.

NOTE 17

Financial assets

Group

SEK thousands	31 Dec 2018	31 Dec 2017
Non-current financial assets		
Treasury bills and bonds	935,876	941,748
Derivatives	7,986	5,880
Other financial assets	32,719	3,067
Current financial assets		
Other financial assets	0	0
Total financial assets	**976,581**	**950,695**

Financial assets consist mainly of treasury bills and municipal bonds for a value of SEK 439,051 thousand, with terms of 1 to 58 months. The second largest investment category are corporate bonds issued by banks and financial institutions for a value of SEK 447,955 thousand. The investments terms for corporate bonds are 3 to 42 months. The investment portfolio also consists of two treasury bills issued by the Norwegian government of a total value of SEK 48,870 thousand with terms of 5 to 30 months.

The reason for Anticimex having invested in treasury bills and bonds is the capital adequacy regulations under the Swedish Financial Supervisory Authority to which the Insurance company has to adhere.

Treasury bills and bonds are reported as fair value over the profit and loss.

NOTE 18

Inventory

Group

SEK thousands	31 Dec 2018	31 Dec 2017
Raw materials and consumables	100,002	78,621
Finished products and goods for resale	63,337	58,857
Obsolescence	-2,888	-4,440
Total inventories	**160,451**	**133,038**

NOTE 19

Contracts assets and liabilities

Group

SEK thousands	31 Dec 2018
Accounts receivable	921,941
Whereof bad debt provision	*-50,246*
Accrued income	21,673
Total contract assets	**943,614**
Deferred revenue	689,689
Total contract liabilities	**689,689**

Change in bad debt provision

SEK thousands	Bad debt provision
31 Dec 2017 calculated in accordance with IAS 39	-45,574
Restatement amount accounted for in OCI	0
Opening balance 1 Jan 2018 calculated in accordance with IFRS 9	**-45,574**
Increase/decrease in provision, recorded in Profit and Loss	-17,904
Accounts receivable written off during the year	7,733
Amounts reversed, not used	7,076
Translation difference	-1,577
Closing balance 31 Dec 2018	**-50,246**

Note 19 cont.

The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

Bad debt provision

31 Dec 2018	Not past due	Past due 1-90 days	Past due 91-180 days	Past due >180 days	Total
Expected credit loss level, %	*0.0*	*-0.2*	*-27.8*	*-75.2*	*-5.0*
Accounts receivable reported amount, gross	586,802	291,883	47,317	46,185	972,187
Accrued income reported amount, gross	21,673	0	0	0	21,673
Bad debt provision	**-235**	**-455**	**-13,151**	**-36,405**	**-50,246**

1 Jan 2018	Not past due	Past due 1-90 days	Past due 91-180 days	Past due >180 days	Total
Expected credit loss level, %	*-0.5*	*-0.1*	*-35.1*	*-76.3*	*-5.5*
Accounts receivable reported amount, gross	535,762	200,507	24,733	44,621	805,623
Accrued income reported amount, gross	23,184	0	0	0	23,184
Bad debt provision	**-2,718**	**-116**	**-8,689**	**-34,051**	**-45,574**

All contract liabilities for not yet serviced obligations towards the customer recognised as per 31 December 2017 have been carried out as per closing of 2018. All contract liabilities recognised as per 31 December 2018 are expected to be carried out before 31 December 2019.

Anticimex Group carries out invoicing in accordance with market practice in each country, where contract-based services are often subject to advanced invoicing. Payment terms are normally between 30-60 days, however in southern Europe up to 90 days.

NOTE 20
Prepaid expenses and accrued income

Group

SEK thousands	31 Dec 2018	31 Dec 2017
Other prepaid expenses	123,665	121,224
Accrued income	21,673	23,817
Total prepaid expenses and accrued income	**145,338**	**145,041**

NOTE 21
Cash and cash equivalents

Cash and cash equivalents in the Group and the item Cash and bank in the Parent Company only comprise cash and bank deposits. The carrying amount for these assets is assessed as corresponding to fair value. Cash and cash equivalents in the statement of cash flow for the Group and Parent Company respectively correspond to cash and cash equivalents in the balance sheets for the Group and the Parent Company.

NOTE 22

Share capital

Parent Company

SEK thousands	Share capital
Opening balance 1 January 2018	**1,558,946**
New share issue	5,378
Closing balance 31 December 2018	**1,564,324**

	Number of votes	Number of shares	Share capital
A-shares (ordinary)	28,786,982,800	2,878,698,280	287,870
B-shares (ordinary)	321,142,806	321,142,806	32,114
C-shares (preference)	122,448,977,570	12,244,897,757	1,224,490
D-shares (preference)	198,505,748	198,505,748	19,850
Closing balance 31 December 2018	**151,755,608,924**	**15,643,244,591**	**1,564,324**

The number of outstanding shares as per 31 December 2018 amounts to 15,643,244,591 and all shares are fully paid. The quota value per share is SEK 0.10. The Company's outstanding shares are divided into common shares of classes A and B, and preference shares of classes C and D. Class A shares and Class C shares carry entitlement to ten votes per share. Class B and D shares carry entitlement to one vote per share.

Owners of class C and D have preferential rights to dividends in an amount corresponding to SEK 1.00 per share plus an annually accumulating preferred interest of 8 percent calculated from 29 December 2017, minus any previous average paid amounts on the class C and D. To the extent not paid, preferred interest for Class C and D shares shall be capitalised annually in arrears.

After dividend to class C and D shares as described above, Class A and B have equal rights to dividend.

Total outstanding amount related to preference shares as of 31 December was SEK 13,439 million.

NOTE 23

Borrowing

Group

SEK thousands	31 Dec 2018	31 Dec 2017
Non-current borrowing		
Bank loans	534	6,801,083
Finance leases	93,701	96,574
Total non-current borrowing	**94,235**	**6,897,657**
Current borrowing		
Current portion of bank loans	9,072,565	169,697
Current portion of finance leases	58,632	53,973
Total current borrowing	**9,131,197**	**223,670**
Total borrowing	**9,225,432**	**7,121,327**

Bank loans are secured by the Group's buildings and land, chattel mortgages and pledged shares (note 28). The Group's exposure related to borrowing interest rate fluctuations is partly hedged through interest rate swaps and CAPS (note 3).

The bank loans are raised in SEK, DKK, EUR, NOK, AUD, SGD and USD. Since the loans in DKK, NOK and EUR constitute a hedging of net investment and meet the conditions for hedge accounting, the exchange differences on these loans are recognised in Other comprehensive income.

The Group's external financing is dependent on a number of defined conditions (covenants) being met. These conditions are reported to lenders on a regular basis and include interest margin and debt coverage. At 31 December 2018 and 31 December 2017, all loan conditions were met.

During the autumn of 2018, Anticimex refinanced the existing loans of the Company. The loan agreement was signed on December 21, 2018, but the transaction was not closed until January 22, 2019. In the financial statements for 2018, the total external debt has therefore been classified as current debt. As a result, capitalised bank fees related to the current bank loans have been fully written down.

Note 23 cont.

The table below shows the maturity profile of the Group's borrowing:

Maturity structure for borrowing, Group

SEK thousands	31 Dec 2018	31 Dec 2017
Liabilities due for payment:		
Within one year from balance sheet date (current borrowing)	9,131,197	223,670
Between 1 and 2 years after balance sheet date	53,943	304,875
Between 2 and 5 years after balance sheet date	40,292	3,249,586
More than 5 years after balance sheet date	0	3,343,196
Total	**9,225,432**	**7,121,327**

Changes in financial liabilities

			Non-cash changes					
SEK thousands	1 Jan 2018	**Cash flows**	Acquisi-tions	Foreign exchange movement	Write down capitalised bank fees	Reclassifi-cation	Other	**31 Dec 2018**
Long-term bank loans	6,801,083	1,858,320	–	–	143,803	-8,802,672	–	534
Short-term bank loans	169,697	-131,249	10,774	220,671	–	8,802,672	–	9,072,565
Lease liabilities	150,547	–	–	–	–	–	1,786	152,333
Total liabilities from financing activities	**7,121,327**	**1,727,071**	**10,774**	**220,671**	**143,803**	**0**	**1,786**	**9,225,432**

			Non-cash changes					
SEK thousands	1 Jan 2017	**Cash flows**	Acquisi-tion	Foreign exchange movement	Interest cost	Capitalisa-tion issue/ Share-holder loan contribu-tion	Other	**31 Dec 2017**
Long-term bank loans	5,185,288	1,639,453	4,782	-18,497	–	–	-9,943	6,801,083
Short-term bank loans	295,792	-126,095	–	–	–	–		169,697
Lease liabilities	158,266	–	–	–	–	–	-7,719	150,547
Loans from related parties	1,278,696	–	–	–	104,202	-1,382,898	–	0
Total liabilities from financing activities	**6,918,042**	**1,513,358**	**4,782**	**-18,497**	**104,202**	**-1,382,898**	**-17,662**	**7,121,327**

NOTE 24

Finance leases

Group	31 Dec 2018		31 Dec 2017	
SEK thousands	Future minimum lease payments	Present value of future lease payments	Future minimum lease payments	Present value of future lease payments
Maturity date				
Within 1 year	59,249	58,632	54,077	53,973
Later than 1 year, but within 5 years	93,980	93,701	97,150	96,574
Total	**153,229**	**152,333**	**151,227**	**150,547**
Minus future finance charges	-896		-680	
Total present value of minimum lease payments	**152,333**	**152,333**	**150,547**	**150,547**
Included in balance sheet on following lines:				
Current borrowing	–	58,632	–	53,973
Non-current borrowing	–	93,701	–	96,574
Total	**–**	**152,333**	**–**	**150,547**

The Group's finance leases relate to cars with a lease period of 3-4 years. Lease payments are based on the car's cost, the length of the lease period, residual value and an interest rate corresponding to Stibor 1 month (FIX) per base day plus 0.75-1.20 percent (1.25). Anticimex can acquire the cars at the end of the lease period at residual value. The lease period can be extended by one year at a time at unchanged terms. There are no restrictions relating to dividends and loan possibilities as a result of the contract.

NOTE 25

Pensions

Defined contribution pension plans
The Group's defined contribution pension plans include employees in all group companies from 2003. Prior to 2003 employees in Anticimex AB and Anticimex Försäkringar AB were excluded by securing benefits through PRI. The defined benefit pension plans mainly include retirement pension, disability pension and family pension. Premiums are paid regularly during the year by each Group Company to various insurance providers. The size of the premiums is based on salary.

Commitments for retirement pensions and family pensions for salaried employees in Sweden are secured through insurance with Alecta. According to UFR 3 issued by the Swedish Financial Reporting this is a defined benefit plan which includes several employers. For a financial year for which the Company has not had access to information which makes it possible to report this plan as a defined benefit plan, a pension plan according to ITP secured through insurance with Alecta will be reported as a defined contribution plan. Alecta's surplus can be distributed to policyholders and/or the insured. At the end of December 2018, Alecta's surplus in the form of the collective funding ratio amounted to 142 percent (154). The collective funding ratio consists of the market value of Alecta's assets expressed as a percentage of insurance commitments calculated according to Alecta's actuarial calculation assumptions, which do not concur with IAS 19.

Pension costs (excluding social security contributions) for the year are included in profit or loss on the line Employee benefit costs and amounted to SEK 151,318 thousand (137,484) for the year.

Defined benefit pension plans
The Group has defined benefit pension plans in Sweden, Italy and Switzerland. As per 31 December 2018 they amount to SEK 73 million (72) in Sweden, SEK 13 million (14) in Italy and SEK 26 million (30) in Switzerland. Sweden is secured through provisions in the FPG/PRI system. Italy is secured via the TFR fund and Switzerland via PKG. Sweden and Italy have unfunded obligations and Switzerland has a funded obligation. Actuarial calculations have been performed on December 31, 2018. When calculating the present value of the defined benefit obligation and associated costs relating to current service period and costs relating to past service periods, the Projected Unit Credit Method was used.

Note 25 cont.

Other pension plans
Anticimex has some Swedish employees with pension payments to a capital insurance. The premiums are expensed on an ongoing basis as they are paid, while a financial asset and a long-term provision are reported in the balance sheet. The plan is measured at fair value and the provision and financial asset are both recognised with the same amount.

Key actuarial assumptions	31 Dec 2018	31 Dec 2017
Discount rate, %	0.7–2.2	0.7–2.3
Expected inflation, %	1.0–2.0	1.5–1.9

The table below presents amounts recognised in profit or loss relating to the defined benefit plans and other pensions plans recognised in the balance sheet.

Group	1 Jan 2018 – 31 Dec 2018		1 Jan 2017 – 31 Dec 2017	
SEK thousands	Defined benefit plans	Other pension plans	Defined benefit plans	Other pension plans
Current service cost	-4,095	-2,133	-3,557	0
Past service cost	–	–	–	0
Interest expense	-1,959	–	-1,941	0
Other	-155	–	-118	0
Total amount recognised in profit or loss	**-6,208**	**-2,133**	**-5,615**	**0**

The total cost recognised in profit or loss relating to the defined benefit plan is included on the line Employee benefit costs and in Financial Expenses in profit or loss.

The Parent Company has recognised SEK 1,598 thousand in cost during 2018 related to other pension plans.

Actuarial gains/losses recognised in other comprehensive income, Group

SEK thousands	1 Jan 2018–31 Dec 2018	1 Jan 2017–31 Dec 2017
Actuarial gains (-) and losses (+) recognised during the year	-7,246	2,365
Total amount recognised in other comprehensive income	**-7,246**	**2,365**

Amount recognised in statement of financial position, Group

SEK thousands	31 Dec 2018	31 Dec 2017
Present value of defined funded obligation	138,554	123,683
Fair value of managed assets	-113,040	-94,101
Surplus (-)/deficit (+) in the defined benefit funded obligation	**25,514**	**29,582**
Present value of defined benefit unfunded obligation	86,279	85,920
Total net liability/asset attributable to benefit obligation	**111,794**	**115,502**
Other pension plans	22,469	0
Total pension provision	**134,263**	**115,502**

The defined benefit plans managed assets consist of equities amounting to SEK 34,231 thousand (31,218), bonds of SEK 51,593 thousand (41,155), real estate of SEK 21,847 thousand (17,345) and other alternative investments of SEK 590 thousand (4,383).

Changes for the year in the present value of the managed assets, defined benefit obligation and other pension plans are shown in the tables below.

The Parent Company has an obligation for other pension plans and a corresponding financial asset amounting to SEK 5,096 thousand as per December 31, 2018.

Note 25 cont.

Changes in present value of managed assets, Group

SEK thousands	1 Jan 2018 – 31 Dec 2018 Defined benefit plans – managed assets	1 Jan 2018 – 31 Dec 2018 Other pension plans	1 Jan 2017 – 31 Dec 2017 Defined benefit plans – managed assets	1 Jan 2017 – 31 Dec 2017 Other pension plans
Opening fair value of assets	94,101	–	90,627	–
Interest income	819	–	691	–
Return on plan assets excluding interest income	946	–	5,327	–
Plan participants contribution	2,602	–	2,191	–
Company contributions	2,602	2,133	2,191	–
Benefits paid through pension assets	4,632	-3,149	-1,896	–
Other	-155	23,486	-118	–
Translation difference	7,493	–	-4,912	–
Closing fair value of assets	**113,040**	**22,469**	**94,101**	**–**

Changes in present value of defined benefit obligation, Group

SEK thousands	1 Jan 2018 – 31 Dec 2018 Defined benefit plans – obligation	1 Jan 2018 – 31 Dec 2018 Other pension plans	1 Jan 2017 – 31 Dec 2017 Defined benefit plans – obligation	1 Jan 2017 – 31 Dec 2017 Other pension plans
Opening obligation	209,604	–	206,090	–
Interest cost	2,778	–	2,632	–
Current service cost	4,095	2,133	3,557	–
Actuarial gain/loss due to experience	-1,716	–	809	–
Actuarial gain/loss due to changes in financial assumptions	-4,742	–	5,521	–
Pension payments	-3,313	-3,149	-2,949	–
Benefits paid through pension assets	4,632	–	-1,896	–
Other changes	3,105	23,486	2,156	–
Translation differences	10,391	–	-6,317	–
Closing obligation	**224,833**	**22,469**	**209,603**	**0**
Closing net obligation	**111,793**	**0**	**115,502**	**0**

At 31 December 2018 there are no unrecognised commitments. The pension obligation in the balance sheet consists of the defined benefit net obligations and the obligation for other pension plans.

Sensitivity analysis

SEK millions	1 Jan 2018– 31 Dec 2018	1 Jan 2017– 31 Dec 2017
Discount rate, increase with 0.5 percentage points	-9.4	-8.6
Discount rate, decrease with 0.5 percentage points	8.7	9.8
Inflation, increase with 0.5 percentage points	7.0	7.3
Inflation, decrease with 0.5 percentage points	-6.3	-6.5

The sensitivity analysis above states the most important assumptions affecting the recognised pension liability relating to defined benefit plans.

NOTE 26
Other provisions

Group SEK thousands	31 Dec 2018 Current other provisions	31 Dec 2018 Non-current other provi-sions	31 Dec 2017 Current other provisions	31 Dec 2017 Non-current other provi-sions
Provision for unearned premiums and unexpired risks	215,469	163,316	213,240	148,507
Provision for claims outstanding	125,974	–	147,848	–
Total insurance technical provisions	**341,443**	**163,316**	**361,088**	**148,507**
Other provisions	14,192	140,227	17,397	41,061
Total other provisions	**355,635**	**303,543**	**378,485**	**189,568**

Other provisions

Other provisions are mainly attributable to acquisition related payments, most of which are expected to be paid in 2019.

Group SEK thousands	Provision for claims outstanding	Provision for unearned premiums and unexpired risks	Other provisions	Total change in other provisions
Opening provisions, 1 Jan 2017	**148,321**	**345,844**	**18,282**	**512,447**
Provisions during the year	83,490	342,904	57,672	484,066
Provisions utilised during the year	-83,396	-319,724	-17,976	-421,096
Reversed, not used	0	-6,934	-59	-6,993
Other changes	-567	-343	539	-371
Closing provisions, 31 Dec 2017	**147,848**	**361,747**	**58,458**	**568,053**
Provisions during the year	71,146	359,271	117,534	547,951
Provisions utilised during the year	-93,748	-343,723	-20,574	-458,045
Reversed, not used	0	1,434	-1,834	-400
Other changes	728	56	835	1,619
Closing provisions, 31 Dec 2018	**125,974**	**378,785**	**154,419**	**659,178**

Provision for claims outstanding

Provision for claims outstanding relates to the expected future payments of claims incurred, including claims not yet reported to the Company. In addition to claim payments the provision also includes all costs of claim settlements. The provision for claims outstanding is determined both by individual claim assessments and by the use of statistical methods.

Provision for unearned premiums and unexpired risks

Provision for unearned premiums and unexpired risks relates to the portion of the premium not yet earned. For insurance contracts with a period length of one year the unearned premium is determined on a pro rata temporis basis, i.e. proportional to the passage of time. For insurance contracts with a period length greater than one year the unearned premium is determined using non-linear curves proportional to the timing of expected costs. If the provision for unearned premium is deemed insufficient a provision for unexpired risk is added to ensure that the total provision is sufficient to cover all future costs. No such provision currently exists.

Specification of change in provision for claims outstanding

SEK thousands	1 Jan 2018–31 Dec 2018	1 Jan 2017–31 Dec 2017
Provision for claims, net		
Opening provision for claims, net	147,848	148,321
Payments during the year relating to current year	-49,869	-47,190
Payments during the year relating to previous years	-43,144	-36,775
Changes in claims for damages for the year attributable to the current year	129,706	138,837
Changes in claims for damages for the year attributable to previous years	-58,567	-55,345
Closing provision for claims	**125,974**	**147,848**

Note 26 cont.

Claims development 2018

	Claim year										
SEK thousands	< 2010	2010	2011	2012	2013	2014	2015	2016	2017	2018	Total
Estimated accumulated claims:											
at the end of the claim year	48,259	51,857	54,180	44,098	32,880	133,274	137,605	159,874	160,143	143,291	
1 year later	80,604	81,365	67,295	72,719	76,835	136,464	125,391	129,267	137,452		
2 years later	105,393	90,478	82,661	78,996	78,965	129,152	117,945	122,272			
3 years later	120,365	98,402	87,905	67,162	76,634	126,018	112,669				
4 years later	125,986	97,603	87,624	69,650	73,412	121,475					
5 years later	131,158	100,078	88,166	67,961	72,042						
6 years later	130,220	98,581	89,026	66,926							
7 years later	132,025	97,734	88,099								
8 years later	131,635	97,243									
9 years later	131,491										
Current estimation of accumulated claims	**131,491**	**97,243**	**88,099**	**66,926**	**72,042**	**121,475**	**112,669**	**122,272**	**137,452**	**143,291**	
Accumulated payments	-131,645	-97,714	-88,277	-68,483	-71,406	-119,439	-104,617	-110,002	-111,947	-63,456	
Provision recognised in balance sheet	-154	-471	-178	-1,557	636	2,036	8,052	12,270	25,505	79,835	125,974
Total provision for claims											**125,974**

Claims development 2017

	Claim year									
SEK thousands	< 2010	2010	2011	2012	2013	2014	2015	2016	2017	Total
Estimated accumulated claims:										
at the end of the claim year	48,259	51,857	54,180	44,098	32,880	133,274	137,605	159,874	160,143	
1 year later	80,604	81,365	67,295	72,719	76,835	136,464	125,391	129,267		
2 years later	105,393	90,478	82,661	78,996	78,965	129,152	117,945			
3 years later	120,365	98,402	87,905	67,162	76,634	126,018				
4 years later	125,986	97,603	87,624	69,650	73,412					
5 years later	131,158	100,078	88,166	67,961						
6 years later	130,220	98,581	89,026							
7 years later	132,025	97,734								
8 years later	131,635									
Current estimation of accumulated claims	**131,635**	**97,734**	**89,026**	**67,961**	**73,412**	**126,018**	**117,945**	**129,267**	**160,143**	
Accumulated payments	-131,810	-97,715	-88,540	-67,319	-70,112	-118,153	-101,451	-102,274	-67,919	
Provision recognised in balance sheet	-175	19	486	642	3,300	7,865	16,494	26,993	92,224	147,848
Total provision for claims										**147,848**

NOTE 27

Accrued expenses and deferred income

Group

SEK thousands	31 Dec 2018	31 Dec 2017
Accrued holiday pay	171,353	157,309
Accrued social security contributions	168,555	135,004
Accrued pension costs	11,046	5,782
Other accrued personnel costs	81,153	80,778
Other accrued expenses	220,270	377,773
Accrued interest	3,262	3,815
Prepaid service contracts	689,689	581,119
Deferred income	8,572	7,971
Total accrued expenses and deferred income	**1,353,900**	**1,349,551**

Parent

SEK thousands	31 Dec 2018	31 Dec 2017
Accrued holiday pay	398	–
Accrued pension costs	5,096	–
Other accrued personnel costs	8,813	–
Other accrued expenses	1,325	–
Total accrued expenses and deferred income	**15,632**	**–**

NOTE 28

Pledged assets and contingent liabilities

Group

SEK thousands	31 Dec 2018	31 Dec 2017
Pledged assets		
Total pledges taken out under SFA in conjunction with acquisitions	7,765,935	7,081,118
Total pledged assets	**7,765,935**	**7,081,118**
Contingent liabilities		
Guarantees and commitments	38,214	37,285
Total contingent liabilities	**38,214**	**37,285**

Contingent liabilities relate to commitments that arose in the normal business activities.

For further information on pledged shares in subsidiaries, please see note 31.

NOTE 29
Related party disclosures

EQT VI, registered in Guernsey, owns 56.8 percent of Anticimex New TopHolding AB's shares as per 31 December 2018 and has control over the Group. The remaining 43.2 percent of the shares are owned by senior executives and other employees in the Anticimex Group (11.2 percent) and 7 institutional investors (32.0 percent). Parent Company in the largest group of which Anticimex New TopHolding AB is a part, is Challenger Regnellach S Á R L, registered in Luxembourg.

Transactions between the Company and its subsidiaries, which are related parties to the Company, have been eliminated at consolidation and disclosures of these transactions are therefore not provided in this note.

No other transactions with related parties have occurred during 2018.

Remuneration to senior executives
Disclosures on remuneration to senior executives are provided in note 7, Board, Senior Executives and Employees.

Loans from related parties, Group	31 Dec 2018		31 Dec 2017	
SEK thousands	EQT	Total loans from related parties	EQT	Total loans from related parties
Opening balance	0	0	911,463	911,463
Loans raised	0	0	0	0
Total	**0**	**0**	**911,463**	**911,463**
Accrued interest	0	0	471,435	471,435
Shareholder contribution	0	0	-1,382,898	-1,382,898
Total loans from related parties	**0**	**0**	**0**	**0**
Interest expense	**0**	**0**	**-104,202**	**-104,202**

Loans were raised in the subsidiaries Anticimex International AS (Norway), Anticimex AS (Norway), Anticimex Schädlingsbekämpfung und Hygiene GmbH (Germany), Anticimex GmbH (Austria) and Anticimex Acquisition 3D SL (Spain). The loans carried annual interest of 8 percent. The loans to Challenger Regnellach were capitalised in arrears per calendar year. As part of the divestment from EQT to institutional investors at the end of December 2017, the shareholder loans were contributed as equity to each of the companies, and Anticimex TopHolding AB paid in kind with shares from a capitalisation issue.

Commitments and contingent liabilities
The Group has no commitments or contingent liabilities to related parties.

NOTE 30
Acquisitions

During the year, 47 acquisitions have been completed, where the acquisitions in the U.S.of Turner Pest Control and Killingsworth Environmental, were the most substantial. In total, the acquisitions rendered a goodwill of SEK 1,322 million (1,483), where the above mentioned major ones accounted for SEK 685 millions of this goodwill.

Turner Pest Control was founded in 1971 and operates mainly in central and northern Florida. The acquisition was completed on February 28, 2018.

Killingsworth Environmental was founded in 1993 by Mike and Debbie Rogers. Killingsworth operates mainly in and around Charlotte, North Carolina. Anticimex acquired the operations as per May 6, 2018.

In 2018 Anticimex also made the first acquisition in France by the acquisition of Dantons in Bretagne.

Note 30 cont.

Recognised amount per acquisition date for acquired identifiable assets, Group SEK thousands	Turner Pest Control LLC	Killing-sworth	Other	Total acquisitions 2018 Acquired fair value
Non-current assets				
Customer relationships	84,682	46,606	339,247	470,535
Other intangible assets	–	–	842	842
Property, plant and equipment	7,526	8,921	21,725	38,172
Other long-term receivables	82		9,229	9,311
Current assets				
Inventory	4,396	1,371	4,226	9,993
Trade receivables	8,779	6,152	36,040	50,971
Other current receivables and prepaid expenses/accrued income	4,701	372	1,091	6,164
Cash and cash equivalents	3,944	3,280	29,477	36,701
Non-current liabilities				
Deferred tax liability	0	0	-10,507	-10,507
Interest bearing liabilities	0	-4,710	-6,064	-10,774
Current liabilities				
Trade payables	-3,175	-3,489	-5,772	-12,436
Corporate tax liability	0	0	-634	-634
Other current liabilities and accrued expenses/deferred income	-8,254	-19,368	-36,618	-64,240
Identifiable assets and liabilities, net	**102,681**	**39,135**	**382,282**	**524,098**
Goodwill through acquisition	418,400	266,272	637,390	1,322,062
Total consideration	**521,081**	**305,407**	**1,019,672**	**1,846,160**
Minus deferred consideration/ payment in kind (- = not paid)	-44,924	–	4,245	-40,679
Minus acquired cash and cash equivalent	-3,944	-3,280	-29,477	-36,701
Net cash flow at business combination	**472,213**	**302,127**	**994,440**	**1,768,780**

In order to capture maximum value from acquisitions and reduce commercial and integration risk, the vast majority of acquisitions contain an earn-out component as part of the purchase price paid. Most common is that the earn-out is tied to the acquired business achieving certain revenue milestones in a defined period which is typically at least 12 months after closing of the transaction. Without exception, the total purchase price paid in each transaction is capped at a specific amount. Total deferred consideration recognised for acquisitions made in 2018 amounts to SEK 182 million.

Fair value of acquired receivables (primarily trade receivables) amounts to SEK 51 million (38). Contractual gross amount is SEK 51 million which concludes that as per the acquisition date there is no impairment needed.

Goodwill which arose at the acquisitions is mainly attributable to future potential customers in a growing industry, the Company's employees including a well-functioning organisation. These advantages are not recognised separately from goodwill since they do not meet the criteria for recognition of identifiable intangible assets. The part of goodwill recognised that is tax deductible amounts to SEK 1,025 million.

Transaction costs amounted to approximately SEK 27 million (43) and are recognised as other external costs in the consolidated statement of comprehensive income.

Acquisition's impact on consolidated earnings

Approximately SEK 447 million of the Group's revenue is attributable to acquisitions in 2018 and they have contributed with approximately SEK 57 million to the consolidated operating profit (after amortization of acquisition related intangibles). If consolidated as of January 1, 2018, the acquisitions would have contributed approximately with SEK 772 million to the Group's revenue and approximately SEK 98 million to the consolidated operating profit (after amortizations of acquisition related intangibles).

NOTE 31
Participation in Group companies

Parent Company 31 Dec 2018 Name	Reg. No.	Registered	No. of shares	Share of capital %	Shares pledged (note 31)	31 Dec 2018 Carrying amount	31 Dec 2017 Carrying amount
ANTICIMEX TOPHOLDING AB	556855-7259	Stockholm	69,260,289	100		15,659,242	15,589,457
Anticimex International AS	998159598	Norway	30,000	100			
Anticimex International AB	556855-7234	Stockholm	50,000	100	Pledged		
Anticimex AB	556032-9285	Stockholm	1,520,000	100	Pledged		
Anticimex Försäkringar AB	502000-8958	Stockholm	1,010	100	Pledged		
Anticimex Services KB	969700-4332	Stockholm	–	100	Pledged		
Anticimex Schädlings-bekämpfungs GmbH	HRB 61196	Germany	1	100	Pledged		
Anticimex GMBH & Co. KG	HRA 63885	Germany	–	100	Pledged		
Hauptmann GmbH Schädlingsbekämpfung	HRB 46908	Germany	1	–			
Verwaltung Anticimex GmbH	HRB 50595	Germany	1	100	Pledged		
Anticimex B.V	20035416	Holland	11,344	100	Pledged		
Anticimex operations BV	855397226	Holland	1,000	100			
Anticimex AS	923856781	Norway	2,750	100	Pledged		
Anticimex Oy	0568693-7	Finland	1,000	100	Pledged		
Anticimex A/S	21766488	Denmark	506	100			
Anticimex NV	BE 0402 272 064	Belgium	3,158	100	Pledged		
ALM Hygiëne BVBA	BE 0476.629.294	Belgium	3,410	100			
PHM Services SPRL	BE 0459.302.027	Belgium	750	100			
Vandermarliere & Co NV	BE 0597.974.514	Belgium	100	100			
Anticimex GmbH	FN 389309p	Austria	1	100			
Anticimex AG	CHE-106.956.311	Switzerland	500	100			
ARS Insect GmbH	CHE-115.981.012	Switzerland	200	100			
Anticimex S.r.l.	8046760966	Italy	1	100	Pledged		
Ipecos S.r.l.	8046760966	Italy	1	100			
Anticimex Acquisition 3D, S.L.	B-553281	Spain	3,000	100	Pledged		
Anticimex 3D Sanidad Ambiental, S.A.	B-263895	Spain	75,050	100	Pledged		
Plagastop Sanidad Embiental S.L	B-50968833	Spain	3,006	100			
Emdema S.L	B-07513732	Spain	100	100			
Anticimex Acquisition 3D Cantabrica, S.L	B-95836102	Spain	300	100			
Anticimex 3D Sanidad Ambiental Cantábrica	B-95565172	Spain	3,050	100			
Anticimex Portugal Lda	507583698	Portugal	2	100	Pledged		
Pest kil – Controlo integrado de plagas Lda	512081050	Portugal	3	100			
MM Desinfeções Lda	503641871	Portugal	4	100			
Anticimex France Holding SAS	89841289788	France	1,000	100			
Anticimex France SAS	528209653	France	150	100			

Note 31 cont.

Name	Reg. No.	Registered	No. of shares	Share of capital %	Shares pledged (note 31)	31 Dec 2018 Carrying amount	31 Dec 2017 Carrying amount
Anticimex Pty Ltd	162914374	Australia	89,840	100	Pledged		
Flick Anticimex Pty Ltd	000059665	Australia	16,004	100	Pledged		
Elders Pest Control Pty Ltd	003055641	Australia	165	100			
Termguard Pty Ltd	009302265	Australia	3,933	100			
Termguard International Pty Ltd	160684944	Australia	100	100			
Termguard Asia SDN BHD	683357-U	Malaysia	2	100			
Termguard USA LLC	262805230	U.S.	–	100			
1300 Termite Pty Ltd	602789006	Australia	172,502	100			
Amalgamated Pest Control Pty Ltd	009712958	Australia	103	100	Pledged		
Amalgamated Pre-Construction Pty Ltd	092733876	Australia	210,000	100			
Anticimex Insurance Services Pty Ltd	626926921	Australia	100	100			
Flick Anticimex Limited	9429030291577	New Zeeland	18,649,000	100			
Anticimex Holding Pte. Ltd	201543551K	Singapore	1	100	Pledged		
Anticimex Pte. Ltd	201543639G	Singapore	1	100	Pledged		
Anticimex Pest Management Pte. Ltd	198400909C	Singapore	650,000	100			
Alliance Pest Management Pte. Ltd	199806315C	Singapore	200,000	100			
Anticimex Pest Management Sdn. Bhd	473728U	Malaysia	250,000	100			
Anticimex Inc	81-3300903	U.S.	100	100	Pledged		
American Pest Management Inc	53-0025650	U.S.	32,900	100	Pledged		
Triple S Termite & Pest Control	54-1156415	U.S.	1,000	100			
Innovative Pest Management	52-1782053	U.S.	160	100			
Modern Pest Services Inc	26-3469835	U.S.	3,000	100	Pledged		
Viking Termite & Pest Control Inc	82-1825861	U.S.	1,000	100	Pledged		
Turner Pest Control LLC	11-3653140	U.S.	–	100			
Killingsworth Environmental of the Carolinas LLC	20-8969307	U.S.	–	100			
						15,659,242	**15,589,457**

For companies not owned directly by the Parent Company no carrying amount is shown.

NOTE 32

Important events after the end of the financial year

After the end of the financial year another 12 acquisitions have been made. The total purchase price amounts to SEK 604 million with an estimated annual revenue of approximately SEK 270 million.

During the autumn of 2018, Anticimex refinanced the existing loans of the Company. The loan agreement was signed on December 21, 2018, but the transaction was not closed until January 22, 2019. In the financial statements for 2018, the total external debt has therefore been classified as current debt.

NOTE 33

Proposed disposition of earnings in Parent Company

The following amounts are available to the Annual General Meeting:

SEK	
Unrestricted equity	14,079,597,929
Profit/Loss for the year	-28,774,355
Total	**14,050,823,574**

The Board's proposed disposition of earnings:

SEK	
To be carried forward	14,050,823,574
Total	**14,050,823,574**

Signatures

The Board of Directors and the President certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and provide a true and fair view of the financial position and performance of the Group. The annual report has been prepared in accordance with generally accepted accounting principles, and provides a true and fair view of the financial position and performance of the Parent Company. The administration report for the Group and Parent Company provides a true and fair view of the development of the activities, financial position, and performance of the Group and Parent Company, and describes the significant risks and uncertainties faced by the Parent Company and companies which form part of the Group. The Board of Directors and the President also release Anticimex NewTop Holding AB's sustainability report for 2018. The Sustainability Report describes the Group's work based on economic, environmental and social aspects. The report has been prepared in accordance with the requirements of the Swedish Annual Accounts Act.

The Annual Report was approved by the Board for publication on April 26 2019.
The income statement and balance sheet will be presented to the Annual General Meeting for adoption in May 2019.

Stockholm 26 April, 2019

Gunnar Asp Chairman	Hans-Erik Andersson Board member	Edward Brown Board member
Per Franzén Board member	Michael Kneeland Board member	Dick Seger Board member

Jarl Dahlfors
CEO

Our Audit Report was submitted on 26 April 2019

Öhrlings PricewaterhouseCoopers AB

Patrik Adolfson
Authorised Public Accountant

Auditor's Report

To the general meeting of the shareholders of Anticimex New Topholding AB, corporate identity number 559126-5938

This is a translated version of the Swedish original auditors report. The signature is on the Swedish original and the page numbers are updated to reflect the translated version of the annual accounts.

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Anticimex New Topholding AB for the year 2018. The annual accounts and consolidated accounts of the Company are included on pages 41 – 99 in this document.

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 Parent Company and the Group 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 income statement and the balance sheet for the Parent Company and the statement of comprehensive income 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 fulfiled 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 the financial year 2017-09-26 – 2017-12-31 and consolidated accounts for the financial year 2017-01-01 – 2017-12-31 was performed by another auditor who submitted an auditor´s report dated 27 April 2018, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1 – 40 and pages 103 - 111. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

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

Responsibilities of the Board of Director's and the CEO and President

The Board of Directors and the CEO and President 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 CEO and President 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 CEO and President 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 CEO and President 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.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

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 Director's and the Managing Director of Anticimex New Topholding 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 Director's 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 fulfiled 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 Director's and the CEO and President

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 CEO and President shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil 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 CEO and President 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.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Stockholm 26 April 2019
Öhrlings PricewaterhouseCoopers AB

Signature on Swedish original

Patrik Adolfson
Authorized Public Accountant

Corporate Governance Report

Anticimex New TopHolding AB is a Swedish limited company with the organisation number 559126-5938. Anticimex headquarter is based in Stockholm.

Anticimex has a decentralised organisational model that promotes local ownership and focuses on the approximately 160 branches and branch managers who run the Group's day to day operations in our 18 countries. As a service provider, Anticimex believes that quality improves when decisions are made in proximity to our customers and our employees. In a model where local responsibility and accountability is promoted, solid corporate governance and management systems are required.

To facilitate this work Anticimex has established a framework for rules, responsibilities, processes and routines for monitoring performance, internal control and risk management. Primary objective is to effectively protect shareholders and other parties' interests, set a good platform for our employees and creating prerequisites for a safe expansion of Anticimex operations.

Corporate governance at Anticimex is based on the stipulations in the Annual Accounts Act, the Articles of association and applicable parts of the Swedish Corporate governance Code (the Code). As a complement to the external regulations, the Board of Directors have adopted rules of procedures that describes how the work of the Anticimex Board is conducted.

Furthermore, our code of conduct which is strictly linked to our values (Trust, Innovation, Passion) forms a vital part of Anticimex governance framework. Our values together with our code of conduct are the cornerstones of "The Anticimex model" which is our main tool through which we convey our corporate culture. The model further creates a common platform where best practices are shared and describes how our branch managers should approach customers and employees and conduct business.

As part of our decentralised management approach we set and follow up financial targets through constant measuring and monitoring from the branch office through to the Group Management. The main forum for financial follow up is our business reviews which are conducted monthly with our Branch managers, Country managers and Regional Presidents.

Shares and shareholders

At the top of the governance structure shareholders influence the direction of the Group. By the end of 2018, Anticimex had 162 shareholders. 56.8 percent of the share capital and 58 percent of the votes are held by EQT VI. The remaining 43.2 percent of the shares are owned by senior executives and other employees in the Anticimex Group (11.2 percent) and seven institutional investors (32.0 percent).

Annual General Meeting

The Annual General Meeting is the highest decision-making body and forum which enables the shareholders to exercise their influence.

The AGM addresses matters including i) Articles of Association; ii) election of Board, appointment of auditors and determination of remuneration to the Board and auditors, iii) authorisation of the Board to adopt resolutions to issue new shares and iv) discharge from liability of the Board of Directors and CEO.

The notice of the Company's annual general meeting must be sent by e-mail to the shareholders no earlier than six weeks and no later than two weeks before the AGM.

The Annual General Meeting shall be held no later than six months after the annual financial report.

Annual General Meeting 2018

In 2018, the Annual General Meeting was held on 18 May at the Company's premises on Hälsingegatan 40, Stockholm, Sweden. During the meeting, Dick Seger and Michael Kneeland were elected as new Board members and PricewaterhouseCoopers AB (PwC) was appointed as the Company's auditors.

Annual General Meeting 2019

The Annual General Meeting 2019 will be held on 20 May 2019 at the Company's premises on Hälsingegatan 40, Stockholm.

Board of Directors

The Board, which is the highest decision-making body after the Annual General Meeting, bears ultimate responsibility for Anticimex organisation, management and control of the Company's financial conditions. The duties of the Board include, among other things, the appointment, evaluation and, if necessary, the removal of the CEO and ensuring that systems are in place for monitoring and controlling the business considering the risks Anticimex's business is exposed to. The Board shall further ensure that controls exist to guarantee that Anticimex complies with applicable laws and regulations and approve internal control documents that contribute to compliance. A number of policies that apply to governance are approved by the Board and annually brought to their attention for review. The Board's work is governed by the Articles of Association, the code and the Board's rules of procedure. According to the Anticimex Articles of Association, the Board shall consist of not less than one and not more than ten directors with no more than five deputy directors. The Board is elected annually at the Annual General Meeting until the end of next year's Annual General Meeting.

Composition

The Board of 2018 consisted of Gunnar Asp (Chairman), Per Franzén, Michael Kneeland, Edward Brown, Dick Seger, Hans-Erik Andersson and Anna Settman, with Carl Johan Renström as deputy chairman for the year. Anna Settman left the Anticimex Board in November 2018. Presentation of the Board is to be found on page 106 - 107. None of the members of the Board are employed by the Group. At least two are independent in terms of their relationship to the Company's shareholders

The Board's Rules of Procedure

The work of the Board follows a written procedure that ensures that the work is carried out efficiently and that the Board fulfils its duties. The duties of the Board include continuously assessing the Group's financial situation and ensuring that the Company has appropriate systems for reporting and managing its funds and financial business in general, so that it can be monitored

Board Participation

No.	Gunnar Asp (Chairman)	Per Franzén	Hans-Erik Andersson	Edward Brown	Anna Settman	Michael Kneeland*	Dick Seger*	Location	Theme
1	√	√	√	√	√	(√)	(√)	Stockholm	Digitalisation, Solvency 2, Auditors report
2	√	√	√	√	√	(√)	(√)	Stockholm	Europe – South
3	√	√	√	√	√	√	√	Oslo	Europe – North
4	√	√	√	√	√	√	√	Stockholm	Europe – Central
5	√	√	√	√		√	√	Singapore	Business Plan 2019, AsiaPacific
6	√	√	√	√	n.a.	√	√	Stockholm	Budget 2019, Europe – Sweden and Insurance
Total	100%	100%	100%	100%	60%	100%	100%		
1	√	√	√	√	√	√	√	Per capsulam	Approval of acquisition
2	√	√	√	√	√	√	√	Per capsulam	Approval of acquisition

* Michael Kneeland and Dick Seger were formally elected as board members at the Annual General Meeting 2018.

satisfactorily. In addition, the Board should ensure that there are effective systems and procedures in place for good internal control and risk management, as well as taking into account the necessary policies and the ethical guidelines for the Company's conduct. The Board also monitors the Group's sustainability work from an overall perspective.

The work of the Board during 2018

The Board held six regular meetings in 2018, of which one was a constitutional meeting. In addition, two per capsulam meetings were held to approve acquisitions. The agenda for Board meetings always includes standard items such as CEO, CFO, COO and M&A update. In addition, each meeting has a theme which is the focus of the meeting. The Board always visits at least one other location outside the Anticimex headquarters during the year.

Chairman of the Board

The Chairman of the Board is responsible for managing and distributing the work, organising the Board work and monitoring decisions being taken. The Chairman continuously monitors the business through regular contact with the CEO and is responsible for ensuring that all members of the Board receive the information and documentation they need.

Evaluating the Board of Directors and the CEO

A regular and systematic evaluation forms the basis for assessing the work of the Board, the CEO and for their continued development. The Board has evaluated its own work using a digital survey that all members have answered in 2018 in order to improve and develop the Board's working methods and effectiveness. The Board has also continuously evaluated the CEO's work, especially in situations where none of the Company's management has been present.

Remuneration

The Board's remuneration was decided at the Annual General Meeting in 2018. The Board has further formed a Remuneration Committee to prepare decisions related to salaries and bonuses and other forms of compensation for the Executive Group Management. Further information on remuneration to the Board, management and other employees is provided in Note 7 to the Annual Report.

CEO and EGM

The Company's CEO Jarl Dahlfors is appointed by the Board and is responsible for the Company's ongoing management and the Group's operations in accordance with the Articles of Association, the Board's instructions and current law.

CEO and Group Management are charged with the overall responsibility for day-to-day operations. The Executive Group Management comprise CEO, CFO, COO, CTO, the heads of the five geographical regions (Nordics, Europe, Asia, Pacific and the United States) and the President of Anticimex Försäkringar AB. The primary tool that is used by the CEO and Executive Group Management to measure execution of our key strategic initiatives and evaluate progress towards our long-term goals is the financial framework with the business reviews in focus.

The subsidiary Anticimex Försäkringar AB is run as an independent company with independent Board members and the Group's CEO as Anticimex representatives in the Board. The Company complies with statutory requirements regarding independent risk control and independent compliance, internal and external audits in accordance with EU guidelines, Swedish laws, regulations, and the Swedish Financial Supervisory Authority's regulations.

Group management (GM)

Group management consist of the CEO, the EGM, the 18 Country Presidents, Regional managers in our larger markets and the Heads of the Group support functions. GM is primarily responsible for monitoring and ensuring compliance by local units with the Group Policies, including any region-specific policies and guidelines. Local management is responsible for the establishment of routines and procedures that ensures the reliability of the Company's management and financial reporting information in the most economical and efficient manner possible. This includes ensuring a minimum of basic and supervisory controls to mitigate relevant risks. Local management reports directly to Regional Presidents on operational matters and local Finance Managers reports on financial reporting matters.to Regional and Cou

Auditors

The Company's auditors are appointed by the AGM. At the Annual General Meeting on May 18, 2018, Öhrlings PricewaterhouseCoopers AB (PwC) was appointed as the Company's auditors, with Patrik Adolfson as auditor in charge. Patrik Adolfson (born 1973) is an authorised public accountant and partner in PwC. Other audit assignments include AcadeMedia (publ), Attendo AB (publ), Securitas AB (publ), Bonava AB (publ), Pandox AB (publ) and SHH Bostad AB (publ).

The auditor shall keep the Board informed about the planning and content of the annual audit and shall review the annual report to determine if it is correct, complete and consistent with generally accepted accounting principles and current accounting standards. The auditor shall also inform the Board of any services performed in addition to the normal audit information, compensation for such services and any other circumstances, which are relevant to the auditor's independence.

Board of Directors

Gunnar Asp
Chairman

Education: BSc of Administration from Stockholm University
Born: 1954
Other assignments: Chairman Broadnet AS and IP-Only, Board member Adamo (Spain)
Previously: Chairman KBW, Blizoo (Bulgaria) and UDG (Germany), President and CEO ComHem 2003–2008, CEO StjärnTV 1999–2001, Board member 3L, Securitas Direct and AIMS
Independent of Company: Yes
Independent of owners: Yes
Shares in Anticimex: 140,931,387 (via company)

Hans-Erik Andersson
Board member

Education: Stockholm University, INSEAD Executive program
Born: 1950
Other assignments: Chairman Skandia and SinterCast, Board member JLT Risk Solutions
Previously: President and CEO Skandia 2004–2006, Chairman Marsh&McLennan Nordic 2000–2003
Independent of Company: Yes
Independent of owners: Yes
Shares in Anticimex: 11,119,705

Edward Brown
Board member

Education: BA Business studies University of Coventry
Born: 1951
Other assignments: Chairman Energy Saving Trust, Board member of IDVerde, Partner Cophall Associates
Previously: Senior Executive positions in Rentokil Initital 1981–2007
Independent of Company: Yes
Independent of owners: Yes
Shares in Anticimex: 7,151,303

Per Franzén
Board member

Education: MSc Stockholm School of Economics
Born: 1976
Other assignments: Co-Head EQT Private Equity, Partner EQT Partners, Board member IVC
Previously: Morgan Stanley, London and Stockholm, Board member AcadeMedia, Eton, IFS, Securitas Direct, Duni, SSP and Automic.
Independent of Company: Yes
Independent of owners: No
Shares in Anticimex: none

Michael Kneeland
Board member

Education: Bethlehem Central 1972, Business courses Hudson Valley Community College
Born: 1953
Other assignments: CEO United Rentals, Board member YRC World-wide Inc. Co-chair Transportation Stakeholder Alliance. Member of Advisory Board of John Hopkins Berman Institute of Bioethics.
Previously: President of Freestate Industries. General Manager Rylan Rents.
Independent of Company: Yes
Independent of owners: Yes
Shares in Anticimex: 4,064,868

Dick Seger
Board member

Education: Civil Engineer, Industrial Economy, Linköping
Born: 1953
Other assignments: Director of Securitas AB
Previously: President, CEO, Director of the Verisure group (previously Securitas Direct)
Independent of Company: Yes
Independent of owners: Yes
Shares in Anticimex: 12,000,000

Executive Group Management

Jarl Dahlfors
CEO and President

Employed at Anticimex: 2015
Education: BSc Finance and Business Administration Stockholm University and IMD management training
Born: 1964
Shares in Anticimex: Yes

Tomas Björksiöö
CFO

Employed at Anticimex: 2017
Education: BSc Finance and Business Administration Uppsala University
Born: 1969
Shares in Anticimex: Yes

Ebba Bonde
COO

Employed at Anticimex: 2015
Education: MBA Harvard Business School, MSE Applied Mathematics and Statistics The John Hopkins University
Born: 1980
Shares in Anticimex: Yes

Ulf Eripe
CTO & President Anticimex Innovation Centre

Employed at Anticimex: 2017
Education: MSc EE (Master of Science - Electronic Engineering)
Born: 1970
Shares in Anticimex: Yes

Mikael Vinje
President Region U.S.

Employed at Anticimex: 2014
Education: MSc Stockholm School of Economics
Born: 1979
Shares in Anticimex: Yes

Guido Töpfer
President Region Pacific

Employed at Anticimex: 2016
Education: Business Administration, WHU – Otto Beisheim School of Management, Koblenz, Germany
Born: 1971
Shares in Anticimex: Yes

Tony Hurst
President Region Asia

Employed at Anticimex: 2004
Education: Melbourne Australia, Business Management, Accounting and Taxation
Born: 1969
Shares in Anticimex: Yes

Mats Samuelsson
President Anticimex Insurance

Employed at Anticimex: 1994
Education: IFL, Stockholm University
Born: 1962
Shares in Anticimex: Yes

Anders Lönnebo
President Region Nordics

Employed at Anticimex: 2017
Education: Bachelor business and Administration (Högskolan i Borås)
Born: 1968
Shares in Anticimex: Yes

Thomas Hilde
President Region Europe

Employed at Anticimex: 1993
Education: IHM Lund University
Born: 1966
Shares in Anticimex: Yes

Key Ratios

SEK million	2018	2017	2016	2015
Revenue	6,494	5,434	4,452	3,845
Growth, %	20	22	16	9
Organic growth, % [1]	3.9	4.2	4.9	4,9
Operating income (EBITA)[2]	1,008	864	664	518
Operating income, % (EBITA), % [3]	15.5	15.9	14.9	13.5
Profit/loss for the year	-28	-51	-111	-238
Profit margin, %	-0.43	-0.94	-2.50	-6.20
Capital employed	11,679	9,509	7,898	5,976
Return on capital employed, % [4]	9.51	9.93	9.57	9.09
Net working capital	-949	-1,087	-921	-1,019
Equity/assets ratio, %	16	19	9	11
Net debt/EBITDA	6.48	5.83	5.96	4.82
Capital expenditure	211	200	223	132
Number of acquisitions	47	34	31	22
Average number of employees	6,115	5,565	4,437	3,337
Installed SMART devices	99,408	63,355	39,403	15,793

Definitions

1) Increase in revenue for the period, adjusted for acquisitions, as a percentage of the previous year's revenue adjusted for acquisitions.
2) Earnings before interest, tax, amortisation of acquisition related intangible fixed assets and excluding non-recurring costs.
3) Earnings before interest, tax, amortisation of acquisition related intangible fixed assets and excluding non-recurring costs, as a percentage of revenue.
4) Operating income as a percentage of average capital employed.

Addresses

Anticimex Group
President and CEO:
Jarl Dahlfors
Executive assistant: Erica Edsholt
Hälsingegatan 40
SE-113 43 Stockholm
Phone: +46 8 517 633 00
www.anticimex.com

Sweden
Anticimex AB
Managing Director:
Alexander Storckenfeldt
Box 47025
SE-100 74 Stockholm
Visiting address:
Årstaängsvägen 21B, Stockholm
Phone: +46 8 517 633 00
www.anticimex.se

Insurance
Anticimex Försäkringar AB
Managing Director:
Mats Samuelsson
Box 47025
SE-100 74 Stockholm
Visiting address:
Årstaängsvägen 21B, Stockholm
Phone: +46 8 517 633 00
www.anticimex.se

Australia
Flick Anticimex Pty Ltd
Managing Director:
Guido Töpfer
Unit 9, 145 Arthur Street
Homebush West, NSW 2140
Phone: +61 2 8412 2400
Local Toll Free: 13 13 40
www.anticimex.com.au

Austria
Anticimex GmbH
Managing Director:
Bernd Kribitz
Kärntner Strasse 12
AT-8720 Knittefeld
Phone: +43 3512 44055
www.anticimex.at

Belgium
Anticimex NV
Managing Director:
Christophe Gyselinck
Beverseesteenweg 565
BE-8800 Roeselare
Phone: +32 51 26 51 51
www.anticimex.be

Denmark
Anticimex A/S
Managing Director:
Rune Sejersen
Lykkegårdsvej 15
DK-4000 Roskilde
Phone: +45 75 14 58 22
www.anticimex.dk

Finland
Anticimex Oy
Managing Director:
Martin Svanljung
Vetotie 3A
FI-01610 Vantaa
Phone: +358 207 495 706
www.anticimex.fi

France
Anticimex France SAS
Managing Director:
Kim Kjaer
La Ferme du Parc
32, rue du Pont Toqué,
FR-35400 Saint-Malo
Phone: + 33 299 19 77 06
www.anticimex.fr

Germany
Anticimex GmbH & Co.KG
Managing Director:
Christian Wächter
Hammerbrookstrasse 47a
DE-20097 Hamburg
Phone: +49 40 739 245-0
www.anticimex.de

Italy
Anticimex S.r.l.
Managing Director:
Luca Micolitti
Via Ettore Bugatti 12
IT-20142 Milano
Phone: +39 02 8934601
www.anticimex.it

Malaysia
Anticimex Pest Management Sdn Bhd
Managing Director:
Voon Choon Yu
No. 33 Jalan Serendah 26/41
Sekitar 26, Seksyen 26
40400 Shah Alam
Selangor Darul Ehsan
Malaysia
Phone: +65 5614 2413
www.anticimex.com.my

Netherlands
Anticimex B.V.
Managing Director:
Dick Bisschop
Postbus 517
NL-3990 GH Houten
Visiting address:
Meidoornkade 2,
3992 AE, Houten
Phone: +31 88 548 66 60
www.anticimex.nl

New Zealand
Flick Anticimex Limited
Managing Director:
Guido Töpfer
PO Box 132 379 Sylvia Park
Auckland 1644
Visiting address:
31 Olive Road, Penrose
Auckland 1061
Phone: +64 9 281 3187
Local Toll Free: 0800 101 969
www.anticimex.co.nz

Norway
Anticimex AS
Managing Director:
Rasmus Bokvist
Postboks 7095 St. Olavs plass
NO-0130 Oslo
Visiting Address:
Pilestredet 28, 0166 Oslo
Phone: + 47 41 41 41 28
www.anticimex.no

Portugal
Anticimex Portugal Lda
Managing Director:
Paulo Coelho
Rua Cidade de Córdova, 3
PT-2610-038 Amadora
Phone: +351 919 478 250
www.anticimex.pt

Singapore
Anticimex Pest Management Pte Ltd
Managing Director:
Tony Hurst
3A International Business Park
#11-01/05, ICON@IBP
Singapore 609935
Phone: +65 6862 3828
www.anticimex.com.sg

Spain
Anticimex 3D Sanidad Ambiental, S.A.
Managing Director:
Josep Valls Baro
C/ Jesús Serra Santamans, 5
ES-08174 Sant Cugat del Vallés
Phone: +34 900 828 008
www.anticimex.com.es

Switzerland
Anticimex AG
Managing Director:
Manuel Wegmann
Sägereistrasse 25
CH-8152 Glattbrugg
Phone: +41 58 387 75 75
www.anticimex.ch

USA
Anticimex Inc
Regional President:
Mikael Vinje
350 Springfield Ave
Suite 200
Summit, NJ 07901, USA
Phone: +001 908 437 8955
www.anticimex.com/en-US

Production: Sthlm Kommunikation & IR
Photos: CGG270 (page 31), Charlie Bennet (page 23), Craig O'Neal (page 35), Fredrik Stehn (pages 7, 102–105), iStock (page 14), Luxlucid (page 25), Mikael Sandström (pages 21, 39), Pär Olsson (pages 3, 19), SR images (pages 9, 17), Syaiful Redzuan (pages 9, 10, 14), Unsplash (pages 10, 11, 28, 32, 34–36), Viktor Gårdsäter (pages 12, 27). All other photos Anticimex.

ABOUT ANTICIMEX

Anticimex is the modern pest control company. Through prevention, new technology and sustainable solutions, we meet the new demands for healthy environments, for both individuals and companies worldwide. Founded in Sweden 1934, Anticimex currently operates in 18 countries and employs more than 6,100 people. Total revenues in 2018 amounted to approximately SEK 6.5 billion.

www.anticimex.com