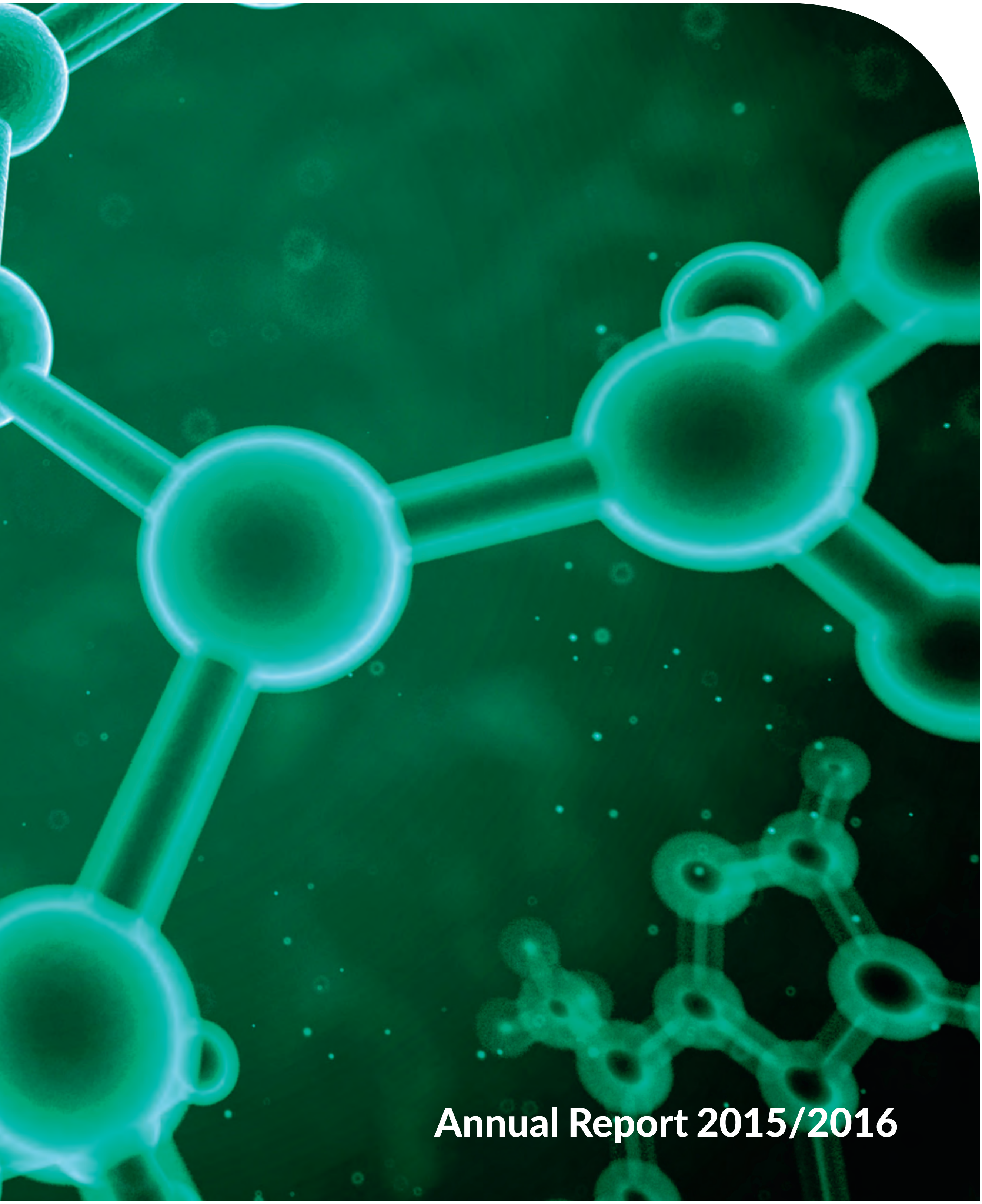


Annual Report 2015/2016

AddLife

Contents

AddLife in brief

AddLife is a leading independent player in Life Science and comprises 24 operating subsidiaries. We offer high-quality products, services and advice primarily to customers in the medical, research, higher education, pharmaceutical and food sectors. The Nordic region is our principal market, although we also maintain operations in Germany, the Benelux countries, Estonia and Italy. AddLife's business builds on the successes of Bergman & Beving and Addtech, stretching back more than 100 years.

Vision

AddLife continuously seeks to improve people's lives by being a leading and value-adding player in Life Science.

Business concept

AddLife brings added value to customers with healthcare, laboratory and research operations. This is achieved by offering high-quality, cost-effective solutions and products, as well as qualified advice to both the private and public sectors in the Nordic region.

Core values

- **Simplicity**. It should be easy to work with and within AddLife.
- **Efficiency**. Most important is doing the right things, second to that is doing them efficiently and in the right way.
- **Change**. We adapt quickly to new conditions, new customers and new challenges.
- **Responsibility and freedom**. For the company's decentralised organisation to function optimally, we practice freedom with responsibility.

A quick guide to AddLife

- Develops and acquires profitable, market-leading niche companies in Life Science
- Applies an entrepreneurial business model with 24 independent operating subsidiaries
- The majority of customers are in the health and medical care sector
- Business areas: Labtech and Medtech
- Offering: equipment, instruments, reagents, consumables, tools, advice and technical support
- 420 employees
- AddLife's shares are listed on the Nasdaq Stockholm exchange

The year in brief

The Life Science market developed positively over the year, with increased demand from both healthcare and research. Overall, the business situation was favourable and our subsidiaries strengthened their market positions in their various niches. The AddLife Group reports growth in both sales and EBITA for the 2015/2016 financial year.

Finances. Net sales rose by 48 percent to SEK 1,562 million (1,057), of which organic growth amounted to 5 percent. EBITA increased by 13 percent to SEK 135 million (120), corresponding to an EBITA margin of 8.7 percent (11.3). Excluding listing costs of SEK 10 million, EBITA increased by 22 percent to SEK 146 million, corresponding to an EBITA margin of 9.3 percent. Profit after tax amounted to SEK 78 million (80) and earnings per share to SEK 4.15 (5.06).

Spin-off. On 4 June 2015, Addtech announced its intention to distribute the Life Science business area – today the company AddLife – to Addtech's shareholders and to list AddLife on the Nasdaq Stockholm exchange during the first half of 2016.

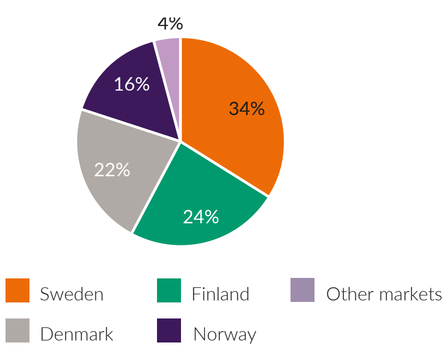
Acquisition. In July 2015, AddLife conducted two major acquisitions – Mediplast AB and Fenno Medical Oy – with combined annual sales of about SEK 650 million.

Public company. On 16 March 2016, AddLife's shares were listed on the Nordic Mid Cap list of the Nasdaq Stockholm exchange.

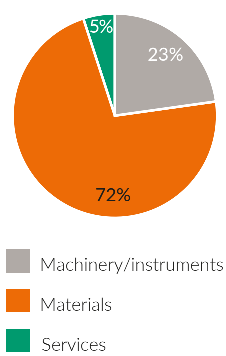
Recruitment. During the year, Kristina Willgård became the CEO of the company, Artur Aira its Vice President and Martin Almgren its CFO.

	2015/2016	2014/2015	Change %
Net sales, SEK million	1,562	1,057	48
EBITA, SEK million	135	120	13
EBITA margin, %	8.7	11.3	
Adjusted EBITA margin after listing expenses, SEK million	146	120	22
Adjusted EBITA margin after listing expenses, %	9.3	11.3	
Profit before tax, SEK million	100	105	–5
Profit for the year, SEK million	78	80	–3
Earnings per share, SEK	4.15	5.06	–18

NET SALES BY COUNTRY



NET SALES BY REVENUE TYPE



An unusually well-established newcomer from the outset

I am proud to be able to summarise AddLife's first year of operation as both eventful and successful. The AddLife Group was established from Addtech's former Life Science business area in June 2015. From the outset, the objective was to prepare and implement a separate listing on the Stockholm Stock Exchange during the first half of 2016. At the same time, the subsidiaries were to focus more on the development and profitability of their operations. AddLife was listed on the Nasdaq Stockholm exchange on 16 March and financial year ended two weeks later with strong growth in profits.

The foremost purpose in turning AddLife into a company and listing it has been to increase our exposure in the market and to be able to act as a dedicated Life Science player. This enables us to profile our offering to a greater extent and to show that we operate in a sector that is relatively insensitive to economic upswings and recessions and in a market with steadily increasing demand. Our well-established operations, from our time as a business area within Addtech, have made AddLife a market leader in Life Science in the Nordic region. Interest from both Swedish and international investors has been considerable and the rights issue of SEK 300 million conducted after the end of the financial year was oversubscribed by about 70 percent.

Newcomer with a 100-year history

AddLife may be a new group, but our business builds on the legacy of Bergman & Beving and Addtech, stretching back more than 100 years. That makes us an unusually well-established newcomer. Our business model is tried and tested and we are actively working to unite the strength of a large company with the commitment and business acumen of an entrepreneurial operation. Our profit for the year serves as proof that our strategy, based on a strong focus on growth and in which we combine active ownership of our subsidiaries with acquisitions, is working well.

AddLife owns some 25 active subsidiaries, divided between two business areas; Labtech and Medtech. Our newly formed group began by implementing major acquisitions of the companies Mediplast and Fenno Medical on 1 July 2015. The acquisitions laid the foundation for one of the Group's new business areas – Medtech. Further acquisitions were signed in the fourth quarter – for the companies V-Tech and Esthe Tech, which became part of the Medtech business area after the end of the financial year. Following the end of the financial year, an agreement was also reached to assume control of the operations of Leica Biosystems in Sweden and Denmark, which will become part of the existing companies in the Labtech business area.

Niche companies with leading edge expertise

All of AddLife's subsidiaries are entrepreneurially driven niche companies with leading-edge expertise in the market areas of diagnostics, biomedical research, laboratory analysis and medical technology. The focus of the subsidiaries is to be leaders in their specific areas, with in-depth, rather than broad, offerings. This is also the basis of our acquisition strategy – to identify profitable new acquisition candidates that complement existing companies and that are able to ensure long-term customer value.

Rapid development and increased demand

The Life Science market in the Nordic region continues to grow thanks to increased demand from healthcare as well as research. The Nordic market has a growing and ageing population, while health care is struggling with efficiency demands and alleviating new chronic diseases. Accordingly, the demand for new technologies that make it possible to reduce human suffering and to cure diseases, by means of faster diagnoses for example, continue to increase. Healthcare and research must find new ways to solve social challenges, solutions that can benefit both individuals and society in general. Naturally, we consider this to be both an advantage and an opportunity for AddLife.

In parallel with increased market demand and macro trends indicating favourable growth potential, structural changes are occurring in the Nordic market. Public procurement procedures are increasing in number and scope as regional boundaries are redrawn in all of the

"We combine the strength of a large company with entrepreneurial commitment and business acumen"

Nordic countries. This creates both new opportunities and challenges for our company. And, thanks to our expertise, I am convinced that we will be able to continue adding value for our customers and growing successfully.

Continued profitable growth

AddLife's growth has progressed according to plan and we are continuing to deliver profitable growth. EBITA for the year amounted to SEK 146 million and profit grew by 22 percent for the year, when we adjust for IPO costs of just over SEK 10 million. Our long-term target is profit growth of 15 percent. Most profit growth derives from acquisitions. Profitability, measured as P/WC, remains high and amounts to 64 percent, exceeding the target of 45 percent.

Attracting the best employees

As I now summarise AddLife's first year of operation, I can say that what we have accomplished as a group would never have been possible without our highly dedicated employees in all of our subsidiaries. This impressive commitment allows us to continue working together to achieve long-term profitable growth by improving both our business and our organisation. We also work in the belief that AddLife's position in the market will attract more employees and companies who seek to advance the Life Science sector alongside us.

Stockholm, July 2016

Kristina Willgård
President and CEO AddLife

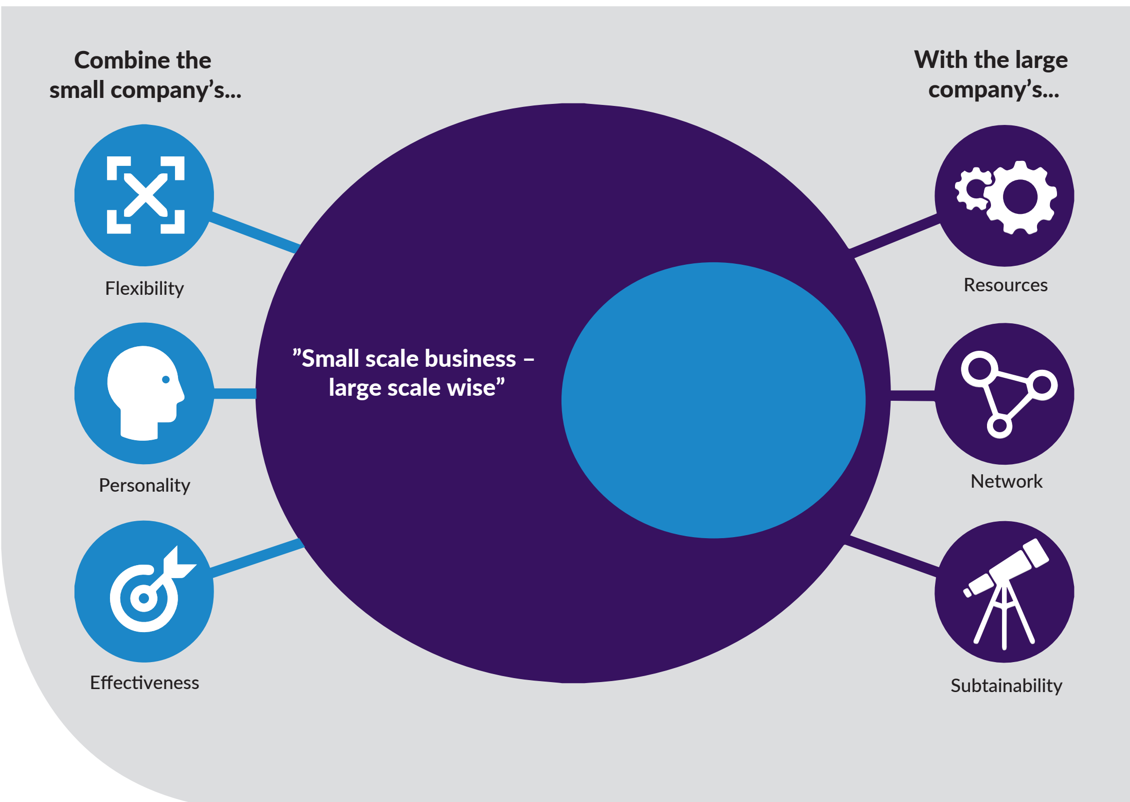
Long-term growth and profitability in focus

AddLife will achieve long-term profitable growth by continuously developing its business and organisation. We are working to acquire and refine profitable, market-leading niche companies in Life Science. All of AddLife's subsidiaries are responsible for their own strategies and each year prepare their own target boards.

Each subsidiary's strategy and business model is determined by its board of directors. Each year, the individual companies make a target board including an operational plan for the coming year and for three years ahead, an organisational overview, a comprehensive profitability analysis, expressed as P/WC, as well as performance and profitability targets.

The small scale on a large scale

AddLife combines the strength of a large company with entrepreneurial commitment and business acumen. We act as active owners to ensure that each subsidiary develops and enhances its profitability. The subsidiaries are responsible for their own operations within the framework of the requirements set by the Group in terms of growth, profitability and development. By combining the benefits of a small company, such as flexibility, personality and efficiency with the resources, networks and industrial competence of a large company, AddLife is able to optimise long-term growth and profitability. Our decentralised corporate structure also entails lower dependence on individual customers and vendors.



A well-functioning whole

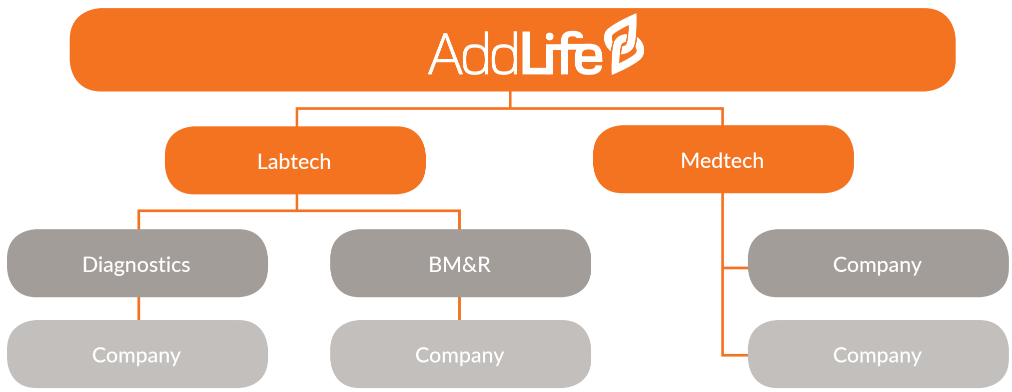
The AddLife Group comprises the Parent Company AddLife AB and 31 subsidiaries, of which 24 are operational. The subsidiaries share a common, proven business model in which entrepreneurial business acumen is combined with individual responsibility. The decentralised organisation and entrepreneurial culture represents an important competitive advantage for the AddLife Group.

AddLife AB is headquartered in Stockholm and the Swedish subsidiaries are located in Stockholm, Gothenburg and the Malmö area. The Norwegian subsidiaries are located in the Oslo area, the Danish subsidiaries in the Copenhagen area and the Finnish ones in Hämeenlinna, Turku and Helsinki.

Decentralised organisation

AddLife's operational organisation is divided into the Labtech and Medtech business areas. The Parent Company AddLife AB provides financial stability, resources, and tools that make it easier and more efficient to operate a smaller subsidiary. The Parent Company consists of a handful of employees forming the Group and business area management and the finance function. In addition to the operations being brought together financially here, the Parent Company runs various joint initiatives, such as the business school and other operational tools. At the Group level there is, for example, a framework agreement for the purchase and procurement of banking and auditing services and insurance.

Our decentralised organisation is divided into several subsidiaries that have their own Presidents and Finance Managers. These are fully responsible for the companies' business within the given constraints and requirements imposed on them by the Parent Company.



AddLife's approach: "Freedom with responsibility"

The subsidiary	Manages its own business Requirements on: Growth – Profitability – Development Uses AddLife's "Toolbox"
Coordination in the AddLife Group	Financial regulatory framework (Reporting, banking, internal/external audit) Policies IT Strategy Bonus system Business school Network/meetings Procurements (insurance, cars, transport, IT, etc.)

AddLife's three overarching strategies

1. Market-leading positions

AddLife's subsidiaries are to be market leaders who generate value and build positions in selected niches within Life Science with a high knowledge and technology content. Operations and business models are based on being a qualified supplier and advisor in a market with rapid technological development. Sales of products and solutions are based on close relationships with customers, manufacturers and suppliers. Market leadership is important for us to be able to achieve solid profit growth and sustained profitability. For AddLife, being the market leader is not the same as being the biggest in terms of turnover – but rather of holding a highly profitable niche market position.

2. Operational mobility

Our subsidiaries should be flexible and responsive in order to be able to seize new business opportunities and participate in rapid technological development. Through active ownership and board work, we work to improve profitability, drive development and thereby generate operational mobility. It is often a matter of efficiency or of adjusting operations to provide better conditions for business ideas and the development of profitability.

3. Acquisitions

Growth through acquisitions is an important part of business and organisational development, and necessary to achieve AddLife's financial goals when it comes to long-term profit growth. We are always looking for new Life Science companies that can strengthen our existing operations or contribute new product or market segments where there are opportunities to capture leading niche positions.

AddLife acquires companies in order to retain and develop them over the long term. The new companies bring a presence in new market segments, complementary suppliers and skilled employees with a strong sense of entrepreneurship. Over the years, AddLife has acquired and integrated numerous companies and from this experience, a clear and successful process for integrating and developing the acquired companies has emerged.

Our financial targets

AddLife's Board of Directors has adopted the following financial targets and dividend policy:

Financial targets		Target achievement 2015/2016
Profit growth **15%**	Over the long term, EBITA should amount to 15 percent annually.	Profit growth was 22 percent, calculated excluding listing costs.
Profitability **45%**	Profitability should exceed 45 percent, measured as the ratio between EBITA and working capital (P/WC).	Profitability was 69 percent excluding listing costs.
Dividend policy **30–50%**	AddLife's target is a dividend corresponding to 30–50 percent of profit after tax. In determining the dividend, investment needs and other factors considered relevant by the Board are taken into account.	The Board of Directors has decided to propose that no dividend be paid for the financial year.

Combined, the profitability and growth targets should contribute to strong cash flow, enabling self-funded long-term profitable growth.

The foundation for long-term success

AddLife brings added value to customers with healthcare, laboratory and research operations. Our independence, niche subsidiaries with leading-edge expertise, and broad supplier base responds well to market demand. Our assessment of AddLife's foremost competitive advantages is presented below.

Well positioned

AddLife is well positioned to benefit from growth in the Life Science market. We are, for example, the Nordic market leader in several niche areas of diagnostics, biomedical research and laboratory analysis, as well as in medical technology. We believe we have good opportunities for continued growth and increased market share in our target niche areas. Since 2012/2013, we have increased our net sales by 18 percent annually, of which approximately 6 percent has been organically.

Leading independent player

We are a leading independent Life Science player in the Nordic countries. Consequently, we are able to represent a number of different suppliers and thus offer products and solutions better tailored to customers' specific needs. Thanks to our presence in all of the Nordic markets, we are also able to offer a pan-Nordic sales and service organisation.

Attractive business model

AddLife has an attractive, transparent business and contractual model with a high proportion of recurring income. Thanks to this, we have a good overview of future income in the short and medium term.

Long-term relationships

With our successful history in Life Science, we have developed long-term partnerships with leading suppliers to the market. A good example is the partnership with Radiometer, a leading manufacturer of products for blood gas analysis, which stretches back to the 1930s. Such long and close relationships mean that AddLife has developed an in-depth awareness of our suppliers' products, strengthening our shared offering to customers.

Decentralised organisation

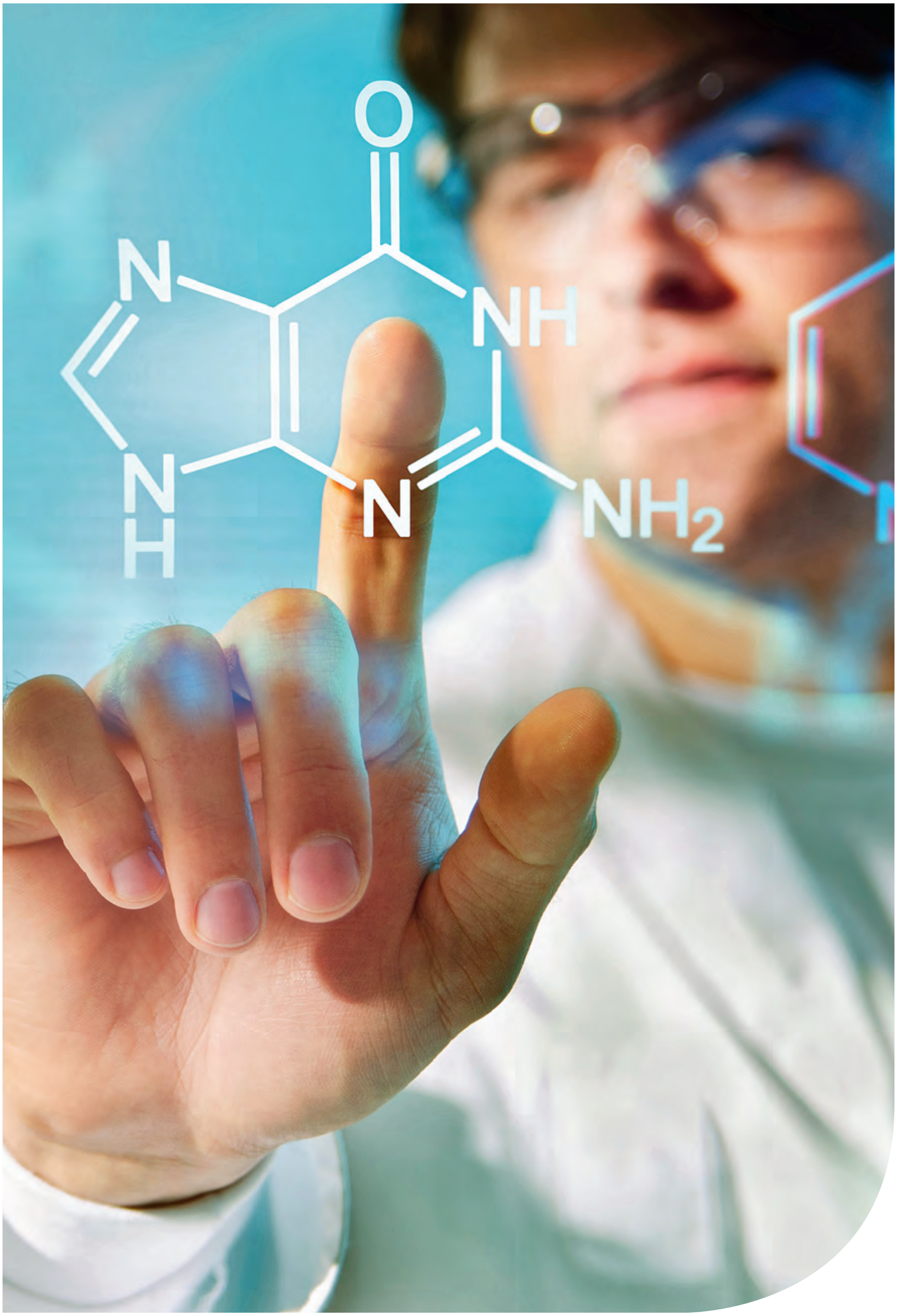
AddLife's 24 operating subsidiaries have a well-established and common corporate culture – but with great freedom. This has contributed to entrepreneurial business acumen combined with individual responsibility. The decentralised organisation and entrepreneurial culture is a key competitive advantage improving our capacity to recruit and retain competent employees. It is also an advantage when we acquire an entrepreneurial company where the founder seeks to continue heading its operations, but also perceives business opportunities in being part of a larger context.

Successful history

In addition to growing organically, AddLife has a long history of growing through acquisitions. We have an established process for identifying and implementing successful acquisitions in pre-established product offerings and strategic acquisitions of complementary businesses with market-leading niche positions in Life Science. Since 2010, AddLife has completed five additional acquisitions of companies whose combined sales, calculated on annual income at the time of acquisition, amounts to approximately SEK 280 million. In addition, during the financial year, we also completed strategic acquisitions of complementary operations for approximately SEK 650 million.

Clear focus

We have a clear focus on earnings growth and cash flow generation and this permeates AddLife's model for the financial control of our subsidiaries and is reflected in our financial targets. Over the past 11 years, we have increased EBITA from about SEK 28 million to about SEK 145 million, corresponding to profit growth of 15 percent annually. AddLife's business model and focus on the P/WC (operating profit/working capital) profitability measure entails relatively little capital being tied up, which, combined with profit growth, contributes to good cash flow generation.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A growing market in the Nordic countries

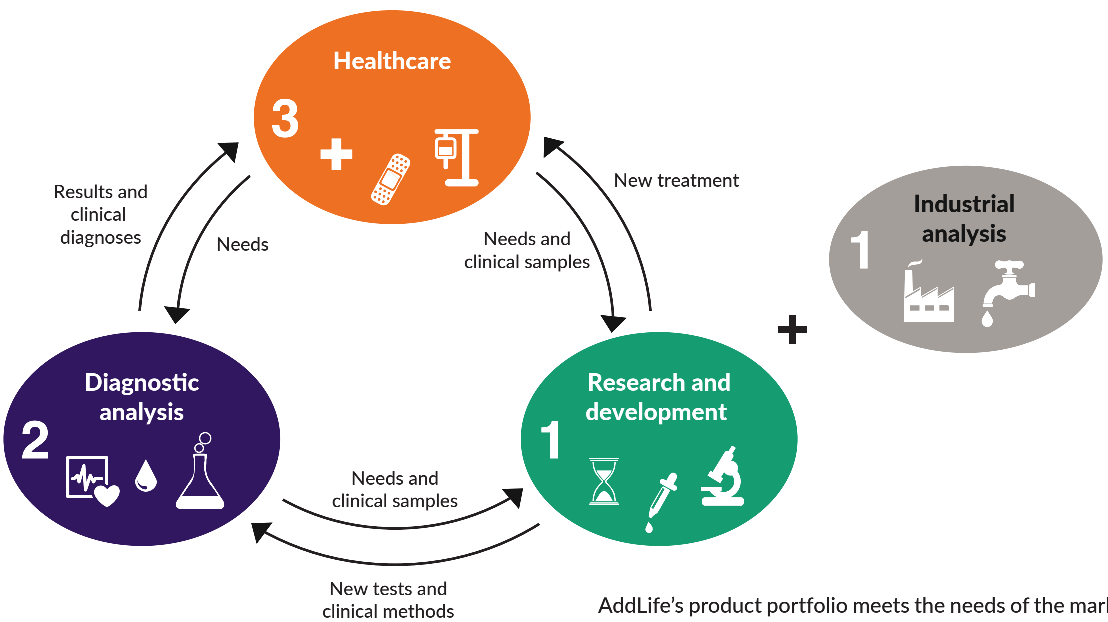
The Nordic Life Science market in which AddLife operates is significant and was estimated to amount to about SEK 42 billion in 2014. Sweden is the largest market in the Nordic region with approximately 38 percent, followed by Denmark, Norway and Finland, which accounted for approximately 29 percent, 19 percent and 14 percent respectively. Over the period 2010–2014, the Nordic Life Science market has grown by an average of 4 percent annually.[1)]

The Life Science market consists of several segments, but AddLife has chosen to work in two of these: Labtech and Medtech. Labtech includes products and services in the field of diagnostics, biomedical research and laboratory analysis. Medtech includes products and services in medical technology. AddLife operates in selected niches in both market segments.

The Life Science market ecosystem

The Life Science market works as an ecosystem, where the different market areas affect each other and depend on each other to develop. AddLife's product portfolio meets the needs of the market as shown in the overview image below.

ECOSYSTEM OF THE LIFE SCIENCE MARKET



AddLife's product portfolio meets the needs of the market

1. AddLife's products cover needs in research, development and industrial analysis
2. AddLife's diagnostics portfolio facilitates diagnostic analysis of patient samples
3. AddLife's medical technology portfolio is used in care and treatment

1) Source: ADL Market Report

Customers throughout the Nordic region

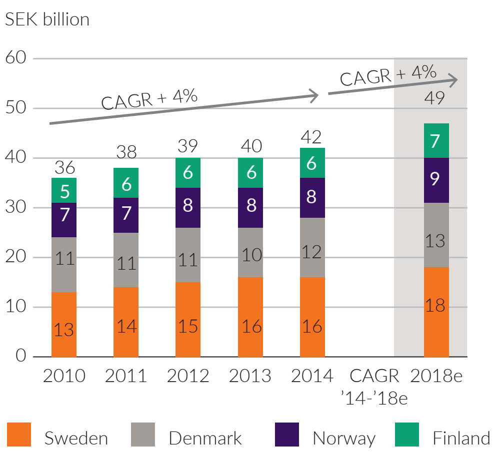
As a company, AddLife has no customer relationships of its own – instead, all customer contacts and business relationships with customers occur through our 24 operating subsidiaries. Our Life Science customers are to be found in both the private and public sectors: particularly hospitals, healthcare laboratories, research institutions, universities and the pharmaceutical and food industries in the Nordic region. The vast majority are in the public sector. Examples of customers are:

- AstraZeneca
- Eurofins Sahlgrenska Hospital
- Helsinki University Hospital
- Karolinska Hospital
- Novo nordisk
- Rikshospitalet Hospital in Oslo

Continued growth

The Life Science market is expected to grow over the coming years, as the population of the Nordic region grows. Growth, estimated at close to a million people every five years until 2040, will result in an increased need for healthcare. The number of individuals aged 65 or older has increased by 27 percent since 2002 and continued growth of nearly 1.7 percent annually is expected in the segment.[1)] An ageing population creates additional demand for health services and medical care products. The market is also growing through technological development, involving new applications for the treatment of diseases.

THE SIZE OF THE NORDIC LIFE SCIENCE MARKET AND TRENDS BY COUNTRY[1)]



1) Source: ADL Market Report

Close partnerships with leading suppliers

AddLife works with several strategic suppliers. Our ambition is to maintain close partnerships with leading global suppliers in our niche areas in all of the Nordic countries. Over the years, we have developed long-term relationships and partnerships that made it possible for AddLife to establish leading market positions in certain market niches. As an independent player, we can offer customised solutions which can combine products from several of AddLife's more than 800 suppliers.

Market leader in select niches

The Life Science market in the Nordic region is large and relatively fragmented, and overall AddLife holds small market shares. We operate in a variety of attractive niches in different product segments and have established stable and growing sales in these. Today, we are, for example, a leading supplier in a number of specific niche areas of diagnostics, medical technology, biomedical research and laboratory analysis.

Market players and competitors

The Nordic Life Science market includes a number of large, international players, as well as smaller companies. The major players generally offer products under their own brands and manage everything from manufacturing to distribution through proprietary sales offices worldwide. Generally, the smaller companies also offer their own products, but often focus on a specific product, product segment or geographic market.

In addition to these players, there are independent suppliers, such as AddLife, who can provide customers with products from different operators, thus providing packaged custom solutions. The independent suppliers also provide a sales channel for other players lacking a sales organisation in the Nordic region.

Labtech

AddLife's Labtech business area has 14 operating companies in diagnostics, biomedical research and laboratory analysis. It offers instruments and equipment in particular, combined with reagents for diagnosing diseases or conducting research. In the 2015/2016 financial year, the business area achieved sales of SEK 1,070 million.

Labtech is our largest business area, accounting for 68 percent of AddLife's net sales for 2015/2016. Customers are primarily medical and research laboratories and researchers at universities/colleges, and in the pharmaceutical and food industries.

Labtech's offering

The Labtech business area offers products and solutions in the form of analytical instruments, microscopes, consumables and reagents, as well as applications and technical service. Training and advisory services are also offered in various areas to safeguard customers' skills development and to maximise the users' benefit of the products we provide.

Our 14 operating companies in Labtech operate mainly in the areas of microbiology, clinical chemistry, coagulation, molecular biology, research, immunology, patient care analyses, veterinary diagnostics and in the food industry.

A growing Nordic market

The Nordic Labtech market amounted to about SEK 18 million in 2014. Between 2010 and 2014, this market has grown by an average 4 percent annually and is expected to grow by 4 percent annually until 2018 (Source: ADL Market Report).

Diagnostics market

The diagnostics market is segmented and comprises several different product segments, with the largest segments being, clinical chemistry and immunology. Products consist primarily of analytical instruments and reagents: including blood gas analyses– and coagulation analysis instruments and various active reagents used in the analyses. Approximately 90 percent of sales are to customers in the publicly funded healthcare laboratories and are therefore subject to public procurement.

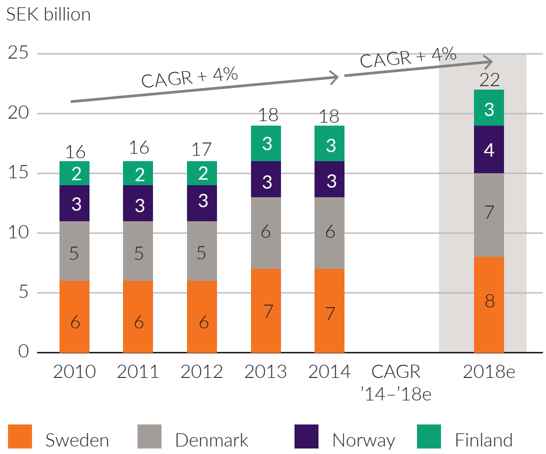
In 2014, the diagnostics market in the Nordic region amounted to about SEK 7 billion and between 2010 and 2014 it grew by an average 5 percent annually. The market is expected to grow by 6 percent annually from 2015 to 2018. Among other things, growth in the diagnostics market is driven by new applications made possible by technological progress and an improved understanding of the link between genetics and pathology.

The market for biomedical research and laboratory analysis

The market for biomedical research and laboratory analysis is segmented and consists of several product segments, of which laboratory instruments and equipment are the largest. The market includes all of the products used in a research laboratory: such as analytical instruments, microscopes, reagents, laboratory furniture and supplies. Customers are primarily research laboratories or researchers at universities or in the pharmaceutical and food industries. Approximately 70 percent of sales are subject to public procurement.

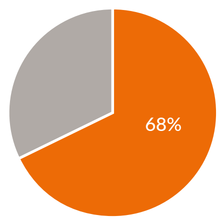
The market for products in biomedical research and laboratory analysis in the Nordic region amounted to SEK 11 billion in 2014. Between 2010 and 2014 the market grew by an average 3 percent annually and is expected to continue growing by 3 percent annually until 2018. Research at universities and colleges accounts for a large part of the market and growth is driven largely by the availability of research grants.

MARKET SIZE AND DEVELOPMENT IN THE NORDIC LABTECH MARKET, BY COUNTRY



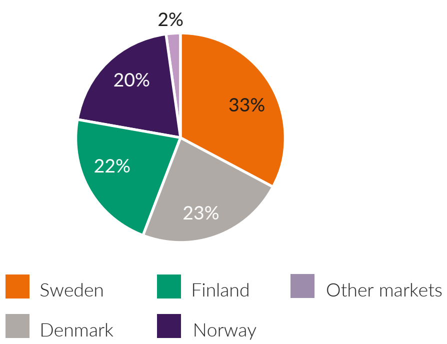
Source: ADL Market Report

LABTECH'S PROPORTION OF ADDLIFE'S NET SALES IN 2015/2016

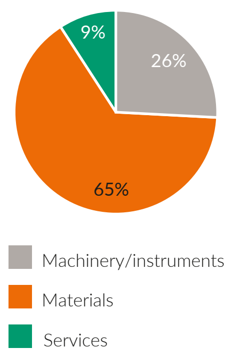


Labtech business area	2015/2016	2014/2015	Change %
Net sales, SEK million	1,070	1,032	4
EBITA, SEK million	117	117	0
EBITA margin, %	10.9	11.3	

NET SALES BY COUNTRY



NET SALES BY REVENUE TYPE



AddLife's companies within Labtech

BergmanLabora
Sales of laboratory equipment and services for research, industry, universities and colleges
Geographic market: Sweden
Product segments: Analytical instruments and apparatus, and microscopy
Number of employees: 27

BioNordika
Sales of laboratory equipment and reagents, mainly for research
Geographic market: Sweden, Denmark, Norway, Finland, Estonia
Product segments: Cellular and molecular biology, immunology for academic research and the pharmaceutical industry, and laboratory equipment
Number of employees: 44

Holm & Halby
Sales of laboratory equipment and services
Geographic market: Denmark
Product segments: Wide range of basic products for laboratories
Number of employees: 43

Immuno Diagnostic
Sales of instruments and reagents to customers in public healthcare and academic research
Geographic market: Finland, Estonia
Product segments: Immunology, clinical chemistry and microbiology
Number of employees: 26

LabRobot Products
Production and sale of equipment for microbiological analysis for laboratories
Geographic market: Primarily Northern Europe and Canada
Product segments: Laboratories in the food industry
Number of employees: 7

Triolab
Sales of diagnostic instruments and reagents to customers primarily in public healthcare
Geographic market: Sweden, Denmark, Finland, Norway, Estonia
Product segments: Blood gas, clinical chemistry, micro and molecular biology, immunology, veterinary products. Customers in public and private healthcare and the pharmaceuticals industry
Number of employees: 128

Medtech

The Medtech business area has ten operating companies that offer medical equipment, consumables, instruments and devices. Customers are mainly hospitals and other units that perform operations and home healthcare. In the 2015/2016 financial year, the business area achieved sales of SEK 492 million.

Medtech accounted for 32 percent of AddLife's net sales in 2015/2016. Slightly more than 90 percent of sales occur through public procurement for hospitals in the Nordic region. To be a competitive supplier, Medtech provides a broader product portfolio because our customers have grown through consolidation, which has, in turn, also increased the scope of bid requests.

Medtech's offering

Of Medtech's ten operating companies, nine are included within the subsidiary group Mediplast. The companies are active in the market segments surgery, thoracic/neurosurgery, dressings, anaesthesia, ICU, ear, nose and throat, and ostomy products in home healthcare. Products have been developed both under proprietary brands (approximately 20 percent) and by other well-known suppliers (about 80 percent). The wide range contains both simple, disposable dressing items, as well as advanced products for thoracic surgery, including artificial hearts. Other examples of products include protective clothing for surgical staff, catheters, syringes, heart valves, oxygen masks and ostomy products.

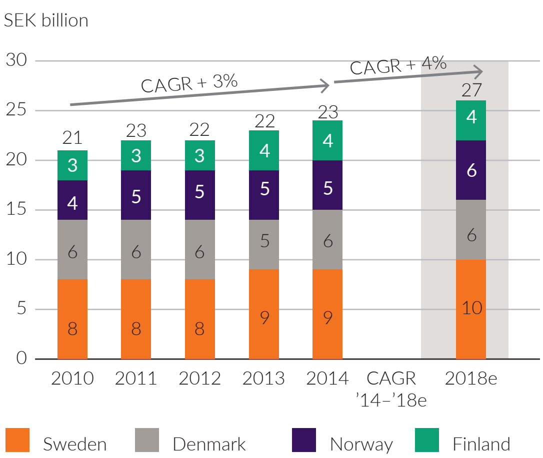
Market leader in certain niches

Within medical technology, Medtech holds a leading position in terms of specific consumables for healthcare. These are products that are used in high volumes in outpatient and inpatient care. Niche areas in which the business area holds a strong market position include disposable products for ear, nose and throat examinations. In Sweden and Denmark, Medtech also holds a strong position in suction catheters used in surgery and other clinical procedures.

Favourable prospects

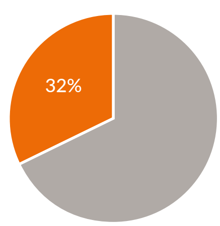
The Medtech market in the Nordic countries amounted to approximately SEK 23 billion in 2014, making it one of the largest in the world per capita. Between 2010 and 2014, this market grew by an average of 3 percent annually and it is expected to grow by 4 percent annually until 2018[1].

MARKET SIZE AND DEVELOPMENT IN THE NORDIC MEDTECH MARKET, BY COUNTRY



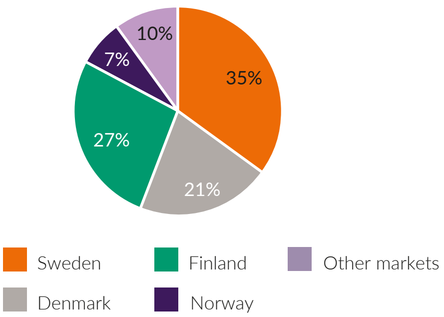
Source: ADL Market Report

MEDTECH'S SHARE OF ADDLIFE'S NET SALES 2015/2016

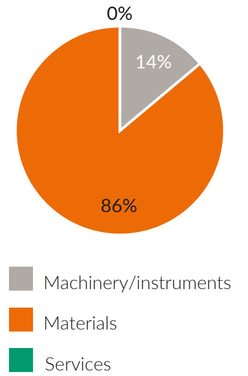


1) Source: ADL Market Report

NET SALES BY COUNTRY



NET SALES BY REVENUE TYPE



Medtech business area	2015/2016	2014/2015	Change %
Net sales, SEK million	492	25	1,878
EBITA, SEK million	32	4	730
EBITA margin, %	6.6	15.7	

AddLife's companies within Medtech

Active Care Sverup

Sale of inhalation products for the inhalation of pharmaceuticals for pulmonary and respiratory diseases
Geographic market: Sweden
Product segments: Inhalation products
Number of employees: 6

Fenno Medical

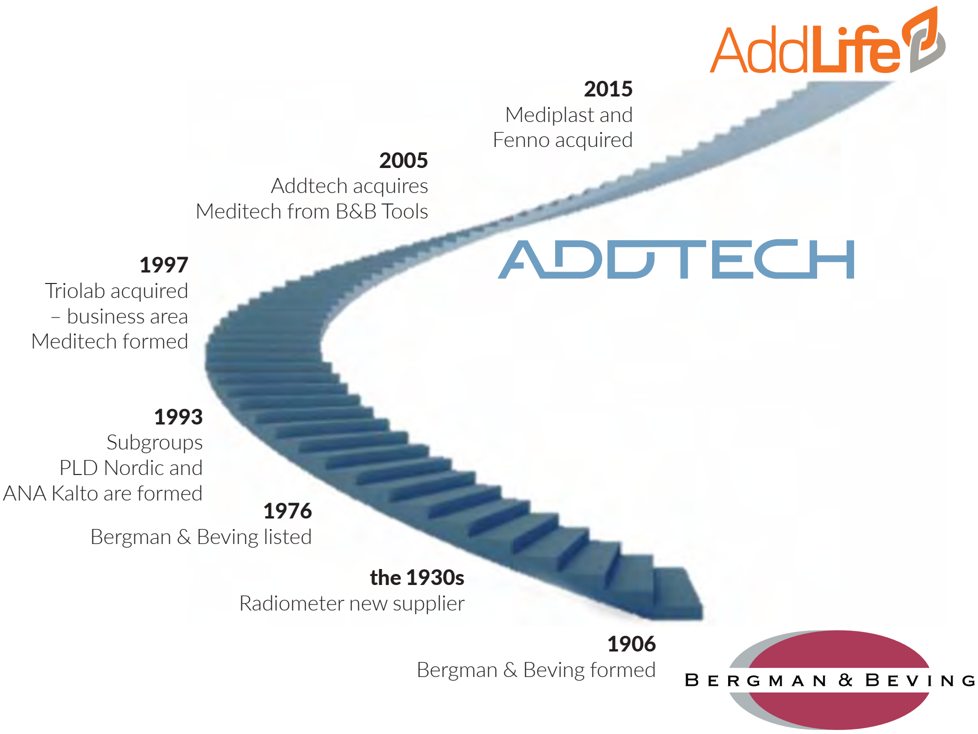
Sales of medtech equipment and consumables
Geographic market: Finland
Product segments: Primary care – wound care, skin care and hygiene treatment, incontinence. Specialised medical care – surgery, urology. Customers in public healthcare
Number of employees: 30

Mediplast

Sales of medtech equipment and consumables
Geographic market: Mainly the Nordic countries and the Netherlands
Product segments: Surgery, thoracic/neuro, dressings, anaesthesia, ear, nose and throat and ostomy
Number of employees: 111

A 100-year success story

AddLife was formed in June 2015 and represents the incorporation of the former Life Science business area within the Addtech Group. AddLife's business is therefore based on a proven business model. The legacy from Addtech – and Bergman & Beving before that – means that AddLife builds on a successful history stretching back 100 years.



The 1930s. The step into Life Science
In 1906, technology trading company Bergman & Beving was founded with the business concept of focusing on imports of technological products for the rapidly growing industrial sector in Sweden. In the late 1930s, the company signed an agreement with Radiometer of Denmark and this became the first step into the Life Science area of operations.

The 1990s. Life Science becomes a business area
In the early 1990s, Bergman & Beving included several companies providing laboratory and process equipment, as well as dental products with medical plastics. In 1997, Triolab was acquired and in connection with the acquisition, the operations were streamlined to form the Lab and Diagnostics market areas. In 1997, Meditech was also formed, one of four divisions within Bergman & Beving.

The 2000s. Addtech establishes the Life Science business area
In 2005, Addtech acquired parts of the MediTech business area from B&B Tools (formerly Bergman & Beving) and formed the Life Science business area.

2015. AddLife is formed
In July 2015, Addtech's Life Science business area acquired the medical technology company Mediplast, which in turn acquired the Finnish company Fenno Medical. In connection with the acquisitions, Addtech's Board decided to commence efforts to prepare a separate listing of Life Science under the name AddLife on the Nasdaq Stockholm exchange through the distribution of Addtech's shares in AddLife to the shareholders of Addtech. On 16 March 2016, AddLife's shares were listed on the Nasdaq Stockholm exchange, on the Nordic Mid Cap list.

Dedicated, highly skilled employees

AddLife's employees have broad experience and in-depth expertise. This is necessary if we are to be a leading market player able to offer a broad product range of high-quality equipment and knowledge-intensive services. Accordingly, AddLife works long-term on several levels to ensure that employees are afforded favourable opportunities for personal development.

AddLife's various areas of operations require different skills and experience. Our product specialists (salespeople) usually have biomedical training or education in nursing. Application specialists typically have longer and more in-depth training in biomedicine, holding a doctorate or master's degree, for example. AddLife's service technicians have a technical background and are usually engineers.

AddLife's soul

We have a well-established corporate culture and shared values that serve as a compass for our employees. Our corporate philosophy – which we call our SOUL – describes how we should relate to our tasks, customers, partners, employees and the environment. Thanks to our SOUL, all Group employees share a common approach, in which business skills and freedom with responsibility are fundamental.

AddLife Academy for all employees

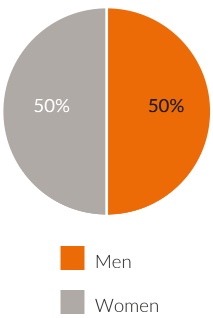
We run our own business school – AddLife Academy – to develop our employees, build a common set of values and to safeguard the supply of managers. All of our employees participate in the business school. It is an important platform for raising the level of professionalism – especially when it comes to business acumen. It is important that our salespeople receive thorough training in business skills to be able to combine them with their in-depth expertise in their specific product areas.

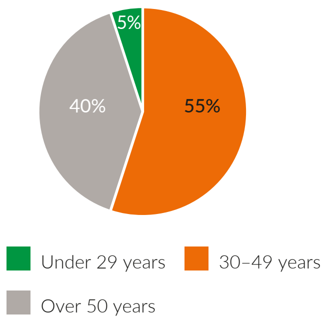
In connection with the acquisition of new companies and the hiring of new employees, training is provided in AddLife's "Vision and corporate philosophy." AddLife Academy also holds courses on sales, procurement, management and tailor-made courses in marketing and finance.

Facts: AddLife's employees

	2015/2016	2014/2015	2013/2014	2012/2013
Average number of employees	370	284	276	259
– proportion of men	50%	56%	58%	61%
– proportion of women	50%	44%	42%	39%
Age distribution				
– up to 29 years	5%	5%	4%	4%
– 30–49 years	55%	54%	57%	59%
– 50 years and older	40%	41%	39%	37%

2015/2016





Long-term approach and sound development

Issues related to environmental, social and ethical responsibility are important to AddLife. Our Code of Conduct addresses the relationship with employees, customers, suppliers, the community and the environment. The President of each subsidiary is responsible for ongoing efforts in accordance with the Code.

The purpose of AddLife's sustainability initiatives are:

- to result in continuous, sustainable and profitable development of the subsidiaries
- to contribute to the sustainable development of the society
- to make the company more attractive as a business partner for customers and as an employer for current and future employees

Active environmental work

AddLife's subsidiaries engage mainly in trade and the operations have only a limited direct impact on the environment. Within the Group, we pursue active environmental efforts to reduce the overall environmental impact. Ten of the 24 operating subsidiaries are certified in accordance with ISO 9001 or equivalent. The Swedish subsidiaries are connected to the REPA register and the equivalent applies to our subsidiaries in other countries. This means that we have producer responsibility for taking care of our waste in an environmentally safe manner, even after the products have been used.

We also make continuous efforts on improvement measures in other areas that we can affect, for example, about 80 percent of the electricity used in the Group derives from renewable sources.

Code of Conduct

AddLife's operations shall be conducted with a long-term approach and sound development. In addition to commercial financial requirements, targets and guidelines, we have high standards of integrity and ethics. Accordingly, it is important that we always act professionally, honestly and in an ethically correct manner. We support the UN Global Compact, the ILO's core conventions and the OECD Guidelines for Multinational Enterprises, and our Code of Conduct builds on these principles.

The Code of Conduct applies both to our own operations and to our relations with our suppliers. AddLife's long-term objective is for all suppliers to our subsidiaries to behave in accordance with the Code of Conduct.

- **Working conditions**. AddLife strives to be a respected and attractive employer that provides for its employees' personal development.
- **Working environment**. We strive to continuously improve health and safety at work and to offer our employees a safe working environment.
- **Salaries and work**. Our employees' terms of employment should at least meet the minimum requirements of national legislation or be in accordance with the relevant standards where we operate.
- **Equality**. We strive for AddLife's employees to be afforded equal opportunities for development, training, compensation, job content and terms of employment – regardless of gender.
- **Discrimination**. We seek a non-discriminatory corporate culture, based on responsibility and respect.
- **Forced labour**. We do not accept forced labour, involuntary or uncompensated labour in any form.
- **Child labour**. The guidelines for all of our activities are: UN Convention on the Rights of the Child – the ILO Convention on Minimum Age for Admission to Employment – the Convention on the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour.
- **Disciplinary measures**. No employee may under any circumstances be subjected to corporal punishment or other forms of physical, sexual or psychological punishment, harassment or coercion.
- **Freedom of association and the right to collective bargaining**. Our employees shall be free to exercise their legal right to be a member of, organise or work for organisations that represent their interests as employees.
- **Political involvement**. We observe neutrality towards political parties and candidates.
- **Community relations**. Each Group subsidiary strives to have a positive social impact in the communities in which they operate.
- **Environmental policy**. Our environmental policy expresses our will to contribute to sustainable development and a better environment through active efforts to continuously reduce the Group's environmental impact.
- **Anti-corruption**. We do not accept corruption, bribery or unfair competitive practices.
- **Communication**. We maintain an open attitude in our dialogue with those affected by the Group's operations.

(For the complete version of AddLife's Code of Conduct, see www.add.life)

Shares

AddLife was listed on Nastaq Stockholm, Nordic Mid Cap list, on 16 March 2016. AddLife's market capitalisation on 31 March was SEK 2,040 million.

Market performance of the shares and turnover

The highest price paid during the year was SEK 142.00 and was quoted on 16 March 2016. The lowest was SEK 104.00 on 29 March 2016. The final price paid before the end of the financial year was SEK 108.00. The prices paid for the year 2015/2016 are not recalculated after the rights issue which was carried out in May 2016.

During the period 16 March 2016 – 31 March 2016, 1.0 million shares were traded with an aggregate value of approximately SEK 114.9 million. Broken down by trading day, an average of 91,636 AddLife shares were traded at an average value of about SEK 10.4 million.

Share capital

The share capital in AddLife AB amounts to SEK 40,116,762 on 31 March 2016. The number of shares in the company amounted to 19,693,675, of which 809,413 are Class A shares and 18,884,262 are Class B shares. The quotient value is SEK 2.037. Each Class A share entitles its holder to 10 votes, each Class B share one vote. All shares give the same right to dividends. Only the Class B shares are listed on Nasdaq Stockholm.

The total number of shares in AddLife AB has during the months April and May, due to the registration by the Swedish Companies Registration Office of the shares that were subscribed for in the rights issue, increased by 202,353 shares of class A and 4,721,065 shares of class B, in total 4,866,589 shares.

The total number of shares in AddLife after the rights issue amounts to 24,617,093 shares, of which 1,011,766 are of shares of class A and 23,605,327 are shares of class B.

Dividend policy

The Board of Directors of AddLife have the goal of proposing a dividend corresponding to 30-50 per cent of profit after tax. When determining the dividend, the Company's Board will consider investment needs and other factors that it considers to be relevant.

Proposal to the Annual General Meeting on 1 September 2016

The Annual General Meeting will be held in Stockholm at 16:00 on Thursday 1 September 2016.

AddLife's dividend policy is to pay a dividend corresponding to 30–50 percent of average Group profit after tax over a business cycle. The Board proposes that the Company's earnings shall be carried forward and that no dividend shall be paid for the financial year.

The Board has decided to propose that the Annual General Meeting approves an incentive programme aimed at senior executives.

Furthermore, the Board has decided to propose that the Annual General Meeting gives mandate to repurchase own shares corresponded to no more than 10 percent of all shares in the company.

Before the rights issue

Share class	Number of shares	Number of votes	Proportion capital, %	Proportion votes, %
A	809,413	8,094,130	4.1	30.0
B	18,884,262	18,884,262	95.9	70.0
Total	**19,693,675**	**26,978,392**	**100.0**	**100.0**

After the rights issue

Share class	Number of shares	Number of votes	Proportion capital, %	Proportion votes, %
A	1,011,766	10,117,660,	4.1	30.0
B	23,605,327	23,605,327	95.9	70.0
Total	**24,617,093**	**33,722,987**	**100.0**	**100.0**

Key indicators

Key indicators	2015/2016
Earnings per share, SEK	4.15
Equity per share, SEK	17.6
Price/earnings ratio	26.0
Highest price paid during the financial year, SEK	142.00
Lowest price paid during the financial year, SEK	104.00
Last price paid, SEK	108.00
Market capitalisation, SEKm	2,040
Average number of shares outstanding, '000	18,749
Number of shares outstanding at year-end, '000	19,694
Number of shareholders at year-end	4,079

Largest shareholders in AddLife 2016-03-31

			Proportion of	
Shareholder	**Class A shares**	**Class B shares**	**capital, %**	**votes, %**
Börjesson, Anders (family)	372,690	34,510	2.1	13.9
Hedelius, Tom	361,440	4,050	1.9	13.4
Roosgruppen AB	0	2,862,693	14.5	10.6
Lannebo Fonder	0	2,079,297	10.6	7.7
Seb Fonder	0	1,884,044	9.6	7.0
Swedbank Fonder	0	1,251,441	6.4	4.6
Amf Pensionsförsäkring AB	0	600,000	3.1	2.2
Livförsäkringsbolaget Skandia Öms	0	530,945	2.7	2.0
Säve, Per	15,000	310,000	1.7	1.7
Sandrew Aktiebolag	0	450,000	2.3	1.7
SSB and Trust, Boston	0	440,352	2.2	1.6
Verdipapirfond Odin Sverige	0	420,362	2.1	1.6
State Street Bank and Trust Client	0	405,557	2.1	1.5
Handelsbanken Fonder AB RE JPMEL	0	380,075	1.9	1.4
Didner & Gerge Småbolag	0	377,963	1.9	1.4
Total 15 largest shareholders	**749,130**	**12,031,289**	**64.9**	**72.3**

Size classes

Number of shares	% of share capital	Number of shareholders	% of share-holders
1–500	1.9	3,183	78.0
501–1,000	1.4	372	9.1
1,001–5,000	3.7	356	8.7
5,001–10,000	2.0	54	1.3
10,001–15,000	1.0	15	0.4
15,001–100,000	12.1	61	1.5
100,001–	78.0	38	0.9

Holdings by category 2015/2016

	Number of shareholders	Share of equity, %
Swedish shareholders	3,840	78.5
Foreign shareholders	239	21.5
Total	**4,079**	**100.0**
Legal entities	498	79.9
Natural persons	3,581	20.1
Total	**4,079**	**100.0**

Quarterly data

Business areas

Net sales by business area	2015/2016				2014/2015			
Quarterly data, SEKm	**Q4**	**Q 3**	**Q 2**	**Q 1**	**Q 4**	**Q 3**	**Q 2**	**Q 1**
Labtech	288.1	302.8	218.4	260.6	278.4	295.1	209.9	248.5
Medtech	164.6	169.3	152.1	6.5	6.3	6.8	5.3	6.5
Parent Company and Group items	–	–	–	–	–	–	–	–
AddLife Group	**452.7**	**472.1**	**370.5**	**267.1**	**284.7**	**301.9**	**215.2**	**255.0**

EBITA by business area	2015/2016				2014/2015			
Quarterly data, SEKm	**Q4**	**Q 3**	**Q 2**	**Q 1**	**Q 4**	**Q 3**	**Q 2**	**Q 1**
Labtech	31.7	38.0	15.7	31.6	29.0	36.4	14.9	36.6
Medtech	12.2	11.6	8.0	0.6	1.2	0.8	0.9	1.0
Parent Company and Group items	–8.8	–7.5	1.4	0.7	–1.4	0.4	0.8	–1.0
EBITA	35.1	42.1	25.1	32.9	28.8	37.6	16.6	36.6
Depreciation intangible assets	–8.9	–8.5	–8.3	–3.2	–3.0	–3.0	–3.0	–2.9
Operating profit	26.2	33.6	16.8	29.7	25.8	34.6	13.6	33.7
Finance income and expenses	–2.1	–2.5	–1.0	–0.5	–0.6	–0.6	–0.6	–0.6
Profit after financial items	**24.1**	**31.1**	**15.8**	**29.2**	**25.2**	**34.0**	**13.0**	**33.1**

SEKm

Net sales by business area	2015/2016	2014/2015
Labtech	1,069.9	1,031.9
Medtech	492.5	24.9
Parent Company and Group items	–	–
AddLife Group	**1,562.4**	**1,056.8**

EBITA and EBITA-margin by business area and operating profit for the Group

	SEKm	%	SEKm	%
Labtech	117.0	10.9	116.9	11.3
Medtech	32.4	6.6	3.9	15.7
Parent Company and Group items	–14.2		–1.2	
EBITA	135.2	8.7	119.6	11.3
Depreciation intangible assets	–28.9		–11.9	
Operating profit	106.3	6.8	107.7	10.2
Finance income and expenses	–6.1		–2.4	
Profit after financial items	**100.2**		**105.3**	

Multi-year review

SEKm, if nothing else is specified	2015/2016	2014/2015[1]	2013/2014[1]	2012/2013[1]
Net sales	1,562.4	1,056.8	983.5	906.5
Operating profit	106.3	107.7	103.9	98.6
Finance income and costs	–6.1	–2.4	–1.5	–1.0
Profit after financial items	100.2	105.3	102.4	97.6
Profit for the year	77.8	80.4	78.3	74.4
Intangible non-current assets	734.9	192.5	202.3	211.4
Property, plant and equipment	59.4	31.0	26.1	27.1
Non-current financial assets	10.6	8.7	87.0	67.8
Inventories	212.9	83.3	80.9	70.2
Current receivables	247.7	245.3	140.1	121.0
Cash and cash equivalents	11.6	82.5	76.8	111.4
Total assets	**1,277.1**	**643.3**	**613.2**	**608.9**
Shareholders' equity	346.6	263.3	270.8	292.3
Non-controlling interests	–	0.3	0.8	1.0
Interest-bearing liabilities and provisions	549.4	101.2	90.2	84.7
Non-interest-bearing liabilities and provisions	381.1	278.8	251.4	230.9
Total shareholders' equity and liabilities	**1,277.1**	**643.3**	**613.2**	**608.9**
EBITA	135.2	119.6	115.6	109.6
EBITA margin, %	8.7	11.3	11.8	12.1
Profit growth EBITA,%	12.9	3.5	5.5	15.8
Capital employed	896.0	364.5	361.8	378.0
Working capital, annual averages	211.1	127.4	118.6	106.3
Interest-bearing net debt	537.9	18.7	13.4	–27.5
Operating margin, %	6.8	10.2	10.6	10.9
Profit margin, %	6.4	9.9	10.4	10.8
Return on equity, %	25.5	30.1	27.7	25.0
Return on capital employed, %	13.9	28.0	28.4	27.3
Return on working capital (P/WC), %	64.0	94.0	97.5	103.1
Equity ratio, %	27.1	40.9	44.3	48.2
Debt/equity ratio, multiple	1.6	0.4	0.3	,0.3
Net debt/equity ratio, multiple	1.6	0.1	0.0	–0.1
Interest coverage ratio, multiple	16.0	35.0	40.4	32.5
Financial net liabilities/EBITDA, multiple	3.6	0.1	0.1	–0.2
Earnings per share (EPS), SEK	4.15	5.06	4.90	4.64
Cash flow per share, SEK	6.27	7.58	5.70	7.46
Equity per share, SEK	17.60	16.55	16.98	18.39
Average number of shares, '000	18,749	15,892	15,892	15,892
Market price of share at 31 March, SEK	108.0	–	–	–
Cash flow from operating activities	117.7	120.4	91.6	118.6
Cash flow from investing activities	–272.1	–15.2	–12.3	–20.4
Cash flow from financing activities	86.7	–100.5	–116.1	–75.7
Cash flow for the year	–67.7	4.7	–36.8	22.5
Average number of employees	370	284	276	259
Number of employees at year-end	420	286	280	273

1) Comparative years have been prepared as combined financial statements, see Note 2 (Group accounting) and Note 36.

Contents

Management report

1 April 2015 – 31 March 2016

The Board of Directors and CEO of AddLife AB (publ), corporate identity number 556995-8126, hereby present the annual report for the 2015/2016 financial year.

Operations

AddLife is an independent player in the Life Sciences, providing high-quality products, services and advice to both the private and public sectors, mainly in the Nordic countries. The Group is a "spin-off" of the Life Science business area of Addtech AB, and is divided into two business areas; Labtech and Medtech. The Group comprises 24 operating subsidiaries, providing equipment, instruments, reagents and tools, advice and technical support to customers primarily in the areas of healthcare, research, academia and the pharmaceutical and food industries. The Company operates in the Nordic countries and is also represented by smaller businesses in the European market, in Germany, the Benelux countries, Estonia and Italy. AddLife is the Nordic market leader in a number of specific niches in the market areas of diagnostics, biomedical research, laboratory analysis and medical technology.

Market development during the year

The Life Science market in the Nordic region has continued to grow thanks to increased demand from both the healthcare research areas. Technological development is rapid in several of our operations, with competent, new suppliers in different niches that broaden our offering to the market. Our model as an independent operator is an advantage in technology development, since it allows us to offer the latest technology from multiple vendors, thereby tailoring the offering to the customer's needs. In diagnostics, there is a clear trend from more traditional clinical chemical diagnostics to molecular and microbiological diagnostics. Our companies are active in the transformation and growth is strong in the newer research and diagnostics fields, such as Next-Generation Sequencing (NGS).

Quarterly development

First quarter

The business situation remained positive for the Group in the first quarter. In the market for diagnostic equipment and reagents for the Nordic healthcare sector, demand was good but there were negative effects of delayed deliveries. Demand for equipment and consumables for healthcare and research laboratories improved during the quarter.

Second quarter

On 1 July, the Group took over Mediplast AB and Fenno Medical Oy, bringing total annual sales of approximately SEK 650 million to the newly formed Medtech business area.

In the second quarter, the Group's business situation was, on the whole, favourable. In the Labtech segment, demand for diagnostic equipment and reagents for the Nordic healthcare sector was stable. Demand for equipment and consumables for healthcare and research laboratories continued to improve. In the Medtech segment, the integration of the newly acquired companies continued as planned. During the quarter, the newly acquired companies within Medtech had an unfavourable product mix in some segments, with the proportion of durable goods declining slightly and the proportion of proprietary products being relatively speaking lower. The second quarter is typically a seasonally weak quarter for both Labtech and Medtech.

Third quarter

Overall, the business situation in the third quarter was favourable and the companies had a very good market position in their respective niches. Overall, sales for the quarter rose by 56 percent, of which 4 percent was organic growth.

In Sweden, the willingness to invest is generally good in healthcare. At the same time, initiatives were undertaken by both private and public stakeholders in clinical research in Sweden, where our companies have strong offerings in selected niches. In the Öresund region, for example, initiatives are in progress to establish different "life science clusters." The Danish market also developed positively and the Danish pharmaceutical industry in particular invested in research and development. Conversely, the investment climate in Finland was weaker but, despite this, many of our Finnish companies continued to develop positively over the quarter. In Norway, the market was generally affected by cutbacks in oil and gas and the weakening of the Norwegian krone. In all of the Nordic countries, the trend is towards greater public procurements, meaning increased competition and pressured margins in certain product areas. In these product areas, we have opted out of certain transactions while being involved in others where we can still generate earnings growth through improved internal efficiency.

Fourth quarter
The year ended with a quarter in which the business situation remained favourable with underlying growth in the markets in which we operate and our companies have strong market positions in their respective niches. Overall, sales increased by 59 percent in the quarter, of which 6 percent was organic growth.

In Sweden, there is continued investment in clinical research, which is financed by public funds, as well as by private funds and foundations. The expansion of the Karolinska Institute, for example, and new initiatives on cancer research at Sahlgrenska Science Park offer the prospect of continued growth in demand for the solutions that our companies deliver. Hospitals' willingness to invest was also good and our companies were successful in several tenders, both in diagnostics and medical technology during the quarter. The Danish market was generally positive with good demand. The willingness to invest in new instruments was good and there was a high level of activity in the pharmaceutical and clinical research areas. In Finland, the business situation was somewhat weaker, although our companies' sales nonetheless developed positively. In the niches in which we operate, growth has been good, and the companies were successful in procurements and strengthened their margins over the year. Our companies perceive the Norwegian market as stable. Over the quarter, we succeeded in several procurements, mainly in diagnostics. In Norway, more long-term investments are being made in research at, for example, The Oslo cancer cluster and collaboration with Sahlgrenska Science Park, which will hopefully lead to new business opportunities for our operations.

Important events during the year

AddLife's financial year began with AddLife AB acquiring, in June 2016, 20 companies included in Addtech AB's Life Science segment from Addtech Nordic AB at reported values. Our newly formed Group subsequently carried out the major acquisitions of companies Mediplast AB and Fenno Medical Oy on 1 July 2015.

In the second quarter, a new board was appointed for AddLife AB. The Board of Directors is appointed by a Nomination Committee consisting of the five largest shareholders, directly in the Company and indirectly through shareholdings in Addtech AB. The Board consists of Fredrik Börjesson, Stefan Hedelius, Håkan Roos, Eva Nilsagård and Birgit Norinder and Johan Sjö as Chairman.

On 1 November 2015, a new management team was appointed for AddLife AB, consisting of Kristina Willgård as CEO, Artur Aira as Vice President and Martin Almgren as CFO.

During the year, AddLife performed a so-called "spin-off" of Addtech's Life Science business area and was listed as a separate company on the Nasdaq Stockholm exchange on 16 March 2016.

Acquisitions and divestments

AddLife continuously seeks companies to acquire and maintains discussions with several possible companies. During this financial year, two acquisitions have been carried out and control has been assumed of the relevant companies. This year's acquisitions have been made in the Medtech business area and represent significant progress in the field of medical technology.

There are primarily three reasons behind our acquisitions:

- The subsidiaries may make minor add-on acquisitions to strengthen their operations in their particular niches.
- The business areas can expand and build marketing and/or product positions in selected market segments.
- The business areas can add new segments in the areas where we see opportunities to secure market-leading positions.

During the year the following acquisitions were carried out:

- **Mediplast AB**. On 1 July 2015, all shares in Mediplast AB were acquired on behalf of the Medtech business area. Mediplast AB is the parent company of the Mediplast Group and is a leading Nordic supplier of medical equipment and supplies. The company is headquartered in Malmö and operates with its own sales companies in Sweden, Denmark, Finland, Norway and the Netherlands. Mediplast also has its own production facilities in Denmark, Finland and Italy. The company has a strong position in the Nordic countries and markets both its own products, as well as those of leading vendors in the areas of surgery, intensive care, thoracic/neurosurgery, ear, nose and throat, and ostomy care. Customers are found in both public and private healthcare. The Mediplast Group has a turnover of approximately SEK 465 million, an operating profit before amortisation of intangible assets (EBITA) of about SEK 45 million and 120 employees.

- **Fenno Medical OY**. On 1 July, AddLife acquired all shares in Fenno Medical Oy through Mediplast AB. Fenno Medical is a leader in medical technology in the Finnish market and markets a wide range of medical technology equipment and consumables from the world's leading suppliers. The company has 35 employees and sales of around EUR 20 million.
- On 8 February, the remaining minority interests in previously acquired companies were acquired.

The total purchase consideration for the acquisitions amounted to SEK 494 million.

The acquisitions have influenced the Group's net sales by SEK 468 million, EBITA by SEK 33 million, operating profit by SEK 17 million and profit for the year after tax by SEK 13 million. The acquisitions would have affected consolidated net sales by approximately SEK 643 million, EBITA by SEK 47 million, operating profit by approximately SEK 26 million and profit after tax by approximately SEK 19 million, if the acquisitions had been completed on 1 April 2015. The acquisitions have been carried out at an average EV/EBIT multiple of approximately 10. Overall, 155 employees joined AddLife through acquisitions over the year.

During the year, the following divestments were completed:

- **Skagshaw Invest AB**. On 11 December, the property company Skagshaw Invest AB was sold. The company has no employees and has only had turnover in the form of rental income from Group companies.

Financial development over the year

Net sales and profit

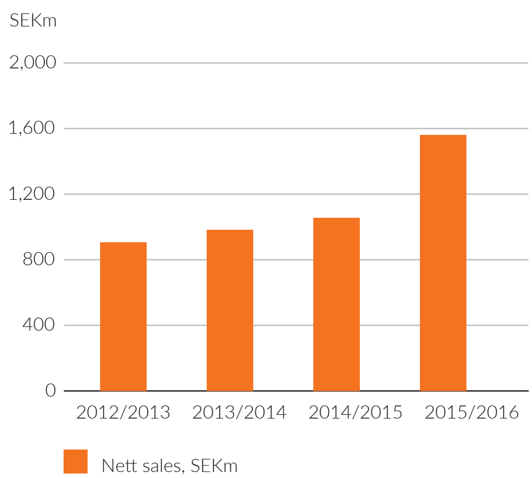
The AddLife Group's net sales for the financial year increased by 48 percent to SEK 1,562.4 million (1,056.8). Organic growth was 5 percent and acquired growth was 44 percent. Currency fluctuations affected net sales by 1 percent, or SEK 9.3 million, and operating profit was impacted negatively by 6 percent, equivalent to SEK 6.2 million.

EBITA increased by 13 percent over the year to SEK 135.2 million (119.6) and the EBITA margin was 8.7 percent (11.3). Listing costs during the year amounted to SEK 10.3 million. Adjusted EBITA, excluding listing costs, amounted to SEK 145.5 million, corresponding to an EBITA margin of 9.3 percent. The lower underlying EBITA margin compared with the previous year is mainly due to lower margins, generally in the Medtech business area, but also to margin pressure in the larger public tenders where we participated through Labtech.

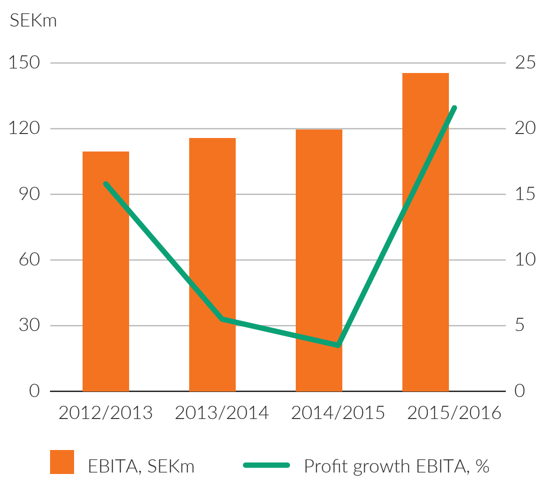
Net financial items amounted to an expense of SEK –6.1 million (–2.4), with the change being attributable to increased interest expenses related to the financing of the year's acquisitions. Profit after financial items decreased by 5 percent to SEK 100.2 million (105.3).

Profit after tax for the year decreased by 3 percent to SEK 77.8 million (80.4) and the effective tax rate was 22 percent (24). The lower tax was attributable to the tax-free capital gain on the disposal of property and lower tax rates in Denmark and Norway. Earnings per share for the year amounted to SEK 4.15 (5.06).

NET SALES



EBITA AND PROFIT GROWTH



Profitability, financial position and cash flow

The return on equity at the end of the period was 26 percent (30) and the return on capital employed was 14.1 percent (28.0). The equity ratio at year-end was 27 percent (41). Shareholders' equity per share, excluding non-controlling interests, amounted to SEK 17.60 (16.55).

The return on working capital, P/WC amounted to 64 percent (94). The change in the return on working capital between the years is attributable to Mediplast and Fenno Medical binding more capital in inventories compared to other companies within AddLife. The long-term target for the Group and all or its units is for P/WC of 45 percent. The P/WC profitability measure encourages high operating profit and a low level of tied-up capital, which, combined with the growth target of 15 percent, provides opportunities for profitable growth in the companies and the Group. Average working capital, which in the calculation of P/WC comprises inventories plus the of net accounts receivable and payable, amounted at year-end to SEK 211 million (127).

At the end of the financial year, the Group's interest-bearing net debt was SEK 537.9 million (18.7), including pension liabilities of SEK 63.3 million (73.1). The net debt ratio, calculated based on net debt including pension liabilities, amounted to 1.6 (0.1). The increase in net debt is due to the raising of loans to finance the acquisitions of Mediplast and Fenno in July 2015 and AddLife's acquisition in June 2015 of the 20 companies included in the Addtech Life Science segment from Addtech Nordic AB at reported values. All dealings with the Addtech Group were settled in connection with the listing of AddLife.

Cash and cash equivalents, consisting of cash and bank balances, together with granted but unutilised credit facilities, amounted to SEK 132.9 million as per 31 March 2016. The Group's available credit facilities amounted to SEK 611.6 million as per 31 March 2016.

Over the financial year, cash flow from operating activities amounted to SEK 117.7 million (120.4). The lower cash flow was attributable to the increase in tax paid. Acquisitions amounted to SEK 237.8 million, while company divestments amounted to SEK 6.4 million. Investments in fixed assets during the year amounted to SEK 41.9 million (16.4), with the increase mainly being related to investments in ERP systems acquired from Addtech. Divestments of fixed assets amounted to SEK 1.2 million (1.2). Over the financial year, dividends of SEK 294.9 million (80.0) were paid to the Addtech Group, of which SEK 280.1 million relates to payments for subsidiaries acquired from Addtech.

Business areas

During the financial year, AddLife's activities were organised into two business areas: Labtech and Medtech.

Labtech

Net sales for the financial year increased by 4 percent to SEK 1,069.9 million (1,031.9). Organic growth was 5 percent and exchange rate fluctuations impacted net sales negatively by 1 percent. EBITA amounted to SEK 117.0 million (116.9), corresponding to an EBITA margin of 10.9 percent (11.3).

The market for the Labtech business area is generally developing positively. Demand for diagnostic equipment and reagents from the Nordic healthcare sector was favourable in the fourth quarter, while demand for equipment and consumables for research laboratories was stable throughout the year. Despite a challenging market situation in Finland, our Finnish companies in the business area continued to performed very well throughout the year and improved their margins. Growth in the business area derives mainly from newer technologies in diagnostics and research. Our companies are active in the technological transformation and growth is strong in the newer research and diagnostics fields, such as Next-Generation Sequencing (NGS). In the more traditional technologies, price pressure has been tougher in the major procurements in which we have participated, although we have succeeded well and, over the year, more diagnostic instruments were sold than in the preceding year, initially reducing our margins on long-term contracts. Consequently, the overall EBITA margin declined slightly over the year.

Medtech

Over the financial year, net sales amounted to SEK 492.5 million (24.9) and EBITA amounted to SEK 32.4 million (3.9), corresponding to an EBITA margin of 6.6 percent (15.7).

The business situation in the Medtech business area stabilised in the fourth quarter, following a weaker autumn. In the Swedish market, demand has been good and several contracts were won in the quarter. In Finland, the market continues to be challenging, although demand for the business area's companies improved at the end of the financial year. The Norwegian market, which is the business area's smallest, developed favourably in the fourth quarter due to increased sales in thorax. However, demand in Denmark was somewhat weaker. The operations outside the Nordic countries developed positively with good profitability and now account for about 10 percent of the business area's sales. In the fourth quarter, the product mix was more favourable than in previous quarters, since the proportion of durable goods was slightly higher, as was the proportion of proprietary products.

Over the year, the business area made two acquisitions, Mediplast AB, which in turn acquired Fenno Medical Oy.

Risks and uncertainties

AddLife works with risk management on both a strategic and operational plan. Risk management involves identifying, measuring and preventing risks from being realised, and making continuous improvements to reduce future risks. Our risk management focuses on business risks, financial risks and other potentially significant risks such as legal risks. The AddLife Group applies policies and instructions that provide managers with the tools to identify deviations that could develop into risks. The level of risk in the operations is monitored systematically through monthly reports in which the negative deviations or risks are identified and addressed.

AddLife's profits and financial position, as well as its strategic position, are affected by a number of internal factors over which AddLife has control, and by a number of external factors where the opportunity to influence the course of events is limited. The external risk factors that are of the greatest significance for AddLife's economic situation, alongside market development, competition, public procurement and policy decisions.

In addition, AddLife is affected by financial risks, such as transaction exposure, translation exposure, financing and interest rate risk, and credit and counterparty risk. A more detailed description of how AddLife manages financial risks is provided in Note 4.

Risks related to the market and the industry

Economy and market trends

Demand for AddLife's services is greatly influenced by macroeconomic factors beyond the control of the Company, such as conditions in the global capital market, the state of the economy in general and public finances. Demand among the Company's customers is influenced by factors such as their willingness to invest and access to financing. Factors such as consumption, business investments, public sector investment, the volatility and strength of the capital market and inflation affect the business and economic climate. A weakening of these conditions on some or all of the markets in which AddLife operates could have material adverse effects on the Company's business, financial condition and results of operations. A significant share of the Company's sales are made to publicly funded activities in medical care, research and health services. Weakened public finances could have a negative impact on AddLife's business and results of operations. The cost of medical care and services in relation to GDP is rising and there is a risk that this would reduce demand from the public sector and increase pressure on prices, which could adversely affect AddLife's business, financial condition and results of operations.

Public procurement and political decisions

Political decisions in the Nordic countries have resulted in a decline in the number of contracting customers because of the consolidation of regions and county councils into larger entities. As a result public tenders are now larger and contract periods have often been extended. This change has resulted in an increase in both pressure on prices and competition, while making it difficult for smaller operators in the market to participate in public tenders. Furthermore, because the industry is consolidating on the supply side and larger merged suppliers have a broader offering, while at the same time the public tenders are becoming broader in scope, there is a risk that niche operators like the Company may be unable to participate in tenders.

Competition

The majority of subsidiaries in the AddLife Group operate in sectors that are vulnerable to competition and price pressure. In some cases subsidiaries compete with players that can offer a more complete range of goods or have better access to financing, as well as larger financial, technical, marketing and personnel resources. Furthermore, because the industry is consolidating on the supply side and larger merged suppliers have a broader offering, while at the same time the public tenders are becoming broader in scope, there is a risk that niche operators like the Company may be unable to participate in tenders. Future competitive opportunities for the subsidiaries depend on the ability to be on the leading edge of technology, and react quickly to new market needs. There is a risk that companies will not successfully develop or deliver new business deals, or that costly investments, restructuring and/or price cuts must be implemented to adapt the business to a new competitive situation. Increased competition from current or new operators, or deterioration of the ability of a subsidiary to meet new market needs, could have a negative impact on the business, financial condition and results of operations of both the subsidiary and AddLife. There is a risk that AddLife fails to retain, adapt to or become established in niches in which price is not the sole determining factor, or fails to be sufficiently innovative and quick enough to adapt to market trends and needs, or large operators may offer a broader offering, which could have a negative impact on the Company's business, financial condition and results of operations.

Risks related to the Company

Technological development

AddLife är exponerat för risken att de olika dotterbolagen AddLife is exposed to the risk that the various subsidiaries in the AddLife Group may not be able to implement new technology or adapt the product range and business model in time to be able to take advantage of the new benefits of new or existing technology. Each such failure could have a material adverse effect on AddLife's business, financial condition and results of operations. The costs associated with keeping up with product and technological advances may be high and influenced by factors that are fully or partially outside of AddLife's control. Moreover, the level and timing of future operating expenses and capital requirements could significantly differ from current estimates. Inability or unwillingness to finance these expenses could have a material adverse effect on AddLife's business, financial condition and results of operations.

Customers

AddLife has a large number of customers of varying sizes, some of whom are from the public sector and some from the private sector. Because of the number of customers and the Group structure, agreements with customers vary in character with regard to factors such as contract length, warranties, liability limitations and scope, which may cause difficulties in centrally forecasting the operations and development of the different subsidiaries. In some customer relationships there are no written customer agreements, which could result in legal uncertainty regarding the content of the agreement. Moreover, there is a risk that such variation could result in unforeseen liability exposure for AddLife, especially in cases where no standard terms and conditions are applicable for the agreements, or in cases where no specific limitations of liability have been incorporated into the agreements. Agreements subject to public procurement are regulated by the customer's agreement, which are frequently customer friendly and often have a relatively short contractual period. At the end of the term of public procurement contracts, they are subject to renewed public procurement proceedings, resulting in uncertainty and thus risk regarding the continued customer relationship or revised contractual terms, including prices. These risks, if they materialise, could have a negative impact on AddLife's business, financial condition and results of operations.

Suppliers

In order to deliver products, AddLife depends on external suppliers who must meet the terms of the agreements regarding matters such as volume, quality and delivery date. Incorrect, delayed or missing deliveries could in turn cause AddLife's deliveries to be delayed or incorrect. This may result in reduced distribution of the Company's products, and potentially increased costs. Moreover, AddLife could be adversely affected if the Company's suppliers develop financial, legal or operational problems, such as price increases or the inability to deliver products of the agreed quality. These factors could result in reduced sales of AddLife's products or affect AddLife's potential to purchase the necessary products on time and at the right price in order to deliver them to customers. If AddLife is forced to purchase products from other suppliers because of these factors, this could result in increased expenses, such as for increased quality controls.

AddLife has agreements with a large number of suppliers, both in Sweden and abroad, over which the Company cannot exercise control, nor can it have full insight into their operations. Consequently, AddLife is exposed to the risk that suppliers could act in a way that could harm AddLife. In the event of disputes with a supplier there is a risk that AddLife cannot obtain compensation for full liability, regardless of whether AddLife wins the dispute in court or through arbitration. In some supplier relationships there are no written supplier agreements, which could result in legal uncertainty regarding the content of the agreement. Taken together, these factors could have a negative impact on AddLife's business, financial condition and results of operations.

The majority of the Group's supplier agreements have been entered into in accordance with the supplier's terms of agreement and are thus often supplier-friendly. Some supplier agreements include undertakings regarding minimum sales volumes for AddLife and if such volumes are not achieved, the supplier has the option to terminate the supplier agreement. Many supplier agreements are also governed by foreign law and dispute forums outside of Sweden and the other Nordic countries, which could result in a dispute becoming particularly burdensome financially and include limitations of liability for the supplier, which could mean that AddLife lacks the ability to hold the supplier to account if AddLife is liable in relation to a customer or third party. Furthermore, these agreements include exclusivity commitments for AddLife

In a longer perspective, AddLife does not depend on any individual supplier to conduct business, but AddLife may depend on a single supplier in the short term. The Company's largest supplier amounts to approximately 12 percent (17) of net sales for 2015/2016. There is a risk that incorrect or delayed deliveries, or the loss of one or several suppliers, could have negative consequences for the business, financial condition and results of operations of the relevant subsidiary, which in turn could have a negative impact on AddLife's business, financial condition and results of operations. Moreover, the industry is undergoing consolidation in this market and the number of suppliers is decreasing. Thus there is a risk that AddLife will lose suppliers that are important for the Company.

Reputation

AddLife and its subsidiaries are dependent on their reputation in the exercise of their business. The reputation of these companies depends on factors such as quality, communication to the market, customers and suppliers and marketing as well as the Company's general corporate profile. The Company's reputation is especially important in relation to current and new customers. Problems related to quality, product liability and safety, as well as operational and logistical problems, could have a negative impact on the reputations of both AddLife and the subsidiary in question. Consequently, it may become more difficult to retain existing customers or to gain new customers. Damage to the reputation of the subsidiary or AddLife could result in reduced sales and also have a negative impact on the potential for the subsidiary and AddLife to grow, which could have a negative impact on the business, financial condition and results of operations of both the subsidiary and AddLife.

Acquisitions and divestments

AddLife has historically, as a separate business area within Addtech, completed several acquisitions. Strategic acquisitions will continue to be an important component of AddLife's growth strategy. However, there is a risk that AddLife will not be able to identify suitable objects for acquisition or to carry out strategic acquisitions because of, for example, competition with other acquirers or lack of financing. This could result in reduced or declining growth for AddLife and AddLife might not achieve its financial targets.

Acquisitions generally entail integration risks. In addition to company-specific risks, the acquired company's relationships with important customers, key personnel and suppliers could be adversely affected. Integration involves risks relating to the ability to retain skills and to the possibility of creating a common culture. There is also a risk that the integration process may take longer than expected and that unforeseen costs associated with the consolidation of operations may arise. Moreover, expected synergies may totally or partially fail to arise. If any of these risks materialise in conjunction with future acquisitions, it could have a negative impact on AddLife's business, financial condition and results of operations.

Moreover, acquisitions could expose AddLife to unknown obligations. Acquisitions usually involve not only the assumption of all of the assets of the acquired company, but also its obligations. Even if the acquired company's operations are reviewed prior to the acquisition and efforts are made to obtain the necessary warranties in the acquisition agreement, there is a risk that not all potential obligations or commitments have been identified prior to the acquisition, or that the seller lacks the financial ability to compensate AddLife in the event of a breach of warranty. In the event that AddLife fails to obtain the required contractual protection for such obligations or commitments it could have a negative impact on AddLife's business, financial condition and results of operations.

Past and future divestments of businesses could further expose AddLife to risks such as those pertaining to the terms and conditions for the divestment of the relevant business, such as warranties, indemnities and commitments in favour of the purchaser with regard to the divested business. If any of these risks related to past or future divestments should materialise, it could have a negative impact on AddLife's business, financial condition and results of operations.

Goodwill

Goodwill arises when operations are acquired above their carrying amount. Goodwill risk arises when a business under-performs in relation to the assumptions that applied at the time of the goodwill valuation. If AddLife's valuation of the acquired business should prove to be incorrect the Company would be required to recognise an impairment loss relating to the value of goodwill, which could have a negative impact on AddLife's financial condition and results of operations. Goodwill is assessed annually, and if goodwill is not deemed to have been correctly valued in such an assessment, this may result in an impairment loss being recognised.

Organisational risk

AddLife applies a decentralised organisational model, which means that subsidiaries in the Group are largely responsible for and conduct business independently. Group Management controls, checks and monitors the business in the subsidiaries, primarily by having the Vice President or an executive at AddLife AB as Chairman of the Board of the company and by continually monitoring developments. Corporate governance in a decentralised organisation like the type at AddLife places high demands on financial reporting and monitoring and deficiencies in reporting and monitoring entail a risk of inadequate operational control. Currency exposure is handled at the subsidiary level through forward exchange contracts, currency clauses or similar, and must comply with the Group's internal guidelines. If a subsidiary fails to have adequate procedures to handle such currency exposure, for example by deviating from the Group's guidelines, it could have a negative impact on the financial condition and results of operations of the subsidiary and AddLife. The decentralised organisational model has historically been an advantage for the Group. However, there is a risk that the organisational model will prove to be less suitable for meeting any future market challenges that should arise. AddLife's market position and competitiveness could weaken as a result. Moreover, the lack of specialist expertise in the various subsidiaries, such as regarding financial knowledge, could result in incorrect business decisions and slow decision making. Taken together, these factors could have a negative impact on AddLife's business, financial condition and results of operations.

Ability to recruit and retain staff

AddLife's continued success depends on experienced employees with specific skills. There are key personnel both among senior executives and among the Group's employees in general. There is a risk that one or several senior executives or other key personnel could leave the AddLife Group on short notice. In the event that AddLife fails to recruit suitable replacements for them or new skilled key personnel in the future, this could have a negative impact on AddLife's business, financial condition and results of operations.

Own production

The business segment MedTech includes a smaller operation of own production of medical device consumables. The risks associated with own production are limited for the Group, but this production is associated with risks related to product liability (see the subsection "Product liability" for more details on product liability), interruptions or disruptions in production and environmental risks (see the subsection "Environmental risks" for details on environmental risks), which could have a negative impact on the Company's business, financial condition and results of operations.

Product liability

AddLife could be subject to product liability claims or other claims that the products produced or purchased are, or are alleged to be, defective, or cause, or are alleged to have caused, injury or property damage. Personal injury or property damage caused by defective, poorly designed, or poorly constructed products that do not meet acceptable quality standards could have a negative impact on AddLife's reputation, financial condition and results of operations. If a product is defective, AddLife may be forced to recall it. In such a situation there is a risk that AddLife cannot make corresponding claims against its own suppliers to receive compensation for the costs incurred by AddLife due to the defective product. Moreover, there is a risk that product liability claims and other product-related costs are not fully covered by AddLife's insurance policy. Product liability claims, warranty claims and product recalls could have a negative impact on AddLife's business, financial condition and results of operations.

Environmental risk

AddLife's subsidiaries are primarily engaged in commerce and businesses that have a limited direct environmental impact. The Group engages in limited production. In production, there is a risk of an environmental impact and liability, which could have a negative impact on AddLife's business, financial condition and results of operations. The Group does not engage in any operations that require notification or that require a permit under the Swedish Environmental Code or equivalent legislation outside of Sweden. If the business should change to include operations that require a permit, or a business is acquired that is required to have a permit, or if regulations should change so that the current business requires a permit, this could have a negative impact on AddLife's business, financial condition and results of operations. In connection with the acquisition of companies, AddLife conducts a review to determine whether there is any historical responsibility under the Swedish Environmental Code. Even if the acquired company's operations are reviewed prior to the acquisition and efforts are made to obtain the necessary warranties in the acquisition agreement, there is a risk that not all potential obligations or commitments have been identified prior to the acquisition. In the event that AddLife fails to obtain the required contractual protection for such obligations or commitments it could have a negative impact on AddLife's business, financial condition and results of operations. AddLife owns a few properties and a property owner may be held liable for environmental damage caused by previous operators. Environmental damage may be difficult to detect, for example, in connection with the acquisition of a company. Guarantees provided by a seller do not always, in terms of the monetary amount or time, cover a subsequent breach of an environmental guarantee. If environmental damage should be discovered or arise in the properties owned by AddLife and the damage is not covered by the guarantees provided, it cannot be precluded that AddLife will be held liable, which would have a negative impact on the company's reputation, business, financial condition and results of operations.

The price of the shares in AddLife may drop if extensive sales of shares in the Company occur, or can be expected to occur, in particular sales from the Company's major shareholders, directors or senior management. AddLife's major shareholders have [här saknas text]

Employees

At the end of the period, the number of employees totalled 420, compared with 286 at the start of the year. Acquisitions completed over the year increased the number of employees by 155 (-). The average number of employees over the past 12 months was 370 (284).

	2015/2016	2014/2015
Average number of employees	370	284
proportion of men	50%	56%
proportion of women	50%	44%
Age distribution		
up to 29 years	5%	5%
30–49 years	55%	54%
50 years and older	40%	41%
Average age	47 years	46 years
Employee turnover	10%	9%
Average period of employment	approximately 10 years	approximately 10 years

Principles for remuneration to senior executives

At the Annual General Meeting in September 2016, the Board of Directors intends to propose the following guidelines for remuneration to senior executives, the guidelines are unchanged compared with what was decided at the Extraordinary General Meeting in December 2015:

The guidelines shall apply for remuneration to the CEO and other members of AddLife's Group Management.

AddLife strives to offer total remuneration that is fair and competitive and able to attract and retain qualified employees. Total remuneration, which varies from individual to individual and according to Group performance, can consist of the components listed below.

Fixed salary is the basis for total remuneration. Salary shall be competitive and reflect the responsibilities of the position. Fixed salary is revised annually. Variable salary can be based, among other things, on the Group's earnings growth, profitability and cash flow. The annual variable portion may not exceed 40 percent of fixed salary. Retirement pension, disability benefits and medical benefits shall be designed to reflect the rules and practices in the market. If possible, pensions should be defined contribution plans. Other benefits may be provided to individual members or the entire Group Management and designed in relation to market practice. These benefits shall not constitute a material portion of total remuneration.

The Board of Directors will evaluate whether or not a long-term incentive programme should be proposed to the Annual General Meeting and, if so, whether or not the proposed long-term incentive programme should involve the transfer of shares in the company.

Members of Group Management shall observe a notice period of six months if they resign and are entitled to a notice period of 12 months if terminated by the Company. In addition to salary and other benefits during the notice period, on termination by the Company, members of Group Management are entitled to severance pay equivalent to 12 months' salary. No severance pay is payable on resignation.

In individual cases where specific reasons prevail, the Board of Directors retains the right to deviate from the guidelines for remuneration. When such a deviation occurs, information to this effect and the reasons for the deviation are to be presented at the ensuing Annual General Meeting.

The Remuneration Committee appointed by the Board of Directors prepares and submits proposals regarding remuneration to the CEO to the Board for decision. Based on proposals by the CEO, the Remuneration Committee determines the remuneration of the other members of Group Management. The Board of Directors is informed of the Remuneration Committee's decision.

See also 7 Employees and personnel costs.

Parent Company

The operations of the Parent Company AddLife AB comprise Group Management, business area management, consolidated reporting and financial management.

The Parent Company's net sales amounted to SEK 5.0 million and the loss after financial items was SEK –18.9 million. Balance-sheet appropriations include Group contributions received of SEK 41.7 million and Group contributions paid of SEK –1.9 million. Net investments SEK 961.2 million were made in fixed assets and pertain to acquisitions of subsidiaries and receivables from Group companies. At the end of the year, the Parent Company's financial net debt was SEK 682.6 million.

Share capital, share repurchases, incentive programmes and dividends

On 31 March 2016, the Parent Company's share capital amounted to SEK 40,116,762, divided into the following number of shares with a nominal value of SEK 2.037 per share.

Class of shares	Number of shares	Number of votes	Share in % of capital	Share in % of votes
A	809,413	8,094,130	4.1	30.0
B	18,884,262	18,884,262	95.9	70.0
Total	**19,693,675**	**26,978,392**	**100.0**	**100.0**

On 31 March 2016, there were 4,079 shareholders. The company's series B shares are listed on Nasdaq Stockholm exchange. Three shareholders each control 10 percent or more of the voting rights. These are: Anders Börjesson (and family) with a shareholding equivalent to 13.9 percent of votes, Tom Hedelius with a shareholding equivalent to 13.4 percent of votes and Roosgruppen AB (Håkan Roos via companies) with a shareholding equivalent to 10.6 percent of votes.

According to Chapter 6, Section 2a of the Swedish Annual Accounts Act, listed companies are required to disclose specific circumstances that may affect the possibility to take over the Company through a public offer for shares in the Company. In the event that the Company is delisted from the Nasdaq Stockholm exchange, or that shareholders other than the current principal shareholders may acquire more than 50 percent of the capital or voting rights, the granted credit framework for loans of SEK 300 million and an overdraft facility of SEK 300 million may be terminated.

Repurchases of treasury shares and incentive programs

The Board of Directors has resolved to propose to the Annual General Meeting in September 2016 that it be authorised to repurchase treasury shares. Over the period extending until the next Annual General Meeting, the proposal would mandate the Board to acquire a maximum number of shares such that the Company's holding would at no time exceed 10 percent of all shares in the Company. Repurchases shall be made via the stock exchange. The mandate is proposed to include an option to use repurchased shares as payment for acquisitions or to be sold in ways other than via the stock exchange to finance acquisitions.

The Board has resolved to propose to the Annual General Meeting in September 2016 that an incentive program for senior management be introduced.

Dividend

AddLife's dividend policy is to pay a dividend equivalent to 30-50 percent of average consolidated profit after tax over a business cycle. The Board proposes that the profits be carried forward and that no dividend be distributed for the 2015/2016 financial year.

Outlook and events after the end of the financial year.

Outlook

The Life Science market in the Nordic region continues to grow thanks to increased demand from healthcare research. The Nordic market has a growing and ageing population, while health care is focusing on efficiency and alleviating new chronic diseases. Healthcare and research must find new ways to solve social challenges, solutions that can benefit both individuals and society in general. Accordingly, demand for new technologies will continue to increase.

In parallel with the increased market demand and macro trends, structural transformations are occurring in the Nordic market. Public procurement procedures are increasing in number and scope as regional boundaries are redrawn in all of the Nordic countries. This generates both new opportunities and challenges for our Company, which, thanks to its expertise, can continue to add value for customers and grow successfully.

Historically, the combination of organic growth in existing companies and acquisitions has given the Group excellent growth opportunities. This has resulted in a strong cash flow and, combined with a strong financial position, we expect opportunities to remain favourable in the future. The Group is well equipped for the opportunities that may arise in terms of both organic growth and acquisitions. The Group's objective is long-term earnings growth of at least 15 percent annually combined with profitability.

Events after the end of the financial year

After the end of the reporting period, two corporate acquisitions have been completed.

On 1 April 2016, the acquisitions of V-Tech AB and Esthe-Tech AB to the Medtech business area were completed. The companies have 11 employees and combined annual sales of approximately SEK 50 million. The acquisitions represent an expansion primarily in the field of vascular surgery, entailing AddLife strengthening its position in an attractive segment in the Nordic market. The acquisition is expected to have a marginally positive effect on AddLife's earnings per share.

On 4 April, AddLife signed an agreement to represent Leica Biosystems in Sweden and Denmark. Leica Biosystems is a global leader in automation solutions for advanced cancer research. In May, Leica Biosystems' existing operations will transfer to the Triolab companies in the Labtech business area. Leica Biosystems currently has annual sales of approximately SEK 50 million in Sweden and Denmark.

In April, a directed new share issue of SEK 300 million was made to existing shareholders in AddLife. The purpose of the issue was to establish a financial foundation for continued profitable growth through the acquisition of life science companies in the Nordic region able to enhance AddLife's existing operations or to contribute new product or market segments where it is possible to capture leading niche positions. The issue was oversubscribed by about 70 percent.

In June 2016, AddLife repaid SEK 150 million on the loan and increased its overdraft facility by the corresponding amount. Following the end of the financial year, in June 2016, AddLife repaid SEK 150 million on its long-term loan and increased its overdraft facility by the corresponding amount. Following the payments on its loans, AddLife has an overdraft facility of SEK 450 million which matures on 31 December 2016, and an interest-only loan of SEK 150 million maturing on 30 June 2017.

No other events of significance for the Group occurred after the end of the reporting period.

Proposal for profit distribution

See further under “Financial statements”.

Corporate governance

Principles of corporate governance

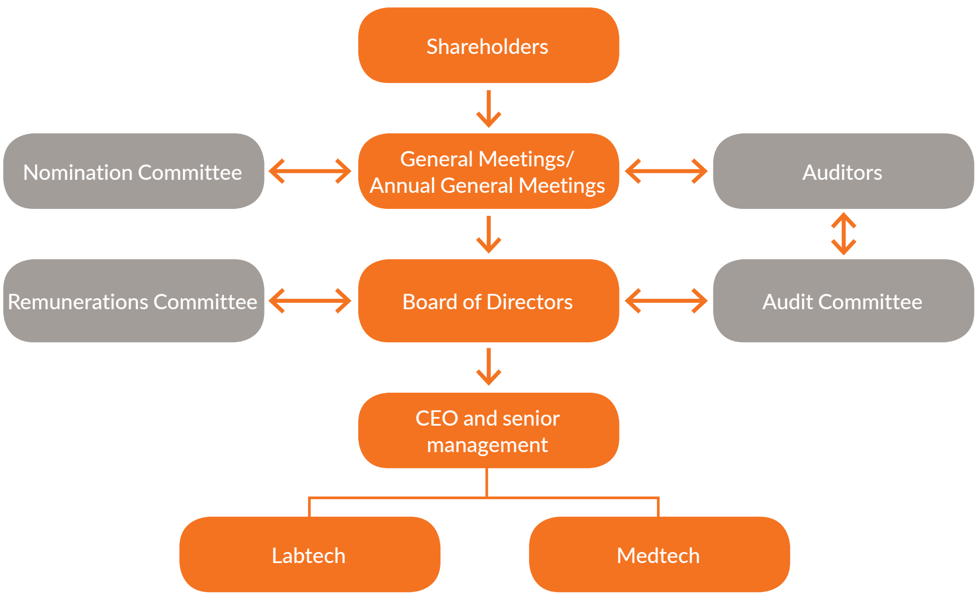
To prepare AddLife for listing, a project was initiated in the autumn of 2015 to implement corporate governance processes in AddLife and its subsidiaries.

AddLife is a public company whose series B shares were listed on the Nasdaq Stockholm exchange on 16 March 2016 and, accordingly, the Company applies the Swedish Code of Corporate Governance (the "Code"). The Code applies to companies whose shares are admitted for trading in a regulated market. The Code forms part of the self-regulation of Swedish industry and is based on the "comply or explain" principle. This means that a company applying the Code may deviate from individual rules but should provide an explanation and the reasons for each deviation.

AddLife has no deviations from the Code to report for the 2015/2016 financial year. This Corporate Governance Report has been reviewed by the Company's auditor. The Corporate Governance Report is available on the Company's website under investors, www.add.life/investerare/bolagsstyrning.

Division of responsibilities

The purpose of corporate governance is to establish a clear division of roles and responsibilities between shareholders, the Board of Directors, the Board's committees and Senior Management. Corporate governance within AddLife is based on applicable legislation, primarily the Swedish Companies Act, the listing agreement with the Nasdaq Stockholm exchange, the Swedish Code of Corporate Governance (the "Code") and internal guidelines and regulations.



Share structure and shareholders

On 31 March 2016, share capital in AddLife AB amounted to SEK 40,116,762. There were 19,693,675 shares, of which 809,413 were series A shares and 18,884,262 were series B shares. The nominal value of each share was SEK 2.037. Each series A share conveys ten votes and each series B share conveys one vote. Only the series B shares are listed on the Nasdaq Stockholm exchange.

As of 31 March 2016, the Company had 4,079 shareholders, the 15 largest of whom controlled 53.9 percent of the share capital and 64.4 percent of the votes. At year-end, the proportion of shares owned by Swedish legal entities amounted to 79.9 percent of the share capital. Foreign investors owned 21.0 percent of the share capital. Anders Börjesson and family, Tom Hedelius and Roosgruppen AB (Håkan Roos through companies) are the only shareholders with a direct or indirect shareholding in the Company representing at least one tenth of the voting rights for all shares in the Company.

Articles of Association

According to the Articles of Association, the Company's name is AddLife AB and it is a public company. The Company's most recent financial year extended from 1 April 2015 until 31 March 2016. At an Extraordinary General Meeting on 13 January, it was decided that, in connection with the listing on the Nasdaq Stockholm exchange, the Company's next financial year would be shortened to nine months and thereafter adjusted to coincide with the calendar year.

The Company's operations entail "under its own auspices or through wholly or partly-owned subsidiaries, trading with and producing primarily medical equipment and products, and pursuing other compatible operations." The Board of Directors is based in Stockholm and shall comprise at least four and no more than six members. Notice of the Annual General Meeting shall be published in Post- och Inrikes Tidningar (official Swedish gazette) and on the Company's website. The issuance of the Notice of the Annual General Meeting shall be advertised in the Swedish newspaper Svenska Dagbladet.

The most recently recorded Articles of Association, adopted at the Extraordinary General Meeting on 13 January 2016, are available in their entirety on the Company's website under investors, www.add.life/investerare/bolagsstyrning/bolagsordning.

General Meetings

The Annual General Meeting is the highest decision-making body in which shareholders exercise their voting rights. The Annual General Meeting makes decisions regarding the annual report, dividends, election of Board members and, where applicable, election of auditors, remuneration to Board members and auditors and other issues in accordance with the Companies Act and the Articles of Association. Additional information about the Annual General Meeting and the minutes of the Meeting are available on the Company's website. The Company does not apply any special arrangements with regard to the function of the General Meeting, due to provisions in the Articles of Association or, to the Company's knowledge, based on any shareholder agreements.

Information about the 2016 Annual General Meeting is available in the Annual Report under "*Welcome to the Annual General Meeting*" and on the Company's website.

Right to participate in General Meetings and to take initiatives

Shareholders registered in the share register maintained by Euroclear five days before the General Meeting and who, by the date specified in the Notice of the General Meeting, have informed the Company of their intention to attend, are eligible to participate in the General Meeting and to vote for the number of shares held. Shareholders may attend the Meeting in person or by proxy, and may be accompanied by a maximum of two assistants. Shareholders' assistants may accompany them at a General Meeting if the shareholders provides notification thereof in accordance with the procedure for shareholder registration.

In addition to notifying AddLife, Shareholders whose shares are nominee registered at a bank or other nominee must request that their shares be temporarily registered under their own names in the share register maintained by Euroclear to be eligible to participate in the Meeting. Shareholders should inform their nominees in good time before the record date.Shareholders seeking to have a matter addressed at a General Meeting must submit a written request to the Board. The request must normally be received by the Board no later than one week before earliest point at which the notice of the Meeting may be issued under the Companies Act. Each shareholder reporting a matter sufficiently early is entitled to have the matter addressed at the Meeting.

Nomination Committee

In accordance with the Code, the Company shall have a Nomination Committee. At an Extraordinary General Meeting on 9 December 2015, principles for appointing the Nomination Committee were adopted.

The Nomination Committee shall consist of representatives of the five largest shareholders as of 31 December each year and the Chairman of the Board. At the General Meeting on 9 December, the Chairman of the Board was granted a mandate to contact annually the five largest shareholders in terms of voting rights. The chairman of the Nomination Committee shall be appointed by the largest shareholder in terms of voting rights. If any of the five largest shareholders waives the right to appoint a representative, the right passes to the sixth largest shareholder, and so forth. No more than four additional shareholders need be contacted.

Prior to AddLife's listing, a Nomination Committee was appointed consisting of representatives from the anticipated five largest shareholders in AddLife. The following representatives were appointed members of the Nomination Committee: Anders Börjesson, Håkan Roos, Tom Hedelius, Martin Wallin (appointed by Lannebo Fonder) and Marianne Nilsson (appointed by Swedbank Robur Fonder). The chairman of the Nomination Committee is Anders Börjesson. Of the Committee's members, one is a Board member, while three members are dependent in relation to major shareholders.

The Nomination Committee shall prepare proposals for the Chairman of the Meeting, Board members, remuneration to each of the Board members, the Board members and the Chairman of the Board, as well as the election of a registered firm of auditors and audit fees. The Nomination Committee's proposal to the Annual General

Meeting will be presented in the Notice of the Annual General Meeting and on the Company's website. Nomination committee members receive no compensation from the company for the work of the Committee. However, the company is responsible for costs associated with the execution of the Nomination Committee. Over the year, the Company has not paid any expenses associated with the Nomination Committee's assignment.

Board of Directors

According to AddLife's Articles of Association, the Board of Directors shall consist of at least four and no more than six members. Members are elected annually at the Annual General Meeting for the period extending until the end of the next Annual General Meeting. There is no limit on how long a member may serve. AddLife's Board of Directors currently consists of members Johan Sjö, Håkan Roos, Stefan Hedelius, Fredrik Börjesson, Birgit Stattin Norinder and Eva Nilsagård, elected at Extraordinary General Meetings in 2015. The Chairman of the Board is Johan Sjö. Information on the Board members can be found in the section "*Board and Management*".

Responsibility and work of the Board of Directors

The duties of the Board of Directors are regulated in the Companies Act, AddLife's Articles of Association and the Code. In addition, the work of the Board of Directors is regulated by the rules of procedure adopted by the Board of Directors. The Board of Directors has adopted written rules of procedure governing its work and internal division of labour, including its committees, decision-making procedures within the Board, the Board's meeting procedure and the Chairman's duties. The Board of Directors has also issued instructions for the CEO and instructions for financial reporting to the Board. In addition, the Board has adopted a number of policies for the Group's operations such as the Financial Policy, Communications Policy and Code of Conduct. The Board supervises the work of the CEO through ongoing monitoring of operations over the year and is responsible for the organisation, management and guidelines of the management of the Company's affairs being suitably designed and for the Company maintaining good internal control and effective systems for the monitoring and control of the Company's operations, as well as compliance with the legislation and regulations applicable to the Company's operations. The Board of Directors is also responsible for establishing, developing and monitoring the Company's targets and strategies, decisions on acquisitions and divestments of operations, major investments and appointments and remuneration to Group Management. The Board of Directors and the CEO present the annual accounts to the Annual General Meeting.

An annual evaluation of the work of the Board of Directors shall be performed under the leadership of the Chairman of the Board and the Nomination Committee shall be informed of the outcome of the evaluation. The Board of Directors shall continuously evaluate the work of the CEO. This matter shall be addressed individually each year with no member of Company management being in attendance. In addition, the Board of Directors shall also evaluate and adopt a position vis-à-vis any substantial assignments of the CEO outside the Company, where any exist. Under the leadership of the Chairman of the Board, the annual evaluation of the work of the Board was carried out in February 2016, and the Nomination Committee has been informed of the outcome of the evaluation.

The Board of Directors' rules of procedure

The Board of Directors' rules of procedure shall evaluated, updated and adopted annually. If the Board establishes any internal committees, the Board's rules of procedure shall specify the duties and decision making powers delegated to committees by the Board and how the committees are to report to the Board.

The Board of Directors shall hold regular meetings in accordance with a programme established under the rules of procedure, including predetermined decision points and other points as necessary. During the financial year, the Board of Directors held 22 minuted meetings. The Board members' attendance is shown in the following table.

Member	Elected	Board meeting	Remunerations Committee	Audit Committee	Independent in relation to the Company	Independent in relation to major shareholders
Number of meetings		22	1	1		
Johan Sjö (Chairman of the Board)	2015	22	1	1	Yes	Yes
Håkan Roos	2015	18	1	1	Yes	No
Stefan Hedelius	2015	16		1	Yes	No
Fredrik Börjesson	2015	16		1	Yes	No
Birgit Stattin Norinder	2015	16		1	Yes	Yes
Eva Nilsagård	2015	11		1	Yes	Yes

At its regular meetings, the Board of Directors shall address the predetermined points on the table at each Board meeting in accordance with the Board's rules (such as the President's report on operations, financial reporting, investments and projects).

Remunerations Committee

Provisions for the establishment of a Remunerations Committee are included in the Code. The Company applies the Code and, as a result, AddLife's Board of Directors has established a Remunerations Committee.

The Board has appointed a Remunerations Committee consisting of Johan Sjö (chairman) and Håkan Roos. The Remunerations Committee has prepared a proposal for principles for remuneration to senior executives. The proposal has been discussed by the Board of Directors and will be presented to the Annual General Meeting for resolution. Based on the decision of the Annual General Meeting, the Board then determines the remuneration of the CEO. The CEO shall not be involved in discussions of her own remuneration. On the proposal of the CEO, the Remunerations Committee shall determine the remunerations to the other members of Group Management. The Board of Directors shall be informed of the Remuneration Committee's decision. The Remunerations Committee then has the task of monitoring and evaluating the implementation of the guidelines for remunerations to senior executives adopted by the Annual General Meeting. The Committee shall also monitor and evaluate programs of variable remuneration to the Group Management in progress and those completed during the year.

The Remunerations Committee held one meeting during the financial year. All of the members of the Committee were present at this meeting.

Audit Committee

Provisions for the establishment of an Audit Committee are included in the Companies Act and the Code. The Company applies the Code and, as a result, AddLife's Board of Directors has established an Audit Committee consisting of all of the Board members. The Committee's work shall be conducted as an integral part of the Board of Directors' regular meetings. Eva Nilsagård has been appointed chairman of the Audit Committee. Birgit Stattin Norinder and Eva Nilsagård are independent in relation to the Company and Group Management and in relation to the Company's major shareholders, and Birgit Stattin Norinder and Eva Nilsagård are skilled in accounting or auditing. Without impacting the Board of Directors' responsibilities and tasks in general, the Audit Committee shall monitor the Company's financial reporting, monitoring the effectiveness of the Company's internal control and risk management with respect to financial reporting, keep informed about the audit of the financial statements, review and monitor the auditor's impartiality and independence and pay special attention to whether the auditors provide the Company with services other than auditing services, and assist in the preparation of proposals for the Annual General Meeting for the election of auditors. In connection with the meeting at which the Board of Directors adopts the annual financial statements, the Board shall receive a report from the Company's external auditors and be briefed on this. On this occasion, the Board of Directors shall also review the statements together with the auditors, without the CEO or any other members of Group Management being in attendance.

During 2015/2016, the Audit Committee held a meeting in conjunction with the publication of the interim report for the third quarter. At this meeting in February, the Board of Directors received a briefing and report from the Company's external auditors.

In connection with the Board of Directors adopting the annual accounts for 2015/2016 at the Board meeting in May 2016, the Board received a review and a report from the Company's external auditors. On this occasion, the Board of Directors also reviewed the accounts with the auditor without the CEO or any other member of Company management being in attendance.

Remunerations to the Board of Directors

Remunerations to the Board of Directors shall be determined by the General Meeting. In accordance with a decision by the Extraordinary General Meeting on 9 December 2015, the full-year fees to each of the elected Board members amounted to SEK 225,000, and SEK 450,000 to the Chairman. In accordance with the decision, the total full-year fees payable amount to SEK 1,575,000.

CEO

The CEO is Kristina Willgård. A presentation of Kristina Willgård is to be found in the section "*Board and Management*" and on the Company's website.

The CEO shall manage the operations in accordance with the Companies Act and within the framework established by the Board of Directors. The work and role of the CEO and the division of duties between the Board of Directors and the CEO are detailed in a written set of instructions set out by the Board of Directors (known as the "Instructions to the CEO"). The Board of Directors continuously evaluates the work of the CEO. In consultation with the Chairman, the CEO has prepared the information needed to make decisions at Board meetings and has presented reports and reasoned proposals for decisions.

The CEO is to lead the work of the Group Management and makes decisions in consultation with other members of management. In addition to Kristina Willgård, Group Management also includes Artur Aira (EVP) and Martin Almgren (CFO).

Group Management holds regular operational reviews under the leadership of the CEO. A more detailed presentation of Group Management is given in the section "*Board and Management*" and on the Company's website.

Operational organisation

During the financial year, the Group's operations were organised into two business areas – Labtech and Medtech. Operations are conducted in subsidiaries in Sweden, Denmark, Finland, Norway, Estonia, Germany, Belgium and Italy. Each operating company has a Board of Directors on which the company's president and senior executives of the business area are represented. Each company president reports to a business area manager, who, in turn, reports to the Deputy CEO, who in turn reports to the CEO for AddLife AB. The business areas hold internal Board meetings at which the CEO of AddLife AB acts as chairman.

Financial reporting

The Board of Directors has established operating procedures with instructions on internal financial reporting. All interim reports and press releases are published on AddLife's website, www.add.life in direct connection with their publication elsewhere.

Internal control of financial reporting

Internal control

The Board of Directors' and the CEO's responsibility for internal control is regulated by the Companies Act. The Board of Directors' responsibilities are also regulated in the Code and the Annual Accounts Act. The Board bears the overall responsibility for ensuring that the Group has an effective system of management and internal control. This responsibility includes annually evaluating the financial reports received by the Board of Directors and imposes demands on their content and design to safeguard the quality of the reporting. This requirement means that the financial reporting must be appropriate and apply current accounting standards and other demands made of listed companies. The CFO has presented reports to the Board on the Group's internal control.

Control environment

AddLife builds and organises its operations based on decentralised responsibility for profitability and earnings.

In decentralised operations, the basis for internal control consists of a well-established process aimed at defining targets and strategies for each business. Defined decision-making paths, authorisations and responsibilities are communicated through internal instructions and Board-approved policies. The Group's foremost financial control documents include its financial policy, financial manual and instructions for each financial closing. For the Group's financial closing process, a Group-wide reporting system and related analysis tools are applied. On a more general level, all operations within the AddLife Group are conducted in accordance with the Group's Code of Conduct.

Risk assessment

AddLife has established procedures for managing risks that the Board of Directors and senior management have deemed essential for the internal control of the Company's financial reporting.

The Group's exposure to a variety of market and customer segments, and the fact that the operations are conducted in 24 operating companies, constitutes, in the Board's opinion significant risk diversification. The assessment of risk should be based on the Group's income statement and balance sheet to identify the risk of material misstatement. For the AddLife Group as a whole, the greatest risks are linked to inventories and the carrying amount of intangible assets related to acquisitions.

Control activities

Examples of control activities include transaction-related controls, such as rules on attestation and investments, as well as clear payment procedures and analytical controls performed by the Group controller and the central finance function. Controllers and financial managers at all levels within the Group play a key role in establishing the environment necessary to achieve transparent and fair financial reporting. A role that imposes high standards of integrity, competence and skill in individuals.

To safeguard an effective exchange of knowledge and experience within the finance functions, regular financial conferences are to be held, at which current issues are discussed. An important overall control activity is the monthly performance review performed via the internal reporting system and analysed and commented on in the internal work of the Board. The performance review includes reconciliation against set targets and previously achieved results, as well as the review of a number of important key figures.

Each year a "self-assessment" is performed of all Group companies with respect to internal control issues. Companies comment on how important issues have been handled, such as the terms of business in customer contracts, customer credit ratings, valuation and documentation of inventories, payment procedures, documentation and analysis of financial statements and compliance with internal policies and procedures. An accepted minimum level must be established for critical issues and processes, and all companies are expected to meet these. Each company's response should be validated and commented on by the relevant company's external auditor in connection with the regular audit. The answers should subsequently be compiled and analysed, after which they presented to the business area and Group management teams. The results of the self-assessment process are to be taken into account when planning the next year's self-assessment and external audit work.

In addition to the "self-assessment" work, an in-depth analysis of internal control in three of the operating companies was conducted during the year. This work is referred to as an "internal audit" and is performed by the companies' business controllers and colleagues from the Parent Company's finance function.

The companies' key processes, and control points in these, have been identified and tested. The external auditors have read the records of the internal audits in connection with their audit of the companies. The process is judged to provide a good basis for mapping and assessing internal controls within the Group. At the February Board meeting, KPMG provided the Board with a review and accounted for its assessment of the Group's internal control process.

Review, information and communication

The Board has received monthly comments from the CEO regarding the business situation and the development of the operations. The Board has discussed the quarterly financial statements before these have been published. The Board has received updates on the work on internal controls and its outcome. The Board has also read the assessment made by KPMG of the Group's internal control processes.

The outcome of the internal control has been analysed by the Group's CFO together with the business controller. An assessment has been made of the improvement measures to be implemented in the various companies. The boards of the various Group companies have been informed of the outcome of the internal control in each company and the improvement measures that should be implemented. Together with the company boards, the business controller should then review these efforts on an ongoing basis over the ensuing years.

Governance guidelines, policies and instructions are available on the Group's intranet. The documents are updated continuously as necessary. Changes are communicated separately via e-mail and at meetings for controllers and financial managers.

For internal information via the intranet, access to the documents is controlled through authorisations. The Group's employees are divided into various groups whose access to information differs. All financial guidelines, policies and instructions are available for each company's CEO and CFO, business area managers, business controllers and the central finance staff. Access to Group financial data is also controlled centrally through authorisation.

Internal audit

In light of the risk assessment described above and structure of control activities, including the processes of self-assessment and in-depth analysis of internal control, the Board has chosen not to maintain a specific internal audit function.

Auditors

According to the Articles of Association, a registered auditing firm is to be elected as auditor. KPMG was re-elected as the Company's auditor by the Annual General Meeting of 1 July 2015 for the period extending until the end of the 2016 Annual General Meeting. The auditor in charge is George Pettersson, aided by Jonas Eriksson. KPMG audits AddLife AB and almost all of its subsidiaries.

The Company's auditors follow an audit plan that includes integrating comments from the Board, and reporting their findings to company management teams, Group Management and the AddLife's Board of Directors, both during the audit and in connection with the approval of the annual accounts. The Company's auditors also attend the Annual General Meeting, describing and commenting on the audit process.

The external auditors' independence is regulated by a special instruction approved by the Board of Directors, which shows the areas in which the external auditors may be engaged on matters beyond the regular audit process. KPMG continually assesses its independence in relation to the Company and every year delivers a written statement to the Board that the audit firm is independent of AddLife. During the current financial year, KPMG has performed advisory assignments, mainly concerning accounting issues, as well as in connection with the distribution of Addtech's shares in AddLife. The total fees for KPMG's auditing services over the 2015/2016 financial year amounted to SEK 0.2 million.

Quarterly review by auditors

During the 2015/2016 financial year, AddLife's nine-month report was reviewed.

Violations

The Company has not violated any of the rules of the exchange on which its shares are listed for trading, or of generally accepted practices in the equities market.

Financial statements

Consolidated income statement

SEKm	Note	2015/2016	2014/2015
Net sales	5, 6	1,562.4	1,056.8
Cost of sales		–1,014.7	–661.0
Gross profit		**547.7**	**395.8**
Selling expenses		–344.2	–227.1
Administrative expenses	29	–103.2	–59.8
Other operating income	10, 29	6.6	1.3
Other operating expenses	10	–0.5	–2.5
Operating profit	4–11, 17, 29	**106.3**	**107.7**
Financial income	12, 29	1.9	0.8
Financial expense	12, 29	–8.0	–3.2
Net financial items		**–6.1**	**–2.4**
Profit before tax		**100.2**	**105.3**
Income tax expense	14	–22.4	–24.9
PROFIT FOR THE YEAR		**77.8**	**80.4**
Attributable to:			
Equity holders of the Parent Company		77.8	80.4
Non-controlling interests		–	0
Earnings per share (EPS), (SEK)	33	4.15	5.06[1)]
Average number of shares after repurchases ('000s)		18,749	15,892

1) The calculation of earnings per share is based on profit for the year and the weighted average number of shares outstanding. In calculating the average number of shares outstanding, it has been assumed that the 500,000 shares at the formation of the parent company have persisted throughout the reporting periods. Subsequently, the bonus element of the share issue carried out in July 2015 has been adjusted retroactively. As there is no quoted share price for AddLife during the historical financial years, the bonus element has been calculated on the basis of the value per share that were used in the connecting issue in kind that were carried profit for the year conjunction with the acquisition of Mediplast (see note 30). The issue in kind itself, carried out after the three historical financial periods, is in earnings is per share calculations assumed to have been made at fair value and therefore do not affect earnings per share for the three periods.

Consolidated statement of comprehensive income

SEKm	2015/2016	2014/2015
Profit for the year	**77.8**	**80.4**
Components that will be reclassified to profit for the year		
Foreign currency translation differences for the period	–3.8	2.8
Components that will not be reclassified to profit for the year		
Revaluations of defined benefit pension plans	9.7	–14.1
Tax attributable to items not to be reversed in profit or loss	–2.2	3.3
Other comprehensive income	**3.7**	**–8.0**
Comprehensive income for the year	**81.5**	**72.4**
Attributable to:		
Equity holders of the Parent Company	81.5	72.4
Non-controlling interests	–	0.0

Consolidated balance sheet

SEKm	Note	2016-03-31	2015-03-31
ASSETS			
Non-current assets			
Intangible non-current assets	15	734.9	192.5
Property, plant and equipment	16	59.4	31.0
Financial assets	18	4.9	4.8
Non-current receivables	18, 29	2.8	1.1
Deferred tax assets	14	2.9	2.8
Total non-current assets		**804.9**	**232.2**
Current assets			
Inventories	20	212.9	83.3
Tax assets		3.5	3.2
Accounts receivable	4	217.4	134.2
Prepaid expenses and accrued income	21	14.7	7.3
Other receivables	29	12.1	100.6
Cash and cash equivalents	29	11.6	82.5
Total current assets		**472.2**	**411.1**
TOTAL ASSETS		**1,277.1**	**643.3**
EQUITY AND LIABILITIES			
Shareholders' equity	22		
Share capital		40.1	0.5
Reserves		–4.0	–0.2
Retained earnings, including profit for the year		310.5	262.7
Non-controlling interests		–	0.3
Total shareholders' equity		**346.6**	**263.3**
LIABILITIES			
Non-current liabilities			
Non-current interest-bearing liabilities	26, 29	301.1	0.1
Provisions for pensions	24	63.3	73.1
Deferred tax liabilities	14	52.5	12.9
Total non-current liabilities		**416.9**	**86.1**
Current liabilities			
Current interest-bearing liabilities	27, 29	185.1	28.0
Accounts payable	29	159.5	85.2
Tax liabilities		13.2	3.3
Other liabilities	29	78.1	131.3
Accrued expenses and deferred income	28	72.9	45.4
Provisions	25	4.8	0.7
Total current liabilities		**513.6**	**293.9**
Total liabilities		**930.5**	**380.0**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,277.1**	**643.3**
Pledged assets	30	0.1	0.1
Contingent liabilities	30	1.4	1.2

For information about contingent liabilities and pledged assets, see note 30.

Consolidated statement of changes in equity

SEKm	Share capital	Reserves	Retained earnings including profit for the year	Total	Non-controlling interests	Total equity
EQUITY, OPENING BALANCE 2014-04-01	**–**	**–3.0**	**273.8**	**270.8**	**0.8**	**271.6**
Profit for the year	–	–	80.4	80.4	0.0	80.4
Foreign currency translation differences for the period	–	2.8	–	2.8	0.0	2.8
Actuarial effects of the pension obligation	–	–	–14.1	–14.1	–	–14.1
Tax attributable to other comprehensive income	–	–	3.3	3.3	–	3.3
Other comprehensive income	–	2.8	–10.8	–8.0	0.0	–8.0
Total comprehensive income	**–**	**2.8**	**69.6**	**72.4**	**0.0**	**72.4**
Registration of share capital	0.5	–	–	0.5	–	0.5
Dividend	–	–	–80.0	–80.0	–0.4	–80.4
Change in non-controlling interests	–	–	–0.7	–0.7	–0.1	–0.8
EQUITY, CLOSING BALANCE 2015-03-31	**0.5**	**–0.2**	**262.7**	**263.0**	**0.3**	**263.3**

SEKm	Share capital	Reserves	Retained earnings including profit for the year	Total	Non-controlling interests	Total equity
EQUITY, OPENING BALANCE 2015-04-01	**0.5**	**–0.2**	**262.7**	**263.0**	**0.3**	**263.3**
Profit for the year	–	–	77.8	77.8	–	77.8
Foreign currency translation differences for the period	–	–3.8	–	–3.8	–	–3.8
Actuarial effects of the pension obligation	–	–	9.7	9.7	–	9.7
Tax attributable to other comprehensive income	–	–	–2.2	–2.2	–	–2.2
Other comprehensive income	–	–3.8	7.5	3.7	–	3.7
Total comprehensive income	**–**	**–3.8**	**85.3**	**81.5**	**–**	**81.5**
New share issue and issue in kind	39.6	–	261.9	301.5	–	301.5
Dividend	–	–	–294.9	–294.9	–0.1	–295.0
Change in non-controlling interests	–	–	–4.5	–4.5	–0.2	–4.7
EQUITY, CLOSING BALANCE 2016-03-31	**40.1**	**–4.0**	**310.5**	**346.6**	**–**	**346.6**

Consolidated cash flow statement

SEKm	Note	2015/2016	2014/2015
OPERATING ACTIVITIES			
Profit after financial items		100.2	105.3
Adjustment for items not included in cash flow	31	48.3	23.1
Income tax paid		–36.4	–15.1
Cash flow from operating activities before changes in working capital		**112.1**	**113.3**
Cash flow from changes in working capital			
Changes in inventories		–21.9	–1.5
Changes in operating receivables		–17.5	–18.2
Changes in operating liabilities		45.0	26.8
Cash flow from operating activities		**117.7**	**120.4**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		–23.7	–15.4
Disposal of property, plant and equipment		1.2	1.2
Acquisition of intangible non-current assets		–18.2	–1.0
Acquisition of operations	32	–233.1	–
Divestment of operations		1.7	–
Cash flow from investing activities		**–272.1**	**–15.2**
FINANCING ACTIVITIES			
Borrowings		381.7	0.8
Repayments on loans		–	–5.2
Other financing		–	–15.7
Dividend paid to shareholders of the Parent Company[1)]		–294.9	–80.0
Dividend paid to non-controlling interests		–0.1	–0.4
Cash flow from financing activities		**86.7**	**–100.5**
Cash flow for the year		**–67.7**	**4.7**
Cash and cash equivalents at beginning of year		82.5	76.8
Exchange differences on cash and cash equivalents		–3.2	1.0
Cash and cash equivalents at year-end		11.6	82.5

1) Of the SEK 294.9 million, SEK 280.1 million relates to payment for acquired subsidiaries from Addtech.

Parent company income statement

SEKm	Note	2015/2016	2014/2015
Net sales		5.0	–
Administrative expenses		–21.2	–
Operating profit		**–16.2**	**–**
Interest income and similar items	12	0.5	–
Interest expense and similar items	12	–3.2	–
Net financial items		**–18.9**	**–**
Year-end appropriations	13	34.6	–
Profit before tax		**15.7**	**–**
Income tax expense	14	–3.5	–
Profit for the year		**12.2**	**–**
Comprehensive income for the year		**12.2**	**–**

Parent company balance sheet

SEKm	Note	2016-03-31	2015-03-31
ASSETS			
Intangible non-current assets	15	0.4	–
Property, plant and equipment	16	0.2	–
Financial assets			
Interests in Group companies	19	289.1	–
Receivables from Group companies	19	671.5	–
Total non-current financial assets		**960.6**	**–**
Total non-current assets		**961.2**	**–**
Current assets			
Prepaid expenses and accrued income		2.1	–
Other receivables		73.3	–
Cash and cash equivalents		–	0.5
Total current assets		**75.4**	**0.5**
TOTAL ASSETS		**1,036.6**	**0.5**
EQUITY AND LIABILITIES			
Shareholders' equity	22		
Restricted equity			
Share capital		40.1	0.5
Unrestricted equity			
Share premium reserve		261.9	–
Profit for the year		12.2	–
Total shareholders' equity		**314.2**	**0.5**
Untaxed reserves	23	5.2	–
Liabilities			
Liabilities to credit institutions	26	300.0	–
Liabilities to Group companies		60.1	–
Total non-current liabilities		**360.1**	**–**
Current interest-bearing liabilities	27	322.6	–
Current Liabilities to Group companies		2.0	–
Accounts payable		21.7	–
Tax liabilities		3.5	–
Other liabilities		0.6	–
Accrued expenses and deferred income		6.8	–
Total current liabilities		**357.2**	**–**
Total liabilities		**717.3**	**–**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,036.6**	**0.5**
Pledged assets		–	–
Contingent liabilities		–	–

For information about contingent liabilities and pledged assets, see note 30.

Parent company statement of changes in equity

SEKm	Share capital	Share premium reserve	Profit for the year	Total share-holders' equity
EQUITY, OPENING BALANCE 2014-04-01	**–**	**–**	**–**	**–**
Registration of share capital	0.5	–	–	0.5
EQUITY, CLOSING BALANCE 2015-03-31	**0.5**	**–**	**–**	**0.5**

SEKm	Share capital	Share premium reserve	Profit for the year	Total share-holders' equity
EQUITY, OPENING BALANCE 2015-04-01	**0.5**	**–**	**–**	**0.5**
Profit for the year	**–**	**–**	**12.2**	**12.2**
Share issue	33.6	33.6	–	67.2
Issue in kind	6.0	228.3	–	234.3
EQUITY, CLOSING BALANCE 2016-03-31	**40.1**	**261.9**	**12.2**	**314.2**

Parent company cash flow statement

SEKm	Note	2015/2016	2014/2015
Profit after financial items		–18.9	–
Adjustment for items not included in cash flow	31	0.0	–
Cash flow from operating activities before changes in working capital		**–18.9**	**–**
Cash flow from changes in working capital			
Changes in operating receivables		–33.7	–
Changes in accounts payable		21.7	–
Changes in other operating liabilities		7.5	–
Cash flow from operating activities		**–23.4**	**–**
INVESTING ACTIVITIES			
Acquisition of intangible non-current assets		–0.4	–
Acquisition of property, plant and equipment		–0.2	–
Acquisition of operations		–289.1	–
Investments in other financial non-current assets		–671.5	–
Cash flow from investing activities		**–961.2**	**–**
FINANCING ACTIVITIES			
Registration of share capital		–	0.5
New share issue		67.2	–
Issue in kind		234.3	–
Borrowings		360.1	–
Change in financial operating liabilities		324.4	–
Cash flow from financing activities		**984.1**	**0.5**
Cash flow for the year		**–0.5**	**0.5**
Cash and cash equivalents at beginning of year		0.5	–
Exchange differences on cash and cash equivalents		0.0	–
Cash and cash equivalents at year-end		0.0	0.5

Notes to the financial statements

NOTE 1 | GENERAL INFORMATION

AddLife AB (the parent company) and its subsidiaries form the AddLife Group. The Group comprises 32 subsidiaries of which 24 are operating subsidiaries active in the Nordic Life Science market. The Group Is a leading independent supplier of equipment, instruments and reagents from leading global suppliers to costumers primarily in the healthcare sector, laboratory research, academia, as well as the food and pharmaceutical industries. The Group operates in the Nordic countries.

AddLife AB, corporate identity number 556995-8126, is a registered limited liability company with its registered office in Stockholm, Sweden.

NOTE 2 | SUMMARY OF IMPORTANT ACCOUNTING POLICIES

The Parent Company's and the Group's accounting policies are consistent with each other, except in the case of reporting pensions, untaxed reserves and appropriations. See also "Accounting policies of the Parent Company".

The Board approved the Parent Company's annual report and the Group's consolidated financial statements for publication on 8 July 2016. The Parent Company's and Group's respective income statements and balance sheets will be submitted for adoption to the Annual General Meeting on 1 September 2016.

ACCOUNTING POLICIES OF THE PARENT COMPANY

The Parent Company applies the same accounting policies as the Group does, except where the Swedish Annual Accounts Act and the Swedish Act on Safeguarding Pension Obligations prescribe different procedures for the Parent Company or when accounting in accordance with the taxation prefers other accounting policies.

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

Shares in Group companies are recognised in the Parent Company using the cost method, which means that transaction costs are included in the carrying amount for holdings in subsidiaries. Any changes in liabilities for contingent consideration are added to or reduce the (acquisition) cost. In the Group, transaction costs are expensed and changes in liabilities for contingent considerations are entered as income or expense.

Dividends received are recognised as income.

The Parent Company recognises untaxed reserves including deferred tax liabilities, rather than dividing them into deferred tax liabilities and equity as is done for the Group.

Group contributions are recognised in the Parent Company in accordance with the alternative principle. A Group contribution received or paid to a subsidiary is recognised in the Parent Company as a appropriation. Shareholder contributions are recognised directly in the equity of the recipient and are capitalised in the contributor's shares and interests, insofar as no impairment is required.

Basis of preparation of the combined financial statements

The Group was formed on 22 June 2015 when AddLife AB acquired 20 companies ("the Subsidiaries") that were part of Addtech AB's Life Science segment from Addtech Nordic AB at the carrying amount. Please see note 36 for a specification of the 20 companies. Since the businesses did not historically comprise a group under IFRS definitions, there are no consolidated financial statements for the period prior to 22 June 2015. The historical financial information for the period prior to 22 June 2015 has therefore been prepared as combined financial statements for the reporting entity comprising AddLife AB and the 20 subsidiaries.

A prerequisite for the preparation of combined financial statements is that there is a binding element for the companies whose economic activities are combined. The 20 acquired companies were at the time of acquisition and during the periods covered by the combined financial statements, wholly-owned or in three cases majority-owned subsidiaries of Addtech Nordic AB and therefore were, together with AddLife, within the common control of Addtech. The presence of common control is the determining binding element that allows the preparation of combined financial statements for AddLife. Since IFRS does not provide specific guidance on how to prepare combined financial statements, AddLife has defined the following principles for preparing the combined financial statements.

The combined financial statements are based on historical carrying values as they have been reported in Addtech AB's consolidated annual reports ("predecessor method of accounting"). Adjustments have been made to eliminate transactions between the companies included in the combined financial statements.

Net debt in the financial statements consist of the historically reported net debt of the reporting entity.

Intercompany transactions

All receivables and liabilities to Addtech AB and other companies within the Addtech Group are presented as external assets and liabilities. Transactions with these companies are regarded as related party transactions. See note 29 Related-party transactions for more information.

Overhead costs
During the historical financial periods, the individual companies within AddLife have been provided with services such as management, controller, accounting and IT from Addtech AB. Costs for these services have been allocated to the companies based on a cost distribution key that is primarily based on the companies' share of the Addtech Group's net sales and number of full-time positions.

Earnings per share
AddLife AB was registered on 15 December 2014, for which reason share capital has not existed during the entire historical financial periods.

Because of this, AddLife has chosen to base earnings per share calculations on the intended number of shares at the time of listing, with adjustments for stock transactions that took place between the time of registration of the share capital and listing (see note 33).

Taxes
Reported taxes in the combined financial statements consist of the constituent companies' reported current and deferred taxes. Current taxes are based on the amounts paid by each entity, as well as deferred taxes based on what is expected to be settled by the companies in the future.

IFRS 1 (First-time Adoption of IFRS) is applied
AddLife have not previously prepared financial statements under IFRS and must therefore apply IFRS 1 First-time Adoption of IFRS. IFRS 1 is applicable for the combined financial statements which constitute the comparative year 2014/2015. Under IFRS 1, a subsidiary that adopts IFRS later than its parent company may choose to value its assets and liabilities at the carrying amounts that would be included in the parent company's accounts based on the parent company's transition to IFRS. AddLife has chosen this option, which means that the consolidated values included in the Addtech Group's reporting are used as the basis for the carrying amounts used in AddLife AB's combined financial statements.

General accounting policies
The financial statements for the Group were prepared in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and with interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as approved by the European Union (EU). In addition to this, Recommendation RFR 1 Supplementary Accounting Rules for Groups, issued by the Swedish Financial Reporting Board, have been applied.

Presentation of the annual report
The financial statements are in millions of Swedish kronor (SEK million) unless otherwise stated. AddLife AB's functional currency is Swedish kronor, as is the reporting currency for the Group. Assets and liabilities are recognised at historical cost, except for currency derivatives that are measured at fair value.

Preparing financial reports according to IFRS requires that management makes judgements and estimates as well as assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates and assumptions are based on historical experience and numerous other factors deemed reasonable under the circumstances at the time. Actual outcomes may differ from these judgements and estimates. Estimates and assumptions are reviewed regularly. Changes to estimates are recognised in the period when the change is made if the change only affected that period. If the change affects current and future periods, it is recognised in the period when the change is made and in future periods. Judgments made by management in the application of IFRS that have a significant effect on the financial statements and estimates that can cause material adjustments in the next year's financial statement are further described below in note 2.

The financial statements have been prepared in compliance with IAS 1 Presentation of Financial Statements, which means that, *inter alia*, separate income statements and balance sheets, as well as statements of other comprehensive income, financial position, changes in shareholders' equity and cash flow, have been prepared and that notes are provided that detail the accounting policies and disclosures applied.

Assets are divided into current assets and non-current assets. An asset is considered as a current asset if it is expected to be realised within 12 months of the end of the reporting period or within the Company's operating cycle. 'Operating cycle' refers to the time elapsed from the start of production until the Company receives payment for goods or services delivered. The Group's operating cycle is judged to be less than one year.

If an asset does not fulfil the current asset criterion, it is classified as a non-current asset.

Receivables and liabilities, as well as income and expenses, are offset only if required or if expressly permitted under IFRS.

Liabilities are divided into current liabilities and non-current liabilities. Current liabilities are liabilities to be paid within 12 months of the end of the reporting period or, in the case of operating liabilities only, that are expected to be paid within the operating cycle. As this takes into account the operating cycle, no non-interest-bearing liabilities, such as accounts payable or accrued staff costs, are recognised as non-current liabilities.

New or amended IFRS issued but not yet in force
IFRS 9 "Financial Instruments"

IFRS 9 Financial Instruments will replace IAS 39 Financial Instruments: Recognition and Measurement. Through IFRS 9, the IASB has completed an entire "package" of changes regarding reporting of financial instruments. The package includes revised guidance for classification and measurement of financial instruments, a forward-looking expected loss impairment model and simplified requirements for hedge accounting. IFRS 9 becomes effective on 1 January 2018 and early adoption is permitted provided that the EU adopts the standard. The EU plans to approve the standard during the fourth quarter of 2016. The Group is assessing the potential impact of IFRS 9, but preliminary assessment suggests that IFRS 9 will not have any material impact on the consolidated financial statements.

IFRS 15" Revenue from Contracts with Customers"

IFRS 15 "Revenue from Contracts with Customers" is a new standard for recognition of revenue. The purpose of the new revenue recognition standard is to have a single principle-based standard for all industries to replace existing standards and statements about revenue. The Group is assessing the impact of IFRS 15. Areas that may preliminarily be affected include the need for merging contracts, division of the Group's transactions into the various performance obligations for the sale of machinery, reagents, service and training, etc., as well as identification and allocation of the transaction price for the various performance obligations. Since the Group is still assessing the effects of the new standard, a decision has yet to be made regarding what transition rules will be applied. IFRS 15 allows three approaches to handle the transition. The Group will be affected by the new expanded disclosure requirements regarding revenue, in both interim and annual reports. IFRS 15 becomes effective in 2018 and early adoption is permitted provided that the EU adopts the standard. The EU is expected to approve IFRS 15 in the third quarter of 2016.

IFRS 16 "Leases"

IFRS 16 Leases: New standard relating to reporting of leases. Lessees will no longer have the option of classification under IAS 17 of finance and operating leases, which will be replaced with on-balance sheet recognition of assets and liabilities for all leases. There are two exemptions to the requirements for recognition on the balance sheet: leases of low value items or short-term leases of 12 months or less. In the income statement, depreciation is reported separately from interest expense attributable to the lease liability. No major changes are expected for lessors as the rules of IAS 17 will essentially be retained, with the exception of additional disclosure requirements. IFRS 16 is preliminarily not expected to have any significant effect on the consolidated financial statements. IFRS 16 will be applied from 1 January 2019. Early application is permitted provided that IFRS 15 is also applied from the same date.

Consolidated financial statements

The financial statements are based on historical carrying values as they have been reported in Addtech AB's consolidated annual reports (predecessor method of accounting). The financial statements include the parent company and the companies described in note 36. The financial statements follow the principles in IFRS 10 Consolidated Financial Statements, which states that controlling influence exists if the parent company has influence over the object of investment, is exposed or entitled to variable yield from its involvement and can exert its influence over the investment to affect the yield. In the assessment of whether controlling influence exists, potential shares with an entitlement to vote are considered, as well as whether de facto control exists.

The acquisition method is applied in the financial statements. This means, in brief, that identifiable assets, liabilities and contingent liabilities in the company acquired are measured and recognised in the consolidated financial statements as if they had been acquired directly by purchase and not indirectly by acquisition of the company's shares. The valuation is based on fair values. If the value of the net assets is less than the acquisition price, consolidated goodwill arises. If the opposite occurs, the difference is recognised directly in profit or loss. Goodwill is determined in local currency and is recognised at cost, less any impairment losses. Companies acquired or disposed of are consolidated or deconsolidated, respectively, from the date of acquisition or disposal. The acquisition entries included in the financial statements have been taken over from the acquisition entries reported by Addtech historically.

Contingent considerations are measured at fair value at the time of the transaction and are subsequently revalued on each reporting occasion. Effects of the revaluation are recognised as income or expense in the consolidated profit or loss. Transaction costs in conjunction with acquisitions are expensed. It is possible for a holding that is not a controlling interest to be measured at fair value upon acquisition, which means that goodwill is included in non-controlling interests. Alternatively, non-controlling interests constitute part of net assets. The choice is determined individually for each acquisition.

Intragroup receivables and liabilities as well as transactions between companies included in the combined financial statements, as well as related unrealised gains, are wholly eliminated. Unrealised losses are eliminated in the same way as unrealised gains, except in the case of a need of impairment.

Exchange rate effects

Translation of the financial reports of foreign Group companies

Assets and liabilities in foreign operations, including goodwill and other surpluses and deficits on consolidation, are converted to Swedish kronor using the exchange rate prevailing at the end of the reporting period. Income and expenses in foreign businesses are converted to Swedish kronor using the average rate, which is an approximation of the rates prevailing at the time of each transaction. Translation differences resulting from the conversion of foreign operations' accounts are recognised through other comprehensive income in the foreign currency translation reserve in equity.

Transactions denominated in foreign currencies

A transaction denominated in a foreign currency is converted to the functional currency at the rate of exchange on the transaction date. Monetary assets and liabilities in foreign currency are converted to the functional currency using the rate prevailing at the end of the reporting period. Nonmonetary assets and liabilities recognised at historical cost are converted using the exchange rate at the time of the transaction. Exchange differences that arise in conversion are recognised in profit or loss. Exchange differences on operating receivables and operating liabilities are included in operating profit or loss, while exchange differences on financial receivables and liabilities are recognised among financial items.

The Group uses forward foreign exchange contracts to a certain extent to reduce its exposure to exchange rate fluctuations. Forward foreign exchange contracts are recognised at fair value at the end of the reporting period.

Financial assets and liabilities, recognition and de-recognition

Financial instruments recognised among assets in the balance sheet include cash and cash equivalents, loan receivables, accounts receivable, financial investments and derivatives. The liabilities include accounts payable, loans payable, contingent considerations and derivatives. A financial asset or financial liability is recognised in the balance sheet when the Company becomes a party in accordance with the terms and conditions of the instrument. Accounts receivable are recognised in the balance sheet when an invoice has been sent. A liability is recognised when the counterparty has completed its undertaking and a contractual obligation to pay exists, even if no invoice has yet been received. A financial asset (or part thereof) is removed from the balance sheet when the rights in the agreement are realised or expire or the Company loses control over them. A financial liability (or part thereof) is removed from the balance sheet when the obligation in the contract is fulfilled or in some other way ceases to exist. A financial asset and a financial liability are only offset and recognised at the net amount in the balance sheet when the Company is legally entitled to offset their amounts and the Company intends to settle the items with a net amount or simultaneously realise the asset and settle the liability.

Financial assets and liabilities, measurement and classification

A financial instrument that is not a derivative is initially recognised at cost, equivalent to the instrument's fair value plus transaction costs. This applies to all financial instruments except those in the category of financial assets, which are measured at fair value through profit or loss. At initial recognition, a financial instrument is classified based on the purpose for which it was acquired. The classification determines how the financial instrument is measured after initial recognition, as described below.

Financial instruments measured at fair value are classified in a hierarchy based on the origin of the inputs used in the evaluation. At level 1 are financial instruments with a price quoted in an active market. Level 2 comprises financial instruments whose value is determined based on observable market data, though not prices quoted in an active market. Level 3 includes using inputs, such as cash-flow analyses, not based on observable market data.

Financial assets and liabilities measured at fair value through profit or loss

This category consists of two subgroups: financial assets and liabilities held for trading, and other financial assets and liabilities that the Company initially chose to place in this category. The first group includes derivatives unless they are designated hedging instruments. The other group contains contingent considerations in conjunction with acquisitions of subsidiaries.

Accounts receivable and loan receivables

Loan receivables and accounts receivable are financial assets that are not derivatives, with fixed payments or with payments that can be determined, and that are not quoted on an active market. Assets in this category are measured at amortised cost.

Accounts receivable are recognised at the amount expected to be recovered, after deduction for doubtful receivables, assessed individually. The expected maturities of accounts receivable are short, therefore they are recognised at nominal amounts without discounting. Impairment losses on accounts receivable are recognised in operating expenses.

Unlisted equity instruments carried at cost

A holding of unlisted shares in housing companies, whose fair value cannot be reliably calculated, is measured at cost and tested for impairment when an indication of impairment is observed.

Other financial liabilities

Loans and other financial liabilities, such as accounts payable, are included in this category. These liabilities are measured at amortised cost. Accounts payable are measured at nominal amounts without discounting.

Derivatives and currency hedging

Foreign currency exposure related to future contractual and forecasted flows is hedged with forward exchange contracts, swaps and currency clauses in customer and supplier contracts. An embedded derivative, for example a currency clause, is disclosed separately unless closely related to its host contract. Derivatives are initially recognised at fair value, which means that transaction costs are charged to profit or loss for the period. After the initial recognition, the derivative instrument is measured at fair value. Neither futures, swaps nor embedded derivatives in currency clauses are reported as hedging at this time. Increases and decreases in value are recognised as income or expense in operating profit.

Financial assets and liabilities, classification

Cash and cash equivalents

Cash and cash equivalents consists of cash and funds immediately available in banks and equivalent institutions, as well as short-term liquid investments that mature within three months of the time of acquisition, and are subject to only a negligible risk of fluctuation in value.

Financial receivables and investments

If the anticipated holding period of the asset is longer than one year, the receivable is a non-current receivable; if shorter, it is an other current receivable. Financial investments are classified either as non-current financial assets or current investments, depending on the purpose of the holding. If the maturity or the anticipated holding period is longer than one year, such financial investments are considered non-current investments; if shorter than one year, current investments.

Liabilities

Non-current liabilities consist of liabilities that the Group has an unconditional right to pay later than one year from the end of the reporting period and that are intended to be paid later than one year. Other liabilities are current.

Property, plant and equipment

Property, plant and equipment are recognised at cost, less accumulated depreciation and any impairment losses. The cost comprises the purchase price, including customs and excise duties, as well as costs directly attributable to the asset to bring it to the location in such condition that it can be used as intended by the acquisition. Discounts and the like are deducted from the purchase price. Examples of directly attributable costs included in the cost are shipping and handling, installation, legal ratification and consulting services.

Additional expenditure for an item of property, plant and equipment is only added to the cost if it increases the future economic benefits. All other expenditure, such as expenditure for repair and maintenance, is expensed on a current basis. A decisive factor as to when an incremental expenditure should be added to the cost is whether the expenditure refers to the replacement of identified components or parts thereof, in which case the expenditure is capitalised. Also, if a new component has been created, the expenditure is added to the cost.

Any undepreciated carrying amounts for replaced components, or parts of components, are retired and expensed in conjunction with the replacement.

Any impairment is reported as per IAS 36 Impairment of Assets.

Depreciation is effected on a straight-line basis over the estimated useful life and taking account of any residual value at the end of that period.

Property, plant and equipment comprising parts that have different useful lives are treated as separate components.

The carrying amount of an item of property, plant and equipment is removed from the balance sheet upon retirement or disposal of the asset, or when no future economic benefits are expected to be derived from its use. Gains or losses realised upon the disposal or retirement of an asset consist of the difference between the selling price and the carrying amount of the asset, less direct selling expenses. Gains or losses are recognised as other operating income or other operating expense.

Property, plant, and equipment	**Useful life**
Buildings	20–100 years
Equipment	3–5 years
Machinery	3–10 years
Land improvements	10 years

Leases

When accounting for leases, a distinction is made between finance and operating leases. A finance lease is characterised by the lessee assuming, in all essential respects, the economic benefits and risks associated with ownership of the asset. If that is not the case, the lease is regarded as an operating lease.

Significant finance leases are recognised as non-current assets, initially valued at the present value of the minimum lease payments when the agreement was entered into. On the liabilities side, the present value of remaining future lease payments is recognised as interest-bearing non-current and current liabilities. The asset is depreciated over its useful life, usually corresponding to the lease period, taking into account any residual value at the end of the period. Impairment is tested in accordance with IAS 36 Impairment of Assets.

Lease payments are divided into interest and amortisation of the liability. Other lease obligations are recognised as per rules for operating leases, such that lease payments are charged as an operating expense on a straight-line basis during the lease period. Variable charges are recognised as an expense in the period they are incurred.

Intangible assets

Intangible non-current assets are recognised in accordance with IAS 38 Intangible Assets at cost, less accumulated amortisation, and are divided between goodwill and other intangible non-current assets. Any impairment of intangible assets is recognised as per IAS 36 Impairment of Assets.

An intangible asset is an identifiable nonmonetary asset, without physical substance, that is used for marketing, producing or supplying goods or services, or for rental and administration. To be recognised as an asset, it must be probable that the future economic benefits attributable to the asset will benefit the Company and that the (acquisition) cost can be calculated reliably.

Additional expenditure for an intangible asset is only added to the cost if it increases future economic benefits beyond the original assessment and if the expenditure can be calculated reliably. All other expenditure is expensed as it is incurred.

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

Goodwill and intangible non-current assets with indefinable useful lives are measured at cost, less any accumulated impairment losses. Goodwill and intangible non-current assets with indefinable useful lives are allocated among cash-generating units and are not amortised but are tested for impairment on an annual basis.

Intangible assets aside from goodwill are recognised at their original cost, less accumulated amortisation and impairment losses.

Amortisation is charged primarily on a straight-line basis and is based on the useful lives of the assets, which are reviewed on an annual basis. An asset's useful life is based on historical experience of use of similar assets, areas of application and other specific features of the asset.

Amortisation is included in cost of sales, selling expenses or administrative expenses, depending on where in the business the assets are used.

Expenditure for development, in which the results of research or other knowledge are applied to achieve new or improved products or processes, is recognised as an asset in the balance sheet if the product is technically and commercially viable and the Company has sufficient resources to complete development and subsequently use or sell the intangible asset. Other development expenditure is expensed as it is incurred.

Expenditure for internally generated goodwill and trademarks is recognised in profit or loss as an expense as it is incurred.

Intangible assets	**Useful life**
Supplier relationships	10 years
Software for IT operations	3–5 years
Technology	13 years
Trademarks	Indeterminable

Impairment losses

Property, plant, and equipment and intangible assets

The carrying amounts of Group assets are tested as soon as there is indication that the asset in question has decreased in value. If such indication exists, impairment is determined after calculating the recoverable amount of the asset, which is the higher of an asset's value in use and its fair value. Impairment loss is recognised if the recoverable amount is less than the carrying amount. The value in use is calculated as the present value of future payments that the Company is expected to receive by using the asset. The estimated residual value at the end of the useful life is included in the value in use. If the recoverable amount of an individual asset cannot be determined, the recoverable amount is set at the recoverable amount for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest group of assets that give rise to continuous payment surpluses independent of other assets or groups of assets.

Goodwill on consolidation is attributable to the cash-generating unit to which the goodwill is linked. Impairment losses are reversed when the reasons for the impairment, wholly or partly, no longer exists. However, impairment losses are never reversed for goodwill.

For goodwill and other intangible assets with indefinable useful lives and for intangible assets not yet ready for use, the recoverable amount is calculated annually and more frequently if impairment indicators arise.

Financial assets

When accounts are prepared for reporting, the Company assesses whether there is objective evidence that any financial asset or group of assets is impaired. The recoverable amount of loan receivables and accounts receivable recognised at amortised cost is calculated as the present value of future cash flows discounted by the effective interest rate prevailing when the asset was first recognised. Assets with short maturities are not discounted. Impairment losses are charged to the income statement.

Inventories

Inventories, that is, raw materials and finished goods for resale, are carried at the lower of cost and net realisable value, hence taking into account the risk of obsolescence. The cost is calculated using the first in, first out (FIFO) principle or weighted average prices.

In the case of finished and semifinished goods manufactured in-house, the cost consists of direct manufacturing costs and a reasonable portion of indirect manufacturing costs. Normal capacity utilisation is taken into account in valuation.

Capital

No expressed measure of financial position related to shareholders' equity is used internally.

Historically AddLife has not had a dividend policy. The dividends paid during the financial years 2012/2013, 2013/2014 and 2014/2015 were determined by Addtech AB based on the equity ratio of each company.

AddLife's future dividend policy involves a payout ratio exceeding 30 to 50 percent of profit after tax over a business cycle.

Employee benefits

Employee benefits are recognised in the consolidated financial statements as per IAS 19 Employee Benefits.

Employee benefits after termination of employment, pension obligations

AddLife has defined benefit pension plans in Sweden and Norway. In these plans, a pension is determined mainly by the salary received at the time of retirement. The plans cover a small number of employees; some defined-contribution plans also apply. Subsidiaries in other countries in the Group have defined contribution pension plans.

A distinction is made between defined contribution pension plans and defined benefit pension plans. In defined-contribution plans, the Company pays stipulated fees to a separate legal entity and has no obligation to pay additional fees. Costs are charged to the Group's profit or loss at the rate at which the benefits are earned. In defined benefit pension plans, benefits are paid to current and former employees based on their salary upon retirement and the number of years of service. The Group bears the risk for payment of promised benefits.

The Group's net obligation to defined benefit plans is calculated individually for each plan by estimating future benefits that employees have earned through employment in current and previous periods. These benefits are discounted to a present value, and any unreported costs related to service in previous periods and the fair value of any plan assets are deducted.

Defined benefit pension plans are both funded and unfunded. When a plan is funded, its assets have been separated into so-called plan assets. These plan assets can only be used for payments of benefits as per the pension agreements. The net value of the estimated present value of the obligations and the fair value of plan assets is recognised in the balance sheet, either as a provision or as a non-current financial receivable. When a surplus in a plan cannot be fully utilised, only the portion of the surplus that the Company can recover through reduced future fees or repayments is recognised.

Offsetting a surplus in one plan against a deficit in another plan will only take place if the Company is entitled to utilise a surplus in one plan to settle a deficit in another plan, or if the obligations are intended to be settled on a net basis.

The pension cost and pension obligation for defined benefit pension plans are calculated using the Projected Unit Credit Method. This method distributes the cost of pensions at the rate at which employees perform services for the Company that increase their rights to future benefits. The aim is to expense expected future pension payouts in a manner that provides an even cost over the employee's period of employment.

This calculation takes into account anticipated future salary increases and anticipated inflation. The Company's obligation is calculated annually by independent actuaries.

The discount rate used is equivalent to the interest rate on high-quality corporate bonds or mortgage-backed bonds with a maturity equivalent to the average maturity of the obligation and currency. For Swedish pension liabilities, the interest rate for Swedish housing bonds is used as a basis and for Norwegian pension liabilities, the interest rate for Norwegian corporate bonds is used.

Revaluations may arise when establishing the obligation's present value and fair value on plan assets. These may arise either because the actual outcome differs from previously made assumptions (experience-based adjustments), or because assumptions were changed. These revaluations are recognised in the balance sheet and the income statement under other comprehensive income. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows. The discount rate used is equivalent to the interest rate on high-quality corporate bonds or government bonds with a maturity equivalent to the average maturity of the obligation and currency.

A portion of the Group's defined benefit pension obligations has been financed through premiums to Alecta. The required information cannot be obtained from Alecta, therefore these pension obligations are reported as a defined-contribution plan.

Payroll tax is a part of the actuarial assumption and is therefore reported as part of the net obligation/asset. The portion of payroll tax that is calculated based on the Swedish Pension Obligations Vesting Act (Sw. *Tryggandelagen*) for a legal entity is stated, for reasons of simplicity, as accrued costs instead of as part of the net obligation/asset.

Tax on returns is reported in the income statement for the period the tax refers to and is thus not included in the calculation of debt. For schemes run as funds, tax is levied on returns for plan assets and reported in other comprehensive income. For schemes not run as funds or run partly as funds, tax is included in profit or loss.

When the cost of a pension is determined differently in a legal entity than in the Group, a provision or claim for taxes on pension costs is recognised, such as a special employer's contribution for Swedish companies based on this difference. The present value for the provision or claim is not calculated.

Benefits upon termination of employment

A cost for benefits in conjunction with termination of employment is recognised only if there is a formal, detailed plan to terminate employment prior to the normal date.

Short-term benefits

Short-term benefits to employees are calculated without discounting and are recognised as an expense when the related services are performed.

A provision for the expected costs of bonus disbursements is recognised when the Group has a valid legal or informal obligation to make such payments as a result of services received from employees and where the obligation can be calculated reliably.

Provisions and contingent liabilities

A provision is recognised in the balance sheet when the Company has a formal or informal obligation as a result of a transpired event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably. If the effect is material, the provision is based on a present value calculation.

Provisions are made for future costs resulting from warranty undertakings. The calculation is based on expenditure during the financial year for similar undertakings or the estimated costs for each undertaking.

Provisions for restructuring costs are recognised when a detailed restructuring plan has been adopted and the restructuring has either begun or been announced.

Contingent liabilities are recognised when a possible undertaking exists stemming from past events and the existence of the undertaking is confirmed only by the occurrence or non-occurrence of one or more uncertain future events not entirely within the Company's control. Other obligations are also recognised as contingent liabilities if they result from past events but are not recognised as a liability or provision because it is unlikely that an outflow of resources will be required to settle the undertaking or because the size of the undertaking cannot be determined with sufficient accuracy.

Revenue recognition

Sales revenue and revenue from projects in progress are recognised as per IAS 18 Revenue. The fair value of what has been received, or what will be received, is recognised as sales revenue. Deductions are made for value added tax, returns, discounts and price reductions. Revenue from sales of goods is recognised when certain requirements have been met. These requirements are that material risks and benefits associated with ownership of the goods have been transferred to the purchaser, that the selling company does not retain any involvement in ongoing administration nor does it exert any real control over the goods sold, that the revenue can be calculated reliably, that it is likely that the economic benefits that the Company will obtain from the transaction will accrue to the Company, and that the expenses that have arisen or are expected to arise as a result of the transaction can be calculated reliably.

Revenue from projects in progress is recognised in increments as projects are completed. The degree of completion is determined on the basis of accumulated project expenses at the end of the period as a proportion of estimated total project expenses. If future costs to complete a project are estimated to exceed remaining revenue, a provision is made for estimated losses.

Lease revenue is recognised on a straight-line basis in profit or loss based on the terms of the lease.

Financial income and expenses

Interest income on receivables and interest expense on liabilities are computed using the effective interest method. The effective rate is the interest rate that makes the present value of all future receipts and payments during the period of fixed interest equal to the carrying amount of the receivable or liability. Interest expenses and income include accrued amounts of any transaction costs, rebates, premiums and other differences between the original value of the item and the amount paid/received upon maturity. Interest and dividends are recognised as income when it is probable that the economic benefits associated with the transaction will accrue to the Company and that the income can be calculated reliably.

Tax on income

Tax is recognised in profit or loss, except when the underlying transaction is recognised in other comprehensive income or directly in equity, in which case the associated tax effect is also recognised in other comprehensive income or equity. Current tax refers to tax that is to be paid or refunded for the current year. This also includes adjustments of current tax attributable to prior periods.

Deferred tax is calculated using the liability method based on temporary differences between carrying amounts and tax bases of assets and liabilities. The amounts are calculated depending on how the temporary differences are expected to be settled and by applying the tax rates and tax rules enacted or announced at the end of the reporting period. Temporary differences are not taken into account in Group goodwill, nor in differences attributable to interests in subsidiaries or associates owned by Group companies outside Sweden that are not expected to be taxed in the foreseeable future. In the consolidated financial statements, untaxed reserves are allocated to deferred tax liability and equity. Deferred tax assets related to deductible temporary differences and tax loss carry-forwards are only recognised to the extent it is likely they will reduce tax payments in the future.

Segment reporting

Assets and liabilities as well as income and expenses are attributed to the segment where they are used, earned and consumed, respectively. The operating segment's earnings are monitored by the highest executive decision-maker, i.e. the CEO of AddLife.

The division into operating segments is based on the business area organisation in AddLife, which are LabTech and MedTech. The division into business areas reflects AddLife's internal organisation and reporting system. The business grouping in AddLife reflects a natural division of markets within the Life Science market. Operations that do not belong to these areas of operation are included under the heading Group items.

Cash flow statement

In preparing the cash flow statement, the indirect method is applied. In addition to flows of cash and bank funds, current investments maturing within three months of the acquisition date that can be converted into bank deposits at an amount known beforehand are classified as cash and cash equivalents.

Events after the reporting period

Events that occurred after the reporting period but whose circumstances were identifiable at the end of the reporting period are included in the reporting. If significant events occurred after the reporting period but did not affect the recognised results of operations or financial position, the event is disclosed in note 35.

Personnel information

The Swedish Annual Accounts Act requires more information than IFRS, including information about the gender of the Board of Directors and management.

Data on gender distribution refer to the situation at the end of the reporting period. 'Members of the Board of Directors' are directors, elected by a general meeting of shareholders, in the parent company and in Group companies. 'Members of senior management' are people in Group management, Managing Directors and vice MDs at Group companies.

NOTE 3 | CRITICAL ESTIMATES AND ASSUMPTIONS

The carrying amounts of certain assets and liabilities are based in part on estimates and assumptions. This applies particularly to impairment testing of goodwill (note 15) and to defined benefit pension obligations (note 24). Assumptions and estimates are continually evaluated and are based on historical experience and expectations regarding future events deemed reasonable under prevailing circumstances.

Tests are performed each year to determine if goodwill is impaired.

The recoverable amount for cash generating units has been determined by calculating values in use. For these calculations, certain estimates must be made.

A portion of the Group's pension obligations for salaried employees is on a defined benefit basis and is covered by collective policies with Alecta. Currently, it is impossible to obtain data from Alecta on the Group's share of obligations and plan assets, so the pension plan with Alecta must be recognised as a defined-contribution plan. The consolidation ratio reported by Alecta does not indicate any deficit, but it is not possible to obtain detailed information from Alecta about the size of the pension obligation.

The present value of pension obligations recognised as defined benefit plans depends on multiple factors determined on an actuarial basis using a number of assumptions. In establishing these assumptions, AddLife consults with actuaries, and for the Norwegian pension liabilities AddLife complies with the guidelines issued by The Norwegian Accounting Standards Board. The assumptions used to determine the present value of the obligation include the discount rate and salary increases. Each change in these assumptions will affect the carrying amount of pension obligations. See also note 24.

Changes in tax laws in the countries where AddLife operates could change the amount of tax liabilities and assets recognised. In addition, the interpretation of current tax laws can affect reported tax asset/liability. Assessments are made to determine both current and deferred tax assets/liabilities. The actual results may deviate from these estimates, in part because of changes in the business climate or the tax rules.

NOTE 4 | ANCIAL RISK AND RISK MANAGEMENT

Goals and policy for risk management

AddLife strives for structured and efficient management of the financial risks that arise in the operation, which is manifested in the financial policy adopted by the Board of Directors. The financial operations are not conducted as a separate line of the business; they are merely intended to constitute support for the business and reduce risks in the financial operations. The policy stipulates goals and risks in the financial operations, and how they are to be managed. The financial policy expresses the goal of minimising and controlling financial risks. The policy defines and identifies the financial risks that arise at AddLife and how responsibility for managing these risks is distributed in the organisation. The financial risks defined in the financial policy are currency risk, interest rate risk, liquidity, financing and issuer/borrower risk. Operational risks, that is, financial risks related to operating activities, are managed by each subsidiary's management according to principles in the financial policy and subordinate process descriptions approved by the Group's Board of Directors and management. Risks such as translation exposure, refinancing risk and interest rate risk are managed by the parent company, AddLife AB. Only Addtech AB was permitted to enter into financial derivatives with external counterparties during the reporting period. The subsidiaries hedged their risk with Addtech AB which, in turn, hedged the net risk on the external market. From February 2016, the subsidiaries within the AddLife Group were permitted to enter into financial derivatives with external counterparties.

Currency risks

The AddLife Group conducts extensive trade abroad and a material currency exposure therefore arises in the Group, which must be managed in such a way as to minimise the impact on earnings ensuing from exchange rate fluctuations.

The AddLife Group applies decentralised responsibility for currency risk management. This involves risk identification and risk hedging either through matching of currency flows, via currency accounts, or via forward exchange contracts at the subsidiary level.

The companies are responsible for choosing the most appropriate hedging measure from a commercial and risk viewpoint.

To minimise currency risks, top priority should be on matching inflows and outflows in the same currency. Currency clauses may be used if the Company deems it to be advantageous from a risk and commercial viewpoint. The main principle for the currency clause is 80% compensation for an exchange rate fluctuation of +/– 2%. If the Company believes that currency risk could have a significant impact on the outcome after the exposure is reduced through matching and/or currency clauses, the Company must hedge its commercial net flows with forward exchange contracts on a monthly basis.

For AddLife, currency risk arises 1) as a result of future payment flows in foreign currency, known as transaction exposure, and 2) because parts of the Group's equity comprise net assets in foreign subsidiaries, known as translation exposure.

Transaction exposure

Transaction exposure comprises all future contracted and forecasted ingoing and outgoing payments in foreign currency. The Group's currency flows usually pertain to flows in foreign currency from purchases, sales and dividends. Transaction exposure also comprises financial transactions and balances. During the financial years 2015/2016 and 2014/2015, the Group's payment flows in foreign currencies were distributed as follows:

2015/2016	Currency flows, gross		Currency flows
SEKm	Inflows	Outflows	Net
EUR	78.8	417.1	–338.3
DKK	76.4	7.3	69.1
NOK	27.2	9.7	17.5
USD	13.7	100.9	–87.2
JPY	0.0	12.1	–12.1
GBP	1.0	14	–13.0
CHF	0.3	18.6	–18.3

2014/2015	Currency flows, gross		Currency flows
SEKm	Inflows	Outflows	Net
EUR	37.5	325.2	–287.7
DKK	0.1	3.8	–3.7
NOK	–	2.1	–2.1
USD	3.2	70.3	–67.1
JPY	–	0.7	–0.7
GBP	1.1	6.4	–5.3
CHF	0.0	14.3	–14.3

The effects of exchange rate fluctuations are reduced by buying and selling in the same currency, through currency clauses in customer contracts and, to a certain degree, by forward purchases or sales of foreign currency. Currency clauses are a common method in the industry for handling uncertainty associated with future cash flows. A currency clause means that compensation will be paid for any changes in the exchange rate that exceed a certain predefined level during the contract period. If these thresholds are not reached, for example when the exchange rate changes by less than two percentage points, no compensation is paid. The currency clauses adjust the exchange rate change between the time the order is placed and the invoice date. Currency clauses are symmetrically designed, which means that compensation is charged or credited when the exchange rate rises or declines beyond the predefined thresholds.

Of AddLife's net sales in 2015/2016, currency clauses cover approximately 26 percent and sales in the purchasing currency make up approximately 16 percent. In certain transactions, there is a direct link between the customer's order and the associated purchase order, which is a good basis for effective currency risk management. However, in many cases the dates of the orders do not coincide, which may reduce the effectiveness of these measures. The companies within AddLife have reduced their currency exposure by using forward foreign exchange contracts. At the end of the 2015/2016 financial year, there were outstanding forward foreign exchange contracts in a gross amount of SEK 28.6 million, of which EUR equalled SEK 6.6 million and USD SEK 22.0 million.

Note 4 cont.

Of the total contracts of SEK 28.6 million, SEK 19.4 million mature within six months. Hedge accounting does not apply to forward foreign exchange contracts, they are instead classified as a financial asset measured at fair value held for trading. Hedge accounting applies to embedded derivatives consisting of currency clauses, and they are classified as derivatives used in hedge accounting. The cash flow effect from embedded derivatives normally occurs within six months. The parent company's currency flows are mainly in SEK. To the extent the internal, external loans and investments are in foreign currency they are 100 hedged.

Translation exposure

AddLife's translation exposure is not hedged at this time. AddLife's net assets are distributed among foreign currencies as follows:

	2014/2015		2015/2016	
Net investments	**SEKm**	**Sensitivity Analysis[1)]**	**SEKm**	**Sensitivity Analysis[1)]**
NOK	47.9	2.4	16.6	0.8
EUR	159.9	8.0	54.4	2.7
DKK	113.6	5.7	40.7	2

1) 1) A change of +/– 5 % in exchange rate will have this effect on the Group's equity.

When translating the income statement of units with a functional currency other than SEK, a translation effect arises when exchange rates vary. With the current distribution of Group companies' different functional currencies, a change of 1 percentage point in the exchange rates would have an effect on net sales and on EBITA as follows:

SEKm	2015/2016	2014/2015
Net sales	11.0	6.7
EBITA	0.9	0.7

The exchange rates used in the financial statements are shown in the following table:

	Average rate		Closing day rate	
Exchange rate	**2015/2016**	**2014/2015**	**2016-03-31**	**2015-03-31**
DKK 1	1.2518	1.2383	1.2380	1.2437
EUR 1	9.3398	9.2278	9.2250	9.2901
NOK 1	1.0233	1.0929	0.9800	1.0674

Financing and liquidity

The overall objective of AddLife's financing and debt management is to secure financing for the operations in both the long and short term, and to minimise borrowing costs. The capital requirement shall be secured through an active and professional borrowing procedure comprising overdraft and credit facilities. Raising external financing is centralised at AddLife AB. Satisfactory payment capacity shall be achieved through contractual credit facilities. Surplus liquidity is primarily used to pay down outstanding loans. Temporary surpluses in liquid funds are invested at optimum return. Credit, interest rate and liquidity risks will be minimised when investing liquid funds. The fixed interest term and the period during which capital is tied up may not exceed six months. Only counterparties with very high credit ratings are permitted. Addtech AB has been responsible for the AddLife companies' long-term financing and liquidity supply during the period of the combined financial statements. Addtech AB provides an internal bank which lends to and borrows from the subsidiaries. AddLife's non-current and current interest-bearing liabilities are shown in notes 26 and 27.

In late 2015 the AddLife Group established a common cash pool for the countries in which the Group has significant operations. Subsidiaries in these countries will be connected to the cash pool and manage all liquidity within the framework of the cash pool accounts. In cases where there is no cash pool in the country where the subsidiary operates its business, or if an individual foreign currency account is not found within the cash pool, the subsidiary will deposit any excess liquidity with AddLife AB.

Temporary excess liquidity in AddLife AB may be invested in accordance with the following guidelines:

i) The investment's fixed interest term and the period during which capital is tied up may not exceed six months.

The following investments are permitted:

ii) Interest-bearing bank accounts that allow immediate withdrawal, with a minimum credit rating of A.
iii) Deposit in Swedish banks with a minimum credit rating of A.
iv) PMoney market instruments (<1 year), such as treasury bills and certificates with a credit rating equivalent to A1, K–1, P–1 (i.e. very high credit ratings).

Note 4 cont.

Refinancing risk

Refinancing risk is the risk of AddLife not having access to sufficient financing on each occasion. The refinancing risk increases if AddLife's credit rating deteriorates or if AddLife becomes too dependent on one source of financing. If all or a large part of the debt portfolio matures on a single or a few occasions, this could involve the turnover or refinancing of a large proportion of the loan volume having to occur on disadvantageous interest and borrowing terms. In order to limit the refinancing risk, the procurement of long-term credit facilities commences at the latest nine months before the credit facility matures.

On 8 February 2016, AddLife entered into a credit agreement with Handelsbanken, thereby replacing the current intra-group financing with an overdraft facility of SEK 300 million that runs until 31 December 2016 and an interest-only loan of SEK 300 million that matures on 30 June 2017. Both of these facilities include customary financial covenants relating to the Group's equity ratio and interest coverage ratio. No collateral has been pledged. In June 2016, AddLife amortized SEK 150 million on the loan and increased the overdraft facility by the corresponding amount. After the amortization the overdraft facility amounted to SEK 450 million with a maturity to 31 December 2016 and an interest free loan of 150 million with a maturity to 30 June 2017.

Interest rate risk

Interest rate risk is defined as the risk that the fair value on, or the future cash flows from, a financial instrument varies because of changes in market rates. The interest rate risk is regulated by ensuring that the average fixed interest term of the debt portfolio varies between zero and three years. The debt portfolio consists of overdraft facilities with a fixed interest term of three months and an external loan with a remaining fixed interest term of fifteen months.

AddLife's financial net debt as at 31 March 2016 was SEK 538 million (19). With net financial debt as at 31 March 2016, the impact on AddLife's net financial items is approximately SEK +/–5 million (0) if interest rates change by one percentage point.

Issuer/borrower risk and credit risk

Issuer/borrower risk and credit risk are defined as the risk of AddLife's counterparties failing to fulfil their contractual obligations. AddLife is exposed to credit risk in its financial transactions, that is, in investing its surplus liquidity and executing forward foreign exchange transactions, and in its commercial operations in connection with accounts receivable and advance payments to suppliers. Credit risk exposure consists of the carrying amount of the financial assets.

To utilise its companies' detailed knowledge of AddLife's customers and suppliers, each company assesses the credit risk in its commercial transactions. New customers are assessed before credit is granted, and credit limits set are strictly enforced. Short credit periods are the goal, and absence of excessive concentration of business with individual customers and with specific sectors helps minimise risks. No individual customer accounts for more than 5 (4) percent of total credit exposure over a one-year period. The equivalent figure for the ten largest customers is approximately 19 (25) percent. Exposure per customer segment and geographic market is presented in note 6.

Bad debt losses totalled SEK 0.1 million (0.1) during the year, equal to 0.0 percent (0.0) of net sales.

Accounts receivable SEKm	2016-03-31	2015-03-31
Carrying amount	218.1	134.2
Impairment losses	–0.7	–
Cost	217.4	134.2

Change in impaired accounts receivable	2016-03-31	2015-03-31
Amount at start of year	0.0	0.0
Corporate acquisitions	–0.6	–
Year's impairment losses/reversals	–0.1	–
Settled impairment losses	–	–
Translation effects	–	–
Total	**–0.7**	**0.0**

Time analysis of accounts receivable that are overdue but not impaired:	2016-03-31	2015-03-31
< = 30 days	18.9	9.7
31–60 days	4.7	0.5
> 60 days	3.8	–0.2
Total	**27.4**	**10.0**

NOTE 5 | NET SALES BY REVENUE TYP AND BUSINESS AREA

Medtech	2015/2016	2014/2015
Materials	425.5	24.9
Machinery/instruments	66.6	–
Services	0.1	–
Total	**492.2**	**24.9**

Labtech	2015/2016	2014/2015
Materials	695.4	660.9
Machinery/instruments	282.5	280.1
Services	92.2	90.8
Total	**1,070.1**	**1,031.8**

Regarding other revenue such as dividends and interest income, are presented as financial items, see Note 10.

NOTE 6 | SEGMENT REPORTING

The division into business areas reflects AddLife's internal organisation and reporting system. AddLife reports its business areas as operating segments. The two business areas are Labtech and Medtech. This market grouping reflects a natural division of markets in Life Science. Addtech uses EBITA as a performance measure when monitoring the business areas. Intragroup sales are based on the same prices as an independent party would pay for the product.

Labtech

The Labtech business area consists of about 15 companies within diagnostics and research. The companies deliver directly to customers various products and solutions that include analytical instruments, equipment, microscopes, consumables and reagents, as well as application and technical service, primarily to laboratories in healthcare, laboratory research, academia and the food and pharmaceutical industries. The companies within the Labtech business area are mainly active in microbiology, clinical chemistry, coagulation, molecular biology, research, immunology, near-patient testing, veterinary diagnostics and in the food industry. Customers are also offered training programmes in various areas to ensure that customers have the appropriate skills and to maximise user benefit for the products the Company provides.

Medtech

The Medtech business area consists of a company that provides various inhalation product solutions, mainly for home care. The company is active in the respiration market segment (products for COPD patients).

Data by operating segment

	2015/2016			2014/2015		
Net sales	External	Internal	Total	External	Internal	Total
Medtech	492.5	–	492.5	24.9	–	24.9
Labtech	1,069.9	–	1,069.90	1,031.9	–	1,031.9
Total	**1,562.4**	**–**	**1,562.40**	**1,056.8**	**–**	**1,056.8**

EBITA	2015/2016		2014/2015	
	EBITA	EBITA margin, %	EBITA	EBITA margin, %
Medtech	32.4	6.6	3.9	15.7
Labtech	117.0	10.9	116.9	11.3

Operating profit/loss, assets and liabilities	Operating profit/loss	Assets[1]	Liabilities[1]	Operating profit/loss	Assets[1]	Liabilities[1]
Medtech	17.3	783.2	149.4	3.2	17.0	3.7
Labtech	105.4	450.4	280.2	104.5	440.9	177.4
Group items	–16.4	43.6	500.9	–	185.4	198.9
Total	**106.3**	**1,277.1**	**930.5**	**107.7**	**643.3**	**380.0**
Finance income and expenses	–6.1			–2.4		
Profit after financial items	**100.2**			**105.3**		

1) Does not include balances in Group accounts or financial transactions with Group companies.

Note 6 cont.

Investments in non-current assets

Investments in non-current assets	2015/2016 Intangible[1]	2015/2016 Property, plant and equipment[1]	2015/2016 Total	2014/2015 Intangible[1]	2014/2015 Property, plant and equipment[1]	2014/2015 Total
Medtech	190.4	3.5	193.9	–	–	–
Labtech	0.9	19.9	20.8	0.9	15.4	16.3
Group items	16.7	0.3	16.9	–	–	–
Total	**208.0**	**23.7**	**231.6**	**0.9**	**15.4**	**16.3**

1) The information does not include effects of acquisitions.

Depreciation and amortisation of non-current assets	2015/2016 Intangible	2015/2016 Property, plant and equipment	2015/2016 Total	2014/2015 Intangible	2014/2015 Property, plant and equipment	2014/2015 Total
Medtech	–16.6	–3.5	–20.1	–0.7	–	–0.7
Labtech	–11.6	–10.8	–22.4	–11.2	–9.9	–21.1
Group items	–0.7	–0.0	–0.7	–	–	–
Total	**–28.9**	**–14.3**	**–43.2**	**–11.9**	**–9.9**	**–21.8**

Significant profit or loss items other than depreciation or amortisation, not matched by payments in 2015/2016

	Capital gains	Change in pension liability	Other items	Total
Medtech	–0.1	–	1.2	1.1
Labtech	–0.2	9.3	1.5	10.7
Group items	–	–	2.3	2.3
Total	**–0.3**	**9.3**	**5.0**	**14.1**

Significant profit or loss items other than depreciation or amortisation, not matched by payments in 2014/2015

	Capital gains	Change in pension liability	Other items	Total
Medtech	–	–	–	–
Labtech	–0.2	15.2	0.4	15.4
Group items	–	–	–	–
Total	**–0.2**	**15.2**	**0.4**	**15.4**

Data by country

Data by country	2015/2016 Net sales, external	2015/2016 Assets	2015/2016 Of which non-current assets	2014/2015 Net sales, external	2014/2015 Assets	2014/2015 Of which non-current assets
Sweden	528.5	902.5	668.4	379.7	294.5	176.3
Denmark	345.1	120.9	30.6	235.5	66.5	12.0
Finland	371.2	170.3	89.5	213.3	67.7	31.4
Norway	253.7	54.3	4.0	213.3	42.3	3.1
Other countries	63.9	19.5	1.3	14.6	0	–
Group items and unallocated assets	–	9.6	0.5	–	172.3	0.5
Total	**1,562.4**	**1,277.1**	**794.3**	**1,056.8**	**643.3**	**223.3**

1) Does not include Group account balances and financial assets. External net sales are based on the customers' location, and the carrying amounts of assets are based on where the assets are located.

Investments in non-current assets	2015/2016 Intangible	2015/2016 Property, plant and equipment	2015/2016 Total	2014/2015 Intangible	2014/2015 Property, plant and equipment	2014/2015 Total
Sweden	174.8	10.1	184.9	–	8.5	8.5
Denmark	0.9	5.3	6.2	0.5	4.9	5.4
Finland	32.4	6.6	38.9	0.4	1.1	1.5
Norway	0.0	1.6	1.6	–	0.7	0.7
Other countries	0.0	0.0	0.0	–	–	–
Total	**208.0**	**23.7**	**231.7**	**0.9**	**15.2**	**16.1**

The Group has no single customer whose revenue amounts to more than 10 percent of total revenues, therefore no information exists relating to that.

NOTE 7 | EMPLOYEES AND EMPLOYEE BENEFITS EXPENSE

	2015/2016			2014/2015		
Average number of employees	Men	Women	Total	Men	Women	Total
Sweden						
Parent company	5	1	6	–	–	–
Other companies	70	62	132	68	44	112
Denmark	47	47	94	42	31	73
Finland	36	44	80	22	31	53
Norway	26	23	49	26	20	46
Other countries	2	7	9	0	0	0
Total	**186**	**184**	**370**	**158**	**126**	**284**

	2015/2016			2014/2015		
Salaries and remuneration	Senior management	of which profit-related remuneration	Other employees	Senior management	of which profit-related remuneration	Other employees
Sweden						
Parent company	4.8	0.8	0.9	–	–	–
Other companies	8.2	0.5	83.2	10.2	1.5	52.8
Denmark	4.7	0.4	66.9	5	0.6	46.8
Finland	6.6	1.2	40.1	4.1	0.6	20.6
Norway	3.5	0.5	34.2	3.6	0.2	30.4
Other countries	–	–	7.2	0	0	0
Total	**27.8**	**3.4**	**232.5**	**22.9**	**4**	**149.5**

	Group		Parent company	
Salaries, remuneration and social security costs	2015/2016	2014/2015	2015/2016	2014/2015
Salaries and other remuneration	260.3	172.4	5,7	–
Contractually agreed pensions for senior management	4.7	4.5	0,8	–
Contractual pensions to others	26.0	20.6	0,2	–
Other social security costs	45.1	26.2	2,8	–
Total	**336.1**	**223.7**	**9,5**	**–**

Proportion of women	2016-03-31	2015-03-31	2016-03-31	2015-03-31
Board of Directors (not including alternates)	9%	10%	33%	33%
Other members of senior management	36%	36%	33%	–

Senior management are defined as Group management, the President and Vice President of the Group's subsidiaries.

Remuneration to the Board of Directors and Group management

Preparation and decision-making process for remuneration to the Board of Directors, CEO and Group management

The guidelines applied in the 2015/2016 financial year for remuneration to senior management was decided by the nomination committee and correspond to those in the proposal for the coming year included in the administration report. The principle for remuneration to the Board of Directors, Chief Executive Officer (CEO) and Group management is that remuneration should be competitive. The nomination committee proposes Board fees to the Annual General Meeting (AGM). Board fees are paid based on a resolution of the AGM.No separate fees are paid for committee work. For remuneration to the CEO, members of Group management and other members of senior management in the Group, the Board of Directors has appointed a remuneration committee consisting of the Chairman and Vice Chairman of the Board, with the CEO as the reporting member. A fixed salary, variable remuneration and conventional employment benefits are paid to the CEO, Group management and other members of senior management. In addition, pension benefits and incentive programmes apply, as described below. The remuneration committee adheres to the guidelines for remuneration to senior management approved by Addtech AB's AGM.

For remuneration to the CEO, members of Group management and other members of senior management in the Group, the Board of Directors has appointed a remuneration committee consisting of the Chairman and a member of the Board, with the CEO as the reporting member. A fixed salary, variable remuneration and conventional employment benefits are paid to the CEO, Group management and other members of senior management. In addition, pension benefits and incentive programmes apply, as described below. The remuneration committee adheres to the guidelines for remuneration to senior management approved by Addtech AB's AGM.

During the financial year 2014/2015 the Board of Directors of

Note 7 cont.

the Life Science business area within Addtech consisted of individuals from Addtech's group management. They were not paid for their work on the Board. During the period that AddLife was a business area within Addtech, Artur Aira was the Business Area Manager. AddLife did not have a Chief Executive Officer during this period, for which reason no personnel costs for the Chief Executive Officer are reported. Remuneration to the business area managers complied with the guidelines for remuneration to senior management at Addtech. Remuneration was paid as a fixed salary, variable remuneration and conventional employment benefits. In addition, pension benefits and incentive programmes apply in Addtech.

Board of Directors

The Board fees of SEK 1,575 thousand set by the nomination committee are distributed, as per the AGM's decision, among those Board Directors who are not employed by the Parent Company.

Parent Company's CEO

Kristina Willgård, Parent Company CEO, received a fixed salary of SEK 1,240 thousand and SEK 400 thousand in variable pay. Taxable benefits totalling SEK 64 thousand are additional. From age 65, the CEO is covered by a defined contribution pension, the size of which depends on the outcome of pension insurance agreements. During 2015/2016, a total of SEK 300 thousand in pension premiums, determined annually by the remuneration committee, were paid for the CEO. Variable salary is not pensionable income.

Variable remuneration based on Group earnings may be payable in an amount up to 40 percent of fixed salary.

The period of notice is of 12 months when the Company terminates the employment contract and six months when the CEO does so. In the case of termination on the initiative of the Company, the CEO is entitled to a severance payment equivalent to one year's salary in addition to salary during the period of notice. No severance package is payable if the employee terminates the employment contract.

Other members of Group management

Other members of Group management were paid a total of SEK 1,918 thousand in fixed salaries and SEK 445 thousand in variable remuneration. This variable remuneration was expensed during the 2015/2016 financial year and was paid during 2016/2017. Taxable benefits totalling SEK 134 thousand are additional. Persons in Group management are covered from age 65 by pension entitlements based on individual agreements. Existing pension schemes consist of defined contribution schemes, in which the pension amount depends on the outcome of pension insurance agreements. During 2015/2016, a total of SEK 372 thousand in pension premiums was paid for the group 'Other members of Group management'.

Variable remuneration based on Group earnings may be payable in an amount up to 40 percent of fixed salary.

The period of notice is 12 months when the Company terminates the employment contract and six months when the employee does so. Severance pay is payable upon termination of employment equivalent to no more than one year's salary. No severance package is payable if the employee terminates the employment contract.

Remuneration and other benefits during the year	Basic salary/ Board fees	Variable remuneration	Other benefits	Pension costs	Total
Chairman of the Board	0.3	–	–	–	0.3
Other members of the Board	0.5	–	–	–	0.5
Chief Executive Officer	1.2	0.4	0.1	0.3	2
Other members of Group management (2 persons)	2.0	0.4	0.1	0.4	2.9
Total	**4.0**	**0.8**	**0.2**	**0.7**	**5.7**

Board fees for 2015/2016, SEK '000	Position	Fee
Johan Sjö	Chairman of the Board	263
Håkan Roos	Member of the Board	131
Stefan Hedelius	Member of the Board	113
Fredrik Börjesson	Member of the Board	113
Birgit Stattin Norinder	Member of the Board	113
Eva Nilsagård	Member of the Board	75
Total		808

NOTE 8 | REMUNERATION TO AUDITORS

	Group		Parent company	
	2015/2016	2014/2015	2015/2016	2014/2015
KPMG				
Audit assignments	1.3	0.8	0.7	–
Tax consultation	0.1	0.0	–	–
Other assignments	0.1	0.1	–	–
Total remuneration to KPMG	**1.4**	**0.9**	**0.7**	**–**
Other auditors				
Audit assignment	0.2	0.1	–	–
Tax consultation	0.0	0.0	–	–
Other assignments	0.0	–	–	–
Total remuneration to other auditors	**0.2**	**0.1**	**–**	**–**
Total remuneration to auditors	**1.6**	**1.0**	**0.7**	**–**

NOTE 9 | DEPRECIATION AND AMORTISATION

	Group		Parent company	
	2015/2016	2014/2015	2015/2016	2014/2015
Depreciation and amortisation, by function				
Cost of sales	–7.5	–6.2	–	–
Selling expenses	–32.7	–14.4	–	–
Administrative expenses	–3.4	–1.2	0.0	–
Total	**–43.5**	**–21.8**	**0.0**	**–**
	2015/2016	2014/2015	2015/2016	2014/2015
Depreciation and amortisation, by type of asset				
Intangible assets	–28.9	–11.9	0.0	–
Buildings and land	–0.5	–0.3	–	–
Leasehold improvements	–0.8	–0.5	–	–
Machinery	–2.5	–0.2	–	–
Equipment	–10.8	–8.9	0.0	–
Total	**–43.5**	**–21.8**	**0.0**	**–**

NOTE 10 | OTHER OPERATING INCOME AND EXPENSES

Group	2015/2016	2014/2015
Other operating income		
Rental revenue	0.4	0.3
Gain on sale of operations and non-current assets	3.8	0.4
Exchange profits, net	1.0	–
Other	1.4	0.6
Total	**6.6**	**1.3**
Other operating expenses		
Property costs	–0.1	0.0
Loss on sale of operations and non-current assets	–0.2	–0.2
Exchange losses, net	–	–2.1
Other	–0.2	–0.2
Total	**–0.5**	**–2.5**

NOTE 11 | OPERATING EXPENSES

Group	2015/2016	2014/2015
Inventories, raw materials and consumables	906.2	568.8
Employee benefits expense	340.2	236.5
Depreciation/amortisation	42.9	21.8
Impairment of inventories	2.8	3.3
Impairment of doubtful accounts receivable	–0.1	–
Other operating expenses	169.5	120.0
Total	1,461.5	950.4

NOTE 12 | FINANCE INCOME AND COSTS

Group	2015/2016	2014/2015
Interest income on bank balances	0.4	0.8
Exchange rate changes, net	1.5	–
Finance income	**1.9**	**0.8**
Interest expense on financial liabilities measured at amortised cost	–5.1	–1.0
Interest expense on financial liabilities measured at fair value	–	0.0
Interest expense on pension liability	–1.5	–2.1
Exchange rate changes, net	–	0.0
Other finance costs	–1.4	–0.1
Finance costs	**–8.0**	**–3.2**
Net financial items	**–6.1**	**–2.4**

Parent company	2015/2016	2014/2015
Interest income, etc		
Interest income from Group companies	0.2	–
Other interest income, change in value of derivatives and exchange rate differences	0.3	–
Interest income and similar items	**0.5**	**–**
Interest expense, etc		
Interest expense from Group companies	0.0	–
Other interest expense, change in value of derivatives and exchange rate differences	–3.2	–
Interest expense and similar items	**–3.2**	**–**

NOTE 13 | YEAR-END APPROPRIATIONS – PARENT COMPANY

	2015/2016	2014/2015
Provision made to tax allocation reserve	–5.2	–
Group contributions paid	–1.9	–
Group contributions received	41.7	–
Total	34.6	–

NOTE 14 | TAXES

Group	2015/2016	2014/2015
Current tax for the period	–30.8	–28.4
Adjustment from previous years	0.5	0.5
Total current tax expense	–30.3	–28.1
Deferred tax	7.9	3.4
Total recognised tax expense	**–22.4**	**–24.9**

Group	2015/2016	%	2014/2015	%
Profit before tax	100.2		105.3	
Weighted average tax based on national tax rates	–22.8	22.8	–24.3	23.1
Tax effects of non-deductible costs/non-taxable income	–0.1	0.1	–0.8	0.8
Changed tax rate	–	–	0.1	–0.1
Adjustments from previous years	0.5	–0.5	0.2	0.0
Other	0.2	–0.2	0.3	–0.3
Recognised tax expense	**–22.4**	**–22.4**	**–24.9**	**23.5**

Deferred tax

Deferred tax, net, at year-end	2016-03-31			2015-03-31		
Group	Assets	Liabilities	Net	Assets	Liabilities	Net
Non-current assets	3.2	–55.2	–52.0	0.6	–15.9	–15.3
Untaxed reserves		–4.2	–4.2	–	–2.9	–2.9
Pension provisions	5.5	–0.1	5.4	7.9	–0.2	7.7
Other	1.3	–0.1	1.2	0.5	–0.1	0.4
Net recognised	–7.1	7.1	0.0	–6.2	6.2	0.0
Deferred taxes, net, at year-end	**2.9**	**–52.5**	**–49.6**	**2.8**	**–12.9**	**–10.1**

There are no non-capitalised tax loss carry-forwards in the Group (–).

Parent company	2015/2016	2014/2015
Current tax for the period	–3.5	–
Total current tax expense	–3.5	–
Deferred tax	–	–
Total recognised tax expense	**–3.5**	**–**

Parent company	2015/2016	%	2014/2015	%
Profit before tax	15.7		–	–
Tax based on current tax rate for parent company	–3.4	22.0	–	–
Tax effects of non-deductible costs/non-taxable income	–0.1	0.6	–	–
Recognised tax expense	**–3.5**	**22.6**	**–**	**–**

NOTE 15 | INTANGIBLE NON-CURRENT ASSETS

2016-03-31

Intangible assets acquired Group	Goodwill	Supplier relation-ships, customer relationships and technology	Trademarks	Software	Total
Accumulated cost					
Opening balance	134.4	121.0	0.5	3.0	258.8
Acquisition of companies	–	8.9	–	10.2	19.1
Investments	355.1	189.8	–	18.3	563.2
Reclassifications	–	–	–	–	–
Translation effect for the year	–0.3	–0.1	–	0.0	–0.5
Closing balance	**489.2**	**319.5**	**0.5**	**31.5**	**840.7**
Accumulated amortisation					
Opening balance	–10.8	–53.6	–0.3	–1.7	–66.4
Acquisition of companies	–	–7.8	–	–3.6	–11.4
Amortisation	–	–26.3	0.0	–2.6	–28.9
Reclassifications	0.7		–	–	0.7
Translation effect for the year	0.0	0.2	–	0.0	0.2
Closing balance	**–10.1**	**–87.5**	**–0.3**	**–7.9**	**–105.8**
Carrying amount at year-end	**479.1**	**232.0**	**0.2**	**23.6**	**734.9**
Carrying amountat start of year	**123.6**	**67.4**	**0.2**	**1.3**	**192.5**

2015-03-31

Intangible assets acquired Group	Goodwill	Supplier relation-ships, customer relationships and technology	Trademarks	Software	Total
Accumulated cost					
Opening balance	131.2	120.2	0.5	2.0	253.9
Investments	–	–	–	1.0	1.0
Reclassifications	2.4	–	–	–	2.4
Translation effect for the year	0.8	0.8	–	0.0	1.6
Closing balance	**134.4**	**121.0**	**0.5**	**3.0**	**258.8**
Accumulated amortisation					
Opening balance	–8.3	–41.7	–0.3	–1.3	–51.6
Amortisation	–	–11.6	0.0	–0.3	–11.9
Reclassifications	–2.4	–	–	–	–2.4
Translation effect for the year	–0.1	–0.3	–	–0.1	–0.5
Closing balance	**–10.8**	**–53.6**	**–0.3**	**–1.7**	**–66.4**
Carrying amount at year-end	**123.6**	**67.4**	**0.2**	**1.3**	**192.5**
Carrying amountat start of year	**122.9**	**78.5**	**0.2**	**0.7**	**202.3**

Goodwill distributed by business area	2016-03-31	2015-03-31
Labtech	119.1	119.4
Medtech	360.1	4.2
Total	**479.1**	**123.6**

Note 15 cont.

	2016-03-31		2015-03-31	
Parent company	**Software**	**Total**	**Software**	**Total**
Accumulated cost				
Opening balance	–	–	–	–
Investments	0.4	0.4	–	–
Closing balance	**0.4**	**0.4**	**–**	**–**
Accumulated amortisation			**–**	**–**
Opening balance	–	–	–	–
Amortisation	0.0	0.0	–	–
Closing balance	0.0	0.0	–	–
Carrying amount at year-end	**0.4**	**0.4**	**–**	**–**
Carrying amountat start of year	**–**	**–**	**–**	**–**

Impairment testing of goodwill

AddLife's recognised goodwill amounts to SEK 479.1 million (123.6). Under IFRS, goodwill is not amortised; instead, goodwill is tested annually or more frequently if impairment indicators are present.

AddLife has historically completed a large number of acquisitions. Goodwill in each individual acquisition is not material for AddLife. Goodwill is therefore allocated among cash-generating units, which correspond to the business units. Impairment testing takes place at business unit level, because the acquired business is also integrated with another AddLife business to such an extent that it is not possible to separate assets and cash flows attributable to the acquired company.

The recoverable amount was calculated based on value in use. Assumptions were made concerning gross margin, overhead costs, working capital required and investments required based on previous experiences. The parameters have been set based on the budget for the upcoming financial year 2016. An annual growth rate of 2 percent (2) was assumed for cash flows beyond the budget period. Cash flows were discounted using a weighted cost of capital corresponding to 10.1–10.3 percent (12) before tax. These calculations show that value in use significantly exceeds the carrying amount. Consequently, the impairment testing indicated no impairment. No reasonable possible changes in key assumptions are expected to lead to impairment.

Other impairment testing

Each year, trademarks are tested for impairment applying the same policies as with goodwill. No events or changes in circumstances were identified that would motivate impairment testing for other intangible non-current assets that are amortised.

NOTE 16 | PROPERTY, PLANT AND EQUIPMENT

2016-03-31

Group	Buildings and land	Leasehold improvements	Machinery	Equipment	Total
Accumulated cost					
Opening balance	7.2	8.6	2.5	119.8	138.1
Acquisition of companies	10.8	0.0	32.7	11.4	54.8
Investments	–	1.1	3.8	18.8	23.7
Divestments and disposals of assets	–7.2	–0.6	–0.8	–14.3	–23.0
Reclassifications	–	–	–	0.0	0.0
Translation effect for the year	–	0.0	–	–0.8	–0.8
Closing balance	**10.8**	**9.0**	**38.1**	**134.9**	**192.9**
Accumulated depreciation and impairment losses					
Opening balance	–2.5	–5.5	–2.1	–97.1	–107.1
Acquisition of companies	–4.4	0.0	–22.8	–2.8	–30.0
Depreciation	–0.5	–0.8	–2.5	–10.9	–14.6
Divestments and disposals of assets	2.7	0.6	0.8	13.4	17.6
Reclassifications	–	–	–	0.0	0.0
Translation effect for the year	0.0	0.0	0.0	0.7	0.8
Closing balance	**–4.6**	**–5.6**	**–26.5**	**–96.7**	**–133.4**
Carrying amount at year-end	**6.2**	**3.5**	**11.6**	**38.2**	**59.4**
Carrying amount at start of year	**4.7**	**3.1**	**0.4**	**22.7**	**31.0**

2015-03-31

Group	Buildings and land	Leasehold improvements	Machinery	Equipment	Total
Accumulated cost					
Opening balance	7.2	6.5	2.5	112.8	129.0
Acquisition of companies	–	–	–	–	–
Investments	–	1.9	–	13.5	15.4
Divestments and disposals of assets	–	–	–	–8.0	–8.0
Reclassifications	–	–	–	–0.1	–0.1
Translation effect for the year	–	0.2	–	1.6	1.8
Closing balance	**7.2**	**8.6**	**2.5**	**119.8**	**138.1**
Accumulated depreciation and impairment losses					
Opening balance	–2.2	–4.8	–1.9	–94.0	–102.9
Acquisition of companies	–	–	–	–	–
Depreciation	–0.3	–0.5	–0.2	–8.9	–9.9
Divestments and disposals of assets	–	–	–	7.0	7.0
Reclassifications	–	–	–	0.2	0.2
Translation effect for the year	–	–0.2	–	–1.4	–1.5
Closing balance	**–2.5**	**–5.5**	**–2.1**	**–97.1**	**–107.1**
Carrying amount at year-end	**4.7**	**3.1**	**0.4**	**22.7**	**31.0**
Carrying amount at start of year	**5.0**	**1.7**	**0.6**	**18.8**	**26.1**

	2016-03-31		2015-03-31	
Parent company	Equipment	Total	Equipment	Total
Accumulated cost				
Opening balance	–	–	–	–
Investments	0.2	0.2	–	–
Closing balance	**0.2**	**0.2**	**–**	**–**
Accumulated depreciation			**–**	**–**
Opening balance	–	–	–	–
Depreciation	0.0	0.0	–	–
Closing balance	**0.0**	**0.0**	**–**	**–**
Carrying amount at year-end	**0.2**	**0.2**	**–**	**–**
Carrying amount at start of year	**–**	**–**	**–**	**–**

NOTE 17 | LEASING

Operating leases

AddLife as leasee	Group 2015/2016	Group 2014/2015
Lease payments		
Lease payments made during the financial year	38.6	25.4
Future minimum lease payments under non-cancellable contracts fall due as follows:		
Within one year	36.9	19.6
Later than one year and within five years	59.5	31.7
Five years or later	0.0	0.0
Total future minimum lease payments	**96.5**	**51.3**

Significant operating leases consist primarily of rental contracts for premises in which the Group conducts business.

AddLife as lessor	Group 2015/2016	Group 2014/2015
Lease revenue		
Lease income during the financial year	0.7	0.8
Future minimum lease income under non-cancellable contracts fall due as follows:		
Within one year	1.8	0.9
Later than one year and within five years	2.1	1.5
Five years or later	0.0	0.1
Total future minimum lease revenue	**3.9**	**2.5**

Operating leases consist primarily of technical equipment to customers.

AddLife as a lessor

A total of SEK 0.7 million (0.8) was received in lease revenue during the financial year. SEK 1.8 million (0.9) remains to be received within one year, and thereafter a total of SEK 2.1 million (1.5) is receivable within two to five years. Most operating leases for which AddLife's companies are lessors concern the rental of technical equipment customers.

Finance leases

At present there are no significant finance leases in the Group.

NOTE 18 | FINANCIAL ASSETS AND LIABILITIES – CATEGORY AND FAIR VALUE

Carrying amounts on financial instruments are recognised in the balance sheet according to the following tables.

SEKm, 2016-03-31	Financial assets and liabilities measured at fair value through profit or loss	Accounts receivable and loan receivables	Unlisted equity instruments reported at cost	Other liabilities	Total carrying amount
Financial assets	–	–	4.6	–	4.6
Non-current receivables	–	2.6	–	–	2.6
Accounts receivable	–	217.4	–	–	217.4
Cash and cash equivalents	–	11.6	–	–	11.6
Total	**–**	**231.6**	**4.6**	**–**	**236.2**
Non-current interest-bearing liabilities	–	–	–	301.1	301.1
Current interest-bearing liabilities	6.4	–	–	178.7	185.1
Accounts payable	–	–	–	159.5	159.5
Other liabilities[2]	0.8[3]	–	–	–	0.8
Total	**7.2**	**–**	**–**	**639.3**	**646.5**

SEKm, 2015-03-31	Financial assets and liabilities measured at fair value through profit or loss	Accounts receivable and loan receivables	Unlisted equity instruments reported at cost	Other liabilities	Total carrying amount
Financial assets	–	–	4.6	–	4.6
Non-current receivables	–	1.1	–	–	1.1
Accounts receivable	–	134.2	–	–	134.2
Other receivables[1]	0.1[3]	97.3	–	–	97.4
Cash and cash equivalents	–	82.5	–	–	82.5
Total	**0.1**	**315.1**	**4.6**	**–**	**319.8**
Non-current interest-bearing liabilities	–	–	–	0.1	0.1
Current interest-bearing liabilities	–	–	–	27.8	27.8
Accounts payable	–	–	–	85.2	85.2
Other liabilities[2]	-	-	–	78.9	78.9
Total	**–**	**–**	**–**	**192.0**	**192.0**

1) Part of other receivables in the consolidated balance sheet.
2) Part of other liabilities in the consolidated balance sheet.
3) Holdings for trading purposes. Consist of derivatives.

The fair value of foreign exchange contracts is determined based on observed market data (level 2).

Current and non-current loans are carried at amortised cost. The difference between carrying amount and fair value is marginal for these items. The same applies to other financial instrument for larger amounts, since maturity is short.

Impact of financial instruments on net earnings	2016-03-31	2015-03-31
Accounts receivable and loan receivables	–0.0	0.1
Available-for-sale financial assets	–0.0	0.2
Other liabilities	–1.5	–1.0
Total	**–1.5**	**–0.7**

	2016-03-31			2015-03-31		
	Carrying amount	Level 2	Level 3	Carrying amount	Level 2	Level 3
Derivatives held for trading purposes	–	–	–	0.1	0.1	–
Total financial assets at fair value per level	**–**	**–**	**–**	**0.1**	**0.1**	**–**
Derivatives held for trading purposes	0.8	0.8	–	–	–	–
Contingent consideration	6.4	–	6.4	–	–	–
Total financial liabilities at fair value per level	**7.2**	**0.8**	**6.4**	**–**	**–**	**–**

NOTE 19 | NON-CURRENT FINANCIAL ASSETS

	Parent company	
	2016-03-31	2015-03-31
Opening balance	–	–
Increase during the year	671.5	–
Decrease during the year	–	–
Carrying amount at year-end	**671.5**	**–**

Specification of interests in Group companies	Country	Number of shares	Quotient value	Holding %	Carrying amount 2016-03-31	Carrying amount 2015-03-31
AddLife Development AB	Sweden	1,000	100	100%	289.1	–

Shrares in Group companies

	Parent company	
Accumulated cost	2015/2016	2014/2015
Opening balance	–	–
Investment	776.9	–
Divestment	–687.8	–
Shareholder contribution	200.0	–
Closing balance	**289.1**	**–**

NOTE 20 | INVENTORIES

Group	2016-03-31	2015-03-31
Raw materials and consumables	0.7	0.5
Finished goods	212.2	82.8
Total	**212.9**	**83.3**

Cost of sales for the Group includes impairment losses for inventories amounting to SEK 2.8 million and SEK 3.3 million (2014/2015). No for material reversals of previosly recognised for impairment losses have been made during 2015/2016 or 2014/2015.

NOTE 21 | PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent company	
	2016-03-31	2015-03-31	2016-03-31	2015-03-31
Rent	3.5	1.7	0.1	–
Insurance premiums	2.0	2.0	0.6	–
Pension costs	0.7	0.4	0.0	–
Lease payments	1.2	0.6	0.1	–
License fees	1.2	–	–	–
Fairs	1.0	–	–	–
Other prepaid expenses	3.8	1.3	1.3	–
Other accrued income	1.4	1.3	–	–
Total	**14.7**	**7.3**	**2.1**	**–**

NOTE 22 | SHAREHOLDERS' EQUITY

Foreign currency translation reserve

The translation reserve includes all exchange differences that arise in translating financial reports of foreign operations prepared in a currency other than the Group's presentation currency for financial reports. The parent company and Group present their financial reports in Swedish kronor (SEK).

Reserves	2016-03-31	2015-03-31
Foreign currency translation reserve		
Opening translation reserve	–0.2	–3.0
Translation effect for the year	–3.8	2.8
Closing translation reserve	**–4.0**	**–0.2**

Number of shares outstanding 2016-03-31	Class A shares	Class B shares	All share classes
At start of year	500,000	–	500,000
Share issue	1,120 852	32,478 396	33,599 248
Reversed split (2:1)	–810,426	–16,239 198	–17,049 624
Share issue	–	3,008 757	3,008 757
Reversed split (1:0.981817781)	–14,735	–349,971	–364,706
Redemption of shares	–	–13,727	–13,727
Share issue	13,727	–	13,727
Closing balance	**809,418**	**18,884 257**	**19,693 675**

Number of shares outstanding 2015-03-31	Class A shares	Class B shares	All share classes
Registration of share capital	500,000	–	500,000
Closing balance	**500,000**	**–**	**500,000**

Parent company

Restricted reserves

Restricted reserves are funds that cannot be paid out as dividends.

Statutory reserve

The purpose of the statuory reserve is to save a portion of net profit that will not be used to cover a loss carried forward.

Retained earnings

Retained earnings comprises the previous year's unrestricted equity, less any provision to the statutory reserve and less any dividend paid. Together with profit for the year and any fair value reserve, retained earnings constitute the sum of unrestricted equity, that is, the amount available to be paid as dividends to shareholders.

Number of shares

The number of shares at 31 March 2016 consisted of 809,418 Class A shares, entitling the holders to 10 votes per share, and 18,884,257 Class B shares, entitling the holders to one vote per share. The quotient value of the share is SEK 2.037.

NOTE 23 | UNTAXED RESERVES

Parent company	2016-03-31	2015-03-31
Tax allocation reserve, allocation for tax assessment 2017	5.2	–
Closing balance	**5.2**	**–**

NOTE 24 | PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

AddLife has defined benefit pension plans in Sweden and Norway. In these plans, a pension is determined mainly by the salary received at the time of retirement. Sweden and Norway also have defined contribution plans. Subsidiaries in other countries in the Group mainly have defined contribution pension plans.

Defined contributions plans

These plans are mainly retirement pension plans, disability pensions and family pensions. Premiums are paid on an ongoing basis during the year by each company to separate legal entities, such as insurance companies. The size of the premium is based on the salary. The pension cost for the period is included in profit or loss.

Obligations for retirement pensions and family pensions for salaried employees in Sweden are secured by insurance in Alecta. According to statement UFR 10 of the Swedish Financial Reporting Board, this is a defined benefit plan covering multiple employers. For the 2015/2016 financial year, the Company did not have access to information enabling it to report this plan as a defined benefit plan. Thus, the pension plan according to ITP that is secured by insurance in Alecta is recognised as a defined contribution plan. The year's fees for pension insurance with Alecta totalled SEK 5.2 million (3.7). The fees for the next financial year are assessed to be in line with this year's fees. The collective consolidation rate for Alecta in March 2015 was 144 percent (148).

Defined benefit pension plans

The revised IAS 19, Employee benefits. These pension plans primarily comprise retirement pensions. Each employer generally has an obligation to pay a lifelong pension. Vesting is based on the number of years of employment. The employee must subscribe to the plan for a certain number of years to be fully entitled to retirement benefits. Each year increases the employee's entitlement to retirement benefits, which is recognised as pension earned during the period and as an increase in pension obligations. In Norway and Sweden there are funded and unfunded pension plans. The funded pension obligations are secured by plan assets.

The discount rate used is equivalent to the interest rate on high-quality corporate bonds or mortgage-backed bonds with a maturity equivalent to the average maturity of the obligation and currency. For Swedish pension liabilities, the interest rate for Swedish housing bonds is used as a basis and for Norwegian pension liabilities, the interest rate for Norwegian corporate bonds is used. Future increases in pensions are based on inflation assumptions. Remaining period of employment (life expectancy) is based on statistical tables prepared by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) and the Insurance Society, in Sweden FFFS 2007:31 and in Norway K2013 B.E. Expected G regulation is used in the calculations in Norway and corresponds to Sweden's base amount.

The sensitivity analyses are based on a change in an assumption, while all other assumptions are held constant. The same method is used in the calculation of the sensitivity of the defined benefit obligation, the Projected Unit Credit Method, as in the calculation of the pension obligation recognised in the balance sheet.

Obligations for employee benefits, defined benefit plans

Pension liability as per balance sheet	2016-03-31	2015-03-31
Pension liability PRI	55.6	62.2
Other pension liabilities	7.7	10.9
Total cost of defined benefit plans	**63.3**	**73.1**

Obligations for defined benefits and the value of plan assets	2016-03-31	2015-03-31
Funded obligations:		
Present value of funded defined benefit obligations	22.2	24.4
Fair value of plan assets	–15.8	–15.0
Net debt, funded obligations	6.1	9.4
Present value of unfunded defined benefit obligations	56.9	63.7
Net amount in the balance sheet (obligation +, asset –)	**63.3**	**73.1**
Pension obligations and plan assets per country:		
Sweden		
Pension obligations	56.9	63.7
Net amount in Sweden	**56.9**	**63.7**
Norway		
Pension obligations	22.2	24.4
Plan assets	–15.8	–15.0
Net amount in Norway	6.1	9.4
Net amount in the balance sheet (obligation +, asset –)	**63.3**	**73.1**

Note 24 cont.

Reconciliation of net amount for pensions in the balance sheet	2016-03-31	2015-03-31
Opening balance	**73.1**	**58.1**
Change in accounting for pensions	5.6	5.0
Payment of pension benefits	–1.5	–1.5
Funds contributed by employer	–3.0	–2.6
Translation effects	–0.3	–0.2
Reclassification of plan assets	–	0.5
Revaluations	–10.0	14.1
Gains and losses from settlements	–0.6	–0.3
Net amount in balance sheet (obligation +, asset –)	**63.3**	**73.1**

Changes in the obligation for defined benefit plans recognised in the balance sheet	2016-03-31	2015-03-31
Opening balance	88.1	72.3
Pensions earned during the period	3.8	2.9
Interest on obligations	1.8	2.6
Benefits paid	–1.5	–1.5
Revaluations:		
Gain (–)/loss (+) resulting from financial assumptions	–4.7	14.0
Experienced-based gains (–)/losses (+)	–5.0	–0.7
Translation effects	–2.0	–0.4
Gains and losses from settlements	–1.4	–1.1
Present value of pensions obligations	**79.1**	**88.1**

Changes in plan assets	2016-03-31	2015-03-31
Opening balance	15.0	14.2
Funds contributed by employer	3.0	2.6
Benefits paid	–	0.0
Interest income recognised in profit or loss	–	0.5
Return on plan assets, excluding interest income	0.3	–0.8
Translation effects	–1.7	–0.2
Reclassification of plan assets	–	–0.5
Gains and losses from settlements	–0.8	–0.8
Fair value of plan assets	**15.8**	**15.0**

Pension costs	2015/2016	2014/2015
Defined-benefit pension plans		
Cost for pensions earned during the year	3.8	2.9
Interest on plan assets	1.8	2.6
Interest income recognised in profit or loss	–	–0.5
Total cost of defined benefit plans	**5.6**	**5.0**
Total cost of defined contribution plans	22.9	17.6
Social security costs on pension costs	2.2	2.5
Total cost of benefits after termination of employment	**30.7**	**25.1**

Allocation of pension costs in the income statement	2015/2016	2014/2015
Cost of sales	4.9	3.3
Selling and administrative expenses	23.9	19.7
Net financial items	1.9	2.1
Total pension costs	**30.7**	**25.1**

Note 24 cont.

	2015/2016		2014/2015	
Actuarial assumptions	Sweden	Norway	Sweden	Norway
The following material actuarial assumptions were applied in calculating the obligations:				
Discount rate, 1 April, %	2.3	2.3	3.8	3.6
Discount rate, 31 March, %	2.6	2.4	2.3	2.3
Future salary increases, %	1.5–3.0	2.5	1.5–3.0	2.75
Future increases in pensions (change in income base amount), %	2.5	–	2.5	–
Employee turnover, %	10.0	2.0–5.0	10.0	2.0–5.0
Expected 'G regulation', %	–	2.2	–	2.5
Mortality table	FFFS 2007:31	K2013 BE	FFFS 2007:31	K2013 BE

	2015/2016		2014/2015	
Sensitivity of pension obligations to changes in assumptions	Sweden	Norway	Sweden	Norway
Defined benefit pension obligations at 31 March 2015				
The discount rate increases by 0.5%	–4.1	–1.8	–5.6	–2.2
The discount rate decreases by 0.5%	4.7	2.0	6.4	2.5
Expected life expectancy increases by 1 year	2.2	0.6	2.9	0.6

NOTE 25 | PROVISIONS

Group 2016-03-31	Personnel	Warranties	Other	Total
Carrying amount at start of period	0.7	0.0	–	0.7
Provisions made during the period	2.6	–	4.5	7.1
Amounts utilised during the period	–0.7	–	–	–0.7
Unutilised amounts reversed	–	0.0	–	0.0
Translation effects	–	–	–	–
Other	–2.3	0.0	–	–2.3
Carrying amount at end of period	**0.3**	**0.0**	**4.5**	**4.8**

Group 2015-03-31	Personnel	Warranties	Other	Total
Carrying amount at start of period	–	0.2	–	0.2
Provisions made during the period	0.7	0.0	–	0.7
Unutilised amounts reversed	–	–0.2	–	–0.2
Translation effects	–	0.0	–	0.0
Carrying amount at end of period	**0.7**	**0.0**	**–**	**0.7**

Personnel

The provision refers to costs of personnel, including estimated remuneration upon termination of employment in connection with changes in operations. A provision is made when there is an approved restructuring plan and the restructuring has been announced.

Warranties

Recognised provisions for warranties associated with products and services rest on calculations performed based on historical data or, in specific cases, on an individual assessment.

NOTE 26 | NON-CURRENT INTEREST-BEARING LIABILITIES

	Group		Parent company	
	2016-03-31	2015-03-31	2016-03-31	2015-03-31
Liabilities to credit institutions:				
Maturing within 2 years	300.0	0.1	300.0	–
Maturing within 3 years	–	–	–	–
Maturing within 4 years	–	–	–	–
Maturing within 5 years	–	–	–	–
Maturing five years or later	–	–	–	–
Total non-current liabilities to credit institutions	**300.0**	**0.1**	**300.0**	**–**
Other interest-bearing liabilities:				
Maturing within 2 years	–	–	–	–
Maturing within 3 years	1.1	–	–	–
Maturing within 4 years	–	–	–	–
Maturing within 5 years	–	–	–	–
Maturing five years or later	–	–	–	–
Total other non-current interest-bearing liabilities	**1.1**	**–**	**–**	**–**
Total	**301.1**	**0.1**	**300,0**	**–**

The parent company's loan has a fixed interest rate and amounted to 1.4 percent per 2016-03-31.

The Group's non-current liabilities to credit institutions are divided among currencies as follows:

	2016-03-31		2015-03-31	
Currency	Local currency	SEKm	Local currency	SEKm
EUR	–	–	0.0	0.1
SEK	300.0	300.0	–	–
Total		**300.0**		**0.1**

NOTE 27 | NON-CURRENT INTEREST-BEARING LIABILITIES

	Group		Parent company	
Overdraft facilities	2016-03-31	2015-03-31	2016-03-31	2015-03-31
Credit limit	300.0	–	300.0	–
Unutilized	–121.3	–	–121.3	–
Utilised credit	**178.7**	**–**	**178.7**	**–**
Other liabilities to credit institutions	–	0.1	–	–
Other interest-bearing liabilities	6.4	27.9	–	–
Total	**185.1**	**28.0**	**178.7**	**–**

Other interest-bearing liabilities largely consist of additional contingent considerations with estimated interest of 5.0 percent

The Group's non-current liabilities to credit institutions are divided among currencies as follows:

	2016-03-31		2015-03-31	
Currency	Local currency	SEKm	Local currency	SEKm
EUR	–	–	0.0	0.1
SEK	–	–	–	–
Total		**–**		**0.1**

The Group's financing is mainly managed by the parent company AddLife AB. The interest on the Parent company's overdraft facility was 0.4 percent per 2016-03-31.

NOTE 28 | ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent company	
	2016-03-31	2015-03-31	2016-03-31	2015-03-31
Rental revenue	–	0.3	–	–
Other deferred income	0.2	1.2	–	–
Salaries and holiday pay	48.1	29.8	2.0	–
Social security costs and pensions	12.5	10.6	0.6	–
Other accrued expenses[1)]	12.1	3.5	4.2	–
Total	**72.9**	**45.4**	**6.8**	**–**

1) Other accrued expenses mainly consist of overhead accruals.

NOTE 29 | RELATED-PARTY TRANSACTIONS

Income statement	2015/2016	2014/2015
Net sales	0.0	0.0
Other operating income	0.1	0.7
Administrative expenses[1)]	–13.9	–15.6
Finance income	0.1	0.4
Finance costs	–2.4	–0.9
Total transactions	**–16.1**	**–14.0**

Balance sheet	2016-03-31	2015-03-31
Assets		
Non-current receivables[2)]	–	97.3
Cash and cash equivalents[3)]	–	79.4
Total assets related party	**–**	**176.7**
Liabilities		
Current interest-bearing liabilities[4)]	–	27.7
Other liabilities[5)]	–	78.9
Accounts payable	18.3	–
Total liabilities related party	**18.3**	**106.6**

1) Consists of corporate fee costs from Addtech, which are invoiced to the AddLife companies.
2) Non-current receivables consist of deposits to Addtech AB's internal bank.
3) Relates to the AddLife companies' share of Addtech's cash pool.
4) Non-current interest-bearing liabilities consist of loans from Addtech AB's internal bank.
5) Other liabilities consist of the AddLife companies' liabilities in Addtech's cash pool.

NOTE 30 | PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent company	
Group	2016-03-31	2015-03-31	2016-03-31	2015-03-31
Other pledged assets	0.1	0.1	–	–
Total	**0.1**	**0.1**	**–**	**–**
Contingent liabilities				
Guarantees and other contingent liabilities	1.4	1.2	–	–
Total	**1.4**	**1.2**	**–**	**–**

NOTE 31 | CASH FLOW STATEMENT

	Group		Parent company	
Adjustment for items not included in cash flow	**2015/2016**	**2014/2015**	**2015/2016**	**2014/2015**
Depreciation	43.5	21.9	0.0	–
Gain/loss on sale of operations and non-current assets	–0.3	–0.2	–	–
Change in pension liability	0.0	1.1	–	–
Change in other provisions and accrued items	4.1	0.5	–	–
Other	1.0	–0.2	–	–
Total	**48.3**	**23.1**	**0.0**	**–**

For the Group, interest received during the year totalled SEK 0.4 million (0.8), and interest paid was SEK 5.1 million (1.0).

The following adjustments were made as a result of the value of assets and liabilities in companies acquired during the year, together with adjustments such as contingent considerations paid for acquisitions made in previous years:

	2015/2016	**2014/2015**
Non-current assets	34.4	–
Inventories	110.1	–
Receivables	92.7	–
Cash and cash equivalents	26.3	–
Total	263.5	–
Interest-bearing liabilities and provisions	170.6	–
Non-interest-bearing liabilities and provisions	102.1	–
Total	**272.7**	**–**
Consideration paid	–259.4	–
Cash and cash equivalents in acquired companies	26.3	–
Effect on the Group's cash and cash equivalents	–233.1	–

All businesses acquired during the year were consolidated in the accounts using the acquisition method.

Cash and cash equivalents in the cash flow statement consist of cash and bank balances. The same definition applied to determine cach and cash equivalents in the balance sheet has been used in the cash flow statement.

NOTE 32 | ACQUISITIONS WITHIN BUSINESS AREAS

Acquisitions	Country	Date of acquisition	Net sales, SEKm[1]	Number of employees[1]	Business area
Mediplast AB	Sweden	July, 2015	465	120	Medtech
Fenno Medical Oy	Finland	July, 2015	185	35	Medtech

1) Refers to conditions at the time of acquisition on a full-year basis.

Acquisitons during the financial year 2015/2016

	Fair value
Intangible non-current assets	197.7
Other non-current assets	26.4
Inventories	110.1
Other current assets	119.0
Deferred tax liability/tax asset	–44.8
Other liabilities	–270.5
Acquired net assets	137.9
Goodwill	355.8
Consideration[1]	493.7
Less: cash and cash equivalents in acquired businesses	–26.3
Non cash issue	–234.3
Effect on the Group's cash and cash equivalents	233.1

1) The consideration is stated excluding acquisition expenses.

The combined consideration for the acquisitions was SEK 493.7 million, of which SEK 197.7 million, according to acquisition analyses, was allocated to goodwill and other intangible assets. The transaction costs for acquisitions with a takeover date during the financial year 2015/2016 amounted to SEK 3.1 million and are recognised in selling expenses.

The values allocated to intangible assets, such as supplier relationships, were assessed at the discounted value of future cash flows.

The amortisation period is determined by estimating the annual decrease in sales attributable to each asset. Supplier relationships are generally amortised over a period of 10 years.

The goodwill resulting from the acquisitions is attributable to expectations that the Group's position in the market in question for each acquisition will grow stronger and to the knowledge accumulated in the companies acquired.

NOTE 33 | EARNINGS PER SHARE

	2015/2016	2014/2015
Earnings per share (SEK)	4.15	5.06

See note 1 for the method of calculation. The numerators and denominators used to calculate the above EPS are derived as stated below.

Earnings per share

The calculation of earnings per share is based on profit for the year and a weighted average number of shares outstanding. In calculating the average number of shares outstanding it was assumed that the 500,000 shares at the time of the parent company's formation were present throughout the reporting periods.

Subsequently, the bonus element of the bonus issue carried out in July 2015 was adjusted retroactively. Since there is no listed share price for AddLife during the historical financial years, the bonus issue element was calculated based on a value per share used in the time around the non-cash issue that occurred in connection with the acquisition of Mediplast (see note 32). The non-cash issue itself, carried out after the three historical financial periods, is assumed in the calculation of earnings per share to have been made at fair value and therefore does not affect earnings per share for the three periods. The two components are as follows:

	2015/2016	2014/2015
Profit for the year SEKm	77.8	80.4

Weighted average number of shares during the year in thousands of shares	2015/2016	2014/2015
Weighted average number of shares during the year	18,749	15,892

There are no potential ordinary shares that could give rise to a dilution effect, for which reason basic and diluted earnings per share are the same.

NOTE 34 | DISCLOSURES ABOUT PARENT COMPANY

AddLife AB, corporate ID number 556995-8126, is the Parent Company of the Group.
The Company's registered office is in Stockholm, Stockholm County, and according to Swedish law AddLife AB is a limited liability company.

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AddLife AB (publ)
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NOTE 35 | EVENTS AFTER THE REPORTING PERIOD

The acquisitions of V-Tech AB and Esthe-Tech AB to become part of the Medtech business area were implemented on 1 April 2016. The companies have 11 employees and combined sales of around SEK 50 million. The acquisitions represent an expansion in the area of vascular surgery in particular, strengthening AddLife's position in an attractive segment of the Nordic market. The acquisitions are expected to have a marginally positive effect on AddLife's earnings per share.

On 4 April AddLife signed an agreement to represent Leica Biosystems in Sweden and Denmark. Leica Biosystems is a leading global player in automation solutions for advanced cancer research. The existing operations of Leica Biosystems will be transferred to the Triolab companies in the Labtech business area during the course of May. Leica Biosystems currently generates sales of about SEK 50 million in Sweden and Denmark.

In April a preferential rights issue of SEK 300 million was carried out, to existing AddLife shareholders. The purpose of the issue is to create a financial basis for further profitable growth via acquisitions of life science companies in the Nordics that can reinforce AddLife's existing operations or contribute new product or market segments where there are conditions for taking leading niche positions. The issue was oversubscribed by about 70 percent.

In June 2016, AddLife amortized SEK 150 million on the loan and increased the overdraft facility by the corresponding amount. After the amortization the overdraft facility amounted to SEK 450 million with a maturity to 31 December 2016 and an interest free loan of 150 million with a maturity to 30 June 2017.

No other events of significance to the Group occurred after the end of the reporting period.

Acquisition analysis	Fair value
Intangible non-current assets	29.9
Other non-current assets	0.2
Inventories	8.0
Other current assets	14.5
Deferred tax liability/tax asset	–7.6
Other liabilities	–12.4
Acquired net assets	32.6
Goodwill	16.0
Consideration[1)]	48.6
Less: cash and cash equivalents in acquired businesses	–5.1
Less: consideration not yet paid	–11.1
Effect on the Group's cash and cash equivalents	32.4

1) The consideration is stated excluding acquisition expenses.

NOTE 36 | COMBINED ENTITIES

Company	2014/2015	2013/2014	2012/2013	Country	Registered office	Ownership	Business area
AddLife AB	X			SE	Stockholm		
Active Care Sverup AB	X	X	X	SE	Billdal	100%	Medtech
Triolab A/S	X	X	X	DK	Bröndby	100%	Labtech
Triolab Oy	X	X	X	FI	Turku	100%	Labtech
Triolab AB	X	X	X	SE	Gothenburgh	100%	Labtech
LabRobot Products AB	X	X	X	SE	Stenungsund	100%	Labtech
Bergman Labora AB	X	X	X	SE	Danderyd	100%	Labtech
Electra-Box Diagnostica AB	X	X	X	SE	Stockholm	100%	Labtech
Skagshaw Invest AB	X	X	X	SE	Stockholm	100%	Labtech
Electra-Box Diagnostica ApS	X	X	X	DK	Rödovre	92.60%	Labtech
Electra-Box Diagnostica AS	X	X	X	NO	Mjöndalen	83.50%	Labtech
Electra-Box Diagnostica Oy	X	X	X	FI	Helsinki	92.10%	Labtech
Holm & Halby A/S	X	X	X	DK	Bröndby	100%	Labtech
Immuno Diagnostics Oy	X	X	X	FI	Härmeenlinna	100%	Labtech
Bergman Diagnostika AS	X	X	X	NO	Lilleström	100%	Labtech
AddLife Development AB	X	X	X	SE	Stockholm	100%	Labtech
BioNordika (Denmark) A/S	X	X	X	DK	Glostrup	100%	Labtech
BioNordikaBergman AS	X	X	X	NO	Lysaker	100%	Labtech
BioNordika (Baltics) OÜ	X	X	X	EE	Tallinn	100%	Labtech
BioNordika (Sweden) AB	X	X	X	SE	Stockholm	100%	Labtech
BioNordika (Finland) Oy	X	X	X	FI	Helsinki	100%	Labtech

Proposed Allocation Of Earnings

The following amounts are available for distribution by the Annual General Meeting of AddLife AB:	
Share premium reserve	261.9
Profit for the year	12.2
	274.1

The Board of Directors and the CEO propose that the funds available for distribution be allocated as follows:	
To be carried forward	274.1
	274.1

Assurance of the Board of Directors

The Board of Directors and the Chief Executive Officer deem the consolidated financial statements and annual accounts to be prepared in accordance with IFRS, as adopted by the EU, and with generally accepted accounting principles, and that they provide a true and fair overview of the financial position and results of operations of the Group and the Parent Company. The administration report for the Group and the Parent Company gives a true and fair overview of the Group's and the Parent Company's operating activities, financial position and results of operations and describes significant risks and uncertainties to which the Parent Company and the companies that comprise the Group are exposed. The other aspects of the results of operations and financial position of the Group and the Parent Company are shown in the income statements, balance sheets, cash flow statements and notes to the financial statements.

Stockholm, 8 July 2016

Johan Sjö
Chairman of the Board

Birgit Stattin Norinder
Director

Eva Nilsagård
Director

Fredrik Börjesson
Director

Håkan Roos
Director

Stefan Hedelius
Director

Kristina Willgård
CEO

We submitted our auditor's report on 8 July 2016

KPMG AB

George Pettersson
Authorised Public Accountant
Auditor in charge

Jonas Eriksson
Authorised Public Accountant

Auditor's report

To the annual meeting of the shareholders of AddLife AB (publ.), corp. id 556995-8126

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of AddLife AB (publ.) for the financial year 2015-04-01–2016-03-31. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 29–88.

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

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

Auditor's responsibility

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

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

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 March 2016 and of their financial performance and cash flows for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 March 2016 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and in accordance with the Annual Accounts Act. A corporate governance statement has been prepared. The statutory administration report and the corporate governance statement are consistent with the other parts of the annual accounts and consolidated accounts.

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

Report on other legal and regulatory requirements

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

Responsibilities of the Board of Directors and the Managing Director

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

Auditor's responsibility

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

As basis for our opinion on the Board of Directors proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

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

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

Opinions

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

Stockholm, 8 July 2016

KPMG AB

George Pettersson
Authorized Public Accountant
Auditor in charge

KPMG AB

Jonas Eriksson
Authorized Public Accountant

Board of Directors and Group Management

Information relating to Shareholdings as at May 31, 2016

Board of Directors

JOHAN SJÖ

Chairman of the Board since 2015.
Born in: 1967.
Education: M.Sc. Econ.
Chief Executive Officer and director for Addtech AB (publ).
Significant appointments: Chairman of the Board of Addtech Nordic AB. Director for Bufab AB (publ)
Professional experience: Senior management at B&B TOOLS Aktiebolag (publ), prior to that Alfred Berg ABN AMRO.
Independent in relation to AddLife and its senior executives: Yes.
Independent in relation to major shareholders: No.
Holdings of shares in AddLife: 3,150 Class A shares and 54,062 Class B shares.

BIRGIT STATTIN NORINDER

Board member since 2015.
Born in: 1948.
Education: MPharm.
Significant appointments: Chairman of the Board of Hansa Medical AB (publ). Director for Navigation Dynamics AB, Jettesta AB and Nicox S.A.
Professional experience: Chief Executive Officer of Prolifix Ltd, Senior Vice President Worldwide Product Development at Pharmacia Upjohn.
Independent in relation to AddLife and its senior executives: Yes.
Independent in relation to major shareholders: Yes.
Holdings of shares in AddLife: (family) 2,000 Class B shares.

EVA NILSAGÅRD

Board member since 2015.
Born in: 1964.
Education: M.Sc. Econ.
Significant appointments: Director for Bufab AB (publ)
Professional experience: Positions in the Volvo Group, CFO for Vitrolife AB (publ).
Previous appointments (last five years): –
Independent in relation to AddLife and its senior executives: Yes.
Independent in relation to major shareholders: Yes.
Holdings of shares in AddLife: 1,000 Class B shares.

FREDRIK BÖRJESSON

Board member since 2015.
Born in: 1978.
Education: M.Sc. Econ.
Officer and director for Tisenhult-gruppen AB and Tisenhult Förvaltning AB.
Significant appointments: Chief Executive Chairman of the Board of Bostad Direkt Stockholm Aktiebolag, Swedish Cable Trolleys AB, Ventilationsgrossisten Nordic AB and Inomec AB. Director for B&B TOOLS Aktiebolag (publ), Tisenhult Invest AB and Futuraskolan AB
Professional experience: Management positions within the Tisenhult Group and CFO of AB Cibenon.
Independent in relation to AddLife and its senior executives: Yes.
Independent in relation to major shareholders: No.
Holdings of shares in AddLife: 1,155 Class B shares.

HÅKAN ROOS
Board member since 2015.
Born in: 1955.
Education: M.Sc. Econ.
Significant appointments: Chairman of the Board of Roos-Gruppen AB, Procurator AB, Antpac Production AB, Fondamentor & Roos-Gruppen Fastigheter AB, Fondamentor & RoosGruppen 3 Umeå AB, Fondamentor & Roosgruppen 4 Umeå AB, Sandå Sverige AB, Design House Stockholm AB and Rexo AB. Chairman of the Board and Chief Executive Officer of Malmö Stenhus AB. Director for Procurator Intressenter AB, Ronofred Byggnads AB, Arbetarskydds-material Aktiebolag, Enkelknappen Aktiebolag, Exportaktie-bolaget Svanen, Lomond Invest AB, Intellithing AB, Scandy Garden Aktiebolag, Malmö Stenhus Intressenter AB, Gatt IT AB, Nordic Kitchen Group AB, Antpac AB, Östhus Bostad AB and Gadelius Japan.
Professional experience: Previously Chief Executive Officer of Hallbergs Guld AB and Procurator AB.
Independent in relation to AddLife and its senior executives: Yes.
Independent in relation to major shareholders: No.
Holdings of shares in AddLife: 4,001 Class A shares and 3,578,366 Class B shares.

STEFAN HEDELIUS
Board member since 2015.
Born in: 1969.
Education: University studies in finance, various international executive education programmes. Chief Executive Officer for NOTE AB (publ).
Significant appointments: Director for Handbolls-EM 2016 Sverige AB.
Professional experience: Previously Vice President, Brand and Marketing, Scandinavian Airlines (SAS) as well as positions at Ericsson, including Vice President Marketing and Communi-cations, Head of Strategy and Marketing and Vice President Ericsson Austria.
Independent in relation to AddLife and its senior executives: Yes.
Independent in relation to major shareholders: No.
Holdings of shares in AddLife: –

Group Management

KRISTINA WILLGÅRD
CEO since 2015.
Born in: 1965.
Member of Group Management since: 2015.
Education: M.Sc. Econ.
Professional experience: CFO of Addtech AB (publ), finance director at Ericsson AB, CFO Netwise, CFO Frontec, Business controller Spendrups and Auditor at Arthur Andersen.
Other appointments: Director for SERNEKE Group AB (publ).
Previous appointments (last five years): Director for Addtech Nordic AB.
Holdings of shares in AddLife: 44,531 Class B shares.

ARTUR AIRA
Vice President since 2015.
Born in: 1967.
Member of Group Management since: 2015.
Education: Biomedical engineer, Master of Business Administration.
Professional experience: Leading Positions in the Addtech Group and bioMerieux. Chief Executive Officer of Organon Teknika.
Other appointments: Director for Life Genomics AB.
Holdings of shares in AddLife: 28,218 Class B shares.

MARTIN ALMGREN
CFO since 2015.
Born in: 1976.
Member of Group Management since: 2015.
Education: M.Sc. Econ.
Professional experience: Group Financial Controller for Addtech AB (publ), Group Accounting Manager at Nefab AB, Auditor at EY.
Holdings of shares in AddLife: 5,625 Class B shares.

Auditor – KPMG

Auditor in charge: George Pettersson, since March 2015, Authorised Public Accountant, Stockholm.
Born in: 1964.
Other appointments: Nobia AB, Sandvik AB, Addtech AB and Lagercrantz Group AB

Auditor: Jonas Eriksson, since March 2015, Authorised Public Accountant, Stockholm.
Born in: 1974.
Other appointments: Audit of Sandvik AB and Addtech AB.

Definitions

ADL Marketing survey

A marketing- and development survey that AddLife has commissioned from the consulting firm Arthur D. Little.

Return on equity

Profit/loss after tax attributable to shareholders, as a percentage of shareholders' proportion of average equity.

	2015/2016	2014/2015
Profit/loss for the period	77.8	80.4
Average equity	304.9	267.5
Return on equity	77.8/304.9 = 25.5%	80.4/267.5 = 30.1%

Return on working capital (P/WC)

EBITA in relation to average working capital.

	2015/2016	2014/2015
Operating profit before depreciation of intangible assets, EBITA, P	135.2	119.6
Average working capital (WC)	211.1	127.4
(P/WC)	135.2/211.1 =64.0%	119.6/127.4=94.0%

Return on capital employed

Profit/loss after net financial items, plus interest expenses plus/minus exchange differences, as a percentage of average capital employed.

	2015/2016	2014/2015
Profit before tax	100.2	105.3
Interest expense according to note 12 (+)	6.6	3.1
Net exchange differences according to note 12	–1.5	0.0
Profit after financial items plus interest expenses	105.3	108.4
Average capital employed	758.2	387.0
Return on capital employed	105.3/758.2 = 13.9%	108.4/387.0 = 28.0%

EBITDA

Operating profit before depreciation and amortisation.

	2015/2016	2014/2015
Operating profit	106.3	107.7
Depreciation of property, plant and equipment (+)	14.6	10.0
Amortisation of intangible assets note 15 (+)	28.9	11.9
Operating profit before depreciation and amortisation, EBITDA	149.8	129.6

EBITA

Operating profit before amortisation of intangible assets.

	2015/2016	2014/2015
Operating profit	106.3	107.7
Amortisation of intangible assets	28.9	11.9
Operating profit before amortisation of intangible assets, EBITA	135.2	119.6

EBITA margin

EBITA as a percentage of net sale.

	2015/2016	2014/2015
Operating profit before amortisation of intangible assets, EBITA	135.2	119.6
Net sale	1,562.4	1,056.8
EBITA margin	135.2/1,562.4 = 8.7%	119.6/1,56.8 = 11.3%

Equity per share

Shareholders' proportion of equity divided by the number of shares outstanding at the end of the reporting period.

	2016-03-31	2015-03-31
Shareholders' proportion of equity	346.6	263.0
Number of shares outstanding at the end of the reporting period	19,694	15,892
Equity per share	346.6/19.694 = 17.60	263.0/15.892 = 16.55

Cash flow per share

Cash flow from operating activities, divided by the average number of shares.

	2015/2016	2014/2015
Cash flow from operating activities	117.7	120.4
Average number of shares	18,749	15,892
Cash flow per share	117.7/18.749 = 6.27	120.4/15.892 = 7.58

Net Debt/Equity ratio

Interest-bearing liabilities and interest-bearing provisions, excluding pension provisions, in relation to shareholders' equity.

	2016-03-31	2015-03-31
Net Debt	537.9	18.7
Equity	346.6	263.3
Net Debt/Equity ratio	537.9/346.6 = 1.6	18.7/263.3 = 0.1

Earnings per share (EPS)

Shareholders' proportion of profit/loss for the year in relation to the average number of shares outstanding.

	2015/2016	2014/2015
Shareholders' proportion of profit/loss for the year	77.8	80.4
Average number of shares outstanding	18,749	15,892
Earnings per share (EPS)	77.8/18.749 = 4.15	80.4/15.892 = 5.06

Profit growth EBITA

This year's EBITA decreased by the previous year's EBITA divided by the previous year's EBITA.

	2015/2016	2014/2015
This year operating profit before amortisation of intangible assets, EBITA (+)	135.2	119.6
Previous year's operating profit before amortisation of intangible assets, EBITA (–)	–119.6	–115.6
Profit growth EBITA	15.6	4.0
Profit growth EBITA (%)	15.6/119.6 = 12.9%	4.0/115.6 = 3.5%

Financial net liabilities

Interest-bearing liabilities and interest-bearing provisions, less cash and cash equivalents.

Amount from balance sheet	2016-03-31	2015-03-31
Long-term interest-bearing liabilities	301.1	0.1
Pension provisions	63.3	73.1
Short-term interest-bearing liabilities	185.1	28.0
Interest-bearing liabilities and interest-bearing provisions	549.5	101.2
Cash and cash equivalents (–)	–11.6	–82.5
Financial net liabilities	537.9	18.7

Net debt/EBITDA

Financial net liabilities divided by EBITDA.

	2015/2016	2014/2015
Financial net liabilities	537.9	18.7
EBITDA	149.8	129.6
Net debt/EBITDA	537.9/149.8 = 3.6	18.7/129.6 = 0.1

Interest coverage ratio

Profit /loss after net financial items, plus interest expense, plus/minus exchange differences in relation to interest expense.

	2015/2016	2014/2015
Profit before tax for the period	100.2	105.3
Interest expense according to note 12 (+)	6.6	3.1
Net exchange differences according to note 12	–1.5	0.0
Profit /loss after net financial items, plus interest expense, plus/minus exchange differences	105.3	108.4
Interest coverage ratio	105.3/6.6 = 16.0	108.4/3.1 = 35.0

Working capital

Sum of inventories and accounts receivable, less accounts payable. Average working capital for the year is used to calculate return on working capital (P/WC).

	2016-03-31	2015-03-31
Inventories yearly average (+)	168.7	87.0
Accounts receivable yearly average (+)	159.9	118.3
Accounts payable yearly average (–)	–117.5	–77.9
Working capital (WC)	211.1	127.4

Operating margin

Operating profit/loss as a percentage of net sales.

	2015/2016	2014/2015
Operating profit/loss	106.3	107.7
Net sales	1,562.4	1,056.8
Operating margin	106.3/1,562.4 = 6.8%	107.7/1,056.8 = 10.2%

Equity ratio

Equity as a percentage of total assets.

	2016-03-31	2015-03-31
Equity	346.6	263.3
Total assets	1,277.1	643.3
Equity ratio	346.6/1,277.1 = 27.1%	263.3/643.3 = 40.9%

Net Debt/Equity ratio

Interest-bearing liabilities and interest-bearing provisions, excluding pension provisions, in relation to shareholders' equity.

Amount from balance sheet	2016-03-31	2015-03-31
Long-term interest-bearing liabilities	301.1	0.1
Provisions	63.3	73.1
Short-term interest-bearing liabilities	185.1	28.0
Interest-bearing liabilities and interest-bearing provisions	549.5	101.2
Equity	346.6	263.3
Net Debt/Equity ratio	549.5/346.6 = 1.6	101.9/263.3 = 0.4

Capital employed

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

Amount from balance sheet	2016-03-31	2015-03-31
Deferred tax liabilities	52.5	12.9
Accounts payble	159.5	85.2
Tax liabilities	13.2	3.3
Other liabilities	78.1	131.3
Accrued expenses and deferred income	72.9	45.4
Provisions	4.8	0.7
Non-interest-bearing liabilities and provisions	381.0	278.8
Total assets	1,277.1	643.3
Capital employed	1,277.1–381.0 = 896.1	643.3–278.8 = 364.5

Profit margin

Profit/loss after net financial items as a percentage of net sales.

	2015/2016	2014/2015
Profit/loss after net financial items	100.2	105.3
Net sales	1,562.4	1,056.8
Profit margin	100.2/1,562.4 = 6.4%	105.3/1056.8=9.9

The key figures presented above are central in order to understand and evaluate AddLifes business and financial position. The key figures are presented in the multi-year summary and they are commented in the administration report. The key figures that constitute the financial targets are commented in the section "Our financial targets".

Welcome to the annual general meeting

The Annual General Meeting (AGM) of AddLife AB (publ.) will be held at 4.00 p.m. on 1 September 2016 at IVA, Grev Turegatan 16, Stockholm.

Notice of participation

Shareholders who wish to participate in the Annual General Meeting

- must be entered in the shareholders' register held by Euroclear Sweden AB on Friday, 26 August 2016,
- and provide the Company with notification of their attendance by 3.00 p.m. Friday, 26 August 2016 at the latest: by contacting AddLife AB (publ), Box 3145, 103 62 Stockholm, Sweden; trough the Company's website www.add.life/investors; or by e-mailing info@add.life. Such notice must contain the shareholder's name, personal identification number (or corporate ID number), address, telephone number and the number of shares represented as well as advisors/assistance (a maximum of two). The data submitted in such notification will be processed and used for the 2016 AGM.

Shareholders whose shares are held in trust must temporarily register their shares in their own name in order to exercise their voting rights at the AGM. Such changes in registration must be completed no later than Friday, 26 August 2016.

If a shareholder intends to participate by representation through a proxy, the original of the proxy notice as well as any documents for authorisation must be sent to the Company well before the AGM. Representatives of a legal entity must also submit a certified copy of the registration certificate or equivalent documents for authorisation that demonstrate that they are entitled to represent the legal entity. The Company provides a proxy form for shareholders which is available from the head office or from the Company's website www.add.life/investors no later than 15 July 2016.

Ineko Finanstryck 2016 / 265176

AddLife

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