AddLife

Our vision:

AddLife always strives to improve people's lives by being a leading, value-creating player in Life Science.

Our mission:

AddLife provides added value to customers in health care, laboratories and research By offering high-quality, cost-effective solutions and products, as well as advisory services to both the private and public sectors primarily in the Nordic region.

About the annual report

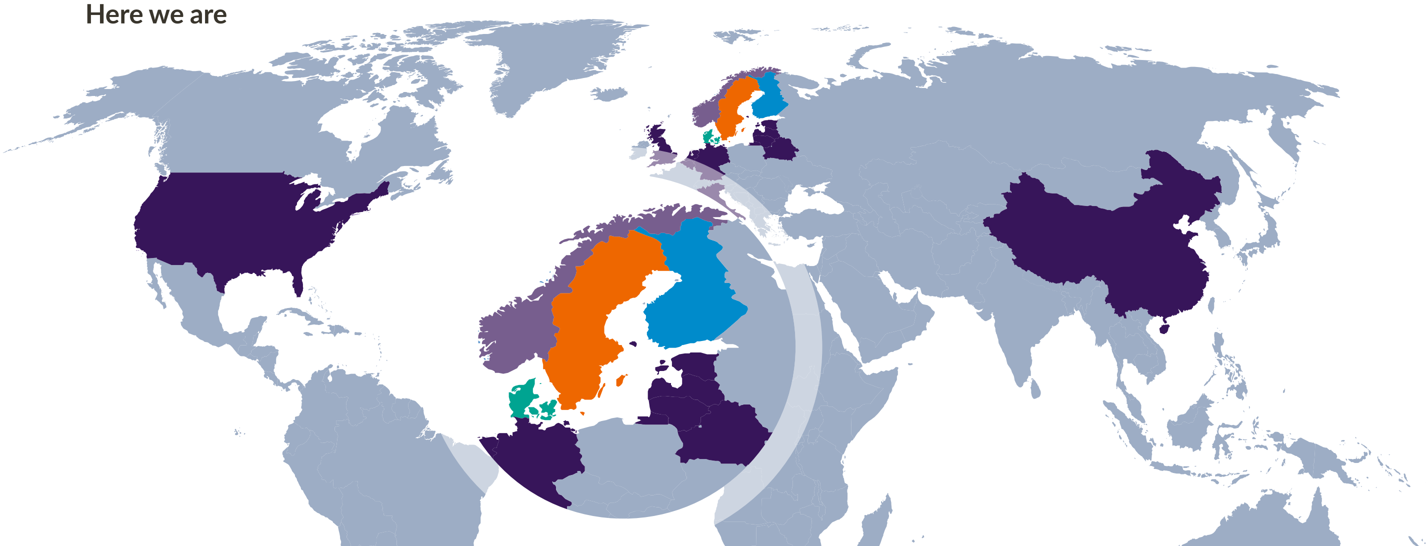
The annual report describes AddLife's business and financial performance in 2017 and includes a Corporate Governance Report and Sustainability Report. The statutory annual report comprises pages 22–34 and 41–91. Comparisons in brackets refer to the corresponding amount in the previous year.
The statutory sustainability report pursuant to the Swedish Annual Accounts Act comprises pages 22–34.

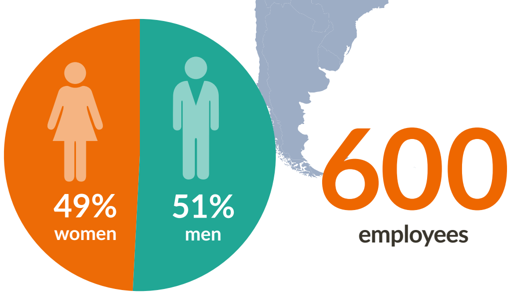
Contents

AddLife in brief

AddLife is an independent provider in Life Science consisting of 32 operating subsidiaries. Our 600 employees offer high-quality products, services and advisory services, primarily in the Nordic region. Our customers are primarily hospitals and laboratories within health care, research, colleges and universities, as well as the food and pharmaceutical industries. We continually strive to develop companies that help to enhance quality of life, reduce patient suffering and increase social benefit.

Here we are





AddLife Quick Guide

- Develops and acquires profitable, market-leading niche companies in laboratory and medical technology with the ambition of driving the Life Science market forward
- Has an entrepreneurial business model with independent subsidiaries
- The majority of customers are in health care in the Nordic region, but we are also steadily increasing our global presence
- Offers the latest technology in: equipment, instruments, reagents, consumable supplies, assistive technology, technical support and service
- The AddLife share is listed on NASDAQ Stockholm, Nordic Mid Cap segment

Continued success

AddLife continued to experience success in 2017. The Life Science market developed positively and our companies continue to gain market share. Our organic growth exceeded the average market growth. We completed three acquisitions and worked on streamlining our Group to create even better conditions for further growth.

Net sales increased by 20 percent to SEK 2,333 million (1,938), 5 percent of which was organic growth and 14 percent acquired growth.

EBITA increased by 24 percent to SEK 234 million (189), corresponding to an EBITA margin of 10.0 percent (9.7).

Profit after tax rose by 8 percent and amounted to SEK 120 million (112).

Earnings per share amounted to SEK 4.95 (4.87).

Cash flow from operating activities amounted to SEK 208 million (133). The equity ratio was 40 percent (45).

Return on working capital (P/WC) was 63 percent (62).

Three acquisitions were completed during the financial year, TM Techno Medica AB, Hepro AS and Krabat AS with total annual sales of about SEK 225 million.

Key financial indicators 2017

Net sales

SEK **2,333** million

Turnover growth

20%

EBITA

SEK **234** million

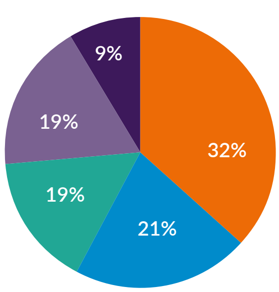
Profit growth

24%

P/WC*

63%

Percentage of net sales by market 2017

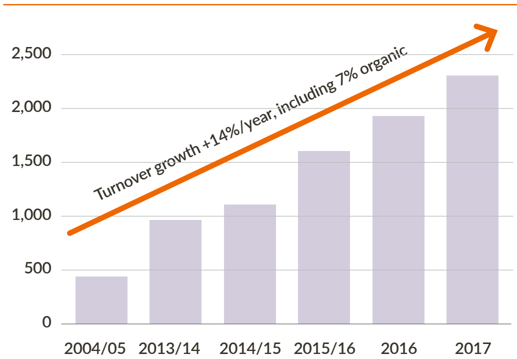


Labtech Business Area

18
subsidiary

60%
of net sales

Net sales, SEKm



Medtech Business Area

14
subsidiary

40%
of net sales

* See explanation under Definitions, page 99.

A stronger company in a growing market

AddLife enjoyed a successful year in 2017. Our growth journey continued and our subsidiaries gained additional market shares. Three acquisitions were completed which together are expected to add about SEK 225 million in annual sales. In the latter part of the year we focused more on streamlining our Group and integrating completed acquisitions to strengthen our base for future growth.

The Life Science market in the Nordic region is growing at an estimated 2–3 percent annually. AddLife increased its sales in 2017 by 20 percent, including organic growth of 5 percent. Our subsidiaries' strong offerings pave the way for continually gaining market shares. The business climate is still good, with investments in both instruments and consumables in a market with a clear growth trend. The trend in society with a growing and aging population suffering from chronic diseases that require lengthy treatment is clear. To sum up, our business continues to make a difference for more efficient and more patient-friendly health care.

We are growing more than the market

Compared with 2016, which was an abnormally strong year, 2017 was a somewhat more normal year for AddLife. Nevertheless, net sales increased 20 percent to SEK 2,333 million with profit growth (EBITA) of 24 percent to SEK 234 million. Once again we exceeded our target of 15 percent earnings growth. Profit margin (EBITA) strengthened from 9.7 to 10.0 percent. A strong cash flow during the year provides great potential for continued investments in both our existing business and new acquisitions.

Increased our visibility as a company

We conducted our first Capital Markets Day in September 2017. From having been a newly listed participant in the stock market in 2016, we have grown into a relevant company that delivers results on a stable basis. Our increased visibility has led to increased interest from the capital market, but especially from potential acquisition targets and suppliers who would like a pan-Nordic partner.

Three acquisitions with future potential

AddLife constantly searches for and evaluates potential acquisition candidates. During the year we completed three acquisitions in Medtech which together are expected to add about SEK 225 million in annual sales. Two of these companies, Hepro and Krabat, are active in home care. We see great potential here in a field that we believe will grow over the next few years. The acquisition of Techno Medica will complement our existing product portfolio primarily in enteral nutrition. During the second half of the year we slowed our acquisition pace and focused on streamlining and improving our Group. We are now ready for continued growth and more acquisitions with a more efficient organisation as a base.

Clearer collaboration between subsidiaries

Both of our business areas – Labtech and Medtech – continued to strengthen their market positions with competitive offerings. The level of expertise in our subsidiaries is high, with strongly motivated and dedicated employees who think innovatively and constantly strive to improve their performance. Over the course of the year we continued our efforts to strengthen our internal networks and offer even more employees the opportunity for growth through AddLife Academy in order to leverage the full potential of the entire Group. A natural collaborative climate with shared values serves as the basis for learning from one another, finding "best practices" and working together towards our high-level goals. With this approach we can take advantage of everyone's skills and the Group network can accelerate growth within the subsidiaries faster.

A future with great opportunities

AddLife is continuing its journey with a successful business model where we engage in "small-scale business - large-scale wise". We will continue to build on the strategy of acquiring, developing and maintaining future companies. We will continue to be relevant on the Life Science market and offer a strong product portfolio that meets the increasing demands of the customers. If we are to succeed, we must be innovative and attract new suppliers with cutting edge technology, while nurturing our existing agents. We must also continue to attract the best employees with initiative and customer focus, who will drive the business forward.
Our endeavour to contribute to sustainable development in the company and society as a whole is a natural part of our business.
I look forward to expanding the AddLife Group with the goal of doubling our business within five years.

Our dedicated employees

I would like to extend a warm thank you to all of our fabulous employees for your tremendous dedication in 2017! We could never have achieved such success without your efforts. Now we are aiming even higher to jointly realise our vision of improving people's lives.

Stockholm, March 2018

Kristina Willgård
President and CEO of AddLife

We had yet another good year in 2017 and further strengthening our position on the market.

Small-scale business - large-scale wise

AddLife acquires and streamlines profitable market-leading niche companies in the field of Life Science. We will attain long-term profitable growth by continuously developing our business and organisation.

AddLife combines the strength of a large enterprise with the dedication and business skills of an entrepreneur. The Parent Company is an active owner with a focus on each subsidiary to promote growth and improve profitability. The subsidiaries are responsible for their own business activities within the context of the requirements that the Group sets for growth, profitability and sustainable development.

An entity that works

By combining the advantageous flexibility, personality and effectiveness of the subsidiaries with AddLifes combined resources, networks and industrial expertise, The AddLife group can optimise long-term growth and profitability. Our decentralised corporate structure also entails less dependence on individual customers and suppliers.

Subsidiaries are responsible for their own businesses

The AddLife Group consists of the Parent Company, AddLife AB, and 32 operating subsidiaries. The Parent Company provides financial stability, resources and tools designed to make it easier and more efficient for our subsidiaries to run their businesses. One example is AddLife Academy, the business school that all of our employees attend.

Labtech and Medtech are our two business areas within which the subsidiaries merge their entrepreneurial skills with individual accountability. Our decentralised organisation and entrepreneurial culture are key competitive advantages for the AddLife Group. Each subsidiary has its own CEO, who are fully responsible for the company's business within the specified limits and requirements that the Parent Company imposes on the businesses.

The basic requirements of the Parent Company are that the subsidiaries should have growth, show profitability and pursue sustainable development. The Parent Company manages the subsidiaries through active board work to ensure that they achieve the Group's financial targets for profit growth and profitability.

Independent distributor with many collaborations

AddLife's subsidiaries collaborate with a number of strategic suppliers. Our aim is to establish close collaboration with leading global suppliers within our niche areas in all of the Nordic countries.

Over the years we have developed long-term relationships and partnerships that have enabled us to achieve leading market positions in certain market niches. As an independent participant and distributor, we can offer customised solutions that can be a combination of products from several of AddLife's more than 1,400 suppliers.

Market leader in selected niches

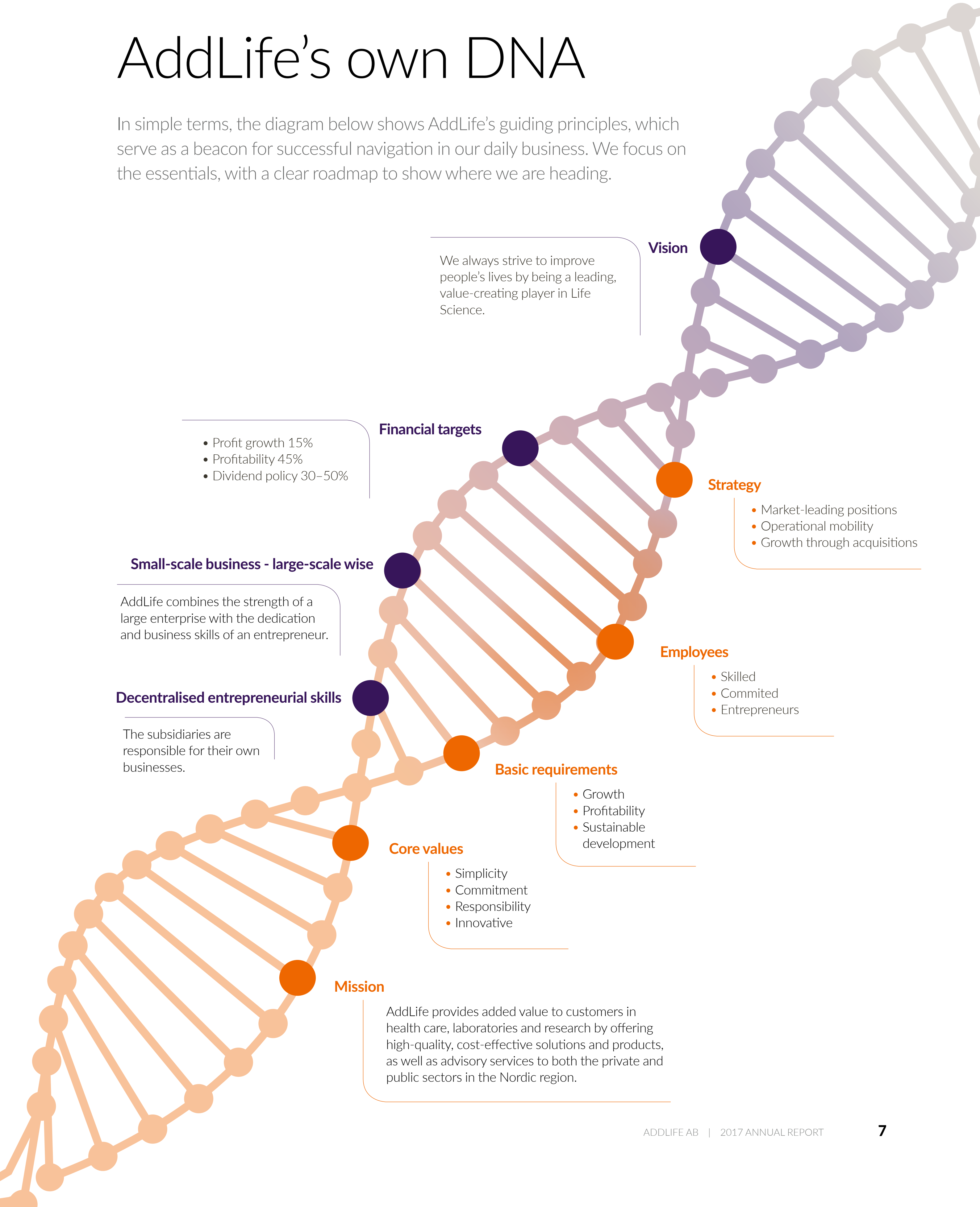
The Nordic Life Science market is large and relatively fragmented in which AddLife has small market shares. We are active in several attractive niches in various product segments and have established stable and growing sales in these areas. We are currently the market leader in several specific niches in biomedical research and laboratory analysis, diagnostics (e.g. blood gas analysis), and medical technology (e.g. ear, nose and throat).

Customers throughout the Nordic region

AddLife does not have any customer relationships of its own, since all customer contacts and business relationships with customers take place in our 32 operating subsidiaries. Our customers, which can be found in both the private and public sectors, are primarily hospitals, laboratories within the healthcare system, research, colleges, universities and the food and pharmaceutical industries in the Nordic region. The absolute majority can be found in the public sector where sales are made through public procurement.

AddLife's own DNA

In simple terms, the diagram below shows AddLife's guiding principles, which serve as a beacon for successful navigation in our daily business. We focus on the essentials, with a clear roadmap to show where we are heading.



Strategy to achieve targets

AddLife's Strategy is based on three pillars as below. They serve as the framework for all of our activities. The strategies help us to take the right decisions to achieve our ambitious financial targets.

1 Market-leading positions

Being market leaders in selected niches is important for AddLife to achieve stable earnings growth and lasting profitability. To achieve this our subsidiaries must:

- generate value and build positions in selected niches
- be qualified suppliers and advisors
- build sales based on close relationships with customers, manufacturers and suppliers

2 Operational mobility

Operational mobility is an agile approach to work in which AddLife creates better conditions for business and profitable growth.

- Our subsidiaries will be flexible and agile so that they can harness new business opportunities
- AddLife develops the business through active ownership and board work

3 Acquisitions

Acquisitions are important to achieve AddLife's financial target for long-term earnings growth.

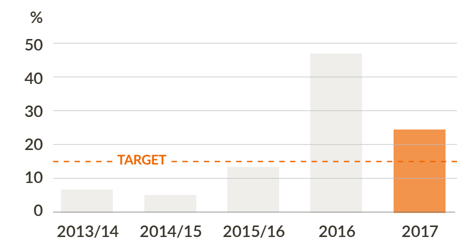
- We are constantly looking for new Life Science companies that offer opportunities to take leading niche positions
- We have a successful acquisition process for integration and development
- We acquire companies in order to maintain and further develop them in the long term

How we measure our success

Financial targets | **Achievement of targets 2017** | **Historical achievement of targets**

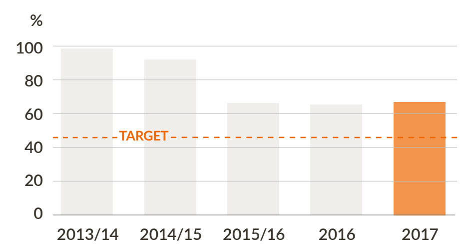
Profit growth 15%
Profit growth (measured in EBITA) for the long-term will be 15 percent per year.

24%



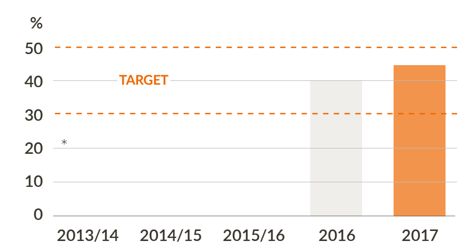
Profitability 45%
Profitability will be at least 45 percent, measured as the ratio between EBITA and working capital (P/WC).

63%



Dividend policy 30–50%
The target is a dividend corresponding to 30–50 percent of profit after tax. Consideration is taken to investment needs and other factors considered to be of importance.

44%

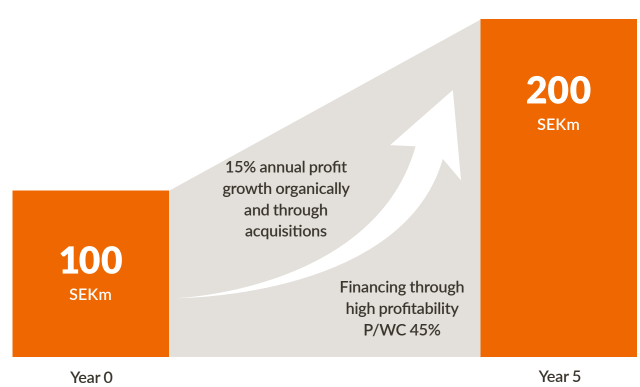


* AddLife began to pay dividends after the share was listed on Nasdaq Stockholm, which occurred on 16 March 2016.

The goal is to double AddLife's profit in five years and to finance growth with the company's own funds through high profitability.

Kristina Willgård, President and CEO of AddLife

AddLife's growth model (theoretical example)



Commitment

We succeed because of our Commitment

For me, Commitment means really caring about your customers – and ultimately, the patients. AddLife's vision is to improve people's lives, so we have to become engaged and always go the extra mile. Commitment is also a feeling I use every day to drive the business forward and develop both myself and the company. I absolutely believe that a major aspect of our success is the passionate Commitment that my coworkers and I feel for our work.

Aseel Albayati, Group Manager, Triolab Sweden

Our most important competitive advantages

AddLife owns and develops companies that enhance quality of life, reduce patient suffering and increase social benefit. To achieve this vision, we offer our subsidiaries competitive solutions that meet both the short-term and long-term needs of the customers. Below is our assessment of why AddLife has become a leading, value-generating operator in Life Science.

Well-positioned to benefit from growth in the Life Science market, with excellent opportunities to increase market share in our niches.

Leading independent provider with long-term relationships with a variety of suppliers that offer pan-Nordic solutions.

Attractive business and contractual model that is transparent, with a high proportion of recurring revenue.

Decentralised entrepreneurial skills where the subsidiaries have great freedom and combine entrepreneurial skills with individual responsibility.

Skilled employees with expertise and a strong commitment to focus on the customer at all times.

Experience from acquisitions with an established process for identifying and implementing successful acquisitions.

Clear focus on profit growth and cash flow generation that permeates the Parent Company's model for financial management of the subsidiaries

A 111-year-old success story

1906 Bergman & Beving B & B is founded

1941 Radiometer new supplier in Life Science

1976 B & B is listed on the stock exchange

1997 Life Science business area formed within B & B

2001 Addtech is spun off from the B & B and listed on the stock exchange

2005 Addtech acquires Life Science business area from B & B

2015 AddLife is formed with two business areas, Labtech and Medtech through acquisitions

2016 AddLife is listed on the stock exchange

Innovative

Innovation is the driving force in our daily work.

Innovation is incredibly important to create the best possible home care products, regarding both the production process and the development of materials, solutions and designs for the future. If we do not dare to think innovatively – we will stagnate and be left in the dust by our competitors. My colleagues and I often hold brainstorming sessions when we think outside the box. We focus on modern welfare technology and use the available technology in the smartest way possible.

Thea Marie Stormo, product designer, Hepro Norway

Still a growth market

The Nordic countries, AddLife's home market, have a growing and aging population, which increases the need for health care and social services. Constructive collaboration between society, research and business is therefore important to meet the expectations of citizens. AddLife actively contributes with its high-quality laboratory and medical technology products and services.

The Nordic Life Science market continued to develop favourably in 2017 and grew an estimated 2-3 percent. AddLife's subsidiaries increased their market shares and had organic growth of 5 percent.

Health care needs to be streamlined and our subsidiaries offer attractive solutions for both healthcare and diagnostic laboratories. Home care is also a growing area where we see great potential for our point-of-care solutions in modern medical technology for the home.

Our focus on two segments

The Life Science market is complex and consists of several market segments. AddLife has chosen to be active in two of them, specialising in selected niches in each segment:

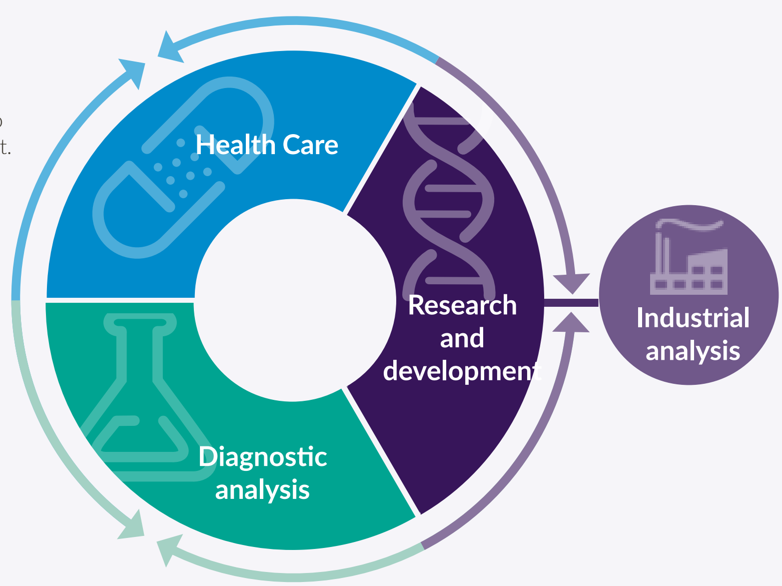
- Labtech, which offers products and services in diagnostics, as well as biomedical research and laboratory equipment (See pages 16–17)
- Medtech, which offers products and services in medical technology and home care (See pages 20–21)

Life Science market ecosystem

Health Care
The products in our Medtech portfolio are used to provide care and treatment. Medtech Business Area

Diagnostic analysis
Our diagnostics portfolio provides solutions for
diagnostic analysis of patient samples. Labtech Business Area

Research and development + Industrial analysis
Our products cover needs in research and development, as well as industrial analysis. Labtech Business Area



The Life Science market serves as an ecosystem in which the various market segments affect one another and are dependent on each other for growth. Our product portfolio meets the needs of the market and we are active in selected niches throughout the ecosystem.

Four Nordic market trends

Generally speaking, attitudes in the Nordic Life Science market are encouraging. Most people seem to agree that health care and social services are areas of society that must be prioritised and improved. AddLife is a leading, value-generating provider in Life Science in the Nordic region and our strategy is based on harnessing the main market trends in the Nordic region described below.

1 Demographics

With a growing and aging population suffering from chronic diseases that require lengthy treatment, the need for health care and social services is constantly growing in the Nordic countries. Consequently, demand for AddLife's offering in health care, laboratories and research will continue to be strong for the foreseeable future.

2 Structural changes

The aging and growing population poses challenges for health care. In recent years, extensive consolidation initiatives and structural reforms have been implemented at the county council and regional levels in all of the Nordic countries. Change is constantly underway in the effort to find new working methods and structures that streamline procedures to improve patient care.

3 Technological development

Because of rapid technological developments in health care, laboratories and research our subsidiaries must remain on the cutting edge to ensure that their product and service offerings meet future needs.

4 Public procurement

The trend is clear that public procurement is becoming larger in scope and contract times are often longer. AddLife must therefore continue to focus on quality, service and sustainability to cope with the growing demands, volumes and competition we see in public procurement.

Sweden
Life Science is a high-priority growth area in Sweden. The business climate for AddLife in the Swedish market is favourable, with demand for our offerings growing in response to continued investments and funding for research from public and private participants. Based on the extensive and growing health care and social services product portfolio of our subsidiaries, we can bid on both larger and more contracts.

Finland
The market for research and diagnostics laboratories in Finland is thriving. On the medical side, a comprehensive healthcare reform is being planned to be able to offer Finns equal access to good care throughout the country. The postponement of the reform until 2020 has led to some uncertainty and caution regarding investments in health care.

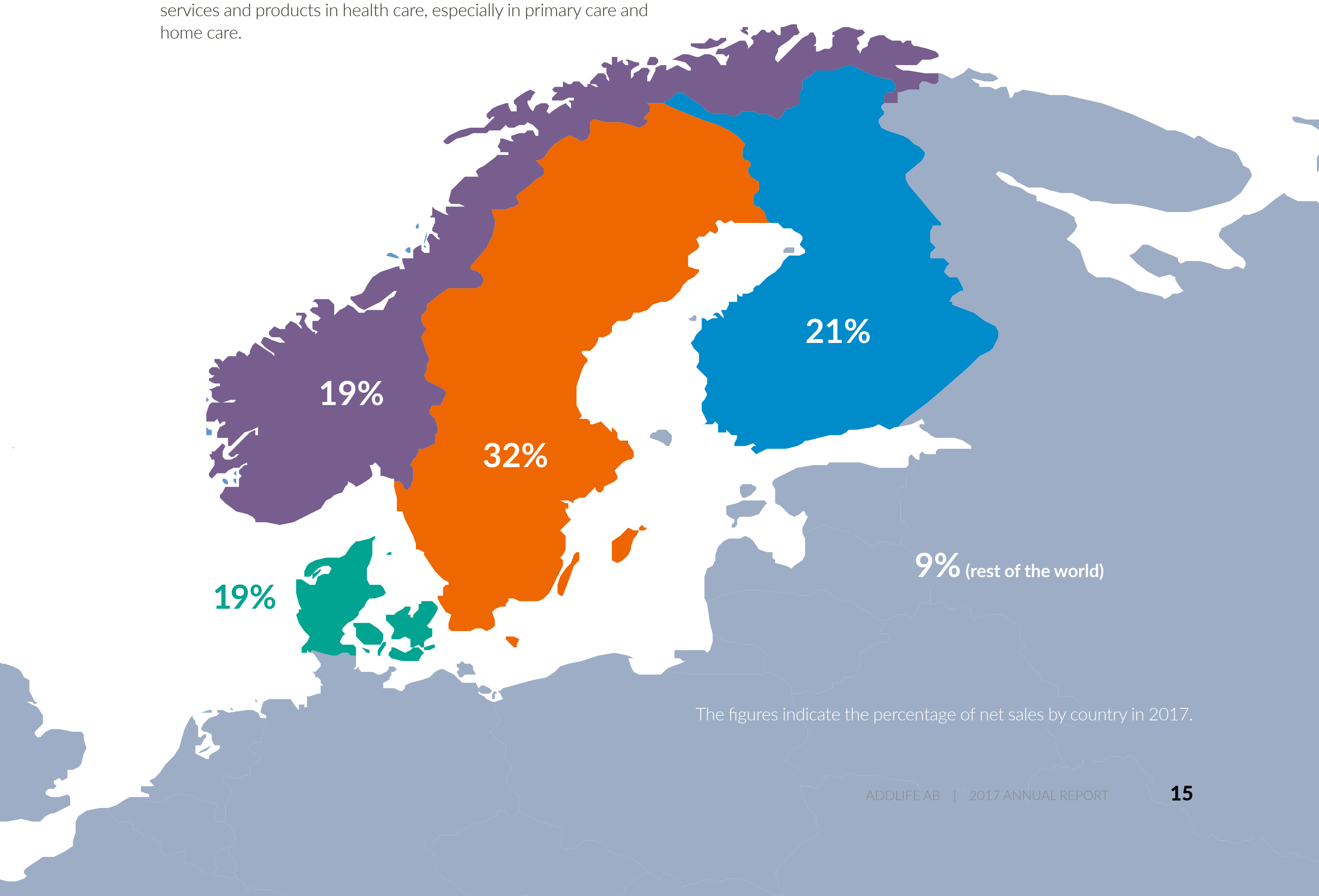
Denmark
In Denmark, AddLife's products and services are in high demand from both health care and research companies. Several of our subsidiaries have experienced growing demand for both diagnostics and healthcare products as a result of major investments in projects such as large new hospitals and advanced research facilities. However, activity in the pharmaceutical industry has been somewhat lower in recent years.

Norway
The favourable trend in Norway continues. Investments by the Norwegian government to strengthen certain aspects of Life Science research have resulted in growing demand for AddLife's offering. In addition, demand is robust for our point-of-care services and products in health care, especially in primary care and home care.

The Nordic countries in figures

- The Life Science market in 2017: approximately SEK 50 billion
- Growth Life Science 2017: approximately 2–3 percent
- The population is expected to increase by about one million people every five years until 2040
- The number of individuals age 65 and older has increased by 27 percent since 2002 and is expected to grow by around 1.7 percent per year
- 91 percent of AddLife's sales currently take place in the Nordic countries

Rest of the world
Demand for our subsidiaries' products outside the Nordic region has developed well, especially in the European and Chinese markets. However, demand for our advanced instruments has been weaker than expected in the US. Since the percentage of our products is constantly growing, AddLife's strategy is to grow even beyond the borders of the Nordic region over the comming years.



The figures indicate the percentage of net sales by country in 2017.

Labtech

Labtech offers products and services in diagnostics, as well as biomedical research and laboratory equipment. Our 18 subsidiaries continually strive to find new solutions and the most recent technology in their respective niches.

Labtech's offering focuses primarily on healthcare and research laboratories. Products include instruments and equipment, combined with reagents to diagnose diseases or conduct research. Public procurement accounts for about 85 percent of sales, where the goal is to deliver the latest solutions to maximise user benefit. About 10 percent of the products are our own brands, while 90 percent involve products from leading manufacturers distributed in the Nordic region.

2017 – yet another successful year

The business climate for Labtech was favourable and organic growth was 7 percent, which was higher than the market in general. Acquired growth totalled 7 percent. The trend for diagnostics companies was favourable and we are further strengthening our positions within our traditional areas such as blood gas analysis and coagulation. Demand for our products in the future fields of molecular biology and microbiology increased sharply. Demand for Labtech's advanced research reagents, instruments and microscopes also strengthened. In the last quarter we started a diagnostics company in the Baltic region.

Favourable prospects

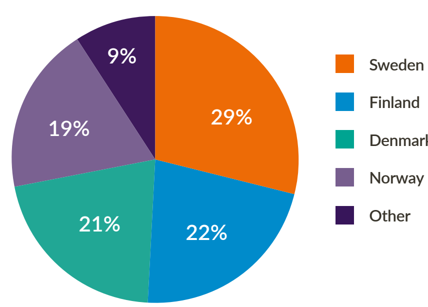
Since a substantial portion of Labtech's operations are subject to public procurement, we are dependent on politicians and their decisions regarding how health care should be funded and organised. While we see both risks and opportunities, our assessment is that our subsidiaries are well-equipped to meet future demands. They are ready to meet the fast-paced challenges of innovation in digitisation and other new technology, as well as to find the right talented employees. With its competitive products, commited employees, and solid customer and supplier relationships, Labtech expects continued good growth over the comming years.

> ***Freedom as a distributor allows us to respond quickly and early to find the products on the cutting edge of development***

Peter Simonsbacka, Business Area Manager, Labtech

Net sales: **SEK 1,393** million
EBITA: **SEK 151** million
Subsidiaries: **18**
Employees: **357**
Percentage of net sales: **60%**

Net sales by country



Labtech's product segments

- Hematology
- Pathology
- POC
- Cellular biology
- Analysis instruments
- Consumables
- Advanced instruments
- Microbiology
- Molecular biology
- Clinical chemistry
- Immunology

Labtech's strengths

- Commited employees provide extensive technological expertise and a high level of service
- High-quality products, training programmes, seminars and advisory services
- Long-term partnerships with leading brands in each product segment
- At the cutting edge of development for innovation, new products and future solutions

Bergman Labora | Biolin Scientific | BioNordika | Holm & Halby | immuno diagnostic oy | LabRobot | Triolab Group

Labtech

"We speak the same language as our customers

The laboratory industry is highly innovation-intensive. New products are constantly being developed and the trend is moving increasingly towards point-of-care solutions. Labtech's product portfolio is currently an excellent fit for many customers. But our challenge is to find tomorrow's products for the customers of the future. We have to think the same way that our customers do – and have employees with extensive knowledge of the industry and a high-level scientific perspective. Building long-term relationships where the customer clearly benefits from meeting you is a key factor for our success.

Kai Rantanen, CEO, Triolab Finland

Medtech

Getting people to live at home longer is the goal

AddLife acquired us in February 2017. The integration has gone very smoothly and AddLife has lived up to what they said to us during the acquisition process. In my experience, we have freedom with responsibility and the Parent Company has a long-term perspective regarding our business. We now have stronger muscles, new partners and opportunities to enter new markets. I strongly believe that together with AddLife and the other Medtech companies we will continue on this successful, well-marked path.

Kurt Kristoffersen, CEO, Hepro Norge

Medtech

Medtech offers medical device products primarily to the public healthcare systems in the Nordic countries. Our 14 subsidiaries succeeded in increasing net sales during the year by 31 percent. With the acquisitions of Hepro and Krabat, we became established as an operator in the future-focused home care segment.

Medtech's subsidiaries are active in the medical device market. The focus is on product segments surgery, thoracic surgery, neurology, anaesthesiology, wound care, ear nose and throat, intensive care, and home care. Public procurement accounts for about 90 percent of sales. About 30 percent of the products are our own brands, while 70 percent involve products from some of the world's leading manufacturers distributed in the Nordic region.

Three important acquisitions during the year

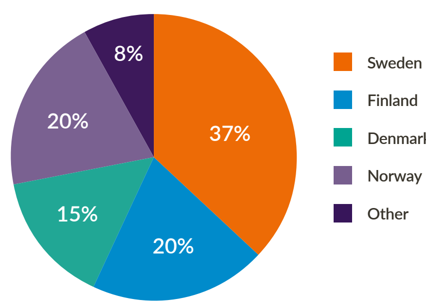
In 2017 Medtech became established as an operator in home care. With the acquisitions of Hepro and Krabat we can now seriously offer products that enable users to remain in their own homes longer. The acquisition of TM Techno Medica represents entering the field of enteral nutrition, which enables continued expansion. Our already existing subsidiaries also performed well during the year and won many contracts through public procurement. For example, in disposable products for ear, nose and throat purposes, we continued to be the market leader. Organic growth in the business area was 3 percent and acquired growth was 27 percent.

Continued focus on hospital and home care

Our methodological approach to build our pan-Nordic product portfolio, with both its own products and products from strong suppliers, enables us to participate in large tenders within health care. In 2017 we coordinated our warehouse and logistics services, which will enable us to more optimally handle our future growth. Our assessment is that the need for home care will continue to grow over the comming years and we see this as an attractive segment with future potential. With commited employees and a strong product offering, Medtech is optimistic about the future.

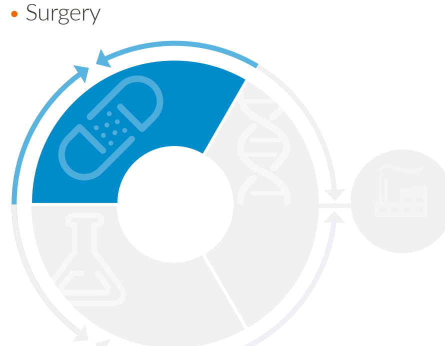
Net sales: SEK **940** million
EBITA: SEK **93** million
Subsidiaries: **14**
Employees: **224**
Percentage of net sales: **40%**

Net sales by country



Medtech's product segments

- Ear, nose and throat
- Intensive care
- Intervention
- Neurosurgery
- Ostomies
- Surgery
- Surgical equipment
- Thoracic surgery
- Wound care
- Laboratory
- Home care



We continually optimise our product portfolio to ensure that it meets the demands of the customers and the market

Lars-Erik Rydell, Business Area Manager, Medtech

Medtech's strengths

- Employees with a high level of knowledge where the majority have medical training and bring a user perspective to the delivery of products and services to our customers
- Pan-Nordic offering where our global suppliers/manufacturers gain a distribution partner for the entire Nordic region
- Specialists in public procurement with well-designed procedures for the purpose
- High-quality products from leading manufacturers

MEDIPLAST® erthe tech HEPRO krabat™ V-TECH SVANCARE®

About the sustainability Report

The sustainability report that AddLife has prepared for the 2017 financial year covers the Parent Company AddLife AB (publ), Company Registration No. 556995-8126, and its 32 operating subsidiaries.

When preparing the sustainability report, guidance was taken from current practices and guidelines to meet legal requirements. No single sustainability reporting standard was fully applied. Since this is AddLife's first sustainability report, there are no significant changes in the scope of the report or the application of the reporting principles. AddLife's Board of Directors also approved the sustainability report at the time of signing of the 2017 annual report.

Purpose of the sustainability report

The purpose of this sustainability report is to describe AddLife's operations from the perspective of sustainability. We provide information about aspects related to sustainability that are needed to understand our development, position, performance and the impact of our activities. The report will give our employees, customers, suppliers and shareholders a comprehensive understanding and knowledge of AddLife's sustainability efforts.

A responsible company

It is of great importance that AddLife conducts its business based on high business standards and goals, as well as on high ethical and moral standards. By continually improving sustainability in our business, we can become a more professional partner in a more demanding business world. For us, business value and sustainability are not in conflict; rather, they support one another. We embrace our responsibility to contribute to sustainable development both within the Company and in society at large.

Examples of sustainability-related activities in 2017 include:

- AddLife's first employee survey
- Materiality analysis with selected stakeholders
- Implementation of AddLife's core values
- Further developed AddLife Academy

”

To qualify for many public contracts we must meet high sustainability-related requirements. So it's a business requirement, which of course is great. Sustainability issues are quite simply a natural part of our business value.

Kristina Willgård, President and CEO of AddLife

Responsibility

Of course we link our responsibility for sustainability with business value

I really believe that responsibility characterises every-day life here – or rather, freedom with responsibility. My job includes sustainability issues, where it is extremely important for us to accept full responsibility and meet the demands of our customers. We must constantly ensure that our products comply with all quality and environmental requirements and that our suppliers live up to our Code of Conduct. Taking full responsibility for sustainability ultimately affects the business value of the entire company.

Eva Lundberg, quality and environment manager, Mediplast Sweden

Governance and responsibility for sustainability in the business

At AddLife, it is a given that we conduct business ethically, respect the environment and accept our social responsibility. Sustainability considerations are a natural part of everyday life and fall under one of our core values – responsibility – and our fundamental requirements for sustainable development. Through our Code of Conduct, sustainability becomes an anchor point for our employees, integral to their daily work.

Our responsibilities within sustainability

AddLife's Board of Directors has overarching responsibility and decides on the Company's sustainability strategy and policies

The CEO of AddLife
is responsible for execution of the Board's decisions and strategies in the area of sustainability

The CEOs of AddLife's subsidiaries are responsible for sustainability issues within their respective companies

Our aspiration is that all employees within the Group should feel responsibility for sustainable enterprise issues closely related to their position

AddLife's business is conducted in accordance with all applicable local laws, rules and regulations regarding sustainability

AddLife's Board of Directors has adopted a Code of Conduct that applies to all employees within the Group

Code of Conduct

Code of Conduct

- **Working conditions.**
  AddLife strives to be a respected and attractive employer that provides for the personal development of its employees.

- **Work environment.**
  We strive to continuously improve health and safety in the workplace and to provide our employees with a safe work environment.

- **Salaries and work.**
  Our employees' terms of employment should at least meet the minimum requirements of national legislation or comply with standards that are relevant where we conduct business.

- **Gender equality.**
  We strive to ensure that AddLife employees are given equal opportunities for development, training, remuneration, job content and terms of employment – regardless of gender.

- **Discrimination.**
  We strive to achieve a non-discriminatory corporate culture based on responsibility and respect.

- **Forced labour.**
  We do not accept forced labour, involuntary or uncompensated labour of any kind.

- **Child labour.**
  Guidelines for our entire operation: The UN Convention on the Rights of the Child – the ILO Convention Concerning the 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 actions.**
  Under no circumstances may any employee 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 maintain neutrality towards political parties and candidates.

- **Community relations.**
  Each subsidiary in the Group works to have a positive social impact on the communities in which they operate.

- **Environmental policy.**
  Our environmental policy expresses our desire 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 anti-competitive actions.

- **Communications.**
  We maintain an open attitude in discussions with people affected by the Group's operations.

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

Our operations from a sustainability perspective

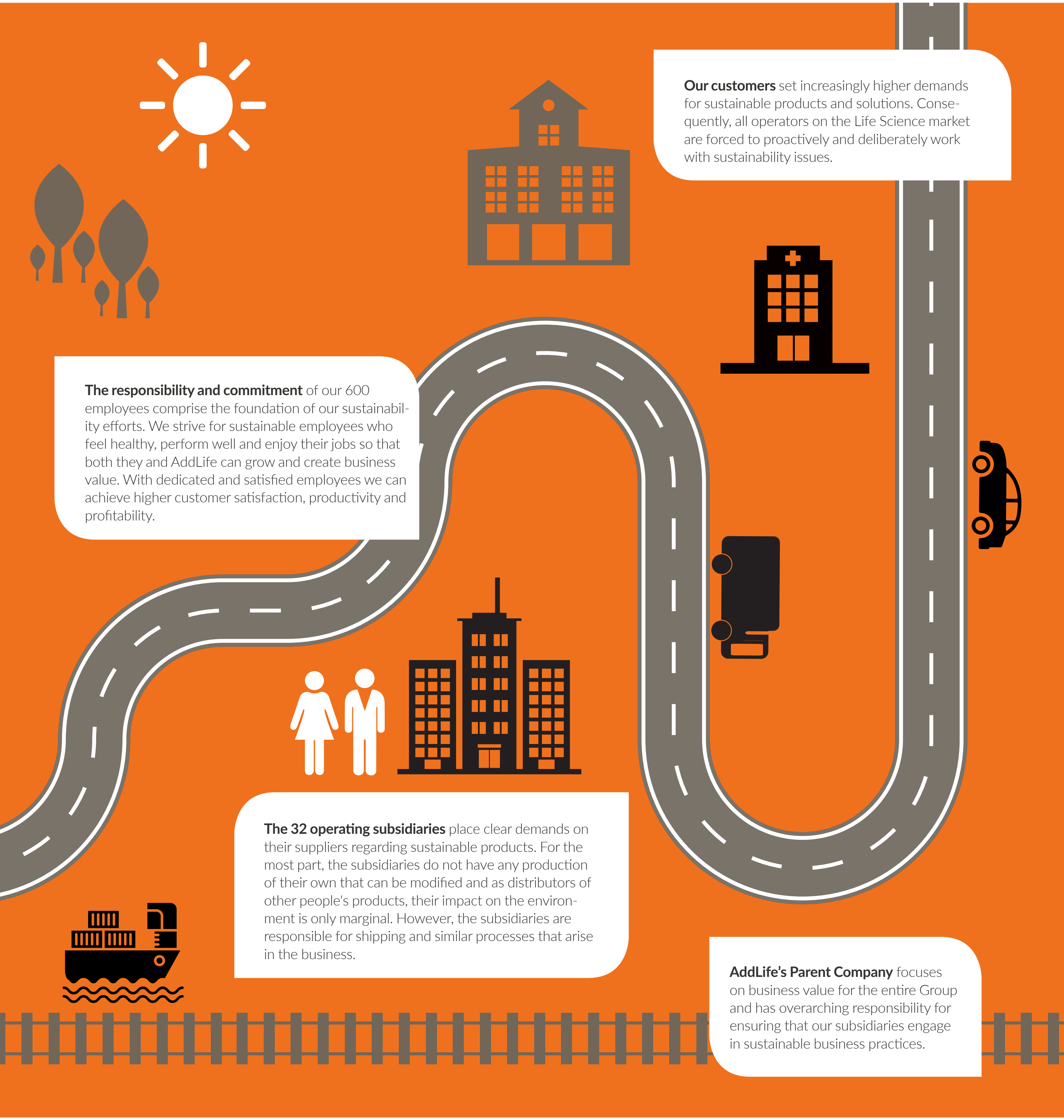
- AddLife is an independent player in Life Science consisting of 32 operating subsidiaries in the Labtech and Medtech business areas. Our approximately 600 employees offer high-quality products, services and advisory services, primarily in the Nordic region. Its customers are primarily hospitals and laboratories within health care, research, colleges and universities, as well as the food and pharmaceutical industries.

- We have an entrepreneurial business model with independent subsidiaries. We are active owners with a focus on each subsidiary to promote growth and improve profitability. The subsidiaries are responsible for their own business activities within the context of the requirements that the Parent Company sets for growth, profitability and sustainable development.

- Our business shall be conducted in line with the principle of long-term, soundly based development. As well as being subject to business economic requirements, goals and guidelines, our business activities shall be conducted in accordance with strict criteria in terms of integrity and ethics. We therefore attach great value to acting in a professional, honest and ethically correct manner. We support the UN Global Compact, ILO core conventions and OECD guidelines for multinational companies and our Code of Conduct is based on these policies.

- As a minimum, we observe all applicable laws and regulations and where necessary will also introduce standards in accordance with the Code of Conduct, where laws and regulations do not align with the Code's objectives. We expect that in their operations suppliers maintain knowledge of and as a minimum requirement observe national legislation in the countries where they conduct their business.

We have approximately 1,400 suppliers and producers all over the world for whom we set high standards for sustainable production in all aspects – economic, social and environmental. Our ambition is to closely work with our suppliers to achieve long-term positive changes. The goal is for all suppliers to our subsidiaries to comply with AddLife's Code of Conduct.



Our customers set increasingly higher demands for sustainable products and solutions. Consequently, all operators on the Life Science market are forced to proactively and deliberately work with sustainability issues.

The responsibility and commitment of our 600 employees comprise the foundation of our sustainability efforts. We strive for sustainable employees who feel healthy, perform well and enjoy their jobs so that both they and AddLife can grow and create business value. With dedicated and satisfied employees we can achieve higher customer satisfaction, productivity and profitability.

The 32 operating subsidiaries place clear demands on their suppliers regarding sustainable products. For the most part, the subsidiaries do not have any production of their own that can be modified and as distributors of other people's products, their impact on the environment is only marginal. However, the subsidiaries are responsible for shipping and similar processes that arise in the business.

AddLife's Parent Company focuses on business value for the entire Group and has overarching responsibility for ensuring that our subsidiaries engage in sustainable business practices.

Materiality analysis with stakeholders

AddLife strives to have a long-term and transparent dialogue with our most important stakeholders. Our stakeholders are groups in our proximity that directly or indirectly affect or are affected by our activities. Engaging in continual, constructive dialogue with them is therefore a key component of our sustainability efforts. The expectations and requirements of the stakeholders in the area of sustainability vary. The stakeholder dialogues provide important information when we identify AddLife's material sustainability issues and serve as the foundation for the information to be included in the sustainability report.

Dialogue with our stakeholders

In 2017 AddLife conducted a stakeholder dialogue with subsequent analysis regarding the sustainability aspects that are most important for us and where our impact is greatest. The stakeholder dialogue and materiality analysis provided answers regarding the sustainability issues that the Company's stakeholders consider to be most important and thus what we should prioritise in our sustainability efforts. The analysis will be the foundation for our continued work in the focus areas according to the legal requirements: Environment – Social Conditions – Personnel – Human rights – Anti-corruption

How did we do it?

Together with an external consultant, we conducted interviews with the Company's customers, suppliers and owners. We also discussed the issues with a number of selected employees within the Group and conducted a workshop with the Company's Group Management. Based on the responses and the dialogues, we analysed and summarised the prioritised areas in the matrix on the next page.

ENVIRONMENT

1. Energy consumption
2. Climate impact (CO_2 emissions)
3. Waste management
4. Materials use/purchasing of materials
5. **Product lifecycle management**
6. Water
7. Other emissions

SOCIAL CONDITIONS

8. **Product safety**
9. Fair pricing
10. Ethical marketing
11. Community involvement
12. **Production and supply chain management**
13. Innovation (R&D, patents, etc.)
14. Data privacy (customer data, etc.)
15. Collaboration with partners

PERSONNEL

16. Skills development
17. **Work environment** (Safety, health, well-being)
18. Diversity and equal opportunity
19. **Discrimination and harassment**

HUMAN RIGHTS

20. Human rights
21. **Work with Code of Conduct**

ANTI-CORRUPTION

22. **Work with Code of Conduct**
23. **Anti-corruption and bribes**

AddLife's focus areas

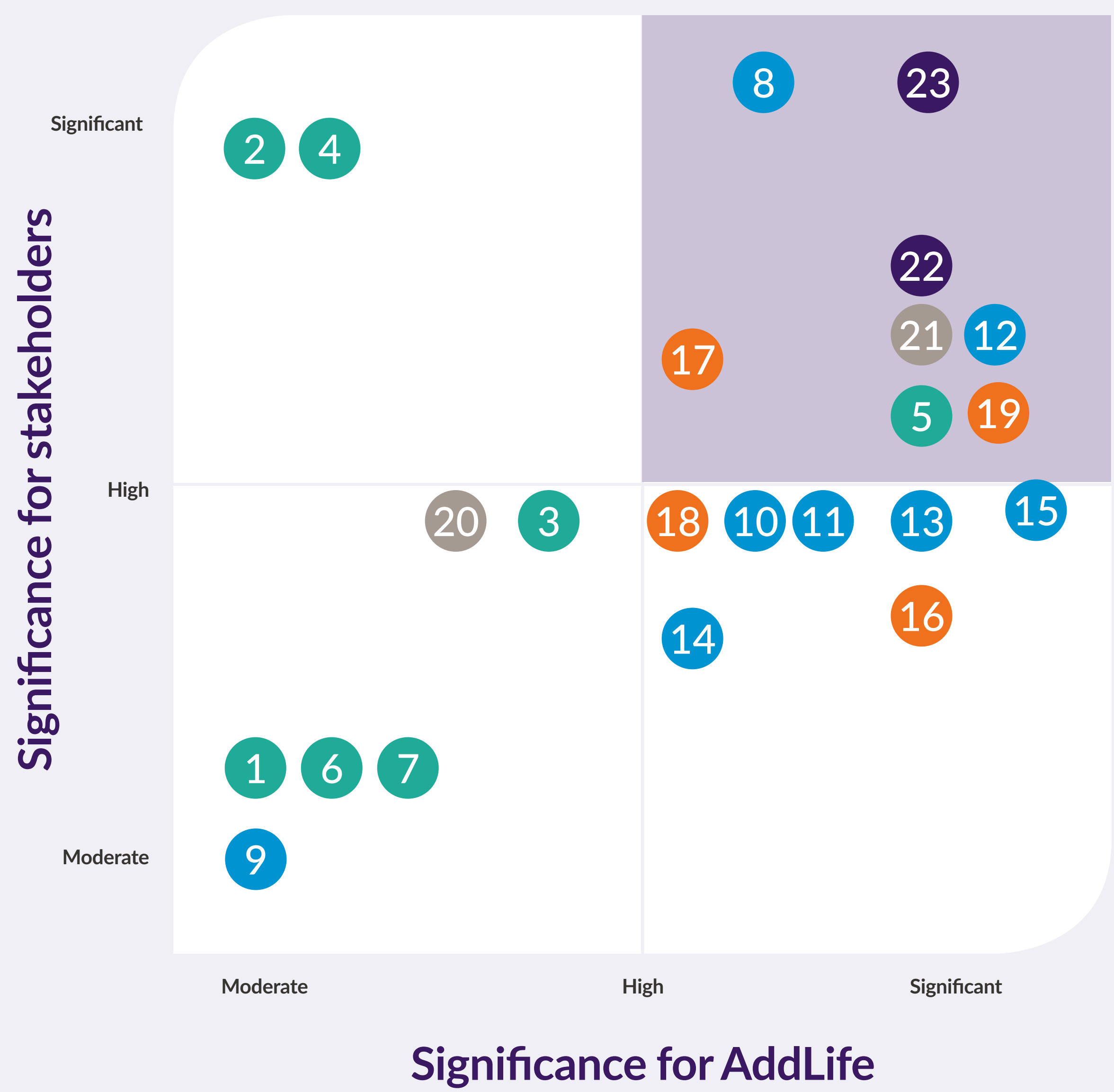
Using the materiality analysis as a point of departure, we chose to classify and focus on the seven prioritised sustainability aspects in the following three categories:

Responsible employer

17 19

Our employees are the key to our success. As an employer, we are responsible for attracting and retaining employees who share our values, have the right skills, and who can help our business grow. We strive to achieve a positive and inclusive corporate culture that leads to job satisfaction, low sickness absence, enriching relationships and low staff turnover.

Prioritised aspects



8 5 12

Responsible and sustainable producer

Obviously, we have the same sustainability requirements for ourselves as for our suppliers and other business partners. The aspiration is to responsibly work for economically, socially and environmentally sustainable development throughout the chain from producer to customer and end user.

21 22 23

Responsible market provider

As a serious market provider, AddLife continually works with ethical rules and industry agreements. The aim is to create good conditions for all market providers who want to act responsibly and ethically, while providing obstacles to irresponsible providers. Our own Code of Conduct sets the framework for doing so and is an integral aspect of the business.

Employees – our most important resource

As a responsible employer, naturally we always focus on our employees. A healthy corporate culture creates conditions for job satisfaction, personal development, commitment and satisfied employees. We strive to achieve long-term relationships in which everyone experiences freedom with responsibility to be able to contribute to the growth of the Group.

The common denominator for all of our employees is a high level of expertise and a strong sense of commitment. They focus on the customer and work together to improve AddLife's business as well as its organisation.

Own business school

Our business school – AddLife Academy – provides a growth opportunity for our employees, builds a shared value system and ensures the supply of leaders. All of our employees attend the Business School, which is an important platform from which to raise the level of professionalism and build sustainable development for the Group.

Whenever new companies are acquired or new employees are hired, a course is held in AddLife's "Vision and corporate philosophy". The business school also arranges courses in sales, public procurement procedures and leadership, as well as customised courses in marketing and finance.

Employee survey 2017

In 2017 we conducted an employee survey to identify AddLife's strengths and weaknesses as a responsible employer. We were also able to clearly identify the areas that need improvement, which we will prioritise moving forward. In general, the results of the employee survey were favourable and we found that we have highly satisfied employees. We will continue to conduct annual employee surveys to follow up on our long-term efforts to promote growth among all employees.

Code of Conduct and core values

AddLife's Code of Conduct is the foundation of our sustainability efforts. Along with our core values – Simplicity, Responsibility, Commitment, Innovative – the Code of Conduct is the foundation for how AddLife's employees should act in their daily work. It provides guidance on how we should behave and do business, as well as how we should view our relationships with the world around us. The Code of Conduct applies to all AddLife subsidiaries and all approximately 600 employees.

330
participants 2017

Simplicity

Simplicity creates clarity

For me, AddLife's core value "simplicity" is a way of thinking. Simplicity creates clarity and helps us to focus on our core business. I always search for the solution that gives the greatest advantage for the least possible effort. Daily life here at one of AddLife's subsidiaries is also characterised by simple, quick decision-making processes with digital solutions. The distance between idea and action is never far – where simplicity is often identical to the shortest path to success.

Per Juul, marketing manager
Holm & Halby Denmark

Significant sustainability-related risks and risk management

Below is a description of the risks we have identified in the business based on the prioritised sustainability aspects from the materiality analysis, and how we will handle them.

Work environment – Safety, health and well-being
AddLife's companies will offer a pleasant, healthy and safe work environment – a workplace where our employees feel a high level of well-being. Employees may not be exposed to occupational health hazards that may endanger their lives or health. We take a preventive approach to our workplace health and safety initiatives. We continuously assess risks in order to take measures to minimise them and to continually improve employee job satisfaction.

Discrimination and harassment
Everyone should be treated with dignity and respect. Discrimination, harassment, abuse or threats must not occur under any circumstances. To prevent such incidents we have a well-established corporate culture with a shared value system that serves as a compass for our employees.

Product safety
Product risk mainly entails incorrect results from an instrument or improper handling of a product, which may cause injury to patients or personnel. To manage these risks, we have monitoring systems for our products that ensure reporting to customers, suppliers and authorities, which in turn involves corrective measures. Customers receive relevant product information for risk prevention through the Field Safety Notice (FSN) and Field Safety Corrective Action (FSCA) systems.

Product lifecycle management
AddLife does not see any major risks in this area. In the case of contaminated products such as instruments, for example, it is the customer's responsibility to destroy them. We manage potential risks through recycling procedures, and our service technicians provide maintenance for our products to ensure their longevity.

Production and supply chain management
There is some risk here that products that are not CE-IVD marked could enter the market, or that a supplier does not comply with AddLife's Code of Conduct. Consequently all new suppliers undergo an assessment process before they are approved and we ensure that they comply with our Code of Conduct or have their own equivalent. We also conduct supplier assessments to ensure that they engage in sustainable production.

Code of Conduct initiatives
AddLife works to ensure that the business is known for its responsible behaviour in relation to employees, customers, shareholders, suppliers, authorities and the world at large. This is clarified in AddLife's own Code of Conduct, with which all employees in the AddLife Group must comply. We also expect our partners to comply with internationally recognized principles regarding anti-corruption, workplace health and safety, the environment and human rights. Compliance with the Code of Conduct is taken into account in decisions regarding potential partners, as well as when evaluating ongoing contractual relationships.

Anti-corruption and bribes
AddLife has zero tolerance for bribery and corruption, which is clearly stated in our Code of Conduct. All employees in the AddLife Group must be informed about and comply with the Code of Conduct. All of our employees attend AddLife Academy to learn about our corporate philosophy and entrepreneurial skills in order to create a corporate culture in which all employees share a common attitude, with high ethical and moral standards.

Read more about Risks and uncertainties in the Administration Report on pages 44–48.

Outcomes and targets 2017

	OUTCOMES	TARGETS
Work environment – Safety, health, well-being • Employee index from employee survey (maximum outcome is 5.0)	4.02	4.30
Discrimination and harassment • Number of employees who experienced discrimination at work over the past year	15	0
Product safety • Number of notices (FSN and FSCA) from suppliers that resulted in corrective measures regarding products	38	0
Production and supply chain management • Percentage of new suppliers assessed by supplier assessment	61%	100%
Code of Conduct initiatives • Percentage of employees who are aware of AddLife's Code of Conduct	77%	100%
Anti-corruption and bribes • Total number of and nature of confirmed incidents of corruption	0	0

Outlook 2018

AddLife will, of course, continue to work with both minor and major sustainability issues. However, in 2018 we will prioritise the following four areas in our sustainability efforts:

1. In 2018 we will conduct a supplier assessment to analyse sustainability risks among AddLife's suppliers.
2. We will highlight and strengthen sustainability issues through measures such as increasing the focus on our Code of Conduct and discrimination in the courses that our employees attend at AddLife Academy.
3. We will create a Whistleblower system to ensure that our employees and other stakeholders have the opportunity to report serious irregularities within the AddLife Group.
4. Based on the 2017 employee survey, we will clarify the growth opportunities available to our employees by implementing a leadership training programme and expanding the courses offered at AddLife Academy.

Four reasons to invest in AddLife

1 Attractive non-cyclical market

The laboratory and medical technology market is relatively insensitive to cyclical fluctuations. It is characterised by stable growth driven primarily by population trends, with an aging population, which increases demand for AddLife's products in both health care and the research side. Historically, annual growth in the market in which we are active has been 2–3 percent.

2 Cash flow finances growth

AddLife is growing with profitability and our subsidiaries have a strong cash-generating ability, allowing for direct returns while providing the financial muscle for acquisitions and investments.

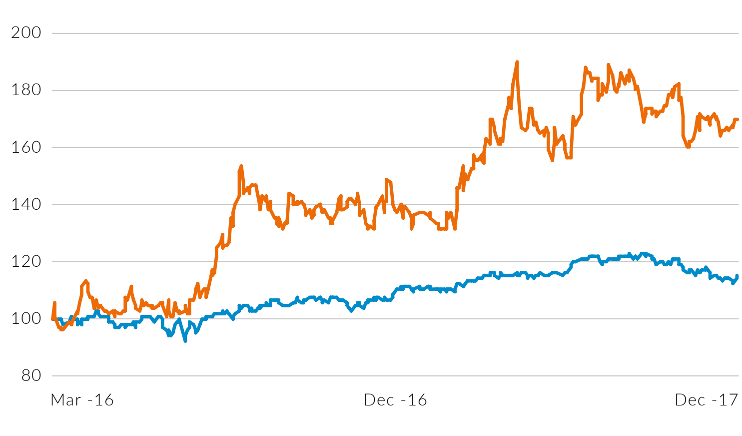
3 A clear strategy to create growth

AddLife has substantial experience from acquisitions with an established process for successfully identifying and implementing acquisitions. The aim is that the acquired companies should continue to grow based on their individual strengths, supported by a financially strong owner with a thorough understanding of the market. The acquisitions are an integrated aspect to contribute to profit growth in accordance with the Company's financial targets.

4 Strong market position and long contracts

AddLife's subsidiaries have strong sales organisations with extensive technical know-how and solid, long-term customer relationships. Our extensive product portfolio creates economies of scale and value for the Group.

Market performance of AddLife through 29 December 2017



Shares

AddLife was listed on Nasdaq Stockholm, Nordic Mid Cap list, on 16 March 2016. AddLife's market capitalisation on 31 December 2017 was SEK 4,025 million (3,252).

Market performance of the share and turnover

AddLife increased in value 24 percent during the financial year. The OMX Stockholm index on the NASDAQ OMX Stockholm Exchange changed 6 percent in the corresponding period. The highest price paid during the year was SEK 195.50 and was quoted on 13 March 2017. The lowest was SEK 129.00 on 24 January 2017. The final price paid before the end of the financial year was SEK 170.50. During the financial year from 1 January to 31 December 2017, 3.8 million (5.1) shares were traded with an aggregate value of approximately SEK 629.4 million (641.4). Broken down by trading day, an average of 15,144 (26,847) AddLife shares were traded at an average value of about SEK 2.5 million (3.4).

Share capital

On 31 December 2017 share capital in AddLife AB amounted to SEK 50,145,951. There were a total of 24,617,093 shares in the Company, including 1,011,766 Class A shares and 23,605,327 Class B shares. The quotient value of each share was SEK 2.037. Each Class A share carries ten votes and each Class B share carries one vote. All shares give the same right to dividends. Only the Class B share is listed on Nasdaq Stockholm.

Dividend policy

The Board of Directors of AddLife have the goal of proposing a dividend corresponding to 30–50 percent of profit after tax. When determining dividends, the Company's Board considers investment needs and other factors that it deems relevant.

Proposal to the Annual General Meeting on 31 May 2018

The Annual General Meeting will be held in Stockholm at 4 p.m. on 31 May 2018.

The Board proposes that the Company should pay a dividend of SEK 2.20 per share. The total dividend amounts to SEK 53.2 million.

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.

Key indicators per share

Data in key indicators per share relate to 12 months.	2017	2016
Earnings per share (EPS), SEK	4.95	4.87
Shareholders' equity per share, SEK	30.95	29.40
P/E ratio	34.4	28.3
Highest price paid during the financial year, SEK	195.50	157.00
Lowest price paid during the financial year, SEK	129.00	100.50
Last price paid, SEK	170.50	137.75
Market capitalisation, SEKm	4,025	3,359
Average number of shares outstanding after repurchases, 000s	24,347	22,950
Number of shares outstanding at year-end, 000s	24,172	24,387
Number of shareholders at year-end	4,043	3,789

			Percentage	
Share class	**Number of shares**	**Number of votes**	**of capital**	**of votes**
Class A shares, 10 votes per share	1,011,766	10,117,660	4.1	30.0
Class B shares, 1 vote per share	23,605,327	23,605,327	95.9	70.0
Total number of shares before repurchases	**24,617,093**	**33,722,987**	**100.0**	**100.0**
Of which repurchased Class B shares	–445,000		1.8	1.3
Total number of shares after repurchases	**24,172,093**			

Largest shareholders in AddLife 2017-12-31

Shareholder	Number of Class A shares	Number of Class B shares	Percentage of capital	Percentage of votes
RoosGruppen AB	469,923	2,924,494	13.79	22.61
Tom Hedelius	451,800	5,062	1.86	13.41
SEB Fonder	0	2,338,576	9.50	6.93
Swedbank Fonder	0	1,708,970	6.94	5.07
Verdipapirfond Odin Sverige	0	1,414,564	5.75	4.19
Lannebo Fonder	0	1,175,528	4.78	3.49
J.P. Morgan Chase & Co	0	993,308	4.04	2.95
Livförsäkringsbolaget Skandia	0	714,418	2.90	2.12
BPSS PAR/FCP ECHIQUIER	0	605,805	2.46	1.80
Sandrew AB	0	600,000	2.44	1.78
State Street Bank & Trust Company	0	595,533	2.42	1.77
Per Säve	18,750	367,892	1.57	1.65
Clients Acct 15 Pct DTA Germany, RE AIF	0	550,807	2.24	1.63
SSB Client Omnibus Ac Om07 (15 Pct)	0	538,060	2.19	1.60
Skandia fonder	0	409,878	1.67	1.22
Total 15 largest shareholders	**940,473**	**14,942,895**	**64.6**	**72.2**

Size classes

Number of shares	% of share capital	Number of shareholders	% of shareholders
1–500	1.6	3,091	76.5
501–1 000	1.3	419	10.4
1,001–5,000	3.2	374	9.3
5,001–10,000	1.4	50	1.2
10,001–15,000	0.8	17	0.4
15,001–100,000	9.2	53	1.3
100,001–	82.5	39	1.0

Holdings by category 2017

	Number of shareholders	Share of equity, %
Swedish shareholders	3,799	62.43
Foreign shareholders	244	37.57
Total	**4,043**	**100**
Legal entities	436	82.94
Natural persons	3,607	17.06
Total	**4,043**	**100**

Quarterly data

Business areas

Net sales by business area	2017				2016			
Quarterly data, SEKm	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Labtech	415	299	336	343	402	246	282	288
Medtech	253	218	236	233	209	163	183	165
Parent Company and Group items	–	–	–	–	–	–	–	–
AddLife Group	**668**	**517**	**572**	**576**	**611**	**409**	**465**	**453**

EBITA by business area	2017				2016			
Quarterly data, SEKm	Q 4	Q 3	Q 2	Q 1	Q 4	Q 3	Q 2	Q 1
Labtech	52	25	39	35	62	21	35	32
Medtech	29	22	21	21	19	12	14	12
Parent Company and Group items	−2	−3	−3	−2	−5	−2	−2	−9
EBITA	**79**	**44**	**57**	**54**	**76**	**31**	**47**	**35**
Depreciation intangible non-current assets	−19	−18	−17	−14	−12	−10	−10	−9
Operating profit	**60**	**26**	**40**	**40**	**64**	**21**	**37**	**26**
Financial income and expenses	−3	−1	−2	−2	−3	1	−2	−2
Profit after financial items	**57**	**25**	**38**	**37**	**61**	**22**	**35**	**24**

Net sales by business area	12 months ending		
	31 Dec. 17	31 Dec. 16	Change %
Labtech	1,393	1,218	14
Medtech	940	720	31
Parent Company and Group items	–	–	–
AddLife Group	**2,333**	**1,938**	**20**

EBITA and EBITA margin by business area, as well as operating profit for the Group

	12 months ending			
	31 Dec. 17	%	31 Dec. 16	%
Labtech	151	10.8	150	12.3
Medtech	93	9.9	57	7.9
Parent Company and Group items	−10		−18	
EBITA	**234**	**10.0**	**189**	**9.7**
Depreciation intangible non-current assets	−68		−41	
Operating profit	**166**	**7.1**	**148**	**7.6**
Financial income and expenses	−8		−6	
Profit after financial items	**158**		**142**	

Multi-year review

Date in multi-year review relate to 12 months

SEKm, unless stated otherwise	2017	2016	2015/2016	2014/2015[1)]	2013/2014[1)]	2012/2013[1)]
Net sales	2,333	1,938	1,562	1,057	984	907
Operating profit	166	148	106	107	104	99
Financial income and expenses	–8	–6	–6	–2	–2	–1
Profit after financial items	158	142	100	105	102	98
Profit for the year	120	112	78	80	78	74
Intangible non-current assets	1,153	870	735	193	202	211
Property, plant and equipment	75	68	59	31	26	27
Non-current financial assets	13	11	10	8	87	68
Inventories	271	252	213	83	81	70
Current receivables	368	361	248	245	140	121
Cash and cash equivalents	11	15	12	83	77	112
Total assets	**1,891**	**1,577**	**1,277**	**643**	**613**	**609**
Equity attributable to the shareholders	748	717	347	263	271	292
Non-controlling interests	–	–	–	0	1	1
Interest-bearing liabilities and provisions	600	381	549	101	90	85
Non-interest-bearing liabilities and provisions	543	479	381	279	251	231
Total equity and liabilities	**1,891**	**1,577**	**1,277**	**643**	**613**	**609**
EBITA	234	189	135	120	116	110
EBITA margin, %	10.0	9.7	8.7	11.3	11.8	12.1
Earnings growth EBITA, %	24	47	13	4	5	16
Capital employed	1,347	1,098	896	364	362	378
Working capital, yearly average	369	304	211	127	119	106
Financial net liabilities	588	366	538	19	13	–27
Operating margin, %	7.1	7.6	6.8	10.2	10.6	10.9
Profit margin, %	6.8	7.3	6.4	9.9	10.4	10.8
Return on equity, %	17	21	25	30	28	25
Return on capital employed, %	13	15	14	28	28	27
Return on working capital (P/WC)	63	62	64	94	97	103
Equity ratio, %	40	45	27	41	44	48
Debt/equity ratio, times	0.8	0.5	1.6	0.4	0.3	0.3
Net debt/equity ratio, times	0.8	0.5	1.6	0.1	0.0	–0.1
Interest coverage ratio, times	33	17	16	35	40	33
Financial net liabilities/EBITDA, multiple	2.3	1.8	3.6	0.1	0.1	–0.2
Earnings per share (EPS), SEK	4.95	4.87	4.15	5.06	4.90	4.64
Cash flow per share, SEK	8.55	5.79	6.27	7.58	5.70	7.46
Shareholders' equity per share, SEK	30.95	29.40	17.60	16.55	16.98	18.39
Average number of shares, 000s	24,321	22,950	18,749	15,892	15,892	15,892
Share price as at 31 December (31 March), SEK	170.50	137.75	108.00	–	–	–
Cash flow from operating activities	208	133	118	120	92	119
Cash flow from investing activities	–338	–198	–272	–15	–12	–20
Cash flow from financing activities	125	–55	87	–100	–116	–76
Cash flow for the year	–5	–120	–67	5	–36	23
Average number of employees	579	459	370	284	276	259
Number of employees at year-end	592	545	427	286	280	273

1) The comparative years have been prepared as combined financial statements. For accounting policies relating to combined financial statements, see AddLife's Annual Report 2015/2016.

Contents

Administration Report

1 January 2017 – 31 December 2017

The Board of Directors and Chief Executive Officer for AddLife AB (publ), Company Registration No. 556995-8126, hereby present the annual report for the 2017 financial year. All comparative figures in the administration report, financial statements and notes refer to 9 months. The analyses comparing the years are limited because of the previous year's shortened financial year.

Operations

AddLife is an independent provider in Life Science consisting of 32 operating subsidiaries in the Labtech and Medtech business areas. The Group has 592 employees in 11 countries and offers high-quality products, services and advisory services. Its customers are primarily hospitals and laboratories within health care, research, colleges and universities, as well as the food and pharmaceutical industries. AddLife is the Nordic market leader in several niche areas of diagnostics, biomedical research and laboratory analysis, as well as medical technology. We are also represented in Germany, the Benelux countries, Estonia, Italy, the UK, China and the US. The AddLife Share has been listed on NASDAQ Stockholm since 2016.

Market trend during the year

The Life Science market in the Nordic countries continued to develop favourably in 2017. Underlying growth is primarily driven by the population increase, structural changes and rapid technological developments. There is clearly a growing need for active cooperation between society, research and the business community. AddLife's value proposition for researchers, health care and home care is attractive in the market and makes a difference in terms of both new treatment options and technical aids. Sales in Sweden have increased in both of our business areas. We see increased national initiatives, grants and investments in Life Science from both private and public sources. The Swedish Government's aspiration to make Sweden a leading nation in Life Science entails increased research grants and a focus on health issues. Our ever-growing range of healthcare products has enabled us to participate in more and larger public tenders. In Denmark, demand has developed well from both health care and research. Investments continue in new large hospitals, but also in advanced research, including the regional initiative for a national sequencing program for the citizens of Denmark. The pharmaceutical industry continues to be somewhat cautious. The activity in the Norwegian market has been high during the year with robust demand in health care, especially within primary care and home care. The research side in Norway is expanding as a result of government initiatives, which has also resulted in greater demand for our extensive range of products. The Finnish market has improved throughout the year with regarding research and diagnostics. The postponement of the comprehensive healthcare reform until 2020, however, has led to some uncertainty and caution regarding investments in health care. Exports of our own products outside the Nordic region in health care and home care have developed well during the year. However, demand for our own advanced instruments has been weaker than expected in the US.

Key events during the year

We can summarise 2017 as yet another strong year for AddLife with sales growth of 20 percent to SEK 2,333 million, while EBITA improved by 24 percent to SEK 234 million. We also exceeded our target of 15 percent earnings growth. During the year we completed a total of three acquisitions – Techno Medica, the Hepro Group and Krabat – which together are expected to add about SEK 225 million in annual sales. In the fourth quarter we started a new diagnostics company in the Baltic region to initiate sales efforts in a new market. Cash flow was strong, providing us with opportunities for continued investments in our business. We focused more on streamlining our Group and integrate completed acquisitions to strengthen the foundation for future growth.

The companies in the Group did an outstanding job of navigating the market throughout the year and successfully handled both opportunities and challenges. Our well-established business model, running small-scale operations on a large-scale basis, has proven once again in 2017 to be successful.

Performance by quarter

First quarter

Business conditions for our companies in Labtech were strong during the quarter, especially for the diagnostics companies. Flu season continued a bit into 2017, supporting sales of reagents to diagnostic laboratories in Sweden and Finland. The quarter also saw strong sales of consumables for instruments already delivered by the diagnostics companies. Growth was positive in the more traditional clinical chemistry area as well as molecular biology and microbiology. Investment in university research in Denmark resumed after several quarters of deferred instrument purchases due to the Danish government's austerity programme. Slightly less activity was evident in the Danish pharmaceuticals industry during the quarter. In Medtech, demand from the medical services sector in the Nordic countries continued to develop very favourably during the quarter and we won several tenders. Growth was strongest in Sweden, the Benelux countries and Norway. Our product mix improved, as demand continued to grow for our own products, particularly in the infusions and surgery segments as well as ear, nose and throat. Home care made good progress in terms of the various medical devices and welfare technology that help elderly and disabled people continue to live at home.

Second quarter

Business conditions for our companies in Labtech continued to be strong in the second quarter. Demand was high in all of the Nordic countries, especially in our diagnostics companies with respect to various tests in molecular biology and microbiology. Our traditional areas, such as blood gas, also performed very well since consumption of our previously installed instruments is high. The trend in Norway was favourable, especially in primary care with point-of-care tests. We were also pleased to see a continued strong performance from our Finnish companies in terms of both sales and earnings. Grants remained high for various research projects, especially in Sweden and Norway, and growth was strong for advanced research reagents, but weaker for laboratory instruments in the quarter. Demand was somewhat weaker in Denmark because of lower activity in the pharma industry. Demand for our own high-tech instruments was robust, especially in Europe and China. Sales activities increased during the quarter in the US, resulting in increased orders. The market for our Medtech businesses performed well and we participated in and won more and more contracts in the Nordic region. The expanded product portfolio we gained through the acquisition of Medline has been positively received by the market. Lower activity in the medical services market around Easter contributed to the negative organic growth in the quarter. Turnover growth in the quarter therefore came from acquisitions, which added new product segments in enteral nutrition and home care to our product portfolio.

Third quarter

Business conditions for our Labtech companies improved in the third quarter. Overall, our diagnostics companies continued to develop positively. Business conditions in Sweden remained stable in the third quarter, while our Finnish companies continued to report strong performances. In Denmark activity was lower within the pharmaceutical industry and somewhat cautious with respect to instrument investments. Overall, demand was good in advanced research reagents, instruments and microscopes for our companies in the Nordic region. Demand for our own high-tech instruments was weaker than expected in the quarter, especially in the US where we experienced greater resistance towards completing business deals in the academic setting. The summer quarter influenced business conditions in Medtech – activity was substantially lower for several weeks because of the summer holidays, with hospital wards closed for the summer and fewer surgeries scheduled. Nevertheless, we saw an increase in underlying demand in Sweden, Denmark, Norway and the Benelux countries, though the trend was somewhat weaker in Finland. The percentage of our own products was somewhat lower in the product mix in the third quarter than previously during the year. During the quarter we began to streamline our warehouse and logistics function within Medtech, including the coordination of certain functions between Sweden and Denmark. Demand for, and interest in, our value propositions within home care developed positively.

Fourth quarter

Our traditional areas such as blood gas analysis continued to show good growth. In the last quarter we won the contract for blood gas analysis at Karolinska University Laboratory once again, with an order worth about SEK 100 million during the five-year term of the contract. In the fourth quarter we also started a diagnostics company in the Baltic region, where we will now also represent several of the existing pan-Nordic diagnostics suppliers. The strong interest in strengthening Life Science research in several of the Nordic countries was favourable for the market at large. Demand was good in advanced research reagents, instruments and microscopes for our Nordic companies. Turnover growth in Medtech during the quarter mainly came from our acquisitions in the home care segment. Demand for, and interest in, our value propositions in home care grew in pace with demand for assistive devices in the home. We invested in sales resources and product development in order to further expand our offering. In the fourth quarter we completed a streamlining initiative in our warehouse and logistics function in Malmö, which will enable us to more optimally handle our growth.

Acquisitions

AddLife is constantly looking for companies to acquire and is engaged in discussions with several potential companies. Three acquisitions were completed during the year. The acquisitions for the year were implemented in the Medtech business area.

The underlying philosophy of our acquisitions has three main pillars:

- The subsidiaries can make smaller add-on acquisitions to strengthen operations within their niche.
- The business areas can expand and build market and/or product positions in selected market segments.
- The business areas can add new market segments in areas where we see opportunities to gain market leadership.

The following companies were acquired during the year:

- **TM Techno Medica AB.** On 12 January 2017, all shares in TM Techno Medica AB were acquired and the company was added to the Medtech business area. The company has five employees and sales of approximately SEK 30 million. The acquisition represents an expansion in the areas of enteral nutrition, patient hygiene and incontinence.

- **Hepro AS, Mektron AS and Hepro Sverige AB.** On 1 March 2017, all shares in Hepro AS, Mektron AS and Hepro Sverige AB were acquired and the companies were added to the Medtech business area. The companies have 40 employees and combined sales of approximately SEK 165 million. The acquisition represents an expansion into the field of home care and welfare technology.
- **Krabat AS.** On 13 July 2017, all shares in Krabat AS were acquired and the company was added to the Medtech business area. The company has 13 employees and sales of approximately SEK 30 million. Krabat develops, designs and markets assistive equipment in Norway for children and young people with special needs.

The total purchase price for this year's three acquisitions was SEK 310 million.

Had the acquisitions been completed on 1 January 2017, their impact would have been an estimated SEK 196 million (141) on consolidated net sales, SEK 38 million (20) on EBITA, about SEK 22 million (12) on operating profit and about SEK 20 million (4) on after-tax profit for the year. AddLife gained a total of 58 employees through acquisitions during the year.

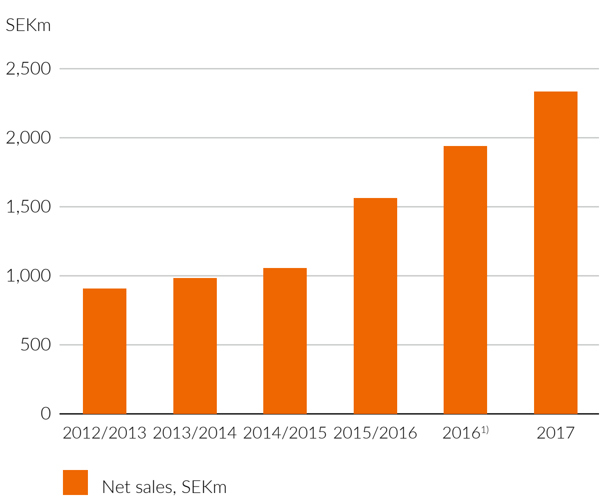
Financial development during the year

Net sales and profit

The AddLife Group's net sales totalled SEK 2,333 million (1,485). Organic growth was 5 percent and acquired growth was 14 percent. Exchange rate fluctuations had a favourable impact on net sales of 1 percent, corresponding to SEK 12 million. EBITA totalled SEK 234 million (154) during the financial year and the EBITA margin was 10.0 percent (10.3). The improvement in EBITA is due to a combination of both organic growth and completed acquisitions. The amount includes other revenue of SEK 12 million (5) relating to estimated contingent considerations, as well as expenses of SEK 8 million relating to the warehouse and logistics coordination initiative within Medtech. Exchange rate fluctuations had a favourable impact on EBITA of 1 percent, corresponding to SEK 1 million.

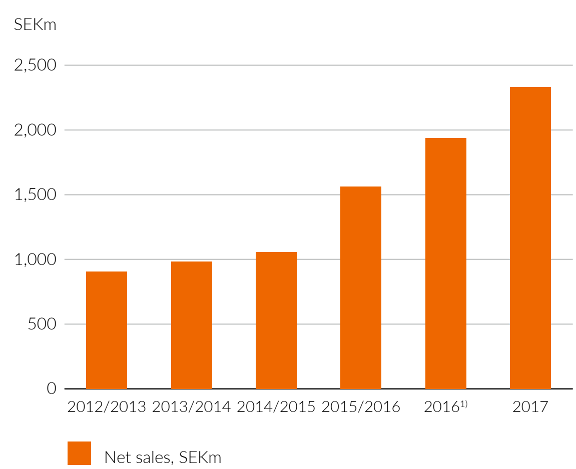
Net financial items were SEK –8 million (–4) and profit after financial items was SEK 158 million (118). Profit after tax for the financial year was SEK 120 million (93) and the effective tax rate was 24 percent (21). The lower tax rate the previous year is attributable to the tax loss carryforwards in acquired subsidiaries that were utilised during the year. Earnings per share for the financial year amounted to SEK 4.95 (3.87).

NET SALES



1) 2016 refers to rolling 12 months as of 31 December

EBITA AND PROFIT GROWTH



Profitability, financial position and cash flow

Return on equity at the end of the financial year was 17 percent (16). Return on capital employed totalled 13 percent (12). The equity ratio at the close of the financial year was 40 percent (45). Equity per share, excluding non-controlling interests, totalled SEK 30.95 (29.40).

Return on working capital (P/WC) totalled 63 percent (49). The long-term P/WC target for the Group and all of its companies is 45 percent. The profitability benchmark P/WC ratio encourages high operating profit and low levels of tied-up capital. When combined with the growth target of 15 percent, this creates conditions that promote long-term profitable growth for the companies and the Group. Average working capital, which when calculating P/WC includes inventories with the addition of the net of accounts receivable and accounts payable, amounted to SEK 369 million (304) at the end of the financial year.

The Group's interest-bearing net debt at the end of the financial year stood at SEK 588 million (366), including pension liabilities of SEK 67 million (60). The net debt/equity ratio, calculated on the basis of interest-bearing net debt including provisions for pensions, totalled 0.8 (0.5). The increase in interest-bearing net debt and the net debt/equity ratio is attributable to the financing of the completed acquisitions.

Cash and cash equivalents, consisting of cash and bank balances together with approved but non-utilised credit facilities, totalled SEK 244 million (308) on 31 December 2017. The Group's available credit facilities stood at SEK 762 million (615) as of 31 December 2017.

Cash flow from operating activities reached SEK 208 million (118) during the financial year. The improved cash flow relates to the improved financial performance as well as more efficient management of working capital. Acquisitions of companies amounted to SEK 296 million (150). Investments in non-current assets reached SEK 43 million (21) during the financial year. Disposals of non-current assets totalled SEK 1 million (2).

Business areas

AddLife's operations during the financial year were organised in two business areas: Labtech and Medtech.

Labtech

Net sales totalled SEK 1,393 million (930) during the financial year. Organic growth was 7 percent and acquired growth was 7 percent. EBITA was SEK 151 million (118), corresponding to an EBITA margin of 10.8 percent (12.8).

Our diagnostics companies performed well over the course of the full year. We had high growth in several product segments, especially in molecular biology and microbiology. We can meet customer demand with interesting new technology from several different suppliers in all of the Nordic countries. Our traditional areas such as blood gas analysis also continued to show good growth. The strong interest in strengthening Life Science research in several of the Nordic countries was favourable for the market at large. Demand was good in advanced research reagents, instruments and microscopes for our Nordic companies.

Medtech

Net sales reached SEK 940 million (555) during the financial year. Organic growth was 3 percent and acquired growth was 27 percent. EBITA was SEK 93 million (45), corresponding to an EBITA margin of 9.9 percent (8.0).

For the full year, the performance for the product mix was strong with good growth in our own products. However, the market continued to be challenging, with strong competition for large contracts. Our methodological approach to building our pan-Nordic product portfolio, with both its own products and products from strong suppliers, enables us to participate in the large procurements on the market. Demand for, and interest in, our value propositions in home care grew in pace with demand for assistive devices in the home.

Risks and uncertainties

AddLife works with risk management on both a strategic and operational level. Risk management involves identifying and measuring risks and preventing them from occurring, as well as continually making 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 has policies and guidelines that provide responsible managers with tools to identify deviations that could develop into risks. The level of risk in the operations is systematically followed up in monthly reports, in which negative deviations or risks are identified and remedied.

AddLife's earnings and financial position, as well as its strategic position, are affected by various internal factors within AddLife's control and various external factors over which AddLife has limited influence. The external factors that are most important for AddLife are the economic situation, combined with the market, competition and public procurement and policy decisions.

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

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 contract 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, at the same time that purchase contracts 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 are active in sectors that are vulnerable to competition and price pressure. In some cases subsidiaries compete with operators that can offer a more complete range of goods or have better access to financing, as well as large financial, technical, marketing and personnel resources. Furthermore, because the industry is consolidating on the supply side and larger merged suppliers have a broader offering, at the same time that purchase contracts 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 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 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 public and some private operators. 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 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 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 accounted for approximately 9 (10) percent of net sales for 2017. 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 unit 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. Furthermore, 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 in business combinations, where the consideration transferred, any non-controlling interest and the fair value of previously held interest (in stepwise acquisitions) exceeds the fair value of acquired assets and assumed liabilities that are recognised separately, the difference is recognised as goodwill. 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 tested 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 business in the subsidiaries, mainly through the executive at AddLife AB serving as Chairman 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

Both business segments, Labtech and Medtech, include a small operation for their own production of analytical instruments, equipment for microbiological analyses and 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 heading "Product liability" for more details on product liability), interruptions or disruptions in production and environmental risks (see the heading "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 manufacturing, there is a risk associated with environmental impact and responsibility, 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 Environmental Code or equivalent legislation outside 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 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, and guarantees provided by a seller do not always cover a subsequent failure in an environmental guarantee in terms of either time or money. 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.

Employees

At the end of the financial year the number of employees was 592, compared with 545 at the beginning of the financial year. Completed acquisitions increased the number of employees by 58 (92). The average number of employees in 2017 was 579 (459).

	2017	2016
Average number of employees	579	459
percentage men	51%	48%
percentage women	49%	52%
Distribution by age		
up to 29 years	7%	7%
30–49 years	51%	53%
50 years and up	42%	40%
Average age	46 years	46 years

AddLife's own business school – AddLife Academy – provides a growth opportunity for our employees, builds a shared value system and ensures the supply of leaders in the Group. In 2017 AddLife held courses in entrepreneurial skills, providing an important platform from which to raise the level of professionalism among employees. AddLife also held the "Vision and corporate philosophy" programme to provide basic training for new employees and employees at acquired companies. AddLife Academy also arranged courses in public procurement procedures and leadership, as well as customised courses in marketing and finance.

Research and development

The Group conducts its own research and development to a limited extent, mainly within Biolin in the LabTech business area.

Environment

None of the Group's Swedish subsidiaries engage in activities that require a permit or notification under the Swedish Environmental Code. None of the foreign subsidiaries engage in activities subject to equivalent requirements for notification or permits. None of the Group's companies are engaged in any environment-related disputes.

Remuneration to senior executives

The Board of Directors intends to propose to the Annual General Meeting in May 2018 that the guidelines for remuneration to senior executives remain unchanged compared with what was decided at the AGM in May 2017:

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

AddLife strives to offer a fair and competitive remuneration package capable of attracting and retaining qualified employees. The size of the overall package varies in relation to the performance of the employee and the Group and may comprise the different elements stated below.

A fixed salary forms the foundation of the total remuneration. The salary should be competitive and reflect the responsibilities of the position. Fixed salaries are reviewed annually.

Variable compensation may be based on parameters such as the Group's growth in earnings, profitability and cash flow. Annual variable remuneration can be at most 40 percent of the fixed salary. Retirement pension, sickness benefits and medical benefits should be structured in accordance with applicable rules and market norms. Pensions should be based on defined-contribution plans where possible. All or individual members of Group Management may be offered other benefits that are 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. Members of Group Management whose contracts are terminated by the Company are entitled to severance pay of up to 12 months' salary, in addition to salary and other employment benefits during the notice period. No severance pay is payable on resignation.

The Board of Directors retains the right to deviate from the guidelines for remuneration in individual cases where specific reasons prevail. 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. The Remuneration Committee sets the remuneration of other members of Group Management based on proposals from the CEO. The Board is informed of the Remuneration Committee's decisions.

Please see note 7 Employees and employee benefits expense.

Parent Company

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

Parent Company net sales totalled SEK 31 million (18) and the result after financial items was SEK –14 million (69). The previous year's result after financial items included a dividend from subsidiaries of SEK 75 million. Balance sheet appropriations include a Group contribution received of SEK 72 million (66) and Group contribution paid of SEK –15 million (–7). Net investment in non-current assets totalled SEK 130 million (203) and relate to the acquisition of subsidiaries as well as debts receivable on Group companies. The Parent Company's financial net debt at the end of the financial year stood at SEK 891 million (577).

On 31 December 2017 the number of shareholders was 4,043 (3,789). The Company's Class B shares are listed on Nasdaq Stockholm. Two shareholders each control 10 percent or more of the votes: They are RoosGruppen AB (Håkan Roos through companies), with an ownership stake of 22.6 percent of votes, and Tom Hedelius, who owns shares corresponding to 13.4 percent of votes.

Chapter 6, Section 2a of the Swedish Annual Accounts Act requires listed companies to disclose specific circumstances that may affect the prospects for acquiring the Company via a public share offer. In the event that the Company is delisted from Nasdaq Stockholm, 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 an overdraft facility of SEK 450 million may be terminated.

Share capital, share repurchases, incentive programmes and dividends

On 31 December 2017, the Parent Company's share capital amounted to SEK 50,145,951 divided into the following number of shares with a quotient value of SEK 2.037 per share.

Share class	Number of shares	Number of votes	Percentage of capital	Percentage of 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**

Repurchase of treasury shares and incentive programmes

In May 2017 the AGM authorised the Board of Directors during the period up until the 2018 AGM to buy back a maximum of ten percent of all shares in the Company.

Repurchased shares are intended to cover the Company's commitment to outstanding call options programmes. During the financial year 215,000 Class B treasury shares were repurchased. The average number of Class B treasury shares held during the financial year was 295,996 (86,983). At year-end the number of Class B treasury shares was 445,000 (230,000) with an average purchase price of SEK 158.53 (143.93). The shares account for 1.8 (0.9) percent of shares issued and 1.3 (0.7) percent of votes.

At year-end AddLife had two outstanding purchase option programmes for a total of 445,000 Class B shares. The 2016 programme includes 230,000 shares at an exercise price of SEK 148.10 and the exercise period is 17 September 2018 to 28 February 2019. The 2017 programme includes 215,000 shares at an exercise price of SEK 222.50 and the exercise period is 16 September 2020 to 28 February 2021.Outstanding call option during the financial year resulted in an estimated dilutive effect based on the period's average share price of approximately 0.1 percent (–).

The Board intends to propose to the Annual General Meeting in May 2018 an incentive programme based on the same, or substantially similar, model as was approved at the 2017 AGM.

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 has resolved to propose that the AGM in May 2018 pay a dividend of SEK 2.20 per share for the 2017 financial year.

Outlook and events after the end of the financial year

Outlook

The Life Science market in the Nordic countries continued to develop favourably in 2017. The underlying growth in the Nordic market is primarily driven by a growing and aging population. Concurrently, health services are focusing on efficiency improvements and alleviating new chronic diseases, thereby driving the rapid technological development in the market. Health care and research must find new ways to solve social challenges, solutions that can benefit both the individual and society at large. The Nordic countries are at the forefront of Life Science and initiatives to promote research and development continue from both the private and the public sectors. AddLife therefore sees great potential for further growth on the Nordic market, as well as on the international market with the increased percentage of proprietary products in our product offering.

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

Events after the close of the financial year

One business acquisition took place after the end of the reporting period:

On 23 February 2018 Ossano Scandinavia AB was acquired. The company will be included in the Medtech business area. Ossano Scandinavia is a niche supplier selling and marketing orthopaedic products. Ossano Scandinavia offers both instruments and disposable items, mainly in the field of back and hip surgery, along with equipment and disposable items for the operating theatre. The company, which has five employees and sales of SEK 22 million, will be integrated into Mediplast AB.

In March 2018 AddLife extended the credit facility of SEK 300 million at Danske Bank by another year. The credit facility matures in March 2020.

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

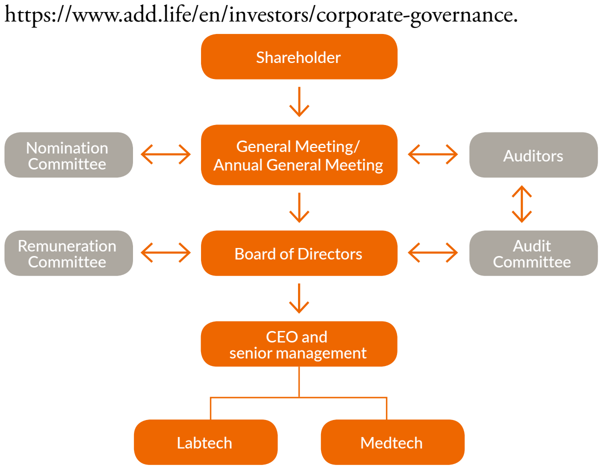
Proposal for profit distribution

For more information, please see the section entitled "Financial Statements".

Corporate Governance

Corporate Governance Principles

AddLife is a public limited liability company whose class B shares were listed on Nasdaq Stockholm on 16 March 2016, for which reason the company complies with the Swedish Code of Corporate Governance (the "Code"). The Code is applicable to all companies whose shares are admitted to trading on a Swedish regulated market. The Code is part of self-regulation by the Swedish business community and is based on the principle of "comply or explain". This means that a company that applies the Code may deviate from individual rules, but the company must then provide an explanation for any deviation. For the 2017 financial year AddLife had one deviation from the Code to report in the section on the Nomination committee. Deviations from aspects of the Code and justification for such deviation are stated at the end of Corporate Governance report. This corporate governance report has been reviewed by the auditor. The corporate governance report is available on the Company's website under Investors, https://www.add.life/en/investors/corporate-governance.



Compliance with applicable rules for trading

No violations of any applicable stock exchange rules occurred in 2017 and AddLife's operations were conducted in accordance with good practices in the stock market.

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 Nasdaq Stockholm, the Swedish Code of Corporate Governance (the "Code") and internal guidelines and regulations.

Share structure and shareholders

On 31 December 2017 share capital in AddLife AB amounted to SEK 50,145,951. There were a total of 24,617,093 shares in the Company, including 1,011,766 Class A shares and 23,605,327 Class B shares. The quotient value of each share was SEK 2.037. Each Class A share carries ten votes and each Class B share carries one vote. Only the Class B share is listed on Nasdaq Stockholm.

As of 31 December 2017, the Company had 4,043 shareholders, the 15 largest of whom controlled 64.7 percent of the share capital and 72.3 percent of the votes. At the end of the financial year, Swedish investors accounted for 62.4 percent of shareholders, and foreign investors owned 37.6 percent of the share capital. The proportion of legal entities was 82.9 percent, while natural persons accounted for 17.1 percent of the share capital. Roosgruppen AB (Håkan Roos through companies) and Tom Hedelius 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 January – 31 December.

The Company's principal business is "to directly or through a wholly or partially owned subsidiary engage in trading with and produce mainly medical equipment and products, and to pursue other compatible business". 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 AGM takes decisions on the annual report, dividend, election of the Board (and auditor where applicable), remuneration to Board members and the auditor and other issues as per the Swedish 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 2018 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 at the General Meeting and shareholders' right of initiative

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 provide 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 the 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.

2017 Annual General Meeting

AddLife's Annual General Meeting was held on Thursday, 29 May 2017 in Stockholm. In all, 78 shareholders were present at the AGM, in person or by proxy, representing 70.69 percent of votes and 62.61 percent of capital. Chairman of the Board Johan Sjö was elected to serve as chairman of the AGM. The meeting was attended by all members of the Board and Group Management. Authorised public accountant Jonas Eriksson, auditor for AddLife, was also present at the meeting as AddLife's elected auditor from KPMG.

The 2017 Annual General Meeting resolved:

- To adopt the financial statements for 2016
- To pay shareholders a dividend of SEK 1.50 per share, regardless of share class
- To discharge the Board of Directors and Chief Executive Officer from liability for the past financial year
- To re-elect board members Johan Sjö, Håkan Roos, Birgit Stattin Norinder, Eva Nilsagård, Stefan Hedelius and Fredrik Börjesson
- To re-elect Johan Sjö to serve as chairman of the Board
- To elect the audit firm KPMG AB to serve as auditor
- To implement a long-term incentive scheme under which the participants will have the opportunity to acquire call options at market prices for shares repurchased by AddLife AB
- To authorise the Board of Directors to decide – during the period until the next following Annual General Meeting – to repurchase up to the maximum number of class B shares so that the Company's holding of own shares at any given time does not exceed 10 percent of the total number of shares outstanding in the Company.

The other resolutions of the AGM can be seen in the complete agenda from the AGM, which is available along with other information about the 2017 AGM at https://www.add.life/en/investors/corporate-governance/general-meeting.

2018 Annual General Meeting

AddLife's 2018 Annual General Meeting will be held Thursday 31 May at Näringslivets Hus in Stockholm. For additional information about the 2018 AGM please see the section called "Welcome to the Annual General Meeting" in the annual report, as well as AddLife's website www.add.life

Nomination Committee duties

The Nomination Committee's mandate from the Annual General Meeting is to evaluate the composition and work of the Board of Directors as well as to submit proposals to the AGM for the Chair of the AGM, Directors and Chairman of the Board, auditors, remuneration to directors who are not employed by the company, election, where appropriate, of a registered auditing firm and auditors' fees, as well as principles for election of members to the Nomination Committee.

Nomination Committee members receive no remuneration from the Company for their work on the committee. The Nomination Committee held two meetings at which minutes were taken prior to the 2018 AGM. The complete proposals of the Nomination Committee to the AGM are presented in the notice to attend the meeting and on the Company's website.

Composition of the Nomination Committee

In accordance with the Code, the Company shall have a Nomination Committee. On 1 September 2016 the AGM adopted principles for appointing the Nomination Committee. Consequently, the Annual General Meeting does not decide on these principles and the Nomination Committee mandate annually, unless the principles or the mandate are to be changed. The Nomination Committee consists of representatives of the five largest known shareholders by vote as of 30 September each year, as well as the Chairman of the Board of Directors, who is also tasked with convening the first meeting of the Nomination Committee. The Nomination Committee will appoint a Chairman from among its members. The composition of the Nomination Committee shall be announced not later than six months before the Annual General Meeting.

In accordance with the above, the Nomination Committee comprises these appointed members: Johan Sjö (Chairman of the Board), Tom Hedelius, Håkan Roos (appointed by Roos-Gruppen AB), Martin Wallin (appointed by Lannebo Fonder), Monica Åsmyr (appointed by Swedbank Robur Fonder) and Johan Strandberg (appointed by SEB Investment Management). The composition of the Nomination Committee was disclosed in conjunction with the presentation of the interim report for the second quarter on 26 October 2017.

One Nomination Committee member is a Board member and two members are not independent of the Company's major shareholders. Håkan Roos is Chairman of the Nomination Committee.

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 proposals to the AGM will be presented in the notice to attend the 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. The Company did not pay any expenses associated with the Nomination Committee's mandate during the year.

Diversity Policy

The Nomination Committee uses 4.1 in the Code as its diversity policy. This means that AddLife's Board of Directors shall consist of a well-balanced mix of skills, experience and background that is important for responsibly and successfully managing AddLife's strategic work. To achieve this, knowledge of Life Science, corporate governance, compliance with rules and regulations, financing and financial analysis and remuneration issues is desirable. In addition, diversity regarding age, gender, education and other professional backgrounds is taken into account.

The goal is to have a Board with good diversity and gender equality. No Board member shall be discriminated against based on religion, ethnic background, age, gender, sexual orientation, disability or for other reasons.

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 AGM for the period extending until the end of the next AGM. There is no limit to how long a member may serve. AddLife's Board of Directors consists of Board members Johan Sjö, Håkan Roos, Stefan Hedelius, Fredrik Börjesson, Birgit Stattin Norinder and Eva Nilsagård. Johan Sjö is Chairman of the Board. Information about 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 regarding 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 October 2017, and the Nomination Committee was informed of the outcome of the evaluation.

The Board of Directors' Rules of Procedure

The Board of Directors' rules of procedure shall be 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 8 minuted meetings. The Board members' attendance is shown in the following table.

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

Board member	Elected	Board meeting	Remuneration Committee	Audit Committee	Independent in relation to the Company	Independent in relation to major shareholders:
Total number of meetings		*8*	*1*	*4*		
Johan Sjö (Chairman of the Board)	2015	8	1	4	Yes	Yes
Birgit Stattin Norinder	2015	8		4	Yes	Yes
Eva Nilsagård	2015	8		4	Yes	Yes
Fredrik Börjesson	2015	7		4	Yes	Yes
Håkan Roos	2015	8	1	4	Yes	No
Stefan Hedelius	2015	8		4	Yes	No

Remuneration 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. The Remunerations Committee sets the remuneration of other members of Group Management based on proposals from the CEO. The Board of Directors shall be informed of the Remuneration Committee's decision. The Remuneration Committee then has the task of monitoring and evaluating application of the guidelines for remuneration to senior management as decided by the Annual General Meeting. The Committee shall also monitor and evaluate programs of variable remuneration to the senior management in progress and those completed during the year.

The Remunerations Committee held one meeting during the financial year. All Committee members were present at the 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 chairperson of the Audit Committee. Johan Sjö, Birgit Stattin Norinder, Fredrik Börjesson and Eva Nilsagård are independent in relation to the Company and Group Management and in relation to the Company's major shareholders, and Johan Sjö, 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, monitor 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 Company management being in attendance.

The Audit Committee held four meetings in 2017 in conjunction with publication of the interim reports. In addition, AddLife's risk matrix was discussed and the company's external auditors reported on the interim review.

In connection with the adoption of the annual accounts for 2017 at the Board meeting in February 2018, the Board received a review and a report from the Company's external auditors.

Remuneration to the Board of Directors

Remuneration to the Board of Directors shall be determined by the General Meeting. In accordance with a decision by the Annual General Meeting on 29 May 2017, 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.

Chief Executive Officer

Kristina Willgård is the CEO. A presentation of Kristina Willgård can be found in the section "Board and senior 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 ("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 Group Management and makes decisions in consultation with other members of management. In addition to Kristina Willgård, Group Management also includes Martin Almgren, CFO, Peter Simonsbacka, business area manager, Labtech, and Lars-Erik Rydell, business area manager, Medtech. In August 2017 Artur Aira, EVP, chose to leave AddLife and thus also his position on Group Management.

Group Management regularly reviews operations in meetings chaired by 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, Italy, the UK, the US and China. Each operating company has a board of directors in which the company's CEO and senior executives from the business area are represented. Each company president reports to a business area manager, who, in turn reports to the CEO for AddLife AB.

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 of Directors has overall responsibility for ensuring that the Group has an effective system for management and internal control. This responsibility includes annually evaluating the financial reporting the Board receives and stipulating the content and format of these reports to ensure their quality. This requirement means that the financial reporting must fulfil its purpose and comply with applicable accounting rules and other requirements incumbent on listed companies. The CFO has presented reports to the Board on the Group's internal control.

Control environment

AddLife builds and organises its business on the basis of 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. Internal guidelines and Board-approved policies communicate defined decision-making channels, powers of authority and responsibilities. The Group's foremost financial control documents include its financial policy, financial manual and instructions for each financial closing. A Group-wide reporting system with related analysis tools is used for the Group's closing procedures. 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 Board holds the opinion that the Group's exposure to a variety of market and customer segments, and the fact that the operations are conducted in 32 operating companies, entail significant risk diversification. 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 corporate acquisitions, inventories, acquisitions and revenue.

Control activities

Control activities include transaction-related controls such as spending authorisation and investments, as well as clear disbursement procedures, but can also be analytical controls performed by the Group's controllers and central finance and accounting function. Controllers and financial managers at all levels of the Group play a key role in creating the right environment for transparent and accurate financial reporting. This role places great demands on integrity, expertise and the capabilities of 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 review includes an evaluation of results compared to targets set, previous performance, and follow-up of 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, which all companies are expected to meet. Each company's response should be validated and commented on by the relevant company's external auditor in connection with the regular audit. The responses should subsequently be compiled and analysed, after which they are 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 five of the operating companies was conducted during the year. This work is referred to as an "analysis of internal control" and is performed by the companies' business controllers and colleagues from the Parent Company's finance function.

The companies' key processes and their control points have been identified and tested. The external auditors have read the records of the analyses of internal control in connection with their audit of the companies. The process provides a good foundation on which to chart and assess the internal control in the Group. 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 intranet. The documents are regularly updated as needed. Changes are communicated separately via email 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 on 29 May 2017 for the period extending until the end of the 2018 Annual General Meeting. The auditor in charge is Håkan Olsson Reising, 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 to 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 independence of the external auditors is regulated by special instructions approved by the Board of Directors, which show the areas for 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 concerning corporate acquisitions. The total fee for KPMG's services in addition to auditing for the 2017 financial year was SEK 0.3 million (0.5).

Quarterly review by auditors

AddLife's nine-month report was reviewed by the Company's auditors during the 2017 financial year.

Deviations

The Company has one deviation from rule 2.4 of the Code regarding the composition of the Nomination Committee. According to the Code, a Board member should not serve as the chair of the Nomination Committee.

Explanation:

Håkan Roos, who is chairman of the Nomination Committee is also a member of the Board of AddLife, which is natural with respect to his ownership role.

Financial statements

Consolidated Income Statement

SEKm	Note	2017 (12 months)	2016 (9 months)
Net sales	5, 6	2,333.3	1,485.6
Cost of sales		–1,492.4	–975.2
Gross profit		**840.9**	**510.4**
Selling expenses		–524.0	–316.4
Administrative expenses	29	–143.1	–78.9
Research and development		–17.6	–1.9
Other operating income	10, 29	16.2	9.2
Other operating expenses	10	–6.5	–0.3
Operating profit	4–11, 17, 29	**165.9**	**122.1**
Financial income	12, 29	1.0	1.3
Financial expenses	12, 29	–9.3	–5.3
Net financial items		**–8.3**	**–4.0**
Profit before tax		**157.6**	**118.1**
Income tax expense	14	–37.3	–25.1
PROFIT FOR THE YEAR		**120.3**	**93.0**
Attributable to:			
Equity holders of the Parent Company		120.3	93.0
Non-controlling interests		–	–
Earnings per share (EPS), SEK	33	4.95	3.87[1]
Diluted EPS, SEK		4.94	3.87
Average number of shares (000s)		24,321	24,027

1) 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 cash 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. The non-cash issue itself is assumed in the calculation of earnings per share to have been made at fair value.

Statement of comprehensive income

SEKm	2017 (12 months)	2016 (9 months)
Profit for the year	**120.3**	**93.0**
Components that will be reclassified to profit for the year		
Foreign currency translation differences for the year	–13.0	11.1
Components that will not be reclassified to profit for the year		
Revaluations of defined-benefit pensions	–6.6	–2.3
Tax attributable to items not to be reversed in profit or loss	1.5	0.5
Other comprehensive income	**–18.1**	**9.3**
Total comprehensive income for the year	**102.2**	**102.3**
Attributable to:		
Equity holders of the Parent Company	102.2	102.3
Non-controlling interests	–	–

Consolidated Balance Sheet

SEKm	Note	2017-12-31	2016-12-31
ASSETS			
Non-current assets			
Intangible non-current assets	15	1,152.6	870.7
Property, plant and equipment	16	74.7	67.8
Financial assets	18	5.1	5.6
Non-current receivables	18	5.6	3.0
Deferred tax assets	14	2.9	2.0
Total non-current assets		**1,240.9**	**949.1**
Current assets			
Inventories	20	271.0	252.4
Tax assets		1.0	3.3
Accounts receivable	4	333.8	325.7
Prepaid expenses and accrued income	21	16.7	16.0
Other receivables		16.9	15.5
Cash and cash equivalents		11.0	14.7
Total current assets		**650.4**	**627.6**
TOTAL ASSETS		**1,891.3**	**1,576.7**
EQUITY AND LIABILITIES			
Total equity	22		
Share capital		50.1	50.1
Other contributed capital		550.6	550.6
Reserves		–5.9	7.1
Retained earnings, including profit for the year		153.2	109.1
Total equity		**748.0**	**716.9**
LIABILITIES			
Non-current liabilities			
Non-current interest-bearing liabilities	18, 26	4.2	10.7
Non-current non-interest-bearing liabilities	18	0.3	0.7
Provisions for pensions	24	66.8	59.7
Deferred tax liabilities	14	76.0	40.2
Total non-current liabilities		**147.3**	**111.3**
Current liabilities			
Current interest-bearing liabilities	18, 27	528.5	310.1
Accounts payable	18, 29	224.6	229.4
Tax liabilities		36.4	25.6
Other liabilities		86.5	83.6
Accrued expenses and deferred income	28	116.9	93.9
Provisions	25	3.1	5.9
Total short-term liabilities		**996.0**	**748.5**
Total liabilities		**1,143.3**	**859.8**
TOTAL EQUITY AND LIABILITIES		**1,891.3**	**1,576.7**

Consolidated statement of changes in equity

SEKm	Share capital	Other contributed capital	Reserves	Retained earnings, including profit for the year	Total equity
EQUITY, OPENING BALANCE 2016-04-01	**40.1**	**261.9**	**–4.0**	**48.6**	**346.6**
Profit for the year	–	–	–	93.0	93.0
Foreign currency translation differences for the period	–	–	11.1	–	11.1
Actuarial effects of the pension obligation	–	–	–	–2.3	–2.3
Tax attributable to other comprehensive income	–	–	–	0.5	0.5
Other comprehensive income	–	–	11.1	–1.8	9.3
Total comprehensive income for the year	**–**	**–**	**11.1**	**91.2**	**102.3**
Rights issue	10.0	290.0	–	–	300.0
Issue expenses	–	–1.3	–	–	–1.3
Call options issued	–	–	–	2.4	2.4
Repurchase of treasury shares	–	–	–	–33.1	–33.1
EQUITY, CLOSING BALANCE 2016-12-31	**50.1**	**550.6**	**7.1**	**109.1**	**716.9**

SEKm	Share capital	Other contributed capital	Reserves	Retained earnings, including profit for the year	Total equity
EQUITY, OPENING BALANCE 2017-01-01	**50.1**	**550.6**	**7.1**	**109.1**	**716.9**
Profit for the year	–	–	–	120.3	120.3
Foreign currency translation differences for the period	–	–	–13.0	–	–13.0
Actuarial effects of the pension obligation	–	–	–	–6.6	–6.6
Tax attributable to other comprehensive income	–	–	–	1.5	1.5
Other comprehensive income	–	–	–13.0	–5.1	–18.1
Total comprehensive income for the year	–	–	**–13.0**	**115.2**	**102.2**
Dividend	–	–	–	–36.6	–36.6
Call options issued	–	–	–	2.9	2.9
Repurchase of treasury shares	–	–	–	–37.4	–37.4
EQUITY, CLOSING BALANCE 2017-12-31	**50.1**	**550.6**	**–5.9**	**153.2**	**748.0**

Consolidated Cash Flow Statement

SEKm	Note	2017 (12 months)	2016 (9 months)
OPERATING ACTIVITIES			
Profit after financial items		157.6	118.1
Adjustment for items not included in cash flow	31	78.4	36.7
Income tax paid		–41.5	–16.6
Cash flow from operating activities before changes in working capital		**194.5**	**138.2**
Cash flow from changes in working capital			
Changes in inventories		14.0	–5.3
Changes in operating receivables		23.6	–69.2
Changes in operating liabilities		–24.1	54.0
Cash flow from operating activities		**208.0**	**117.6**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		–42.9	–21.1
Disposal of property, plant and equipment		1.1	2.0
Acquisition of intangible non-current assets		–	–
Acquisition of operations	32	–296.0	–150.0
Divestment of operations		–	–
Cash flow from investing activities		**–337.8**	**–169.1**
FINANCING ACTIVITIES			
Borrowings	31	358.2	81.4
Repayments on loans	31	–160.8	–300.0
Repurchase of treasury shares		–37.4	–33.1
Call options		2.9	2.4
Other financing		–1.0	–
Rights issue		–	300.0
Issue expenses		–	–1.3
Dividend paid to shareholders of the Parent Company		–36.6	–
Dividend paid to non-controlling interests		–	–
Cash flow from financing activities		**125.3**	**49.3**
Cash flow for the year		**–4.5**	**–2.2**
Cash and cash equivalents at beginning of year		14.7	11.6
Exchange differences on cash and cash equivalents		0.8	5.4
Cash and cash equivalents at year-end		11.0	14.7

Parent Company Income Statement

SEKm	Note	2017 (12 months)	2016 (9 months)
Net sales		30.9	18.1
Administrative expenses		–48.4	–26.4
Operating profit		**–17.5**	**–8.3**
Income from shares in Group companies	12	0.0	75.0
Interest income and similar items	12	10.4	5.9
Interest expense and similar items	12	–6.7	–3.7
Profit after financial items		**–13.8**	**68.9**
Year-end appropriations	13	45.8	45.9
Profit before tax		**32.0**	**114.8**
Income tax expense	14	–7.6	–8.8
Profit for the year		**24.4**	**106.0**

Parent Company Statement of Comprehensive Income

SEKm	2017 (12 months)	2016 (9 months)
Profit for the year	**24.4**	**106.0**
Other comprehensive income	**–**	**–**
Total comprehensive income for the year	**24.4**	**106.0**
Attributable to:		
Equity holders of the Parent Company	24.4	106.0

Parent Company Balance Sheet

SEKm	Note	2017-12-31	2016-12-31
ASSETS			
Intangible non-current assets	15	0.2	0.3
Property, plant and equipment	16	0.2	0.2
Financial assets			
Interests in Group companies	19	389.1	389.1
Receivables from Group companies	19	1,131.4	774.7
Other investments		0.0	0.5
Total non-current financial assets		**1,520.5**	**1,164.3**
Total non-current assets		**1,520.9**	**1,164.8**
Current assets			
Accounts receivable		–	0.7
Other current receivables		88.3	149.0
Prepaid expenses and accrued income	21	0.7	1.4
Total current assets		**89.0**	**151.1**
TOTAL ASSETS		**1,610.0**	**1,315.9**
EQUITY AND LIABILITIES			
Shareholder's equity	22		
Restricted equity			
Share capital		50.1	50.1
Unrestricted equity			
Share premium reserve		550.6	550.6
Retained earnings		16.3	–18.6
Profit for the year		24.4	106.0
Total equity		**641.4**	**688.1**
Untaxed reserves	23	29.9	18.6
Provisions			
Provisions for pensions and similar obligations		0.3	0.7
Total provisions		**0.3**	**0.7**
Liabilities			
Liabilities to Group companies		157.3	64.8
Total non-current liabilities		**157.3**	**65.5**
Current interest-bearing liabilities	27	517.1	306.2
Current liabilities to credit institutions		231.9	214.6
Accounts payable		1.6	1.9
Tax liabilities		11.6	12.3
Other liabilities		2.3	1.8
Accrued expenses and deferred income	28	16.6	6.9
Total short-term liabilities		**781.1**	**543.8**
Total liabilities		**968.3**	**609.2**
TOTAL EQUITY AND LIABILITIES		**1,610.0**	**1,315.9**

Parent Company Statement of Changes in Equity

	Restricted equity	Unrestricted equity		
SEKm	Share capital	Share premium reserve	Retained earnings, including profit for the year	Total
EQUITY, OPENING BALANCE 2016-04-01	40.1	261.9	12.2	314.2
Profit for the year	–	–	106.0	106.0
Total comprehensive income for the year	**–**	**–**	**106.0**	**106.0**
Rights issue	10.0	290.0	–	300.0
Issue expenses	–	–1.3	–	–1.3
Repurchase of treasury shares	–	–	–33.1	–33.1
Call options issued	–	–	2.3	2.3
EQUITY, CLOSING BALANCE 2016-12-31	50.1	550.6	87.4	688.1

	Restricted equity	Unrestricted equity		
SEKm	Share capital	Share premium reserve	Retained earnings, including profit for the year	Total
EQUITY, OPENING BALANCE 2017-01-01	50.1	550.6	87.4	688.1
Profit for the year	–	–	24.4	24.4
Total comprehensive income for the year	–	–	**24.4**	**24.4**
Dividend	–	–	–36.6	–36.6
Repurchase of treasury shares	–	–	2.9	2.9
Call options issued	–	–	–37.4	–37.4
EQUITY, CLOSING BALANCE 2017-12-31	50.1	550.6	40.7	641.4

Parent Company Cash Flow Statement

SEKm	Note	2017 (12 months)	2016 (9 months)
Profit after financial items		–13.8	68.9
Adjustment for items not included in cash flow	31	3.5	–80.6
Income tax paid		–8.2	–
Cash flow from operating activities before changes in working capital		**–18.5**	**–11.7**
Cash flow from changes in working capital			
Increase/decrease in other current receivables		–8.9	71.5
Increase/decrease accounts payable		–0.3	–19.8
Increase/decrease in other current operating liabilities		18.0	62.8
Cash flow from operating activities		**–9.7**	**102.9**
INVESTING ACTIVITIES			
Investments in intangible non-current assets		–	0.0
Investments in property, plant and equipment		–	0.0
Shareholder contributions		–	–100.0
Investments in other financial non-current assets		–130.1	–103.2
Cash flow from investing activities		**–130.1**	**–203.2**
FINANCING ACTIVITIES			
Rights issue		–	300.0
Issue expenses		–	–1.3
Call options		2.9	2.4
Change in overdraft	31	161.2	–22.5
Repurchase of treasury shares		–37.4	–33.1
Borrowings	31	199.7	–
Repayments on loans	31	–150.0	–150.0
Dividend paid to shareholders of the Parent Company		–36.6	–
Increase/decrease current financial liabilities		–	4.9
Cash flow from financing activities		**139.8**	**100.4**
Cash flow for the year		**0.0**	**0.0**
Cash and cash equivalents at beginning of year		0.0	0.0
Exchange differences on cash and cash equivalents		0.0	0.0
Cash and cash equivalents at year-end		0.0	0.0

Notes to the financial statements

NOTE 1 | GENERAL INFORMATION

AddLife AB (Parent Company) and its subsidiaries form the AddLife Group. The Group consists of 43 companies, 32 of which are operational and active mainly in the Nordic Life Science market. The Group is also represented by smaller operations in Germany, the Benelux countries, Estonia, Italy, the UK, China and the US.
The Group is a leading independent supplier of equipment, instruments and reagents from leading global suppliers to customers primarily in medical care, research, colleges and universities, as well as the food and pharmaceutical industries.

AddLife AB, corporate identification 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 29 March 2018. The Parent Company's and Group's respective income statements and balance sheets will be submitted for adoption to the Annual General Meeting on 31 May 2018.

PARENT COMPANY ACCOUNTING POLICIES

The Parent Company applies the same accounting policies as the Group, except where the Swedish Annual Accounts Act and the Swedish Act on Safeguarding Pension Obligations prescribe different procedures, or if the connection to taxation gives rise to other reporting.

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.

Interests 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 rule. Group contributions received and paid are recognised as appropriations. 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.

THE GROUP'S ACCOUNTING POLICIES

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). Recommendation RFR 1 Supplementary Accounting Rules for Groups, issued by the Swedish Financial Reporting Board, was also 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 periodically. 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 with a significant risk of material adjustment in the next year, are further discussed below in Note 2.

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

Assets are divided into current assets and noncurrent assets. An asset is considered current 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 noncurrent 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 noncurrent 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 noncurrent liabilities.

New or amended IFRSs 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 enters into force on 1 January 2018. In 2017 AddLife analysed its customers and customer losses, which over the past three financial years totalled SEK 0.1 million per year; see Note 4 for additional information about accounts receivable. The conclusion of the analysis is that the introduction of IFRS 9 and a forward-looking impairment model will not have any impact on the Group's financial reports.

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. IFRS 15 enters into force on 1 January 2018. An analysis of the impact of IFRS 15 on the Group was carried out in 2017. Employees from Group Management, Group Business, and sales, as well as the CEO and CFO participated in a project to classify the Group's revenues into different categories. Significant revenue categories were analyzed through interviews and a review of contracts. AddLife's service revenues primarily relate to service of instruments in the Labtech business area. The service that is performed is carried out during a limited period of time and is invoiced at that time. The conclusion of the analysis is that IFRS 15 will not have any impact on the Group's financial reports in addition to expanded disclosure requirements..

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. The Group is assessing the impact of IFRS 16 and is preliminarily expected to have an impact on leases for premises and cars. The effects of recognising the Group's operating leases in terms of assets and liabilities, with depreciation costs and interest expenses, have not yet been quantified and transitional method has not been decided. IFRS 16 will be applied from 1 January 2019. For information about AddLife's leases, see Note 17.

Consolidated financial statements

The acquisition method is applied in the financial statements. In brief means 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.

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 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.

Intra-Group receivables and liabilities as well as transactions between companies included in the 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 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 derecognition

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 to 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 contract 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 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, so 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, so 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 noncurrent receivable, if shorter, it is an other current receivable. Financial investments are classified either as noncurrent 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 noncurrent 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 noncurrent 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 noncurrent 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 non-current assets

Intangible noncurrent assets are recognised in accordance with IAS 38 Intangible Assets at cost, less accumulated amortisation, and are divided between goodwill and other intangible noncurrent 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 noncurrent assets with indefinable useful lives are measured at cost, less any accumulated impairment losses. Goodwill and intangible noncurrent 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
Research and development	5–10 years
Goodwill and 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 impairment, wholly or partly, no longer exists. However, an impairment loss on goodwill is never reversed.

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.

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

Equity

Repurchasing treasury shares occurs, and the Board normally proposes obtaining a mandate to repurchase treasury shares, which involves acquiring an amount of shares such that AddLife's own holding at no time exceeds 10 percent of all shares in the Company. The purpose of the repurchase is to provide the Board with increased scope for action in its work with the Company's capital structure, to enable the use of repurchased shares as payment in acquisitions, and to secure the Company's commitments in existing incentive programmes.

When treasury shares are repurchased, the entire consideration reduces retained earnings. Proceeds from the disposal of equity instruments are recognised as an increase in retained earnings, as are any transaction costs.

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. 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. This benefit is discounted to a present value. 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 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 noncurrent 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.

A surplus in one plan relate to only offset by a deficit in another plan 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, so 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 calculated based on the Pension Obligations Vesting Act (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.

Share-based incentive programmes

The Group's share-based incentive programmes make it possible for senior management to purchase shares in the Company. The employees have paid a market premium for call options on Class B shares.

The programme includes a subsidy so that the employee receives the same sum as the option premium paid in the form of cash payment, i.e. salary. This subsidy shall be paid two years after the issue decision, providing that the option holder is still employed in the Group and owns call options at that time. This subsidy and the associated social security costs are accrued as personnel costs over the vesting period. AddLife has no obligation to repurchase the options when an employee terminates employment. The holder may exercise the options regardless of continued employment in the Group. See also Note 7.

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 nonoccurrence 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.

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 carryforwards 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 was 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. 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 | FINANCIAL RISKS AND RISK MANAGEMENT

Goals and policy for risk management

AddLife strives for structured and efficient management of the financial risks that arise in operations, which is manifest 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. The subsidiaries within AddLife include financial derivatives with an external counterparty. Risks such as translation exposure, refinancing risk and interest rate risk are managed by the Parent Company, AddLife AB.

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 percent compensation for an exchange rate fluctuation of +/- 2 percent. 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 as a result of future payment flows in foreign currency, known as transaction exposure, and also 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 forecast 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 affects financial transactions and balances. During financial years 2017 and 2016, the Group's payment flows in foreign currencies were distributed as follows:

2017	Currency flows, gross		Currency flows
SEKm	Inflows	Outflows	net
EUR	132.9	614.2	-418.3
DKK	95.9	10.5	85.4
NOK	46.8	0.4	46.4
USD	3.9	131.8	-127.9
JPY	–	18.5	-18.5
GBP	0.8	13.0	-12.2
CHF	0.0	11.8	-11.8

2016	Currency flows, gross		Currency flows
SEKm	Inflows	Outflows	net
EUR	69.0	407.11	-338.1
DKK	77.6	10.2	67.4
NOK	27.6	0.4	27.2
USD	9.2	84.8	-75.6
JPY	–	13.2	-13.2
GBP	2.4	14.1	-11.7
CHF	0.0	13.6	-13.6

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 2017, currency clauses cover about 25 (27) percent and sales in the purchasing currency make up about 27 (25) 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 2017 financial year, there were outstanding forward foreign exchange contracts in a gross amount of SEK 61.0 million (53.0), of which EUR equalled SEK 32.0 million (26.3), USD SEK 28.5 million (26.7) and CHF SEK 0.5 million (0.0).

Of the total contracts of SEK 61.0 million (53.0), SEK 51.4 million (44.8) mature within six months. Hedge accounting does not apply to forward foreign exchange contracts and they are classified as a financial asset measured at fair value held for trading.

Currency flows in the Parent Company are mainly in Swedish kronor (SEK). To the extent that internal and external loans and investments in the Parent Company are in foreign currency, 100 percent of the capital amount is hedged.

Note 4 cont.

Translation exposure

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

	2017		2016	
Net investments	SEKm	Sensitivity analysis1)	SEKm	Sensitivity analysis1)
NOK	125.0	6.2	47.9	2.4
EUR	109.0	5.4	159.9	8.0
DKK	82.3	4.1	113.6	5.7
USD	8.3	0.4	8.1	0.4

1) Impact of +/–5% in exchange rate on Group 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	2017	2016
Net sales	15.3	9.9
EBITA	1.7	1.0

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

	Average rate		Closing day rate	
Exchange rate	2017	2016	2017-12-31	2016-12-31
CNY 1	1.2631	1.2864	1.2642	1.3050
DKK 1	1.2949	1.2789	1.3229	1.2849
EUR 1	9.6326	9.5153	9.8497	9.5525
GBP 1	10.9896	11.4075	11.1045	11.1571
NOK 1	1.0330	1.0332	1.0011	1.0513
USD 1	8.5380	8.5939	8.2322	9.0622

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 high credit ratings are permitted. AddLife AB provides an internal bank which lends to and borrows from the subsidiaries. AddLife's current interest-bearing liabilities are shown in Note 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 were 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 interest rate and capital may not be tied up for more than six months.

The following investments are permitted:

- ii) interest-bearing account at a bank with the right to immediate withdrawal, minimum credit rating of A.
- iii) deposit in Swedish banks with a minimum credit rating of A.
- iv) money market instruments (<1 year) such as treasury bills and commercial paper with credit ratings corresponding to A-1, K-1, P-1, i.e. very high creditworthiness.

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 nine months at the latest before the credit facility matures.

In January 2017 AddLife extended the credit agreement with Handelsbanken for an overdraft facility of SEK 450 million that matured on 31 December 2017. The credit agreement was extended again in January 2018 and will mature on 31 December 2018. In March 2017 AddLife signed an agreement with Danske Bank for a credit facility of SEK 300 million, in the form of a two-year credit facility with an option to extend for a maximum of an additional two years. Both of these facilities include customary financial covenants relating to the Group's equity ratio and interest coverage. No collateral has been pledged. At the end of the financial year AddLife had a an overdraft facility of SEK 450 million that matures on 31 December 2018 and a credit facility of SEK 300 million that matures on 22 March 2020.

The maturity structure, including interest payments, for the Group's financial interest-bearing liabilities, is distributed over the coming years as follows:

			Matures			
Maturity date	Carrying amount	Future liquid amount	within 3 months	after 3 months within 1 year	after 1 year within 5 years	after 5 years
Interest-bearing financial liabilities	532	536	7	525	4	–

Other operating liabilities that comprise financial instruments all fall due for payment within 1 year.

Interest rate risk

Interest rate risk define that the risk of actual value on nor Future cash flows by a financial instrument varies because of restatements of market rates. The interest rate risk is regulated by ensuring that the average fixed interest term of the debt portfolio varies between 0-3 years. The debt portfolio consists of bank overdraft facilities with fixed interest terms of three months and outstanding external loans with remaining fixed interest terms of six months.

AddLife's financial net debt as at 31 December 2017 was SEK 588 million (366). With net financial debt as at 31 December 2017, the impact on AddLife's net financial items is about SEK +/–6 million (+/–5)

Note 4 cont.

if interest rates change by 1 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 avoiding excessive concentration of business with individual customers and with specific sectors helps minimise risks. No individual customer accounts for more than 5 percent (5) of total credit exposure over a one-year period. The equivalent figure for the ten largest customers is about 22 percent (19). 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	2017-12-31	2016-12-31
Carrying amount	334.6	329.9
Impairment losses	–0.8	–4.2
Cost	333.8	325.7

Change in impaired accounts receivable	2017-12-31	2016-12-31
Amount at start of year	**–4.2**	–0.7
Corporate acquisitions	0.0	–3.5
Year's impairment losses/reversals of impairment	3.4	–0.1
Total	–0.8	**–4.2**

Time analysis of accounts receivable that are overdue but not impaired	2017-12-31	2016-12-31
< = 30 days	41.5	15.3
31–60 days	2.4	1.0
> 60 days	2.9	4.2
Total	**46.8**	**20.5**

NOTE 5 | NET SALES BY REVENUE TYPE AND BUSINESS AREA

Medtech	2017	2016
Consumables	841.3	464.1
Machinery/Instruments	98.5	90.9
Service	0.2	0.6
Total	**940.0**	**555.6**

Labtech	2017	2016
Consumables	908.4	618.3
Machinery/Instruments	379.4	233.2
Service	105.5	78.5
Total	**1,393.3**	**930.0**

Regarding other revenue types, dividends and interest income are recognised in 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 the Life Science market. AddLife uses EBITA as a performance measure when monitoring the business areas. Intragroup sales are based on the same prices that an independent part would pay for the product.

Labtech

The Labtech business area consists of about 18 companies within diagnostics and biomedical research, as well as laboratory analysis. 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 medicine, 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, point-of-care 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 about 14 companies that provide medical device products within the medtech market, with a focus on surgery, thoracic medicine, neurology, wound care, anaesthesia, intensive care, ear, nose and throat, ostomies, and home healthcare.

Data by operating segment

During the financial years 2017 and 2016, no internal invoicing occurred between the business areas.

	2017	2016
Net sales	External	External
Medtech	940.0	555.6
Labtech	1,393.3	930.0
Total	**2,333.3**	**1,485.6**

EBITA	2017		2016	
	EBITA	EBITA margin, %	EBITA	EBITA margin, %
Medtech	93.0	9.9	44.4	8.0
Labtech	150.4	10.8	118.7	12.8

Note 6 cont'd

Operating profit/loss, assets and liabilities	2017 Operating profit/loss	2017 Assets[1]	2017 Liabilities[1]
Medtech	45.7	1228.5	136.3
Labtech	132.6	632.7	274.5
Group items	–12.4	30.1	732.5
Total	**165.9**	**1,891.3**	**1,143.3**
Financial income and expenses	–8.3		
Profit/loss after financial items	**157.6**		

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

Operating profit/loss, assets and liabilities	2016 Operating profit/loss	2016 Assets[1]	2016 Liabilities[1]
Medtech	24.2	917.7	134.3
Labtech	109.3	617.8	264.4
Group items	–11.5	41.2	461.1
Total	**122.1**	**1,576.7**	**859.8**
Financial income and expenses	–4.0		
Profit/loss after financial items	**118.1**		

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

Investments in non-current assets

	2017			2016		
Investments in non-current assets	Intangible[1]	Property, plant and equipment[1]	Total	Intangible[1]	Property, plant and equipment[1]	Total
Medtech	192.0	9.4	201.4	73.0	2.5	75.5
Labtech	17.0	16.7	33.7	10.9	16.2	27.1
Group items	–	–	–	0.7	–	0.7
Total	**209.0**	**26.1**	**235.1**	**84.6**	**18.7**	**103.3**

1) The amounts do not include the effects of corporate acquisitions.

	2017			2016		
Depreciation/amortisation of non-current assets	Intangible	Property, plant and equipment	Total	Intangible	Property, plant and equipment	Total
Medtech	–47.2	–5.0	–52.2	–20.2	–3.4	–23.6
Labtech	–17.8	–14.7	–32.5	–9.3	–10.3	–19.6
Group items	–2.8	0.0	–2.8	–2.1	0.0	–2.1
Total	**–67.8**	**–19.7**	**–87.5**	**–31.6**	**–13.7**	**–45.3**

Significant profit or loss items, other than depreciation or amortisation, not matched by payments

	2017				2016			
	Capital gains	Change in pension liability	Other items	Total	Capital gains	Change in pension liability	Other items	Total
Medtech	0.0	–	–14.4	–14.4	–0.3	0.0	–3.8	–4.1
Labtech	0.0	0.5	0.2	0.7	0.1	–2.3	–1.0	–3.1
Group items	0.0	–	4.5	4.5	0.0	0.0	2.3	2.3
Total	**0.0**	**0.5**	–9.7	–9.2	**–0.1**	**–2.3**	**–2.6**	**–5.0**

Data by country

	2017			2016		
Data by country	Net sales external	Assets[1]	Of which non-current assets	Net sales external	Assets[1]	Of which non-current assets
Sweden	756.0	1,144.7	842.0	493.6	1,105.5	806.3
Denmark	431.7	142.5	27.2	320.4	159.0	29.0
Finland	492.0	208.3	93.5	378.9	223.4	97.6
Norway	454.6	365.4	262.2	216.1	60.2	3.0
Other countries	199.0	31.6	1.7	76.6	29.9	1.9
Group items and unallocated assets	–	–1.2	14.2	–	–1.4	11.2
Total	**2,333.3**	**1,891.3**	**1,240.8**	**1,485.6**	**1,576.7**	**949.0**

1) Does not include balances in Group accounts 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.

	2017			2016		
Investments in non-current assets	Intangible	Property, plant and equipment	Total	Intangible	Property, plant and equipment	Total
Sweden	43.7	18.0	61.7	84.1	14.4	98.5
Denmark	0.3	3.1	3.4	0.1	1.9	2.1
Finland	0.9	3.4	4.3	0.4	2.0	2.4
Norway	164.0	1.2	165.2	0.0	0.3	0.3
Other countries	0.1	0.4	0.5	0.0	0.1	0.1
Total	**209.0**	**26.1**	**235.1**	**84.6**	**18.7**	**103.3**

The Group has no single customer whose revenues account for 10 percent of total revenue, for which reason there is no related reporting.

NOTE 7 | EMPLOYEES AND EMPLOYEE BENEFITS EXPENSE

	2017			2016		
Average number of employees	**Men**	**Women**	**Total**	**Men**	**Women**	**Total**
Sweden						
Parent company	4	4	8	4	3	7
Other companies	108	93	201	95	76	171
Denmark	55	60	115	38	75	113
Finland	56	65	121	46	53	99
Norway	55	39	94	25	26	51
Other countries	19	21	40	9	9	18
Total	**297**	**282**	**579**	**217**	**242**	**459**

	2017			2016		
Salaries and remuneration	**Senior management**	**of which profit-related**	**Other employees**	**Senior management**	**of which profit-related**	**Other employees**
Sweden						
Parent company	10.2	3.2	7.4	7.2	1.3	3.0
Other companies	8.9	1.2	108.4	8.2	0.8	66.4
Denmark	5.4	1.1	74.4	4.6	0.7	53.5
Finland	5.9	1.0	59.5	4.3	0.7	42.6
Norway	4.9	0.9	64.4	2.5	0.4	25.2
Other countries	–	–	19.1	–	–	5.7
Total	**35.3**	**7.4**	**333.2**	**26.8**	**3.9**	**196.4**

	Group		Parent company	
Salaries, remuneration and social security costs	**2017**	**2016**	**2017**	**2016**
Salaries and other remuneration	367.7	223.2	17.6	10.2
Contractually agreed pensions for senior management	6.9	4.6	2.1	0.9
Contractual pensions to others	43.6	18.4	1.5	0.6
Other social security costs	66.6	59.3	6.9	3.3
Total	**484.8**	**305.5**	**28.1**	**15.0**

Proportion of women	**2017-12-31**	**2016-12-31**	**2017-12-31**	**2016-12-31**
Board of Directors	10%	7%	33%	33%
Other members of senior management	34%	37%	25%	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 senior management

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

The guidelines applied in the 2017 financial year for remuneration to senior management were 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 of the Board and one Board member, with the CEO as the reporting member. A fixed salary, variable remuneration and conventional employment benefits as well as pension benefits are paid to the CEO, Group management and other members of senior management. In addition, incentive programmes apply as described below. The remuneration committee adheres to the guidelines for remuneration to senior management approved by AddLife AB's AGM.

Call options for senior executives

The Group's share-based long-term incentive scheme makes it easier for senior management to acquire shares in the company. The reason for implementation of the long-term incentive scheme is to give management personnel within the AddLife Group the opportunity to learn about and work towards an increase in the value of the Company's shares through their own investment, thereby achieving greater alignment of interests between them and the Company's shareholders. The purpose of the incentive scheme is also to help senior executives to increase their shareholding in the Company over the long-term. The employees have paid a market-based premium for acquired call options on Class B shares. The option premium in the scheme was calculated by Nordea Bank by applying the established Black & Scholes measurement method. The calculations are based on the following parameters: the exercise price was set at 110 percent of the volume-weighted average price during the measurement period, volatility is based on statistical data derived from historical data, the risk-free interest rate was based on the interest rate for government bonds, maturity and exercise period under the terms of the

Note 7 cont'd

schemes and dividend according to estimates based on the Group's dividend policy.

The scheme includes a subsidy so that the employee receives an amount equal to the paid option premium in the form of cash compensation, i.e. salary, after two years. This subsidy and the associated social security costs are accrued as personnel costs over the vesting period. AddLife has the right but not the obligation to buy back the options when an employee terminates employment. The holder may exercise the options regardless of continued employment in the Group. Calculation of any dilutive effect is based on the number of outstanding shares at subscription of the scheme.

For information on outstanding call option schemes, please refer to The Administration Report/Buyback of treasury shares and incentive scheme.

The 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 2,421 thousand (2,013) and SEK 966 thousand (540) in variable pay. Variable remuneration includes SEK 309 thousand regarding the year's cost for a subsidy for participation in the Group's incentive programme. Taxable benefits for the CEO totalling SEK 153 thousand (144) 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. In 2017, a total of SEK 865 thousand (444) 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 6,481 thousand (2,635) in fixed salaries and SEK 2,412 thousand (783) in variable remuneration. Variable remuneration includes SEK 430 thousand regarding the year's cost for a subsidy for participation in the Group's incentive programme. This variable remuneration was expensed during the 2017 financial year and will be paid in 2018. Taxable benefits totalling SEK 408 thousand (216) 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 2017, a total of SEK 1,574 thousand (476) 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[1]	Other benefits	Pension costs	Total
Chairman of the Board	0.5	–	–	–	0.5
Other members of the Board	1.1	–	–	–	1.1
Chief Executive Officer	2.4	1.3	0.2	0.9	4.7
Other members of Group management[2]	6.5	2.4	0.4	1.6	10.9
Total	**10.5**	**3.7**	**0.6**	**2.4**	**17.2**

1) Including remuneration for those senior executives participating in incentive programmes.
2) During the year, other members of Group Management consisted of four people through August 2017, after which there were three people.

Board fees for 2017, SEK 000	Position	Fee
Johan Sjö	Chairman of the Board	0.5
Birgit Stattin Norinder	Member of the Board	0.2
Eva Nilsagård	Member of the Board	0.2
Fredrik Börjesson	Member of the Board	0.2
Håkan Roos	Member of the Board	0.2
Stefan Hedelius	Member of the Board	0.2
Total		**1.6**

NOTE 8 | REMUNERATION TO AUDITORS

	Group		Parent company	
	2017	2016	2017	2016
KPMG				
Audit assignment	2.9	2.6	0.8	0.7
Tax consultation	0.0	0.0	0.0	–
Other assignments	0.3	0.5	0.1	0.3
Total remuneration to KPMG	**3.2**	**3.1**	**0.9**	**1.0**
Other auditors				
Audit assignment	0.0	0.0	–	–
Tax consultation	0.2	0.0	–	–
Other assignments	0.3	0.3	–	–
Total remuneration to other auditors	**0.5**	**0.3**	**–**	**–**
Total remuneration to auditors	**3.7**	**3.4**	**0.9**	**1.0**

Audit assignments refers to the statutory audit of the annual and consolidated financial statements and accounting, as well as the administration of the Board of Directors and the Chief Executive Officer, along with auditing and other examinations carried out by agreement or contract. This includes other duties incumbent on the company's auditors, as well as advice or other assistance prompted by observations from such audits or the performance of other tasks.

NOTE 9 | DEPRECIATION AND AMORTISATION

	Group		Parent company	
	2017	2016	2017	2016
Depreciation and amortisation, by function				
Cost of sales	–12.3	–8.7	–	–
Selling expenses	–67.5	–32.9	–	–
Administrative expenses	–7.8	–3.7	–0.1	–0.1
Total	**–87.5**	**–45.3**	**–0.1**	**–0.1**

	2017	2016	2017	2016
Depreciation and amortisation, by type of asset				
Intangible assets	–67.8	–31.6	–0.1	–0.1
Buildings and land	–0.3	–0.2	–	–
Leasehold improvements	–1.1	–0.9	–	–
Machinery	–2.9	–2.5	–	–
Equipment	–15.4	–10.1	0.0	0.0
Total	**–87.5**	**–45.3**	**–0.1**	**–0.1**

NOTE 10 | OTHER OPERATING INCOME AND EXPENSES

Group	2017	2016
Other operating income		
Rental revenue	0.1	–
Gain on sale of operations and noncurrent assets	0.2	0.3
Exchange gains, net	0.0	2.8
Change in loans for contingent considerations	12.1	4.8
Other	3.7	1.3
Total	**16.2**	**9.2**
Other operating expenses		
Property costs	6.4	–0.0
Loss on sale of operations and noncurrent assets	–0.3	–0.2
Exchange losses, net	–6.4	–
Other	–6.2	–0.0
Total	**–6.5**	**–0.3**

NOTE 11 | OPERATING EXPENSES

Group	2017	2016
Inventories, raw materials and consumables	1,324.8	877.1
Employee benefits expense	399.9	237.5
Depreciation/amortisation	87.5	45.3
Impairment of inventories	4.0	2.1
Impairment of doubtful accounts receivable	0.1	0.7
Other operating expenses	360.7	210.0
Total	**2,177.0**	**1,372.7**

NOTE 12 | FINANCIAL INCOME AND COSTS

Group	2017	2016
Interest income on bank balances	0.3	0.3
Exchange rate changes, net	0.7	1.0
Financial income	**1.0**	**1.3**
Interest expense on financial liabilities measured at amortised cost	–6.5	–4.2
Interest expense on financial liabilities measured at fair value	–	–
Interest expense on pension liability	–1.5	–1.1
Exchange rate changes, net	–	–
Other finance costs	–1.3	0.0
Financial expenses	**–9.3**	**–5.3**
Net financial items	**–8.3**	**–4.0**

Parent company	2017	2016
Dividend income	0.0	75.0
Profit/loss from group companies	**0.0**	**75.0**
Interest income, etc:		
Interest income from group companies	10.4	5.8
Other interest income and change in value of derivatives	–	0.1
Interest income and similar items	**10.4**	**5.9**
Interest expense, etc:		
Interest expense from Group companies	0.0	–0.1
Exchange rate changes, net	0.0	–0.1
Other interest expense and change in value of derivatives	–6.7	–3.5
Interest expense and similar items	**–6.7**	**–3.7**

NOTE 13 | YEAR-END APPROPRIATIONS – PARENT COMPANY

	2017	2016
Provision made to tax allocation reserve	–11.3	–13.3
Group contributions paid	–15.0	–7.1
Group contributions received	72.1	66.3
Total	**45.8**	**45.9**

NOTE 14 | TAXES

Group	2017	2016
Current tax for the period	–42.1	–28.7
Adjustment from previous years	–2.6	–0.2
Total current tax expense	**–44.7**	**–28.9**
Deferred tax	7.4	3.8
Total recognised tax expense	**–37.3**	**–25.1**

Group	2017	%	2016	%
Profit/loss before taxes	157.6		118.1	
Weighted average tax based on national tax rates	–34.7	–22.0	–26.4	–22.4
Tax effects of non-deductible costs/non-taxable income	0.7	0.4	0.1	0.1
Changed tax rate	0.0	0.0	–0.3	–0.3
Adjustments from previous years	–2.6	–1.6	–0.2	–0.2
Other	–0.7	–0.4	1.7	1.4
Recognised tax expense	**–37.3**	**–23.7**	**–25.1**	**–21.3**

Deferred tax

Deferred taxes, net, at year-end	2017-12-31			2016-12-31		
Group	Receivables	Liabilities	Net	Receivables	Liabilities	Net
Non-current assets	5.7	–104.3	–98.6	4.9	–69.0	–64.1
Untaxed reserves	–	–0.3	–0.3	–	–6.4	–6.4
Pension provisions	5.7	–0.1	5.6	4.7	–0.1	4.6
Tax loss carryforwards	–	–	–	26.1	–	26.1
Other	29.1	–8.9	20.2	1.9	–0.3	1.6
Net recognised	–37.6	37.6	0.0	–35.6	35.6	0.0
Deferred taxes, net, at year-end	**2.9**	**–76.0**	**–73.1**	**2.0**	**–40.2**	**–38.2**

Unrecognised deferred tax assets
Deductible temporary differences and tax loss carryforwards for which deferred tax assets have not been recognised in the balance sheet:

	2017-12-31	2016-12-31
Tax deficits	–	17.3
Potential tax benefit	–	3.5
The expiry dates of these tax loss carryforwards are distributed as follows:		
0 > 10 years	–	17.3

Deferred tax assets have not been recognised for these items, since it is not probable that the Group will utilise them against future taxable profits.

Parent company	2017	2016
Current tax for the period	–7.6	–8.8
Total current tax expense	**–7.6**	**–8.8**
Deferred tax	–	–
Total recognised tax expense	**–7.6**	**–8.8**

Parent company	2017	%	2016	%
Profit/loss before taxes	32.0		114.8	
Tax based on current tax rate for parent company	–7.1	22.2	–25.3	22.0
Tax effects of non-deductible costs/non-taxable income	–0.5	1.6	16.5	–14.4
Recognised tax expense	**–7.6**	**23.8**	**–8.8**	**7.7**

NOTE 15 | INTANGIBLE NON-CURRENT ASSETS

2017-12-31

Intangible assets acquired Group	Goodwill	Supplier relationships, customer relationships and technology	Trademarks	Research and development	Software	Total
Accumulated cost						
Opening balance	534.1	405.2	0.9	63.3	34.8	1,038.3
Corporate acquisitions	120.1	191.9	–	13.6	0.1	325.7
Investments	–	10.5	–	11.2	3.5	25.2
Reclassifications	–	–	–	–	1.3	1.3
Divestments and disposals of assets	–	–1.5	–	–	–0.6	–2.1
Translation effect for the year	1.4	1.7	–	0.6	0.1	3.8
Closing balance	**655.6**	**607.8**	**0.9**	**88.7**	**39.2**	**1,392.2**
Accumulated depreciation and impairment losses						
Opening balance	–10.0	–115.7	–0.8	–27.9	–13.3	–167.7
Corporate acquisitions	–	–0.3	–	–4.6	0.0	–4.9
Depreciation/amortisation	0.0	–56.4	0.0	–5.2	–6.2	–67.8
Reclassifications	–	–	–	–	–0.2	–0.2
Divestments and disposals of assets	–	1.5	–	–	0.2	1.7
Translation effect for the year	–	–0.2	–	–0.3	–0.2	–0.7
Closing balance	**–10.0**	**–171.1**	**–0.8**	**–38.0**	**–19.7**	**–239.6**
Carrying amount at year-end	**645.6**	**436.7**	**0.1**	**50.7**	**19.5**	**1,152.6**
Carrying amount at start of year	**524.1**	**289.5**	**0.1**	**35.5**	**21.5**	**870.7**

2016-12-31

Intangible assets acquired Group	Goodwill	Supplier relationships, customer relationships and technology	Trademarks	Research and development	Software	Total
Accumulated cost						
Opening balance	489.2	319.5	0.5	–	31.5	840.7
Corporate acquisitions	43.4	83.8	0.4	63.7	1.5	192.8
Investments	–	–	–	–	2.0	2.0
Reclassifications	–	–	–	–	0.0	0.0
Divestments and disposals of assets	–0.2	–	–	–	–0.3	–0.5
Translation effect for the year	1.7	1.9	–	–0.4	0.1	3.3
Closing balance	**534.1**	**405.2**	**0.9**	**63.3**	**34.8**	**1,038.2**
Accumulated depreciation and impairment losses						
Opening balance	–10.1	–87.5	–0.3	–	–7.9	–105.8
Corporate acquisitions	–	–0.8	–0.4	–27.7	–1.3	–30.2
Depreciation/amortisation	–	–26.8	–0.1	–0.3	–4.4	–31.6
Divestments and disposals of assets	0.2	–	–	–	0.3	0.5
Translation effect for the year	–0.1	–0.5	–	0.1	–	–0.4
Closing balance	**–10.0**	**–115.7**	**–0.8**	**–27.9**	**–13.3**	**–167.5**
Carrying amount at year-end	**524.1**	**289.5**	**0.1**	**35.5**	**21.5**	**870.7**
Carrying amount at start of year	**479.1**	**232.0**	**0.2**	**–**	**23.6**	**734.9**

Goodwill distributed by business area	2017-12-31	2016-12-31
Labtech	130.7	119.9
Medtech	514.9	404.3
Total	**645.6**	**524.2**

Note 15 cont'd

Parent company	2017-12-31 Software	Total	2016-12-31 Software	Total
Accumulated cost				
Opening balance	0.4	0.4	0.4	0.4
Investments	–	–	–	–
Closing balance	**0.4**	**0.4**	**0.4**	**0.4**
Accumulated amortisation				
Opening balance	–0.1	–0.1	0.0	0.0
Depreciation/amortisation	–0.1	–0.1	–0.1	–0.1
Closing balance	–0.2	–0.2	–0.1	–0.1
Carrying amount at year-end	**0.2**	**0.2**	**0.3**	**0.3**
Carrying amount at start of year	**0.3**	**0.3**	**0.4**	**0.4**

Impairment testing of goodwill

AddLife's recognised goodwill amounts to SEK 645.6 million (524.1). Under IFRS, goodwill is not amortised; instead, goodwill is tested annually or more frequently to determine whether impairment indicators are present.

AddLife has historically completed a large number of acquisitions. Goodwill is allocated among cash-generating units, which correspond to the business areas. Impairment testing takes place at business area 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 net sales, 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 2018, which is base on the companies' budget. 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 9.5 percent (10.4–10.5) before tax. These calculations show that value in use significantly exceeds the carrying amount. Consequently, impairment testing indicated no impairment. No reasonable possible changes in key assumptions are expected to lead to impairment. The sensitivity of these calculations means that the value of goodwill will continue to be justified even if the discount rate increases by 2 percent, or if the long-term growth rate were to be lowered by 2 percentage points.

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 | TANGIBLE ASSETS

2017-12-31

Group	Buildings and land	Leasehold improvements	Machinery	Equipment	Total
Accumulated cost					
Opening balance	11.2	10.5	43.5	158.6	223.9
Corporate acquisitions	–	0.2	0.0	3.2	3.4
Investments	0.6	0.5	3.0	22.0	26.1
Divestments and disposals of assets	–0.2	–	–2.0	–17.4	–19.6
Reclassifications	–	–	–5.3	4.0	–1.3
Translation effect for the year	0.3	0.1	0.9	1.7	3.0
Closing balance	**11.9**	**11.3**	**40.1**	**172.1**	**235.5**
Accumulated depreciation and impairment losses					
Opening balance	–5.0	–7.3	–27.8	–116.0	–156.1
Corporate acquisitions	–	0.0	–	–1.7	–1.7
Depreciation/amortisation	–0.3	–1.1	–2.9	–15.4	–19.7
Divestments and disposals of assets	0.1	–	2.0	16.6	18.7
Reclassifications	–	0.0	4.4	–4.2	0.2
Translation effect for the year	–0.3	0.0	–0.6	–1.3	–2.2
Closing balance	**–5.5**	**–8.4**	**–24.9**	**–122.0**	**–160.8**
Carrying amount at year-end	**6.4**	**2.9**	**15.2**	**50.1**	**74.7**
Carrying amount at start of year	**6.2**	**3.2**	**15.7**	**42.6**	**67.8**

2016-12-31

Group	Buildings and land	Leasehold improvements	Machinery	Equipment	Total
Accumulated cost					
Opening balance	10.8	9.0	38.1	134.9	192.8
Corporate acquisitions	–	1.7	–	12.4	14.1
Investments	–	0.1	6.7	11.8	18.7
Divestments and disposals of assets	–	–0.6	–2.4	–3.2	–6.3
Reclassifications	–	–	–	–0.3	–0.3
Translation effect for the year	0.4	0.3	1.1	3.0	4.8
Closing balance	**11.2**	**10.5**	**43.5**	**158.6**	**223.9**
Accumulated depreciation and impairment losses					
Opening balance	–4.6	–5.6	–26.5	–96.7	–133.4
Corporate acquisitions	–	–1.1	–	–9.1	–10.3
Depreciation/amortisation	–0.2	–0.9	–2.5	–10.1	–13.7
Divestments and disposals of assets	–	–	1.9	2.1	4.1
Reclassifications	–	0.5	–	0.0	0.5
Translation effect for the year	–0.2	–0.2	–0.7	–2.2	–3.3
Closing balance	**–5.0**	**–7.3**	**–27.8**	**–116.0**	**–156.1**
Carrying amount at year-end	**6.2**	**3.2**	**15.7**	**42.6**	**67.8**
Carrying amount at start of year	**6.2**	**3.5**	**11.6**	**38.2**	**59.4**

	2017-12-31		2016-12-31	
Parent company	Equipment	Total	Equipment	Total
Accumulated cost				
Opening balance	0.2	0.2	0.2	0.2
Investments	–	–	–	–
Closing balance	**0.2**	**0.2**	**0.2**	**0.2**
Accumulated amortisation				
Opening balance	0.0	0.0	0.0	0.0
Depreciation/amortisation	0.0	0.0	0.0	0.0
Closing balance	**0.2**	**0.2**	**0.0**	**0.0**
Carrying amount at year-end	**0.2**	**0.2**	**0.2**	**0.2**
Carrying amount at start of year	**0.2**	**0.2**	**0.2**	**0.2**

NOTE 17 | LEASES

Operating leases	Group	
AddLife as lessor	2017	2016
Lease payments		
Lease payments made during the financial year	48.4	37.5
Future minimum lease payments under non-cancellable contracts fall due as follows:		
Within one year	40.0	39.3
Later than one year and within five years	87.2	55.6
Five years or later	29.6	–
Total future minimum lease payments	**156.8**	**94.8**

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

	Group	
AddLife as lessor	2017	2016
Lease revenue		
Lease income during the financial year	1.4	1.5
Future minimum lease income under non-cancellable contracts fall due as follows:		
Within one year	1.3	1.5
Later than one year and within five years	1.6	1.8
Five years or later	–	0.3
Total future minimum lease income	**4.3**	**5.0**

Most operating leases concern rental of technical equipment to customers.

AddLife as lessor

A total of SEK 1.4 million (1.5) was received in lease revenue during the financial year. SEK 1.3 million (1.5) remains to be received within one year, and thereafter a total of SEK 1.6 million (2.0) is receivable within two to five years. Most operating leases for which AddLife's companies are lessors concern the rental of technical equipment to customers.

Finance leases

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

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

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

SEKm, 2017-12-31	Financial assets and liabilities measured at fair value through profit or loss	Accounts receivable and loan receivables	Unlisted equity instruments carried at cost	Other liabilities	Total carrying amount
Financial assets	–	–	4.9	–	4.9
Non-current receivables	–	5.7	–	–	5.7
Accounts receivable	–	333.8	–	–	333.8
Cash and cash equivalents	–	11.0	–	–	11.0
Other receivables[1]	–	–	–	–	–
Total	–	**350.5**	**4.9**	**–**	**355.4**
Non-current interest-bearing liabilities	3.9	–	–	0.3	4.2
Current interest-bearing liabilities	9.9	–	–	518.6	528.5
Accounts payable	–	–	–	224.6	224.6
Other liabilities[2]	–0.5	–	–	0.3	–0.2
Total	**13.3**	**–**	**–**	**743.8**	**757.1**

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

Note 18 cont'd

SEKm, 2016-12-31	Financial assets and liabilities measured at fair value through profit or loss	Accounts receivable and loan receivables	Unlisted equity instruments carried at cost	Other liabilities	Total carrying amount
Financial assets	–	–	5.4	–	5.4
Non-current receivables	–	3.0	–	–	3.0
Accounts receivable	–	325.7	–	–	325.7
Cash and cash equivalents	–	14.7	–	–	14.7
Other receivables[1]	0.3	–	–	–	0.3
Total	**0.3**[3]	**343.4**	**5.4**	**–**	**349.1**
Non-current interest-bearing liabilities	10.0	–	–	0.7	10.7
Current interest-bearing liabilities	3.3	–	–	306.8	310.1
Accounts payable	–	–	–	229.4	229.4
Other liabilities[2]	–	–	–	0.7	0.7
Total	**13.3**	**–**	**–**	**537.6**	**550.9**

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

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

Current and noncurrent 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	2017-12-31	2016-12-31
Accounts receivable and loan receivables	–0.1	–0.0
Available-for-sale financial assets	–0.1	–0.0
Other liabilities	–6.5	–1.1
Total	**–6.7**	**–1.1**

	2017-12-31			2016-12-31		
	Carrying amount	Level 2	Level 3	Carrying amount	Level 2	Level 3
Derivatives held for trading purposes	–	–	–	0.3	0.3	–
Total financial assets at fair value by level	–	–	–	**0.3**	**0.3**	–
Derivatives held for trading purposes	–0.5	–0.5	–	–	–	–
Contingent considerations	13.8	–	13.8	13.3	–	13.3
Total financial liabilities at fair value per level	**13.3**	–0.5	**13.8**	**13.3**	–	**13.3**

The fair value and carrying amount are recognized in the balance sheet as shown in the table above. For quoted securities the fair value is determined on the basis of the asset's quoted price in an active market level 1. For currency contracts and embedded derivatives, the fair value is determined on the basis of observable market data level 2. For the Group's other financial assets and liabilities fair value is estimated to be the same as the carrying amount.

Contingent considerations	12 months ending 31 Dec 17	9 months ending 31 Dec 16
Carrying amount, opening balance	13.3	6.4
Acquisitions during the year	13.1	17.4
Consideration paid	–	–6.2
Reversed through profit or loss	–12.8	–4.8
Interest expenses	1.0	0.5
Exchange differences	–0.8	0.0
Carrying amount, closing balance	**13.8**	**13.3**

NOTE 19 | NONCURRENT FINANCIAL ASSETS

	Parent company	
Receivables from Group companies	**2017-12-31**	**2016-12-31**
Opening balance	774.7	671.5
Increase during the year	533.8	204.1
Decrease during the year	–177.1	–100.9
Carrying amount at year-end	**1,131.4**	**774.7**

Specification of interests in Group companies	Country	Number of shares	Quotient value	Holding %	Carrying amount 2017-12-31	Carrying amount 2016-12-31
AddLife Development AB	Sweden	1,000	100	100%	389.1	389.1

Interests in Group companies

	Parent company	
Accumulated cost	**2017**	**2016**
Opening balance	389.1	289.1
Shareholder contribution	–	100.0
Closing balance	**389.1**	**389.1**

NOTE 20 | INVENTORIES

Group	2017-12-31	2016-12-31
Raw materials and consumables	23.2	9.6
Work in progress	2.6	2.8
Finished goods	245.2	240.0
Total	**271.0**	**252.4**

Cost of sales for the Group includes impairment losses for inventories of SEK 4.0 million (2.1). No significant reversals of prior impairment losses were made in 2017 or 2016.

NOTE 21 | PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent company	
	2017-12-31	2016-12-31	2017-12-31	2016-12-31
Rent	3.9	3.5	0.0	0.1
Insurance premiums	2.1	1.3	0.4	0.4
Pension costs	1.7	1.4	–	0.2
Lease payments	1.7	1.4	0.1	0.1
License fees	1.9	1.0	0.2	–
Fairs	0.1	0.0	–	–
Other prepaid expenses	4.2	5.2	0.0	0.7
Other accrued income	1.1	2.1	–	–
Total	**16.7**	**16.0**	**0.7**	**1.5**

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 Group presents its financial reports in Swedish kronor (SEK).

Reserves	2017-12-31	2016-12-31
Foreign currency translation reserve		
Opening translation reserve	7.1	–4.0
Translation effect for the year	–13.0	11.1
Closing translation reserve	**–5.9**	**7.1**

Number of shares outstanding 2017-12-31	Class A shares	Class B shares	All share classes
Opening balance	1,011,766	23,375,327	24,387,093
Repurchase of treasury shares	–	–215,000	–215,000
Closing balance	**1,011,766**	**23,160,327**	**24,172,093**

Number of shares outstanding 2016-12-31	Class A shares	Class B shares	All share classes
Opening balance	809,413	18,884,262	19,693,675
Share issue	202,353	4,721,065	4,923,418
Repurchase of treasury shares	–	–230,000	–230,000
Closing balance	**1,011,766**	**23,375,327**	**24,387,093**

Parent Company

Restricted reserves

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

Share premium reserve

A share premium reserve arises in connection with a rights issue that is subscribed at a premium and is included in unrestricted equity.

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 the share premium 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 December 2017 consisted of 1,011,766 Class A shares, entitling the holders to 10 votes per share, and 23,605,327 Class B shares, entitling the holders to one vote per share. The quotient value of the share is SEK 2.037. The Company has repurchased 445,000 Class B shares, in the framework of the Company's ongoing repurchase programme. After subtracting repurchased shares, the number of Class B shares is 24,172,093 net.

NOTE 23 | UNTAXED RESERVES

Parent company	2017-12-31	2016-12-31
Tax allocation reserve, allocation for tax assessment 2016	5.2	5.2
Tax allocation reserve, allocation for tax assessment 2017	13.4	13.4
Tax allocation reserve, allocation for tax assessment 2018	11.3	–
Closing balance	**29.9**	**18.4**

NOTE 24 | PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

AddLife has defined benefit pension plans in Sweden. In these plans, a pension is determined mainly by the salary received at the time of retirement. Sweden also has 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 2017 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 and secured by insurance in Alecta is recognised as a defined-contribution plan. The year's fees for pension insurance with Alecta totalled SEK 8.4 million (5.6). 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 December 2017 was 154 percent (148).

Defined benefit pension plans

IAS 19, Employee benefits, is applied. 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. Some funded and unfunded pension plans apply in Sweden. 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. The interest rate for Swedish housing bonds is used as a basis for Swedish pension liabilities. Future increases in pensions are based on inflation assumptions. Remaining period of employment (life expectancy) is based on statistical tables prepared by Finansinspektionen (Sweden's Financial Supervisory Authority) and the Insurance Society, in Sweden DUS 14.

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.

Note 24 cont'd

Obligations for employee benefits, defined benefit pension plans

Pension liability as per balance sheet	2017-12-31	2016-12-31
Pension liability PRI	66.4	59.4
Other pension obligations	0.4	0.3
Total defined benefit pension plans	**66.8**	**59.7**

Obligations for defined benefits and the value of plan assets	2017-12-31	2016-12-31
Funded obligations:		
Present value of funded defined benefit obligations	–	–
Fair value of plan assets	–	–
Net debt, funded obligations	–	–
Present value of unfunded defined benefit obligations	66.8	59.7
Net amount in the balance sheet (obligation +, asset –)	**66.8**	**59.7**
Pension obligations and plan assets by country:		
Sweden		
Pension obligations	66.8	59.7
Net amount in Sweden	**66.8**	**59.7**
Net amount in the balance sheet (obligation +, asset –)	**66.8**	59.7

Reconciliation of net amount for pensions in the balance sheet	2017-12-31	2016-12-31
Opening balance	**59.7**	**63.6**
Change in accounting for pensions	2.3	–4.6
Payment of pension benefits	–1.7	–1.3
Funds contributed by employer	–	–
Translation effects	–	–
Revaluations	–	–
Gains and losses from settlements	6.5	2.3
Net amount in the balance sheet (obligation +, asset –)	**66.8**	**59.7**

Changes in the obligation for defined benefit plans recognised in the balance sheet	2017-12-31	2016-12-31
Opening balance	59.7	79.1
Pensions earned during the period	0.8	0.6
Interest on obligations	1.5	1.2
Benefits paid	–1.7	–1.3
Benefits earned during previous periods, vested	–	–6.7
Transferred benefits	–	–15.5
Revaluations:		
Gain (–)/loss (+) resulting from demographic assumptions	–	2.9
Gain (–)/loss (+) resulting from financial assumptions	5.4	1.1
Experienced-based gains (–)/losses (+)	1.1	–1.7
Translation effects	–	–
Gains and losses from settlements	–	–
Present value of pension obligations	**66.8**	**59.7**

Changes in plan assets	2017-12-31	2016-12-31
Opening balance	–	15.8
Funds contributed by employer	–	–
Return on plan assets, excluding interest income	–	–
Translation effects	–	–
Transferred plan assets	–	–15.8
Gains and losses from settlements	–	–
Fair value of plan assets	–	–

Pension costs	2017	2016
Defined benefit pension plans		
Cost for pensions earned during the year	4.1	–5.8
Interest on plan assets	1.5	1.2
Total cost of defined benefit plans	5.6	–4.6
Total cost of defined contribution plans	46.4	29.2
Social security costs on pension costs	5.2	1.9
Total cost of benefits after termination of employment	**57.2**	**26.5**

Allocation of pension costs in the income statement	2017	2016
Cost of goods sold	13.5	5.0
Selling and administrative expenses	42.1	20.2
Net financial items	1.6	1.3
Total pension costs	**57.2**	**26.5**

	2017	2016
Actuarial assumptions	Sweden	Sweden
The following material actuarial assumptions were applied in calculating obligations:		
Discount rate 1 January, %	2.5	–
Discount rate, 1 April, %	–	2.6
Discount rate 31 December, %	2.5	2.5
Future salary increases, %	3.0	3.0
Future increases in pensions (change in income base amount), %	2.5	2.5
Employee turnover, %	10	10
Mortality table	DUS 14	DUS 14

	2017	2016
Actuarial assumptions	Sweden	Sweden
Defined benefit pension obligations at 31 December 2017		
Discount rate increases by 0.5%	–5.9	–5.4
Discount rate decreases by 0.5%	6.9	6.1
Expected life expectancy increases by 1 year	3.2	2.7

The total number of commitments included in pension liabilities is distributed as follows:

Comprising	2017-12-31	2016-12-31
Active	21	24
Disability pensioners	1	1
Paid-up policyholders	101	105
Pensioners	68	60
The total number of commitments included in pension liabilities	**191**	**190**

NOTE 25 | PROVISIONS

Group 2017-12-31	Personnel	Warranties	Other	Total
Carrying amount at start of period	–	0.0	5.9	5.9
Provisions made during the period	–	1.1	1.0	2.1
Amounts utilised during the period	–	–	–4.5	–4.5
Unutilised amounts reversed	–	–	–0.4	–0.4
Translation effects	–	0.0	–	0.0
Other	–	–	–	–
Carrying amount at end of period	**–**	**1.1**	**2.0**	**3.1**

Group 2016-12-31	Personnel	Warranties	Other	Total
Carrying amount at start of period	0.3	0.0	4.5	4.8
Provisions made during the period	–	–	8.4	8.4
Amounts utilised during the period	–0.3	–	–7.0	–7.3
Unutilised amounts reversed	–	–	–	–
Translation effects	–	–	–	–
Other	–	–	–	–
Carrying amount at end of period	**0.0**	**0.0**	**5.9**	**5.9**

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 opinion.

NOTE 26 | NONCURRENT INTEREST-BEARING LIABILITIES

	Group	
	2017-12-31	2016-12-31
Other interest-bearing liabilities:		
Maturing within 2 years	4.2	10.7
Maturing within 3 years	–	–
Maturing within 4 years	–	–
Maturing within 5 years	–	–
Maturing in five years or later	–	–
Total other non-current interest-bearing liabilities	**4.2**	**10.7**
Total	4.2	10.7

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

For more information about the Group's liabilities to credit institutions, see note 27 Current interest-bearing liabilities.

NOTE 27 | CURRENT INTEREST-BEARING LIABILITIES

	Group		Parent company	
Bank overdraft facility	**2017-12-31**	**2016-12-31**	**2017-12-31**	**2016-12-31**
Approved credit limit	450.0	450.0	450.0	450.0
Unutilised portion	–132.6	–293.8	–132.6	–293.8
Credit amount utilised	**317.4**	**156.2**	**317.4**	**156.2**
Other liabilities to credit institutions	201.2	150.6	199.7	150.0
Other interest-bearing liabilities	9.9	3.3	–	–
Total	**528.5**	**310.1**	**517.1**	**306.2**

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

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

	2017-12-31		2016-12-31	
Currency	Local currency	SEKm	Local currency	SEKm
EUR	–	–	0.1	0.6
SEK	199.7	199.7	150.0	150.0
NOK	1.5	1.5	–	–
Total		**201.2**		**150.6**

The Group's financing is primarily managed by the Parent Company AddLife AB. The Parent Company's bank overdraft facility carried 0.4 percent interest per 31 December 2017.

NOTE 28 | ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent company	
	2017-12-31	2016-12-31	2017-12-31	2016-12-31
Other deferred income	2.5	1.1	–	–
Salaries and holiday pay	78.5	57.4	12.7	2.2
Social security costs and pensions	17.7	17.1	2.3	0.6
Other accrued expenses[1]	18.2	18.4	1.6	4.1
Total	**116.9**	**93.9**	**16.6**	**6.9**

1) Other accrued expenses mainly consist of overhead accruals.

NOTE 29 | RELATED-PARTY TRANSACTIONS FOR MORE INFORMATION

No transactions with related parties took place during the financial year other than remuneration to senior management. For more information see Note 7.

NOTE 30 | PLEDGED ASSETS AND CONTINGENT LIABILITIES

	Group		Parent company	
Group	**2017-12-31**	**2016-12-31**	**2017-12-31**	**2016-12-31**
Pledged assets	4.6	0.0	–	–
Total	**4.6**	**0.0**	–	–
Contingent liabilities				
Guarantees	2.5	2.6	–	–
Guarantees for subsidiaries [1)]	–	–	40.8	39.8
Total	**2.5**	**2.6**	**40.8**	**39.8**

1) Relates to PRI liabilities.

NOTE 31 | CASH FLOW STATEMENT

	Group		Parent company	
Adjustment for items not included in cash flow	**2017**	**2016**	**2017**	**2016**
Depreciation/amortisation	87.5	45.3	0.1	0.0
Gain/loss on sale of operations and non-current assets	0.0	–	–	–
Change in pension liability	0.5	–6.2	–	–
Change in other provisions and accrued items	2.7	–	–	–
Group contributions/ dividends not paid	–	–	0.0	–80.8
Other	–12.4	–2.4	3.4	0.2
Total	**78.3**	**36.7**	**3.5**	**–80.6**

For the Group, interest received during the year totalled SEK 0.3 million (0.3), and interest paid was SEK 6.5 million (4.2).

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:

	2017	**2016**
Non-current assets	212.2	122.9
Inventories	32.5	25.5
Receivables	42.8	51.2
Cash and cash equivalents	7.8	16.6
Total	**295.3**	**216.2**
Interest-bearing liabilities and provisions.	8.5	–
Non-interest-bearing liabilities and provisions.	45.5	83.3
Total	**54.0**	**83.3**
Consideration paid	–291.5	–158.9
Cash and cash equivalents in acquired companies	7.8	16.6
Effect on the Group's cash and cash equivalents	–283.7	–142.3

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 cash and cash equivalents in the balance sheet was applied in the cash flow statement.

Reconciliation of debts arising from financing activities

			Changes that do not affect cash flow			
Group	**Opening balance, 2017-01-01**	**Cash Flow**	**Acquisition of sub-sidiaries**	**Exchange rate changes**	**Changes in fair val-ue**	**Closing balance, 2017-12-31**
Bank overdraft facility	156.2	157.9	3.3	–	–	317.4
Current liabilities to credit institutions	150.6	39.9	10.9	–0.2	–	201.2
Other non-current interest-bearing liabilities	14.0	–0.4	0.3	–0.8	1.0	14.1
Total liabilities arising from financing activities	**320.8**	**197.4**	**14.5**	**–1.0**	**1.0**	**532.7**

Reconciliation of debts arising from financing activities

Parent company	**Opening balance, 2017-01-01**	**Cash Flow**	**Closing balance, 2017-12-31**
Bank overdraft facility	156.2	161.2	317.4
Current liabilities to credit institutions	150.0	49.7	199.7
Total liabilities arising from financing activities	**306.2**	**210.9**	**517.1**

NOTE 32 | ACQUISITIONS WITHIN BUSINESS AREAS

Acquisitions	Country	Date of acquisition	Net sales, SEKm	Number of employees[1)]	Business area
Mediplast AB	Sweden	July, 2015	465	120	Medtech
Fenno Medical Oy	Finland	July, 2015	185	35	Medtech
V-Tech AB and Esthe-Tech AB	Sweden	April, 2016	50	11	Medtech
Svan Care AB	Sweden	October, 2016	35	13	Medtech
Biolin Scientific AB	Sweden	December, 2016	100	68	Labtech
TM Techno Medica AB	Sweden	January, 2017	30	5	Medtech
Hepro AS	Norway	March, 2017	165	40	Medtech
Krabat AS	Norway	July, 2017	30	13	Medtech

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

According to the acquisition analyses, the acquisitions carried out during financial year 2017 were as follows:

	Fair value
Intangible non-current assets	210.5
Other non-current assets	1.7
Inventories	32.5
Other current assets	50.5
Deferred tax liability/tax asset	–45.7
Other liabilities	–53.9
Acquired net assets	195.5
Goodwill	114.5
Consideration[1)]	310.1
Less: cash and cash equivalents in acquired businesses	–7.8
Less: acquired debt to acquired companies	–5.6
Contingent consideration not yet paid	–13.1
Effect on the Group’s cash and cash equivalents	283.7

1) The consideration is stated excluding acquisition expenses.

According to the preliminary acquisition analyses, the acquisitions carried out during financial year 2016 were as follows:

	Fair value
Intangible non-current assets	118.6
Other non-current assets	4.3
Inventories	25.5
Other current assets	59.4
Deferred tax liability/tax asset	8.4
Other liabilities	–83.3
Acquired net assets	132.9
Goodwill	43.4
Consideration[1)]	176.3
Less: cash and cash equivalents in acquired businesses	–16.6
Contingent consideration not yet paid	–17.4
Effect on the Group’s cash and cash equivalents	142.3

1) The consideration is stated excluding acquisition expenses. The acquisition analyses for 2016 are preliminary at year-end since all acquisitions balances have not yet been finalised.

The combined consideration for the acquisitions was SEK 310.1 million (176.3), of which SEK 114.5 million (43.4) was allocated to goodwill and SEK 210.5 million (118.6) to other intangible assets. The consideration consists only of cash payment. The transaction costs for acquisitions with a takeover date during the 2017 financial year totalled SEK 1.8 million (1.8) and are recognised in selling expenses.

The outcome of additional contingent considerations depends on the results achieved in the companies and has a set maximum level. The fair value of not yet paid contingent consideration for acquisitions made during the financial year is calculated to SEK 10.5 million, which is approximately 38 percent of the maximum outcome.

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.

The combined effect of the acquisitions on consolidated net sales was SEK 158 million (59), while the combined effect on EBITA was SEK 32 million (12), operating profit was SEK 17 million (9) and after-tax profit for the year was SEK 16 million (6).

Had the acquisitions been completed on 1 January 2017, their impact would have been an estimated SEK 196 million (141) on consolidated net sales, SEK 38 million (20) on EBITA, about SEK 22 million (12) on operating profit and about SEK 20 million (4) on after-tax profit for the year.

The acquisitions were completed at an average EV/EBIT multiple of about 6 (6).

NOTE 33 | EARNINGS PER SHARE

	2017	2016
Earnings per share (EPS), SEK	4.95	3.87
Diluted EPS, SEK	4.94	3.87

See Note 2 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 for the 2017 financial year and a weighted average number of shares outstanding (000s). The calculation of earnings per share for 2016 is based on profit for the nine-month period April–December 2016 and a weighted average number of shares outstanding (000s). The two components are as follows:

	2017	2016
Profit for the year (SEKm)	120.3	93.0

Weighted average number of shares during the year in thousands of shares	2017	2016
Weighted average number of shares during the year	24,347	24,027

The 445,000 call options issued on shares bought back entail a dilution effect of about 0.1 percent during the financial year.

NOTE 34 | INFORMATION ABOUT THE 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.

Head office address:
AddLife AB (publ.)
Box 3145
103 62 Stockholm, Sweden
www.add.life

NOTE 35 | EVENTS AFTER THE REPORTING PERIOD

Acquisitions

On 23 February 2018 Ossano Scandinavia AB was acquired. The company will be included in the Medtech business area. Ossano Scandinavia is a niche supplier selling and marketing orthopaedic products. Ossano Scandinavia offers both instruments and disposable items, mainly in the field of back and hip surgery, along with equipment and disposable items for the operating theatre. The company, which has five employees and sales of SEK 22 million, will be integrated into Mediplast AB.

According to the preliminary acquisition analyses carried out after the 2017 financial year, the assets and liabilities included in the acquisitions were as follows:

	Fair value
Intangible non-current assets	10.3
Other non-current assets	0.1
Inventories	1.5
Other current assets	5.9
Deferred tax liability/tax asset	–2.6
Other liabilities	–4.2
Acquired net assets	11.0
Goodwill	–
Consideration[1]	11.0
Less: cash and cash equivalents in acquired businesses	–2.5
Less contingent consideration not yet paid	–
Effect on the Group's cash and cash equivalents	8.5

1) The consideration is stated excluding acquisition expenses.

Financing

In March 2018 AddLife extended the credit facility of SEK 300 million at Danske Bank by another year. The credit facility matures in March 2020.

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

NOTE 36 | PROPOSAL FOR PROFIT DISTRIBUTION

The following amounts are available for distribution by the Annual General Meeting of AddLife AB:

Share premium reserve	550.6
Retained earnings	16.3
Profit for the year	24.4
Total earnings	**591.3**

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

A dividend paid to shareholders of SEK 2.20 per share [1]	53.2
To be carried forward	538.1
	591.3

1) Calculated based on the number of shares outstanding on 31 December 2017.

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 29 March 2018

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 29 March 2018

KPMG AB

Håkan Olsson Reising
Authorised Public Accountant
Auditor in charge

Jonas Eriksson
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of AddLife AB, corp. id 556995-8126

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of AddLife AB for the year 2017, except for the sustainability report on pages 22-34. The annual accounts and consolidated accounts of the company are included on pages 22-34 and 41-91 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2017 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2017 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the sustainability report on pages 22-34.

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, and the corporate governance statement is in accordance with the Annual Accounts Act.

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

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of aquired intangible assets and parent company's shares in subsiduaries.

See disclosures 15 and 19 and accounting principles on pages 64-69 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The carrying value of acquired intangible assets, which comprise goodwill, suppler relations and technology etc, is 1 153 million SEK as of 31 December 2017, which represents approximately 61 % of total assets. Annually, or if any indicators of impairment exist, goodwill is subject to an impairment test which is complex and contains significant elements of judgement.

The impairment test as required by IFRS is to be performed taking into account both forecasted internal and external assumptions and plans. Examples of such judgements are future cash flows and the discount rate applied considering that estimated future payments are subject to risk.

The parent company holds in Group companies of 389 million SEK as at 31 December 2017. If the book value of the shares exceeds the equity in a given Group company, a similar type of impairment test is performed using the same methodology and assumptions as is done in respect of goodwill in the Group.

Response in the audit

We have obtained and assessed the Group's impairment tests to ascertain whether they are carried out in accordance with the techniques prescribed by IFRS.

In addition, we have assessed the reasonableness of future cash flows and discount rates by obtaining and evaluating the Group's written documentation and plans. We have also performed retrospective review over prior period estimates. An important part of our work has been to evaluate how changes in assumptions may affect the valuation by obtaining and assessing the Group's sensitivity test.

We have also reviewed the Annual report disclosures for completeness, and assessed whether the disclosures are in line with the assumptions used by management in their valuation and that they are, in all material respects, in accordance with the disclosures required by IFRS.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 2-39 and 98-105. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Respionsibilities of the Board of Directors and the Managing Director

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

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

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

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

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

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

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

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of AddLife AB for the year 2017 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

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

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

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

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

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

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the sustainability report on pages 22-34, and that it is prepared in accordance with the Annual Accounts Act. Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of AddLife AB by the general meeting of the shareholders on the 29 May 2017. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2015/2016.

Stockholm 29 March 2018

KPMG AB KPMG AB

Håkan Olsson Reising
Authorized Public Accountant
Auditor in Charge

Jonas Eriksson
Authorized Public Accountant

Board of Directors and Management

Information relating to shareholdings as at 28 February 2018

Board of Directors

From left: Håkan Roos, Birgit Stattin Norinder, Stefan Hedelius, Eva Nilsagård, Fredrik Börjesson and Johan Sjö.

JOHAN SJÖ
Chairman of the Board since 2015
Born in: 1967
Education: M.Sc. Econ.
Significant appointments: Chairman of the Board of OptiGroup AB. Director for Addtech AB and Bergman & Beving aktiebolag.
Professional experience: Chief Executive Officer and director for Addtech AB and senior management at B&B TOOLS AB; prior to that Alfred Berg/ABN AMRO.
Independent in relation to AddLife and its senior executives: Yes
Independent in relation to major shareholders: Yes
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. Director for 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: (incl. related parties) 2,000 Class B shares.

EVA NILSAGÅRD
Board member since 2015.
Born in: 1964
Education: M.Sc. Econ.
Significant appointments: Director for Bufab AB.
Professional experience: Positions in the Volvo Group, chief financial officer for Vitrolife AB and Plastal Industri AB.
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.
Significant appointments: Chairman of the Board of Bostad Direkt Stockholm Aktiebolag, Ventilationsgrossisten Nordic AB and Northpower Stålhallar AB. Director for Momentum Group AB, Lagercrantz Group AB and Tisenhult-gruppen AB.
Professional experience: Chief Executive Officer for Tisenhult-gruppen AB.
Independent in relation to AddLife and its senior executives: Yes.
Independent in relation to major shareholders: Yes.
Holdings of shares in AddLife: (incl. related parties) 3,155 Class B shares.

HÅKAN ROOS
Board member since 2015
Born in: 1955
Education: M.Sc. Econ.
Significant appointments: Chairman of the Board of RoosGruppen AB and Sandå Sverige AB. Director for OptiGroup AB, Gadelius, Japan and Nordic Kitchen Group AB.
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: (Incl. related parties) 469,923 Class A shares and 2,924,494 Class B shares.

STEFAN HEDELIUS
Board member since 2015.
Born in: 1969
Education: University studies in finance, various international executive education programmes.
Significant appointments: Director for Momentum Group AB
Professional experience: Chief Executive Officer for Human Care HC AB, previously Chief Executive Officer for NOTE AB, Vice President, Brand and Marketing, Scandinavian Airlines (SAS), as well as positions at Ericsson, including Vice President Marketing and Communications, 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: 1,000 Class B shares.

Auditor – KPMG

Auditor in charge: Håkan Olsson Reising, since January 2017, Authorised Public Accountant, Stockholm.
Born in: 1961.
Other assignments: Alfa Laval, Lagercrantz Group, Momentum Group, Actic Group, Renault and Uddeholm.

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

Information relating to shareholdings as at 28 February 2018

Group Management

From left: Martin Almgren, Lars-Erik Rydell, Kristina Willgård and Peter Simonsbacka.

KRISTINA WILLGÅRD

CEO since 2015.
Born in: 1965
Member of Group Management since: 2015
Education: M.Sc. Econ.
Professional experience: CFO Addtech AB, Finance Director Ericsson, CFO Netwise, CFO Frontec, Business controller Spendrups and Auditor at Arthur Andersen.
Other appointments:: Director for SERNEKE Group AB and Nordic Waterproofing Holding A/S.
Holdings of shares in AddLife: 1,008 Class A shares and 44,531 Class B shares.
Call options corresponding to 67,700 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 EY.
Holdings of shares in AddLife: 5,625 Class B shares.
Call options corresponding to 57,650 shares.

LARS-ERIK RYDELL

Business Area Manager, Medtech since 2015
Born in: 1955
Member of Group Management since: 2017
Professional experience: CEO of Mediplast AB, Sales Manager Althin Medical AB and Area Manager Gambro AB.
Holdings of shares in AddLife: 83,153 Class B shares
Call options corresponding to 40,000 shares.

PETER SIMONSBACKA

Business Area Manager Labtech since 2015
Born in: 1960
Member of Group Management since: 2017
Education: Engineer
Professional experience: Business area manager for Addtech Nordic AB, CEO BergmanLabora AB and Business area manager for Mettler-Toledo AB.
Other appointments:: Chairman of the Board for Swedish Labtech.
Holdings of shares in AddLife: 507 Class B shares
Call options corresponding to 40,000 shares.

Definitions

Return on equity

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

	2017	2016 (9 months)	2016 (12 months)
Profit/loss for the period	120.3	93.0	111.8
Average equity	727.8	601.2	545.1
Return on equity	120.3/727.8 = 16.5%	93.0/601.2 = 15.5%	111.8/545.1 = 20.5%

Return on working capital (P/WC)

EBITA in relation to average working capital.

	2017	2016 (9 months)	2016 (12 months)
Operating profit before depreciation of intangible assets, EBITA, P	233.7	153.7	188.7
Average working capital (WC)	368.5	310.8	303.9
(P/WC)	233.7/368.5 = 63.4%	153.7/310.8 = 49.5%	188.7/303.9 = 62.1%

Return on capital employed

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

	2017	2016 (9 months)	2016 (12 months)
Profit before tax	157.6	118.1	142.2
Interest expense according to note 12 (+)	5.0	5.3	8.9
Net exchange differences according to note 12	0.7	1.0	1.1
Profit after financial items plus interest expenses	163.3	124.4	152.2
Average capital employed	1 309.7	992.0	1 012.0
Return on capital employed	163.3/1,309.7 = 12.5%	124.4/992.0 = 12.5%	152.2/1,012.0 = 15.0%

EBITDA

Operating profit before depreciation and amortisation.

	2017	2016 (9 months)	2016 (12 months)
Operating profit	165.9	122.1	148.3
Depreciation of property, plant and equipment (+)	19.7	13.7	13.7
Amortisation of intangible assets note 15 (+)	67.8	31.6	31.6
Operating profit before depreciation and amortisation, EBITDA	253.4	167.4	193.6

EBITA

Operating profit before amortisation of intangible assets.

	2017	2016 (9 months)	2016 (12 months)
Operating profit	165.9	122.1	148.3
Amortisation of intangible assets	67.8	31.6	40.5
Operating profit before amortisation of intangible assets, EBITA	233.7	153.7	188.7

EBITA margin

EBITA as a percentage of net sale.

	2017	2016 (9 months)	2016 (12 months)
Operating profit before amortisation of intangible assets, EBITA	233.7	153.7	188.7
Net sale	2 333.3	1 485.6	1 938.30
EBITA margin	233.7/2 333.3 = 10.0%	153.7/1 485.6 = 10.3%	188.7/1 938.3 = 9.7%

Equity per share

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

	2017	2016
Shareholders' proportion of equity	748.0	716.9
Number of shares outstanding at the end of the reporting period	24 172	24 387
Equity per share	748.0/24 172 = 30.95	716.9/24 387 = 29.40

Cash flow per share

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

	2017	2016
Cash flow from operating activities	208.0	132.9
Average number of shares	24 321	22 950
Cash flow per share	208.0/24 321 = 8.55	132.9/22 950 = 5.79

Net Debt/Equity ratio

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

	2017	2016
Net Debt	588.5	365.9
Equity	748.0	716.9
Net Debt/Equity ratio	588.5/748.0 = 0.8	365.9/716.9 = 0.5

Earnings per share (EPS)

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

	2017	2016 (9 months)	2016 (12 months)
Shareholders' proportion of profit/loss for the year	120.3	93.0	111.8
Average number of shares outstanding	24 321	24 027	22 950
Earnings per share (EPS)	120.3/24 321 = 4.95	93.0/24 027 = 3.87	111.8/22 950 = 4.87

Profit growth EBITA

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

	2017	2016 (9 months)	2016 (12 months)
This year operating profit before amortisation of intangible assets, EBITA (+)	233.7	153.7	188.7
Previous year's operating profit before amortisation of intangible assets, EBITA (–)	–188.7	–135.2	–128.9
Profit growth EBITA	45.0	18.5	59.8
Profit growth EBITA (%)	45.0/188.7 = 23.8%	18.5/135.2 = 13.7%	59.8/128.9 = 46.5%

Financial net liabilities

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

Amount from balance sheet	2017	2016
Long-term interest-bearing liabilities	4.2	10.7
Pension provisions	66.8	59.7
Short-term interest-bearing liabilities	528.5	310.1
Interest-bearing liabilities and interest-bearing provisions	599.5	380.5
Cash and cash equivalents (–)	–11.0	–14.7
Financial net liabilities	588.5	365.9

Net debt/EBITDA

Financial net liabilities divided by EBITDA.

	2017	2016
Financial net liabilities	588.5	365.9
EBITDA	253.4	206.7
Net debt/EBITDA	588.5/253.4 = 2.3	365.9/206.7 = 1.8

Interest coverage ratio

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

	2017	2016
Profit before tax for the period	157.6	142.2
Interest expense according to note 12 (+)	5.0	8.9
Net exchange differences according to note 12	0.7	1.1
Profit /loss after net financial items, plus interest expense, plus/minus exchange differences	163.3	152.2
Interest coverage ratio	163.3/5.0 = 32.7	152.2/8.9 = 17.0

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).

	2017	2016
Inventories yearly average (+)	279.2	234.7
Accounts receivable yearly average (+)	278.9	231.2
Accounts payable yearly average (–)	–189.6	–162.0
Working capital (WC)	368.5	303.9

Operating margin
Operating profit/loss as a percentage of net sales.

	2017	2016 (9 months)	2016 (12 months)
Operating margin	165.9	122.1	148.3
Net sales	2 333.3	1 485.6	1 938.3
Operating margin	165.9/2,333.3 = 7.1%	122.1/1,485.6 = 8.2%	148.3/1,938.3 = 7.6%

Equity ratio
Equity as a percentage of total assets.

	2017	2016
Equity	748.0	716.9
Total assets	1 891.3	1576.7
Equity ratio	748.0/1,891.3 = 39.5%	716.9/1,576.7 = 45.5%

Net Debt/Equity ratio
Interest-bearing liabilities and interest-bearing provisions, excluding pension provisions, in relation to shareholders' equity.

Amount from balance sheet	2017	2016
Long-term interest-bearing liabilities	4.2	10.7
Provisions	66.8	59.7
Short-term interest-bearing liabilities	528.5	310.1
Interest-bearing liabilities and interest-bearing provisions	599.5	380.5
Equity	748.0	716.9
Net Debt/Equity rati	599.5/748.0 = 0.8	380.5/716.9 = 0.5

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

Amount from balance sheet	2017	2016
Deferred tax liabilities	76.0	40.2
Accounts payble	224.6	229.4
Tax liabilities	36.4	25.6
Other liabilities	86.5	83.6
Accrued expenses and deferred income	116.9	93.9
Provisions	3.1	5.9
Non-interest-bearing liabilities and provisions	543.5	478.6
Total assets	1,891.3	1,576.7
Capital employed	1,891.3–543.5 = 1,347.8	1,576.7–478.6 = 1,098.1

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

	2017	2016 (9 months)	2016 (12 months)
Profit/loss after net financial items	157.6	118.1	142.2
Net sales	2,333.3	1,485.6	1,938.3
Profit margin	157,6/2,333,3 = 6,8%	118,1/1,485,6 = 7,9%	142,2/1,938,3 = 7,3%

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 Thursday, 31 May 2018 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, 25 May 2018,
- and provide the Company with notification of their attendance by 3.00 p.m. Friday, 25 May 2018 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 2017 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 Monday, 22 May 2018.

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 2 May 2018.

AddLife	**www.add.life**
BergmanLabora AB	www.bergmanlabora.se
Biolin Scientific AB	www.biolinscientific.com
BioNordikagruppen	www.bionordika.se
	www.bionordika.dk
	www.bionordika.no
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Esthe-Tech AB	www.esthe-tech.se
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Holm & Halby A/S	www.holm-halby.dk
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