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Annual report 2018

AddLife

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Content

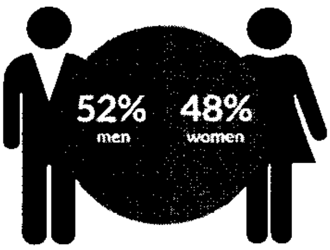
AddLife in brief

The foundation of AddLife's business is the constant endeavour to improve people's lives by being a leading, value-creating player in Life Science.

AddLife is a leading independent distributor to the European Life Science market. The business focuses on selected niches in laboratory analysis and medical technology. Sales occur in about 25 countries, primarily in the Nordic region, Central Europe and Eastern Europe. Its customers are primarily hospitals and laboratories, as well as the food and pharmaceutical industries.

The 43 subsidiaries have strong brands in their product portfolio. The Group is the market leader in the Nordic region in several of its niche areas and also operates in Central and Eastern Europe, the Baltic region, the Benelux countries, Italy and China.

A leading player in the Life Sciences



873
EMPLOYEES

VISION

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

MISSION

AddLife provides added value to customers in healthcare laboratories and research by offering high quality cost effective products, solutions and advisory services to both the private and public sectors primarily in Europe.

VALUE/CORE VALUES

Simplicity
Engagement
Accountability
Innovation

These core values are the guiding principles for our employees in their daily work and play a key role in our entrepreneurial business model.

AddLife Quick Guide

Active on the European Life Science market

Develops and acquires profitable market-leading niche companies in laboratory and medical technology

Offers the latest technology in equipment, instruments, reagents, consumable supplies, assistive technology, technical support and service

Has an entrepreneur-driven organisational model with independent subsidiaries

The AddLife share is listed on NASDAQ Stockholm, Nordic Mid Cap list

The year in figures

AddLife has shown steady growth both organically and through acquisitions since it was listed in 2016. Sales for full-year 2018 increased by a total of 6 percent to SEK 2,482 million, with this growth resulting from the acquisitions of the past year. EBITA increased by 5 percent to SEK 245 million after costs of over SEK 6 million related to the acquisition of Biomedica, though neither sales nor profit from the acquired business are included.

Financial outcome

Net sales rose by 6 percent to SEK 2,482 million (2,333).

EBITA amounted to SEK 245 million (234), representing an EBITA margin of 9.9 percent (10.0).

Profit after tax rose by 7 percent and amounted to SEK 129 million (120).

Earnings per share totalled SEK 5.36 (4.95).

Cash flow from operating activities amounted to SEK 177 million (208) and the equity ratio was 35 percent (40).

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

At the end of 2018 the Board of Directors decided to raise about SEK 500 million through a rights issue to continue expansion and to acquire more interesting companies for the Group, with the aim of achieving the long-term goal of annual profit growth of 15 percent. The issue was fully subscribed.

NET SALES

SEKm **2,482**

TURNOVER GROWTH

6%

EARNINGS GROWTH

5%

EBITA

SEKm **245**

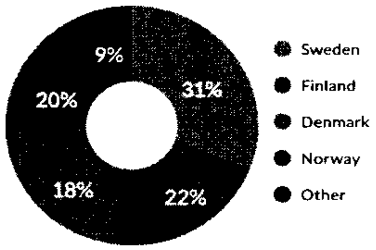
P/WC

62%

LABTECH BUSINESS AREA

58%
of net sales

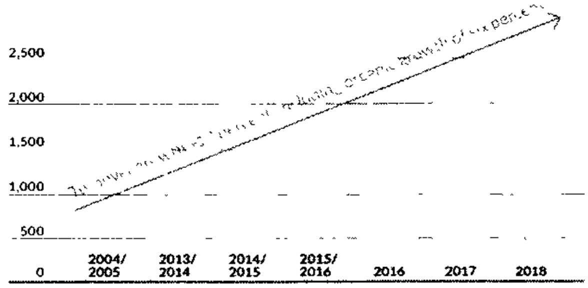
SHARE OF NET SALES BY MARKET 2018



MEDTECH BUSINESS AREA

42%
of net sales

NET SALES, SEKm



Expansion on new markets

▸ Ever since AddLife was listed three years ago, our aim has been to build a strong position in the Nordic countries in our selected segments in Labtech and Medtech. We have focused on developing our business through organic growth and by expanding through acquisitions. In 2018 AddLife took an important step toward expansion and growth. Through our largest acquisition to date, Austrian Biomedica, we opened the door to Europe. The four other acquisitions completed during the year further strengthened the company within the prioritized niche areas. Together, the five acquisitions for the year are expected to add annual sales of about SEK 750 million.

Acquisitions created growth during the year

AddLife continually develops its business by growing both organically and through acquisitions. Sales in 2018 increased by 6 percent as a result of the acquisitions carried out during the year. However, the Group's organic growth during the year did not materialize because a couple of our current companies did not quite meet expectations. Profit growth (EBITA) increased during the year by 5 percent to SEK 245 million, corresponding to an EBITA margin on a par with the previous year

Our long-term objective is to generate EBITA growth of 15 percent per year. The average during our three first years on the stock exchange is 24 percent. We continue to report good profitability with a return on working capital, measured as P/WC, of 62 percent, substantially higher than our goal of 45 percent.

Expansion in Europe through our largest acquisition to date

In late December, AddLife completed the acquisition of Biomedica, which is our largest to date and an important entry point for us into the European market. Biomedica delivers products and services within laboratory technology and medical technology primarily to publicly funded healthcare services. The company has a similar business model as AddLife, where the market offering and organisation create synergies that open opportunities to jointly develop the business. We gain access to markets in Central and Eastern Europe with a population that is more than four times the size of the Nordic region. The Biomedica acquisition creates favourable conditions for long term profitable growth in completely new geographic markets.

"The Biomedica acquisition creates favourable conditions for long term profitable growth in completely new geographic markets."

Continued focus on profitable niches

AddLife continually searches for companies that complement our existing businesses and over the course of the year we completed four additional acquisitions within attractive and profitable niches. The Finnish company Väinö Korpinen, which develops accessible bathroom solutions primarily intended for medical facilities and nursing homes, was acquired and added to the Medtech business area. Three smaller acquisitions were also completed, all of which were integrated into current operations in both Medtech and Labtech: Food Diagnostics, Ossano Scandinavia and Laboren.

In December we also signed an agreement with Wellspect HealthCare to acquire its business in the surgery and respiratory medicine product areas, with annual sales of about SEK 170 million. The deal will increase our share of proprietary products in Medtech and will be integrated into the subsidiaries Mediplast and Biomedica. The acquisition is expected to be completed in April 2019.

To date, we have completed acquisitions using both in-house generated cash flow and loan financing. In February 2019 we raised about SEK 500 million through a new share issue to strengthen the balance sheet and to facilitate future transactions. The issuance was oversubscribed by 68 percent, indicating investor confidence in our long-term strategy.

Healthcare sector in constant change

Global, national and regional health challenges place large demands on health services today. With medical advances, people with chronic diseases, for example, can live longer. At the same time, we see a growing and aging population that needs increased healthcare and home care.

In order for society to meet its future obligations, health services must work more efficiently, preventively and in greater collaboration with both the business community and academia. AddLife can make a difference and contribute to both patient and social benefit by offering new treatment options, proactive diagnostics, technical aids and digital solutions for both institutional care and care at home.

Already today, various initiatives are underway in the Nordic region to move care and therapy from hospitals to homes. All of the Nordic countries are also focusing on Life Science in various ways to strengthen the competitiveness of their respective countries in Life Science research.

Successful business model

AddLife is an attractive and responsible owner of niche companies. In our decentralised and entrepreneur-driven model, each subsidiary is responsible for its own business activities within the context of the requirements for growth, profitability and sustainable development set by the Group. The model creates leverage by enabling us to benefit from AddLife's combined resources, networks and industrial expertise, along with the flexibility, commitment and business acumen of a small company. Our business school AddLife Academy plays a key role in our efforts to promote our corporate culture and to inspire people to grow within the Group. Since its inception three years ago, more than 1,100 employees have participated in various training programs.

Our employees are the key to long-term sustainable business practices

For us, sustainability is integral to our daily work. Within AddLife, sustainability efforts are a priority – not because we are forced to do so, but because we feel a responsibility to our customers, employees and society at large. Being a supplier of services and products to health services and financed by public funds carries obligations. It places demands on our organisation and our corporate culture, where our Code of Conduct guides us in our daily work.

In order to continue to succeed, we need talented, dedicated employees with drive and the right attitude. And that is just what we have today, and I would like to thank all of you for doing your best, every single day!

KRISTINA WILLGÅRD
President and CEO

Small-scale business – large-scale wise

AddLife develops and acquires 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

We combine the advantages of the subsidiaries, such as flexibility, a personal approach and efficiency with AddLife's aggregate resources, networks and industrial expertise. In this way the Group can optimise long-term growth and profitability. Our decentralised corporate structure also entails less dependence on individual customers and suppliers.

The subsidiaries are responsible for their own business dealings

The AddLife Group consists of the Parent Company, AddLife AB, and 43 operating subsidiaries. The Parent Company contributes by providing financial stability, resources and tools designed to make it easier and more efficient for our subsidiaries to run their businesses. Examples include the business school – AddLife Academy – that all of our employees attend.

Labtech and Medtech are our two business areas. Within them, the subsidiaries combine their entrepreneurial business acumen with individual accountability. Our decentralised organisation and entrepreneurial culture are key competitive advantages for the AddLife Group. Each subsidiary has its own CEO who is fully responsible for their business within the stipulated frameworks and requirements which the Parent Company places on the operation.

The basic requirements of the Parent Company are that subsidiaries must achieve growth, demonstrate profitability and pursue sustainable development. The Parent Company governs the subsidiaries by actively working on the Board of Directors to ensure that they achieve the Group's financial targets regarding profit growth and profitability.

Independent distributor with many collaborative efforts

AddLife's subsidiaries collaborate with several strategic suppliers. Our aim is to establish close collaboration with leading global suppliers within our niche areas in all 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

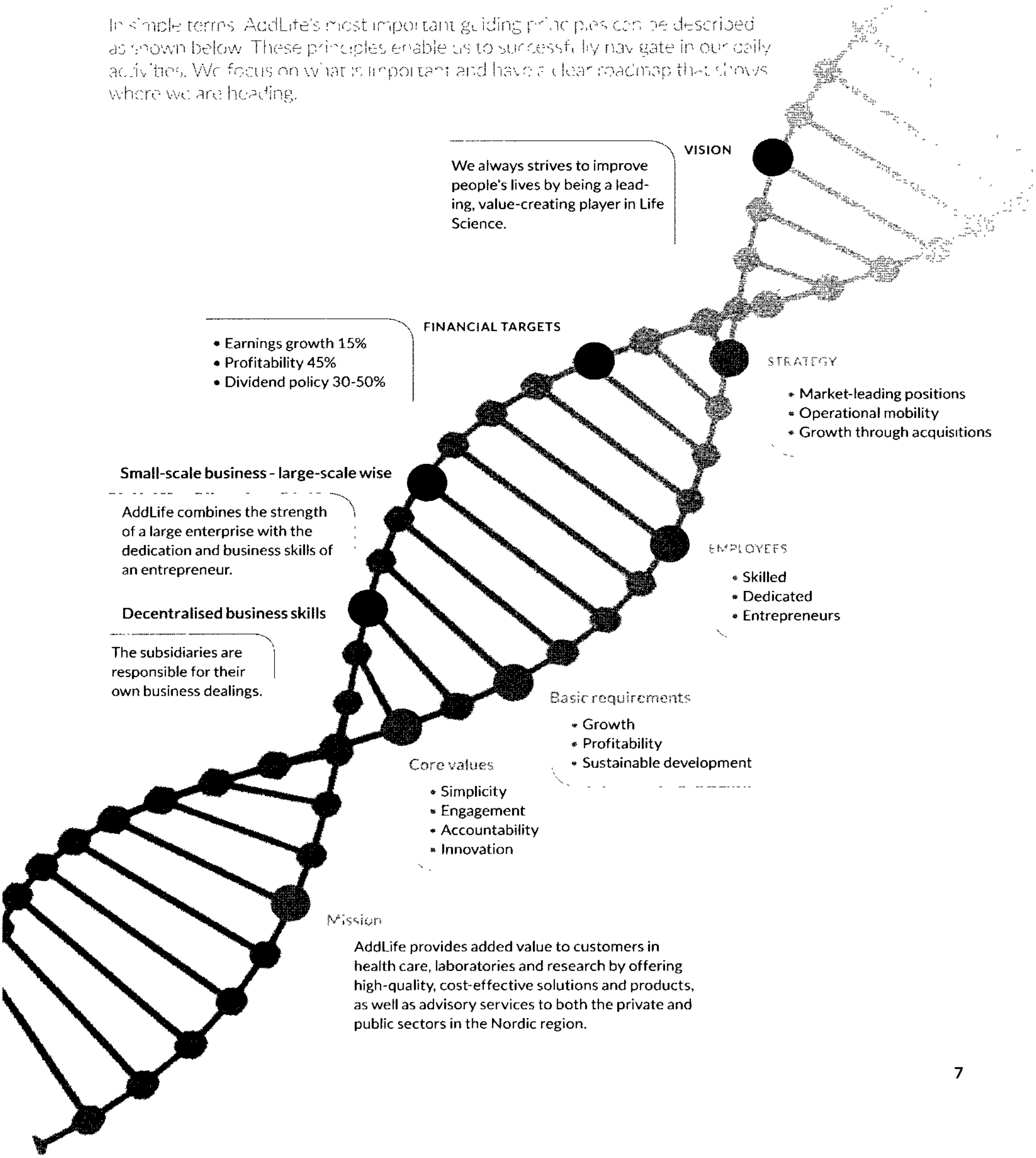
Overall, AddLife has captured a small market share of the large and relatively fragmented Nordic Life Science market. We are active in several attractive niches in various product segments and have established stable and growing sales in these areas. We are currently the market leader in several specific niches in biomedical research and laboratory analysis, diagnostics such as blood gas analysis, and medical technology, such as ear, nose and throat.

Customers can be found in our operating subsidiaries

AddLife does not have any customer relationships of its own, since all customer contacts and business relationships with customers take place in our 43 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. The absolute majority can be found in the public sector, where sales take place through public procurement.

AddLife's own DNA

In simple terms AddLife's most important guiding principles can be described as shown below. These principles enable us to successfully navigate in our daily activities. We focus on what is important and have a clear roadmap that shows where we are heading.



VISION

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

FINANCIAL TARGETS

- Earnings growth 15%
- Profitability 45%
- Dividend policy 30-50%

STRATEGY

- Market-leading positions
- Operational mobility
- Growth through acquisitions

Small-scale business - large-scale wise

AddLife combines the strength of a large enterprise with the dedication and business skills of an entrepreneur.

EMPLOYEES

- Skilled
- Dedicated
- Entrepreneurs

Decentralised business skills

The subsidiaries are responsible for their own business dealings.

Basic requirements

- Growth
- Profitability
- Sustainable development

Core values

- Simplicity
- Engagement
- Accountability
- Innovation

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 in the Nordic region.

Strategy for sustainable growth

AddLife's strategy is based on the three pillars described below. It provides the framework for all of our activities. The strategies help us to take the right decisions to achieve our high financial targets.

1 Market-leading positions

Being a market leader in selected niches is important for AddLife to achieve stable profit growth and sustainable profitability. To achieve this goal, our subsidiaries will:

- Create value and build positions in selected niches
- Be expert suppliers and advisors
- Build sales on close relationships with customers, manufacturers and suppliers

2 Operational mobility

Operational mobility is an agile approach to work in which AddLife improves conditions for business and profitability growth.

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

3 Acquisitions

Acquisitions are important for AddLife to achieve its financial targets for long-term profit growth.

- We continuously search for new Life Science companies with the conditions 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

Strengths and competitive advantages

AddLife's growth journey has continued since it was listed in 2016. The Company is well-positioned to continue to generate long-term profitable organic and acquisition-driven growth on the expanding Life Science market.

Well-positioned

to benefit from growth on the Life Science market, with excellent opportunities for increased market share in our niche areas.

Leading independent player

with long-term relationships with many different suppliers who offer pan-Nordic solutions.

Attractive and transparent business

and contractual model with a high proportion of recurring revenue.

Decentralised business skills

where the subsidiaries have considerable freedom and combine entrepreneurial business practices with individual accountability.

Talented employees

with expertise and dedication, who always focus on the customer.

Experience from acquisitions

with an established process for identifying and completing successful acquisitions.

Clear focus

on profit growth and cash flow generation permeates the Parent Company's model for financial governance of the subsidiaries.

Long-term financial targets

FINANCIAL TARGETS | **ACHIEVEMENT OF OBJECTIVES 2018** | **HISTORIC TARGET FULFILMENT**

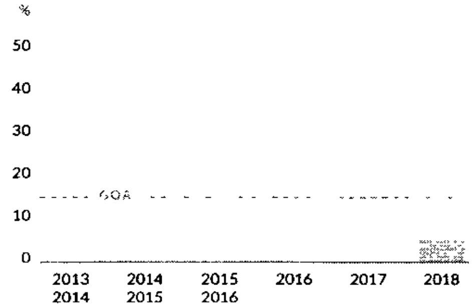
Earnings growth 15%

5%

Profit growth (EBITA) for the long term shall be 15 percent per year.

24%

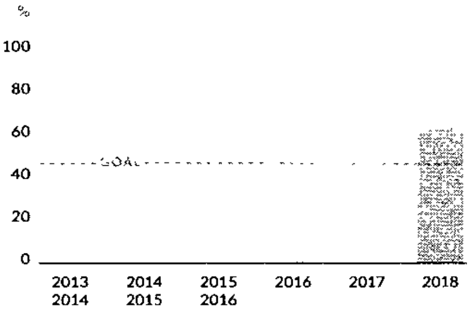
Annual profit growth (EBITA) since the listing in 2016



Profitability 45%

62%

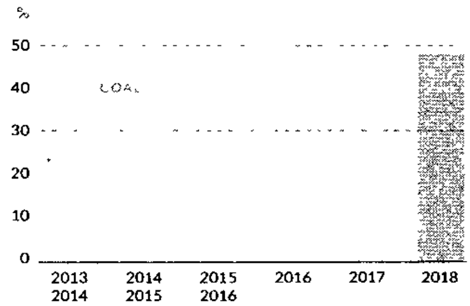
Profitability shall exceed 45 percent, measured as the ratio between operating profit (EBITA) and working capital (P/WC)



Dividend policy

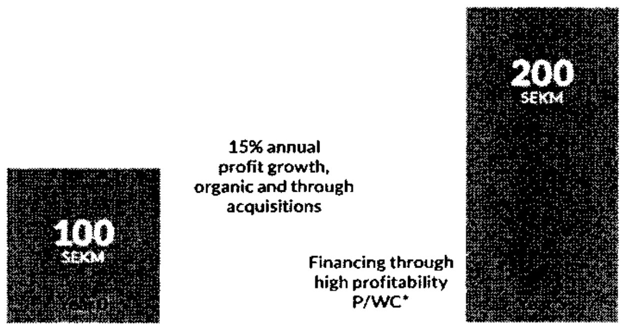
49%

The Board of Directors aims to propose a dividend equivalent to 30-50 percent of profit after tax. Consideration will be taken to investment needs and other factors that the Board of Directors of the Company considers to be relevant.



* Dividends in AddLife were distributed after the Company was listed on Nasdaq Stockholm on 16 March 2016

ADDLIFE'S GROWTH MODEL (THEORETICAL EXAMPLE)



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

Kristina Willgård,
President and CEO of AddLife

Attractive market with stable growth

The European Life Science market continues to develop favourably. As a result of the demographic trend of a growing, aging population, demand for health services will remain high for the foreseeable future. In AddLife's geographic markets, growth is estimated at about 2-3 percent for 2018.

▶ The European Life Science market reached about SEK 1,155 billion in 2016, according to the industry organisation MedTech Europe. This means Europe ranks second with 29 percent of the global market, behind the US, which accounts for 43 percent. The annual growth rate is about 2-4 percent and is expected to remain at that level over the next few years.

The Nordic region accounted for 91 percent of AddLife's net sales in 2018. The acquisition of Biomedica in December expands AddLife's main market geographically with Central and Eastern Europe, where the most important markets are Austria, Czech Republic, Poland, Hungary, Slovakia and Switzerland.

AddLife's markets

The Life Science market in Europe is large and complex, with many market segments. AddLife focuses on selected niches in two of the segments:

- Laboratory technology, with products and services in diagnostics, as well as in biomedical research and laboratory analysis.
- Medical technology, with products and services in medical technology and home care.

Market providers

The European Life Science market is fragmented. Of Europe's 27,000 medical technology companies, 95 percent are small and medium-sized enterprises, the majority with fewer than 50 employees. Large international players usually sell products under their own brands and monitor the entire chain from manufacturing to distribution through global sales offices. The small companies also usually sell their own products and focus on a specific product, geographic area, or a segment.

The market also has independent distributors who, like AddLife, offer products from both large international companies and smaller companies without their own sales channels. For savings and efficiency-related reasons, health services are increasingly demanding comprehensive solutions. This trend benefits operators with a broad offering, compared with operators who are limited to their own product range.

The public procurement process

Common to all AddLife markets is that health care is largely financed by public funding. This means that the majority of transactions are carried out through public procurement procedures. The regulations governing this process are common for countries within the EU and EES.

The agreements are usually framework agreements governing the products covered, quality, price, delivery time, penalties, etc. In the Nordic Life Science market, the term of agreement is usually from two plus two years up to four plus two years. In Central and Eastern Europe, the framework agreements are usually shorter, often one to three years, though with large variations from one country to another.

Proximity to customers increasingly important

The majority of the products in AddLife's market segment have a large knowledge content. Consequently, services such as advice, training, technical service, support and assistance when choosing equipment are necessary, preferably in the local language. A strong local presence with an easily accessible service organisation has therefore become an increasingly important competitive advantage.

Collaboration with customers continues throughout the entire product life cycle, from product sales to the provision of consumables, ongoing maintenance and support, which helps to create long-term customer relationships and low customer turnover.

Entry barriers

There are a number of entry barriers in AddLife's markets, which benefits previously established participants. Operating in the Life Science market requires adequate size and expertise to meet the high standards for product safety, compliance and monitoring. In Europe, medical device products are regulated by EU directives and regulations. Before the product can be marketed in Europe it must be CE-certified, which provides access to the entire EES market.

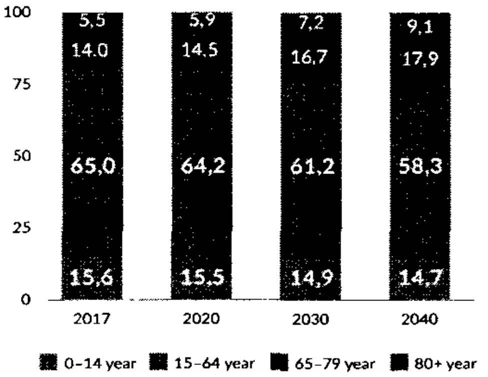
In 2017, two new EU regulations were introduced that will now gradually come into force, with regulatory tightening and reclassification of products within medical devices and in vitro diagnostics. For some products, this may require renewed testing for CE certification, which may be a challenge for small operators with limited resources and cause larger global players to opt out of smaller local markets.

Growing and aging population

Continued population growth, combined with longer life expectancy, means that there will be more of us and that the proportion of older people will increase. Looking at Europe as a whole, the population is estimated to increase by just over three percent by 2040. In the Nordic countries, population growth is expected to reach 15 percent by 2040. Meanwhile, the proportion of people in Europe over the age of 65 is increasing, and the age group is expected to reach 27 percent in 2040, compared with the current 19.5 percent of the population. Many indicators suggest that an increased life expectancy also means that many people will stay healthy longer. Meanwhile, however, the proportion of patients with who are chronically ill and/or have multiple diagnoses is increasing. All factors considered, a larger and older population is expected to increase the need for health care and social services.

One effect of the increased need for elderly care is that the home care segment will grow as healthcare providers try to streamline health care and keep costs down. Home care can encompass areas such as medical care, diagnostics and treatment in the home, as well as various assistive devices, housing adaptation and monitoring. For the patient, home care provides the opportunity to live at home longer, which is expected to provide a higher quality of life.

POPULATION GROWTH IN THE EUROPEAN COUNTRIES (EU 28) BY AGE CATEGORY, 2017-2040



Digitalisation enables new applications and business opportunities

In AddLife's markets there is a clear digitalisation trend with, for example, connected patient monitoring, connected laboratory instruments, web-based analysis services and development of new digital measurement methods that are replacing manual methods. Digitalisation also provides new ways to gather, spread and analyse data, driven by developments in information and communication technology, as well as availability of smart phones, tablets and laptops. This means that patients can also be provided with the opportunity to personally play a role in their own treatment, thereby gaining a better understanding of their condition and how they can effectively treat it.

Digitalisation also affects procedures for purchasing and implementing services. Product information will be available and it will be possible to place orders online Purchase-related service and related services such as training, user support and product maintenance will therefore become increasingly important. The eHealth market is expected to increase globally by about 15 percent annually The trend is slowed by factors such as high costs for implementation and maintenance of eHealth solutions, a shortage of IT expertise, licensing issues and inadequate compensation systems.

Technological development

Rapid technological developments, with lower production costs and increased standardisation within mature product segments, have resulted in increased competition, pressure on prices and the establishment of new players. At the same time, the healthcare system is subject to heavy cost pressures due to rising healthcare costs for an aging population and must focus on three areas: clinical outcomes, efficiency enhancements and cost savings.

These changing needs increase the demands on market participants to be adaptable and keep up with the rapid technological developments. It is important to be on the leading edge of technology and find the range of niche products and services that meet the needs of the future.

Growing application area for diagnostics

The diagnostics market is growing in several areas because of technological developments that have made testing methodology both less expensive and easier to use.

One example is the individual tests that identify a certain genetic marker to determine what medicine will be most effective for a cancer patient. Another example is the growing need for rapid analyses to address issues related to increasingly widespread bacterial resistance. Yet another example is advanced DNA analysis, where the trend is moving towards routine large-scale use to analyse and predict various types of cancer.

In clinical chemistry, prices for standardised tests at central laboratories are subjected to strong pressures. Meanwhile, a decentralisation trend is shifting towards point-of-care analyses, which are often carried out on a hospital ward or at an outpatient care facility. This decentralisation is expected to continue within an array of niches, especially where the need for rapid test results is crucial.

Consolidation and centralised procurement

One trend that is specific to the Nordic region is extensive consolidation and structural reforms at the county council and regional level that has been underway in recent years. Centralised purchasing and new approaches to total health economic aspects in general have increased at hospitals.

The trend is clear: public procurement procedures are becoming larger in scope, often with longer terms of contract. This could pose a threat for small players, but at the same time new opportunities are emerging in which large suppliers can collaborate with subcontractors to cover all of the customer's needs. In the past, tenders were mainly evaluated based on price. Today, there is instead a trend towards evaluation models where sustainability, quality of service, support and aftermarket services are becoming increasingly important.

Market facts about the Nordic region in brief

AddLife estimates the Nordic Life Science market at about SEK 50 billion in 2018. Sweden is the largest market in the Nordic region and accounts for approximately 38 percent of the market followed by Denmark at 28 percent, Norway at 19 percent and Finland at 15 percent of the market.

SEK 50 billion
Life Science market 2018

91%
AddLife's sales in the Nordic region

2-3%
Growth in the Life Science market 2018

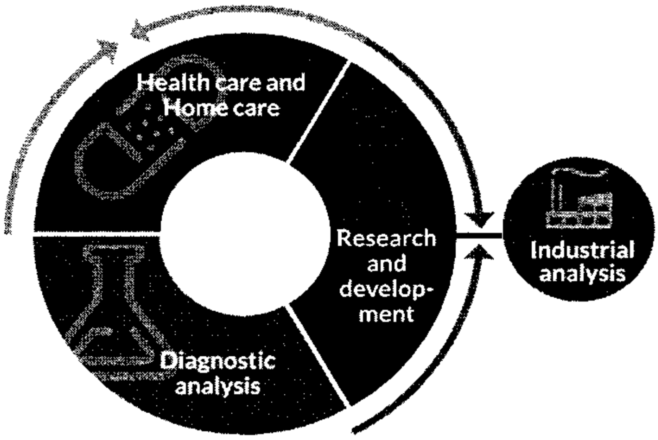
15%
The population in the Nordic region is expected to grow by 15% by 2040

LIFE SCIENCE MARKET ECOSYSTEM

Health care and Home care
AddLife's medical device product portfolio is used in health care and therapy. Medtech Business Area.

Diagnostic analysis
AddLife's diagnostics portfolio enables diagnostic analysis of patient tests. Labtech Business Area.

Research and development + industrial analysis
AddLife's 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. AddLife's product portfolio meets market needs and AddLife operates within selected niches throughout the ecosystem.

Source: AddLife

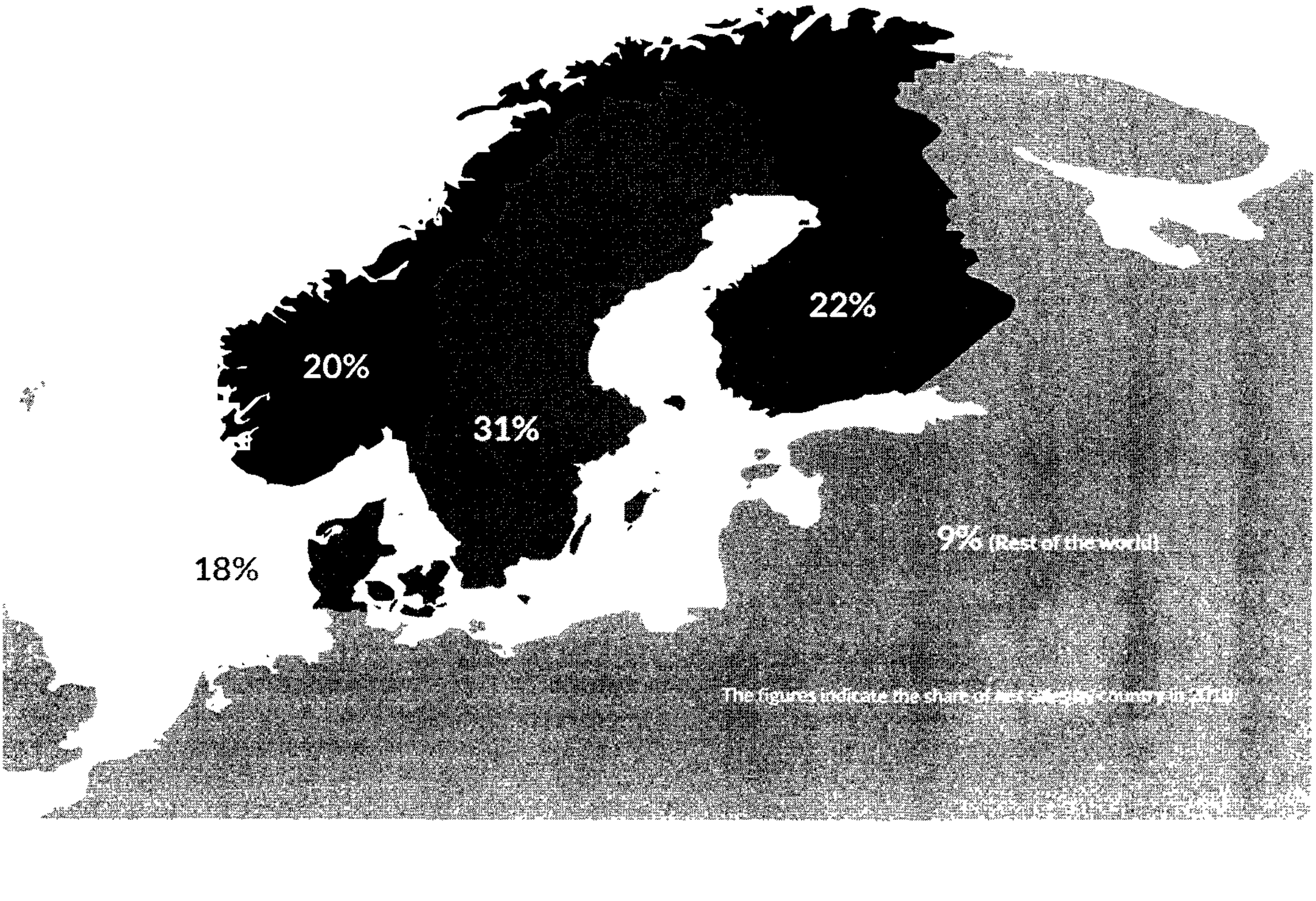
Sweden
Sweden demonstrates stable growth and the market situation is favourable in both health services and research. Certain major investments in highly specialised health services have had a favourable impact on AddLife. Sweden's aim to become a leader in Life Science research will continue to have a favourable impact on the industry in the long term.

Finland
The extensive ongoing health services reform in Finland, which entails centralisation with the goal of being able to offer equal care throughout the country, has been accompanied by some uncertainty and a cautious approach to investments in certain segments of health services. The trend in the Finnish market for research and diagnostic laboratories has been favourable during the year.

Denmark
The Danish market is stable, but possibly somewhat weaker in certain segments, in part because of savings demands in the pharmaceutical sector. There is long-term underlying growth, including investments in new hospitals, as well as large private research-focused operations.

Norway
The Norwegian market is characterised by growth and the Norwegian government continues to invest in research, diagnostics and new hospitals. There is an explicit political goal that more elderly individuals shall be able to live at home longer, which increases demand in the home care sector for various assistive devices for institutions and senior housing facilities.

Rest of the world
Businesses outside the Nordic region that mainly sell our own products, including advanced instruments, have performed well during the year. The trend in the Netherlands, China and the US in particular has been digitalisation favourable.



Acquisitions in 2018 – from Nordic to European market coverage

In 2018 AddLife conducted five strategic acquisitions, which are expected to add a total of about SEK 730 million to annual sales, as well as about 300 employees. The Biomedica acquisition, AddLife's largest to date, creates good prospects for long-term profitable growth on new markets

Ossano Scandinavia
During the first quarter Ossano Scandinavia was acquired and added to the Medtech business area. The company is a niche supplier in orthopaedics, offering instruments and consumables primarily for back and hip surgery. After the takeover, the business was integrated in Mediplast.

Food Diagnostics
In March, Food Scandinavia was acquired and added to the Labtech business area. The acquisition entails an entry into the field of food diagnostics. After the takeover, the business was integrated into the diagnostics company Triolab in Sweden.

Korpinen
In the third quarter Väinö Korpinen Oy was acquired as part of the Medtech business area. The company develops and designs accessible bathroom solutions, primarily for health care and nursing homes for both private and public environments. The acquisition complements other companies in home care, with more shared business opportunities in all Nordic countries.

Laboren
In the last quarter, Laboren was acquired and added to the Labtech business area. The business complements the existing product offering in laboratory equipment. After the takeover, the business was integrated into Holm & Halby in Denmark.

Agreement for additional acquisition
In December, AddLife took an additional step in its international expansion strategy by signing a contract with Wellspect Healthcare to acquire their operations in the surgery and respiratory medicine product areas. The acquisition includes market-leading niche products with associated rights and customer agreements on several geographic markets Eight markets in Europe and Australia account for more than 90 percent of sales, which amount to about EUR 17 million. The acquisition will be completed in April 2019 and the business will be integrated into Mediplast and Biomedica.

ACQUISITIONS	TIME	NET SALES, SEKM	NUMBER OF EMPLOYEES	BUSINESS AREA	
Ossano Scandinavia AB, Sverige	February, 2018	20	5	Medtech	OSSANO
Food Diagnostics FDAB AB, Sverige	March, 2018	10	3	Labtech	FOOD DIAGNOSTICS
Väinö Korpinen Oy, Finland	July, 2018	80	15	Medtech	KORPINEN
Laboren ApS, Denmark	December 2018	10	2	Labtech	Laboren
Biomedica Medzinprodukte GmbH, Austria	December, 2018	635	280	Medtech/Labteh	BIOMEDICA

Biomedica

In December 2018 Biomedica was aquired, which is AddLifes largest aquisition to date. The commercial similarities between AddLife and Biomedica are significant and the Biomedica acquisition is a good fit in AddLife's internationalisation strategy. The Biomedica accuistion is strategic for AddLife, which in addition to its focus on attractive niche areas in the Nordic market, establishes a strong presence on several European markets, especially Austria, Czech Republic, Poland, Hungary, Slovakia and Switzerland

Background

Through the Biomedica acquisition, AddLife is expanding its geographic domestic market from covering a population of about 32 million (Nordic countries and the Baltic region) to about 164 million people, thereby creating good prospects for long-term organic and acquisition-driven growth. Meanwhile, through AddLife, Biomedica will gain good prospects to continue to develop within the framework of the existing corporate structure and brands as a separate company within AddLife.

About Biomedica

Biomedica was founded in 1978 in Austria and like AddLife, it is primarily active in laboratory technology and medical technology. Biomedica has a similar business model, structure and market offering as AddLife and has grown both organically and through acquisitions since it was founded. Biomedica's offering largely consists of providing products and services to publicly funded health care through public procurement locally and in the various countries in which the company is active

Of Biomedica's 13 geographic markets, six (6) countries account for more than 80 percent of sales: Austria, Czech Republic, Poland, Hungary, Slovakia and Switzerland. Other markets within Biomedica can be found in Eastern Europe. Biomedica's geographic scope has been an approach to attract suppliers by being able to offer a larger geographic distribution network and population base

Biomedica has about 280 employees and its headquarters are located in Vienna, Austria, where its common business, marketing and logistics and inventory management functions are located. Biomedica has a decentralised organisation run by its own subsidiaries in 13 geographic markets with a CEO who reports directly to management.

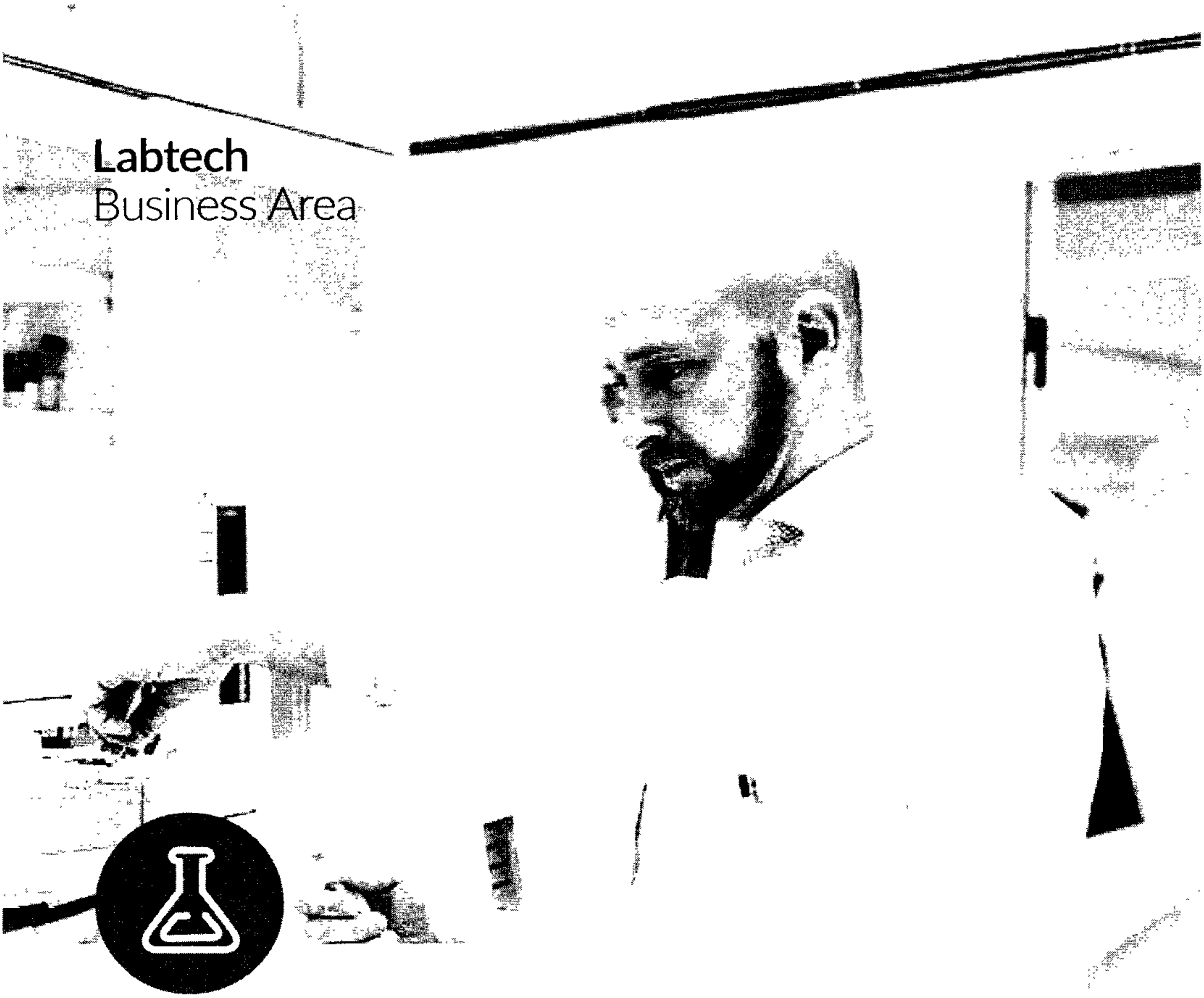
Offering and areas of operation

Biomedica's offering is largely equivalent to AddLife's offering. Of Biomedica's sales in 2017/2018, Labtech accounted for about 60 percent 3), while Medtech accounted for about 40 percent 4), though the breakdown varies among different markets. In Labtech, Biomedica offers in vitro diagnostics, as well as diagnostics for veterinarians and the food industry, laboratory instruments and research reagents. Biomedica also has a small proportion of proprietary production of immunochemical tests within Labtech. In Medtech, Biomedica offers medical equipment in several product segments, including surgery and urology. The company also offers clinical IT and other products in the Life Sciences.

Suppliers and customers

Biomedica has several large and small suppliers in Labtech and Medtech. Like AddLife, Biomedica has developed long-term relationships with several strategic suppliers of equipment and materials for the Central and East European healthcare market, offering extensive expertise about their products. Biomedica and AddLife have many suppliers in common, especially in Labtech. The majority of Biomedica's customers are in publicly funded health care, but the proportion varies depending on geographic market. In publicly funded health care contracts are awarded following public procurement or through public price agreements in the local markets. These customer contracts are generally somewhat shorter than in the Nordic region, with a term of about one (1) to three (3) years.

Labtech
Business Area



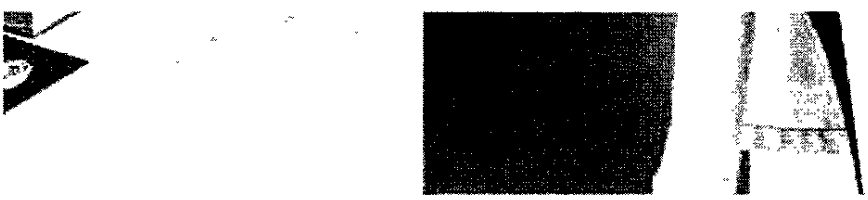
Labtech's strengths

Dedicated employees on a high academic level paired with solid technical expertise and level of service.

High-quality products, training programs, seminars and advisory services.

Long-term collaboration with leading brands in respective product segments. Most supplier contracts provide exclusive distribution rights on AddLife's markets.

Strong service organisation with local support and high level of service.



Labtech

The Labtech business area offers products, solutions and services in diagnostics, as well as in biomedical research and laboratory analysis. The subsidiaries have well developed local sales and service organisations to be able to work closely with customers and suppliers.

▶ Labtech's offering mainly targets everything for diagnostics and research laboratories in the Nordic region. The products, which are used to diagnose diseases or to conduct research, include instruments and equipment, as well as consumables and reagents for the installed equipment.

Laboratory technology is a knowledge-intensive area and customers are therefore offered services such as support, maintenance, advice and training to ensure efficient use of the equipment.

In 2018 public procurement procedures accounted for about 85 percent of net sales. Proprietary brands account for about 10 percent of sales, while distribution of products from leading manufacturers accounts for about 90 percent. Sales outside the Nordic region include sales to the Baltic region and global sales of proprietary products from Biolin Scientific and LabRobot, respectively.

Market trend in 2018

Sales growth in Labtech was somewhat slower in 2018 compared with previous years and was 4 percent. Several of the companies focused on working with their margins and earnings. EBITA rose by 10 percent to SEK 165 million (151), which corresponds with a margin of 11.4 percent (10.8).

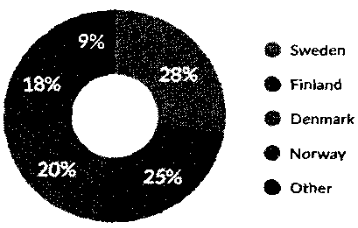
The trend for the diagnostics companies was favourable. Growth in Finland was particularly strong, thereby strengthening AddLife's position in that market. During the year initiatives in molecular biology and microbiology continued and growth in the veterinary diagnostics segment was robust. Additional progress was made in the attractive and growing area of food diagnostics during the year through the acquisition of Food Diagnostics. All of the Nordic countries are continuing to focus on strengthening Life Science research.

Facts about Labtech

ADDLIFE IN FIGURES

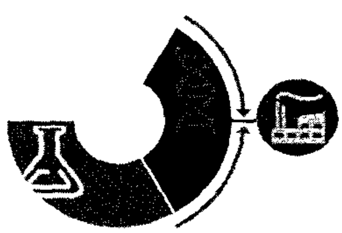
Net sales: SEK **1,451** MILLION
EBITA: SEK **165** MILLION
Employees: **357**
Share of net sales: **58%**

NET SALES BY COUNTRY



LABTECH'S PRODUCT SEGMENTS

- Haematology
- Pathology
- POC (point-of-care diagnostics)
- Cell biology
- Analysis instruments
- Consumables
- Advanced instruments
- Microbiology
- Molecular biology
- Clinical chemistry
- Immunology



The sales trend for our own advanced instruments outside the Nordic countries has been encouraging, especially in China, and our new distributor in the US has had a strong start over the first six months. The diagnostics company that was founded in the Baltic region in late 2017 is off to a solid start and is now an established business with its own sales organisation in all of the Baltic countries.

Strong niche positions

Labtech has strong market positions in the Nordic region in several selected niches in point-of-care diagnostic analysis, molecular diagnostics and genetic research. These niches include reagents and equipment for coagulation and blood gas analysis, as well as reagents for biomedical research (gene modification in the laboratory environment).

The laboratory industry is innovation-intensive. New products are developed all the time and the trend is moving towards an increasing proportion of point-of-care solutions, where Labtech's companies are strong. In Labtech's niche markets, growth is mainly driven by technological development creating new applications in fields such as molecular biology and microbiology, as well as new applications for Next-Generation Sequencing (NGS). The freedom of working as a distributor enables Labtech to react quickly and to find the products that are on the absolute leading edge of developments at an early stage.

Demand for health care and social services is expected to continue to rise. The trend towards conducting testing and analyses increasingly at point-of-care continues. Working with the Company's own local sales organisation and strong service organisation creates close relationships with customers and suppliers, which is a factor for success

"

The freedom of working as a distributor enables us to react quickly and to offer customers products and solutions that are on the absolute leading edge of developments at an early stage.

Peter Simonsbacka,
business area manager, Labtech

Our subsidiaries:

BergmanLabora
Offers laboratory instruments and products for microscopy, as well as maintenance services to research, industry, colleges and universities in Sweden

Biolin Scientific
Offers analysis instruments and maintenance services in advanced materials development and surface science to industry and academia all over the world.

BioNordika Group
Offers laboratory equipment and reagents for cell and molecular biology, as well as immunology for academic research and the pharmaceutical industry in the Nordic region and Estonia.

Holm & Halby
Offers analysis instruments, laboratory equipment and maintenance services to research, industry and universities in Denmark

Immuno Diagnostic
Offers instruments and reagents in molecular diagnostics, microbiology, pathology, genetics and cell biology, as well as laboratory microscopes and microscopes for surgery. Customers primarily in Finland.

LabRobot
Offers equipment for microbiological analyses in Food Microbiology primarily in Europe and North America

Triolab Group
Offers diagnostic instruments and reagents in the segments blood gases, clinical chemistry, microbiology and molecular biology, immunology, pathology, haematology, POC, veterinary Customers are public and private health services, as well as the pharmaceutical industry in the Nordic region and the Baltic region

Market-leading distributor

AddLife's subsidiary Triolab is the market-leading distributor of, among other things, blood gas analysis instruments in Sweden, Norway and Finland. We offer Radiometer's equipment, including all necessary service. Radiometer, which is a Danish company, has its own distribution channel in Denmark.

Blood gas analysis provides information such as the pH of the blood, which reflects the acidity. Analyses also show carbon dioxide levels, a measure of the effectiveness of breathing, which reflects how efficiently the patient is ventilating. Both measurements can be crucial, since they affect all organs in the body. Blood gas status must be obtained immediately for a patient in a life-threatening situation to ensure that the patient receives the right treatment.

Blood gas analysis is particularly useful when it is not possible to communicate with the patient and is currently used everywhere in hospitals: during childbirth to check the status of the baby, on neonatal wards, surgical wards, intensive care units, pulmonary medicine clinics, central laboratories, etc.

Since the Triage assessment system was implemented in emergency care in 2005 to identify high-risk patients and correctly prioritise them, the use of blood gas analysis has increased from about 5,000 tests per emergency department and year to as high as 75,000 per year. Today, blood gas analysis is done for essentially every patient who comes to the emergency room to obtain a complete picture of the patient's well-being.

Triolab has about 400 instruments at Swedish hospitals from Ystad in the south to Kiruna in the north for which we perform regular maintenance, and provide with accessories and consumables such as reagents, sensors, and sampling items. The trend towards increased specialisation in health services has resulted in the addition of new customers. The renovation of Karolinska University Hospital in Stockholm is one example of the transition to specialist care, with larger patient wards. We have filled a large order for instruments at this facility.

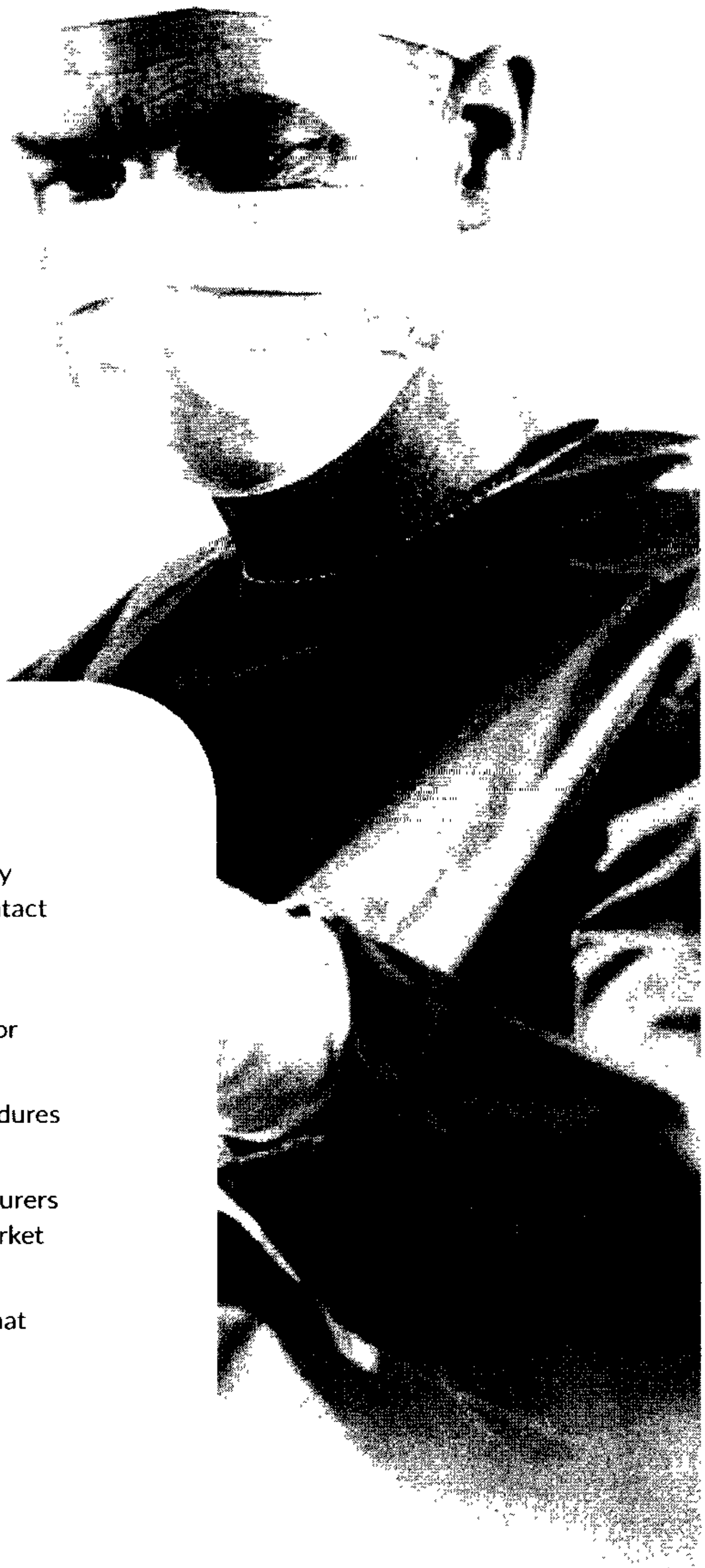
Radiometer is a global leader in blood gas analysis – their instruments are the most user-friendly and offer the best features on the market. An impressive 18–19 parameters can be measured from a single blood sample: electrolytes, blood sugar, lactate, haemoglobin and creatinine, just to name a few examples.

There are 12 people who work with blood gas analysis at Triolab Sweden, and together we have over 100 years of collective experience. Our customers always meet the same service technician and the same customer representative on the sales side. The majority of our customers have full service contracts, while others have service once a year at a minimum. Triolab also distinguishes itself by regularly arranging highly appreciated training programmes and user meetings with lectures and opportunities to exchange experiences.

The use of blood gas analysis has increased ever since I began at Triolab in 1999. In the past, the instruments were installed in the central laboratory. Instruments are now available on the wards, which has made a huge difference for both health care and patients. Blood gas analysis is one of the most important tests carried out at our hospitals.

Lena Holmqvist, Sales Manager, Blood Gases, Triolab

Medtech
Business Area



Medtech's strengths

Employees with a high level of knowledge where the majority have medical training and user perspectives developed in contact with the customers.

Attractive pan-Nordic offering that provides both global and smaller suppliers/manufacturers with a distribution partner for the entire Nordic region.

Specialists in public procurement with well developed procedures for this purpose.

Broad range of high-quality products from leading manufacturers and, in some cases, also niche products for the respective market segments.

High flexibility and the ability to find customised solutions that simplify daily life for healthcare personnel and users.

Medtech

The Medtech business area offers medical device products to hospitals and for home care. The broad offering is a factor for success since tenders for hospitals are becoming increasingly large.

▶ The Medtech companies offer medical devices to health services, as well as products within home care. The customers are primarily publicly funded health care and social services in the Nordic region. The business area also has some exports of proprietary products to Europe, mainly to Germany and the Benelux countries.

The broad product offering ranges from basic disposable items in dressings, such as compresses, to advanced products for thoracic surgery, such as heart valves. Medtech also offers services such as training of users and special programs in surgery and electrosurgery. The home care segment offers products that make enable users to remain living at home longer.

In 2018 about 90 percent of net sales took place through public procurement procedures. Proprietary brands account for about 30 percent of the products, while distribution of products from leading manufacturers accounts for about 70 percent. The proprietary products are manufactured mainly by production partners in Asia, but some proprietary production takes place in assembly and production facilities in Denmark, Finland, Sweden, Norway and Italy.

Market trend in 2018

Growth during the year was 10 percent, driven by the acquisitions carried out during the year. Organically, sales decreased by 1 percent. The business situation was generally stable, with robust activity within health services and home care. Sales to health services were strong in Norway and the Benelux countries, and stable in Sweden, but weaker in Finland and Denmark during the year.

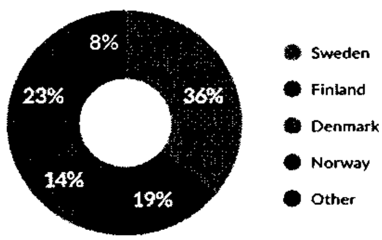
Home care continues to show good growth, with fall prevention as the most positive area in 2018.

Facts about Medtech

ADDLIFE IN FIGURES

Net sales: SEK **1,031** MILLION
EBITA: SEK **94** MILLION
Employees: **237**
Share of net sales: **42%**

NET SALES BY COUNTRY



MEDTECH'S PRODUCT SEGMENTS

- Ear, nose and throat
- Intensive care
- Intervention
- Neurosurgery
- Ostomies
- Surgery
- Surgical equipment
- Thoracic surgery
- Wound care
- Enteral nutrition
- Urology
- Sterile goods
- Home care

Two acquisitions during the year contributed positively to sales growth. The acquisition of Väinö Korpinen Oy is a good fit in the Group's strategy for continued expansion in home care. Korpinen is the leading supplier of accessible bathroom solutions in Finland. The range of products in advanced surgery was also complemented with the acquisition of Ossano Scandinavia AB, a niche company in orthopaedics. The company has been integrated into Mediplast.

Strong in niches and in home care

Several of Medtech's subsidiaries have a strong position in certain consumables used in large volumes by health services. One example is disposable products for the ear, nose and throat segment.

The rapid technological developments in this industry and the increasingly large procurement procedures require both flexibility and speed. The ability to optimise the product portfolio to what customers and users demand is ensured by product and sales managers with medical training.

Home care is a growing product segment in the Nordic region. All Nordic markets have initiatives to shift care and therapy from the hospital to the home. Medtech has made several acquisitions in home care since 2016 and is now a well-established operator offering a range that includes accessible bathroom solutions, technical aids for children and young people with special needs, and products to prevent falls and provide stairway assistance.

With a growing and aging population throughout the Nordic region, the need for assistive devices in home settings is significant and is only expected to grow. Demand in home care is expected to continue to grow over the next few years, which makes it an interesting segment with future potential. Medtech currently offers home care products in three countries in the Nordic region. Norway, Sweden and Finland.

> ”We continually optimise our product portfolio to provide what our customers and the market demand.
>
> **Lars-Erik Rydell,**
> business area manager, Medtech

Our subsidiaries:

HEPRO

Hepro
Offers assistive devices for accessibility and home care products, such as products for fall prevention and accessible bathroom solutions, as well as welfare technology for public sector and private care providers in Norway

krabat

Krabat
Offers technical aids for children and young people with special needs to the public sector in Europe

KORPINEN

Korpinen
Offers products including accessible bathroom solutions for hospitals, nursing homes, public spaces and home care in Finland, Norway, Japan, Australia and Russia

MEDI PLAST

Mediplast
Offers medical device products and consumables within the segments surgery, thoracic medicine, neurology, intervention, wound care, anaesthesia, intensive care, ear, nose and throat, urology, gastrostomy, ostomies, and sterile goods Customers can be found in public and private health care, mainly in the Nordic countries and the Benelux countries

SVANCARE

Svan Care
Offers bathroom products for people with special needs to county council and municipal home care in Sweden.

Väinö Korpinen focuses on home care

Most of us take the ability to go to the toilet independently for granted. But for people who are elderly, disabled, or have dementia, as well as other care recipients with special needs it is not so simple.

Employees at Väinö Korpinen work to ensure that everyone has the same opportunities. The company is the market leader in Finland and a pioneer in accessible bathroom solutions.

– Our Gaius bathroom concept is designed based on 20 years of experience and tested in collaboration with leading experts, healthcare personnel, care recipients and their interest groups.

The solutions are designed for nursing homes, homes for people with disabilities, hospitals, senior housing, public toilets and private homes. Examples of customers are private operators and public agencies that run care homes and the construction sector, in connection with both housing adaptation and in new construction. Väino Korpinen offers planning assistance and complete drawings. Careful thought is given to the placement of and distance between the toilet, shower, sink, grab bars and railings to provide space for a walker and wheelchair, increase safety and minimise the risk of falls. Colours facilitate spatial perception and make it easier to use the bathroom. The design should make it easier for users to move on their own and for assistants to work in ergonomically correct positions. Väino Korpinen also offers products with an antimicrobial surface that reduces the risk of infection.

– In recent years, most of our sales have been to hospitals, nursing homes and assisted living facilities. Since AddLife acquired Korpinen in July 2018 we have had access to new sales channels in Scandinavia and now have a broader range of products in home care.

AddLife's home care offering also includes Norwegian Hepro and Swedish Swan Care. Hepro markets and sells welfare technology, fall protection, different types of chairs for senior housing and people with disabilities, as well as adapted toilets on the Norwegian market. Swan Care markets and sells adapted toilets and fall protection on the Swedish market.

– We have an extremely rewarding collaboration in the home care group. We have gained new colleagues with whom we can discuss things and opportunities to sell each other's products in each country, which we have now begun to take advantage of and which is extremely positive. We are developing the business together by sharing our experiences and strategic choices.

Leena is optimistic about Korpinen's opportunities to expand sales in home care, initially in Finland, Sweden and Norway, and in the long term, on AddLife's other markets:

– The trend is moving towards and aging population and many people will want to live at home longer. Research shows that adaptation of the bathroom is the single most important measure for delaying the need for assistance and making it possible to remain living at home. Gaius' product selection is a good fit in the home environment and meets high functional and aesthetic demands.

Leena Mäki
CEO Väinö Korpinen

About the sustainability report

Kristina Willgård, President and CEO of AddLife

AddLife has prepared a sustainability report for the 2018 financial year that covers the parent company AddLife AB (publ) company ID no. 556995-8126 and its 36 subsidiaries. AddLife embraces corporate social responsibility, where sustainability should be an integral part of its business value. The sustainability report presents the company's work to achieve this objective. The Board of Directors approved the sustainability report at the same time that it signed the 2018 annual report.

▶ When preparing the sustainability report, guidance was taken from the practices and guidelines that ensure compliance with legal requirements. This is AddLife's second sustainability report and no significant changes have occurred regarding the application of reporting principles or the scope of the report. No specific sustainability reporting standard has been applied in full. The purpose of the sustainability report is to provide an overarching description of AddLife's business from the perspective of sustainability and to inform about the sustainability aspects that are necessary to understand the company's development, position, and performance, as well as the consequences of its operations.

Part of business value

For AddLife, sustainability is a natural component of business value; sustainability ensures the Group's long-term earnings capacity, growth and competitiveness. Today many customers demand a genuine commitment to sustainability. In particular, public procurement processes often require participants to be advanced in the area of sustainability.

Business is conducted in accordance with guidelines for long-term and healthy development, based on the view that growth, profitability and sustainable development are all interdependent. In addition to financial requirements, goals and guidelines, business is also conducted with high standards regarding ethics and integrity. The business is based on close long-term relationships with customers, suppliers and other business partners, and AddLife emphasises the importance of acting professionally, honestly and ethically. Sustainability is covered by the Group's core value Responsibility: in AddLife's corporate culture, it is a given to act ethically in business, respect the environment and accept social responsibility.

Examples of sustainability-related activities carried out in 2018 include:

- AddLife carried out its first supplier assessment
- Strengthened focus on Code of Conduct and discrimination within AddLife Academy
- Implementation of whistleblower function
- Leadership training and expanded course selection at AddLife Academy

* Biomedica, which was acquired in December 2018, is not included in the sustainability report.

Sustainability governance – Responsible market participant

AddLife is a leading independent distributor to the Life Science market. The business focuses on selected niches in laboratory analysis and medical technology. Sales take place primarily in the Nordic countries. Its customers are primarily hospitals and laboratories, as well as the food and pharmaceutical industries in the public and private sectors.

Business model

AddLife combines the strength of a large company with the dedication and business skills of a small enterprise in a decentralised, entrepreneur-driven organisation. Each subsidiary is responsible for its own business activities within the context of the requirements for growth, profitability and sustainable development set by the Group. A requirement for the decentralised structure to work is that the subsidiaries must conduct business in accordance with the AddLife Code of Conduct, which provides guidance in several areas related to sustainability.

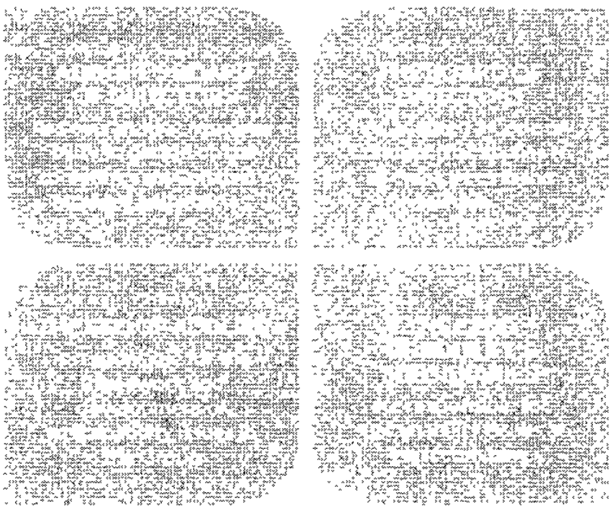
Code of Conduct

AddLife supports the UN Global Compact (www.globalcompact.org), the ILO Core Conventions (www.ilo.org), and the OECD Guidelines for Multinational Enterprises (www.oecd.org). AddLife's Code of Conduct is based on these principles and is the foundation of the Group's sustainability efforts. Along with the core values Simplicity, Accountability, Engagement and Innovation, the Code of Conduct is the foundation for how AddLife's employees should behave in their daily work. The Code of Conduct applies to all AddLife subsidiaries and all employees.

AddLife aims to ensure that 100 percent of its employees are aware of the AddLife Code of Conduct. Support is provided in part through the AddLife Academy business school. In 2018 the course Vision and corporate philosophy, which is obligatory for all employees, was expanded with a block to address the Code of Conduct and discrimination issues. We also formulated a brochure based on the Code of Conduct that was distributed to all employees. In 2019 the Code of Conduct will be added as an element in more courses at AddLife Academy, including through integration into an advanced level of the Sales 1 course.

Option to report anonymously

In 2018 a whistleblower function was implemented to provide employees and other stakeholders with the opportunity to report inappropriate conditions that may be in conflict with the Group's Code of Conduct. Information can be submitted completely anonymously using a form on the AddLife website. In 2018 no reports were submitted through the whistleblower function.



CODE OF CONDUCT

Governance and division of responsibilities within the field of sustainability follow AddLife's corporate governance principles:

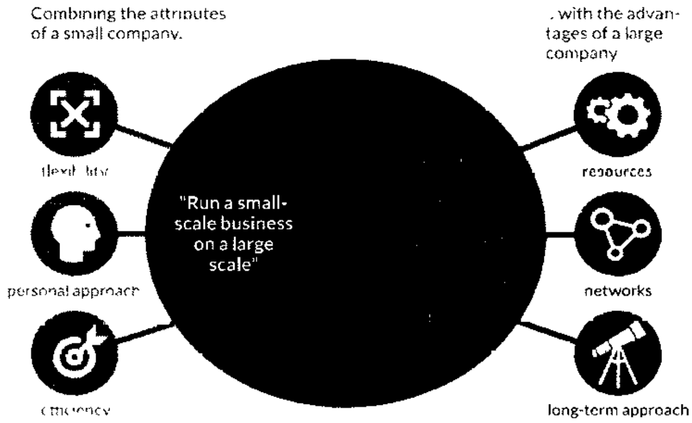
OUTLOOK FOR 2019

In 2019 the focus on the Code of Conduct will continue, including through integration into an advanced level of the Sales 1 course at AddLife Academy.

As always in conjunction with acquisitions, all new employees will complete the Vision and corporate philosophy course at AddLife Academy

Business model

Small-scale business - large-scale wise
AddLife's organisation is decentralised and entrepreneur-driven. Each subsidiary is responsible for its own business activities within the context of the requirements for growth, profitability and sustainable development set by the Group. At the same time they have access to AddLife's collective resources, networks and industry expertise through the Parent Company and by exchanging experiences with other companies in the Group. The Parent Company ensures financial stability, while providing tools and resources designed to help the subsidiaries to run their businesses more easily and efficiently. The Parent Company also runs the business school – AddLife Academy – that all employees attend and which has an important unifying function. The combination of the strength of a large enterprise with the commitment and business skills of the entrepreneur is an important factor for success for the AddLife Group. It safeguards the operational mobility required to quickly understand and embrace the rapid technological developments and changes in the Life Science market.



Code of Conduct

WORKING CONDITIONS
AddLife strives to be a respected and attractive employer that provides for the personal development of its employees

WORKPLACE HEALTH AND SAFETY
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, compensation 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

COMMUNICATION
We maintain an open attitude in discussions with people affected by the Group's operations

Complete version of the AddLife Code of Conduct
www.add.life

Stakeholder dialogues

AddLife's most important stakeholders both influence and are influenced by the business. The most important stakeholders are customers, employees, suppliers and partners, as well as owners.

Material issues

In 2017 AddLife conducted, with the assistance of external consultants, stakeholder dialogues with subsequent materiality analysis. Representatives of customers, suppliers and owners were interviewed about AddLife's sustainability efforts and were asked to prioritise the most important sustainability aspects. Selected employees were engaged in a dialogue and a workshop was held for Group Management. The purpose of the study was to develop the company's sustainability efforts and to create a basis for sustainability reporting.

An analysis of stakeholder expectations and requirements, combined with the importance of the areas for the business, including the actual ability to have an influence, showed that the aspects below are most important for AddLife. These aspects and the sustainability targets linked to them are common for the entire Group. In addition to these aspects, the individual subsidiaries can also set and implement their own targets.

No need for a new materiality analysis was identified for 2018.

The stakeholder dialogue is ongoing and AddLife strives to ensure that it is transparent with a long-term approach. Based on the dialogue, the most important issues are analysed as a basis for the materiality analysis.

- The ongoing dialogue with **customers** is conducted through meetings, daily contact, support, training, advisory services, procurement specifications, seminars, trade fairs and customer questionnaires.
- The dialogue with **suppliers** and partners takes place through procurement processes, supplier assessments and meetings.
- The dialogue with **employees** takes place through daily contact in projects and collaborative initiatives, staff meetings, manager meetings and internal training, as well as on a more structured basis through performance appraisals and employee surveys.
- **The shareholders** ultimately decide on the governance of AddLifes through the Annual General Meeting. Individual shareholders also have the opportunity to ask questions to the Board and management at the AGM. Shareholders also receive information through the website, annual report, interim reports, investor meetings and analyst meetings.

AREA	ASPECT	HOW WE WORK
▸ **Environment**	▸ Product lifecycle management	Page 34
▸ **Social conditions**	▸ Product safety ▸ Production and supply chain management	Pages 28, 34
▸ **Personnel**	▸ Work environment (health, safety and well-being) ▸ Discrimination and harassment	Pages 28, 32
▸ **Human rights**	▸ Work with the Code of Conduct	Page 28
▸ **Anti-corruption**	▸ Anti-corruption and bribery ▸ Work with the Code of Conduct	Pages 28. 29

External networks

AddLife belongs to many different types of networks to learn from, contribute to and influence developments in Life Science. The industry organisations in the Nordic countries have a number of subgroups in fields such as wound care, ICU. Surgery and Sterile goods, in which AddLife's subsidiaries are involved and pursue specific issues.

AddLife and/or its subsidiaries are members of the following organisations and networks:

Swedish Labtech
industry association in laboratory technology

Swedish Medtech
industry association in medical technology

Sweden Bio
industry organisation for the life science industry

Dialab
industry association in laboratory technology in Denmark

Medikoindustrin
industry association in medical technology in Denmark

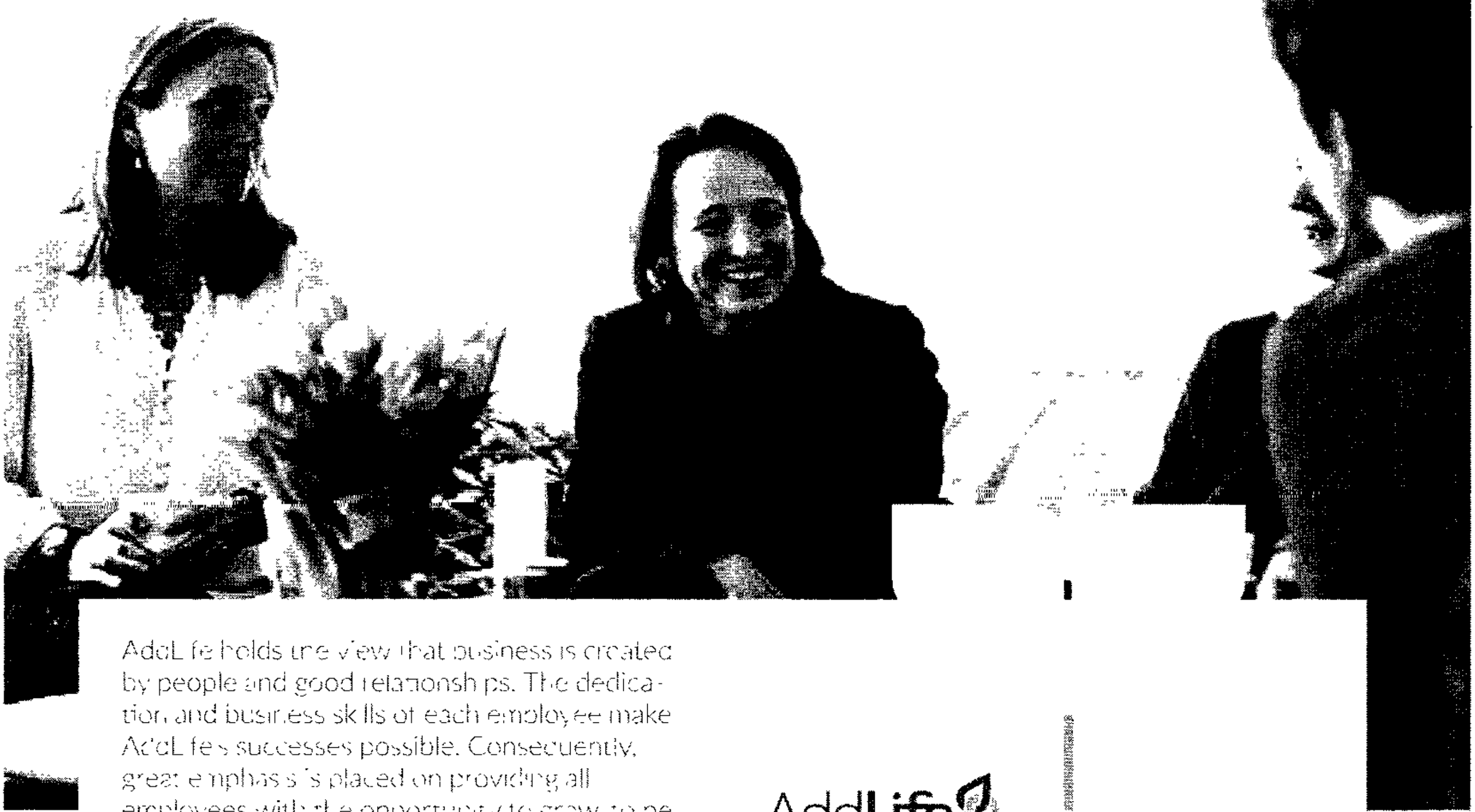
Melanor
industry association in laboratory and medical technology in Norway

Sailab
MedTech Finland, industry association in laboratory and medical technology

ESMA
European Sales & Marketing Association

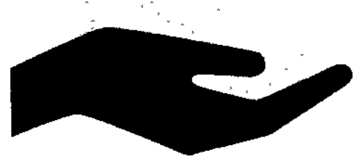
ESDREMA
The European Surgical Dressings Manufacturers' Association

The most involved employees in the industry



AddLife holds the view that business is created by people and good relationships. The dedication and business skills of each employee make AddLife's successes possible. Consequently, great emphasis is placed on providing all employees with the opportunity to grow, to be challenged, and to feel good

▶ AddLife's decentralised organisation with independent, entrepreneur-driven subsidiaries entails a large responsibility for the employees. Their dedication and expertise create the necessary conditions for AddLife to be able to achieve its strategic and business goals. The equipment is often technically advanced and the services are knowledge-intensive, at the same time that good relationships with customers and suppliers are a factor for success.



AddLife's Code of Conduct along with the corporate culture form the basis for how AddLife employees should act in their daily work The corporate culture is summarised by the core values

Corporate culture and business skills

AddLife's own business school is central to the development of the employees and thus for the development of the entire Group. AddLife Academy is open to all employees; 1 100 participants have attended courses since its inception in 2016.

The course Vision and Corporate Philosophy is given to all new employees and in conjunction with acquisitions to provide a solid foundation in the corporate culture, which AddLife views as a key to success The business school also arranges courses in sales, business skills, and public procurement procedures, as well as customised courses in marketing, service and finance. The 2017 employee survey identified a need to broaden the selection of courses and to clarify paths for internal career advancement. In 2018 a new leadership training program was added that is open to all employees with personnel responsibility. A new sales course for service technicians was also added, as well as leadership training for service personnel.

Aseel Albayati

GROUP MANAGER PATHOLOGY TRIOLAB

> "The vision of wanting to improve people's lives and health by adding value permeates the company"

I am a biomedical analyst and worked first at a laboratory for a couple of years. Then I had the opportunity to start as an application specialist at Leica Biosystems, a world-leading provider of work flow solutions and automation in pathology, with a focus on cancer diagnostics. When they decided to sell through a distributor in Sweden, my colleagues and I were part of the change and moved to Triolab.

At first it was a bit scary. Triolab was new in pathology and completely unknown. That meant I had the opportunity to be part of building something up, and that was fun and challenging. The deal has made good progress; today this is Triolab's second largest supplier.

I'm really happy about the support I've received. I've attended several courses at AddLife Academy: Vision and corporate philosophy and Effective sales one and two. The most important sales techniques I've learned are how to work with needs analysis and asking open questions. In many cases, customers need something other than what they think. I've also benefitted greatly from having worked in a lab, I can see the bottlenecks and what can be improved. I consider myself to be a consultant who gives recommendations and sells solutions, rather than products.

I've also attended a leadership training course at AddLife Academy. Meeting other leaders at AddLife and sharing experiences was extremely rewarding. We worked with concepts like motivational steps, a technique to see what motivates people and drives them at work. It helps me to give the right feedback to different people: employees, colleagues and customers.

All of the courses at AddLife Academy are mixed with participants from the entire Group. It is a forum for benchmarks and exchanging experiences, both during the course itself, and during the breaks. The vision of wanting to improve people's lives and health by adding value, I think it permeates the company. We also worked with the Code of Conduct and the core values.

The most important core values for me are accountability and engagement. I feel that I contribute and I enjoy what I do – then it is easy to feel engagement.

Workplace health and safety

Health, safety, well-being and the work environment are high priorities at AddLife. The Group's workplaces should offer a safe and healthy work environment where employees enjoy coming to work and experience a high degree of well-being. Prevention initiatives protect the employees from being exposed to occupational health hazards. AddLife strives to achieve an inclusive corporate culture that results in job satisfaction, low sickness absence, good relationships and low staff turnover.

The employees shall be given equal opportunity for development, education, compensation, work content and employment conditions, regardless of gender, age, ethnic or national affiliation, religion, sexual orientation, disability or other distinctive characteristics. An even gender distribution is a major consideration when hiring new employees. Employee surveys are used to ensure that any discrimination is made visible so that measures can be implemented.

Systematic assessment

Since 2017 an annual employee survey is conducted to follow up on engagement and employee satisfaction. The survey is designed to identify areas for improvement at the Group level, in the subsidiaries and in work groups. A review is carried out at each company to prioritise activities by workplace.

The survey also follows up the employee index as an important sustainability goal that measures the health, safety, well-being and the work environment. All employees are informed of the outcome of the survey and the activities in which it results. In the 2018 employee survey the employee index remains high with extremely satisfied employees.

OUTLOOK FOR 2019

During the year the employee survey will be conducted for the third time to ensure continuity and follow-up of AddLife's strengths and weaknesses as a responsible employer

Responsible and sustainable producer and distributor

In simple terms, AddLife's value chain consists of three parts: suppliers, distributors and end customers, both direct and indirect. As a leading independent Life Science operator, AddLife offers a selection of strong brands through its subsidiaries, with proprietary products accounting for about 20 percent of net sales in 2018. A small portion entail in-house production that primarily involves assembly. There are also development and production collaborations with external manufacturers. The subsidiaries engage in sustainability initiatives throughout the life cycle of the products, regardless of whether they are their own products or through specifications and close collaboration with suppliers.

▶ AddLife has about 1,400 suppliers all over the world and places high demands on them regarding sustainable production on all levels: financial, social and environmental. Because of its position as a distributor, the company mainly has an indirect impact on suppliers regarding matters such as choice of materials, raw materials, packaging and transport method. Consequently, AddLife aims to closely cooperate with the suppliers to achieve long-term and positive changes. The goal is for all suppliers to live up to AddLife's Code of Conduct. Moreover, AddLife requires suppliers to respect fundamental human rights and to treat employees in accordance with the ILO Declaration on Fundamental Principles and Rights at Work. Customers primarily include hospitals and laboratories within health care, research, colleges and universities, as well as the food and pharmaceutical industries. The majority of customers are in the public sector, where sales take place through public procurement and sustainability is often a criteria. Consequently, all participants in the Life Science market are forced to work actively and deliberately with sustainability issues.

Environmental policy

Our environmental policy expresses the Group's desire to help achieve sustainable development and to improve the environment. We proactively work to continuously reduce the direct and indirect environmental impact of the Group. A cyclical approach and conservation of natural resources are important cornerstones for our business.

All important decisions incorporate the environmental perspective, with the aim of creating long-term value for the Group's customers, employees, shareholders and for society as a whole. Our environmental efforts shall also be conducted within the framework of our business concept and be an integral part of the operational work. Ultimately, this includes taking into account the entire life cycle of the goods and services we offer. Through the high level of expertise among our employees and by constantly increasing our knowledge of environmental impact, we can have a total picture of environmental issues. Environmental measures should be taken to the extent that they are technically possible, economically feasible and environmentally justified.

Suppliers are encouraged to act in line with our environmental policy. Suppliers must also be aware of and comply with requirements under national legislation, regulations and industry standards. At a minimum, suppliers must engage in safe handling of hazardous waste and substances.

Supplier evaluation

In 2018, a supplier evaluation was conducted to analyse sustainability risks in AddLife's supplier chain. AddLife also reserves the right to conduct unannounced inspections to follow up on each supplier and manufacturer to ensure compliance with the Code of Conduct.

New EU regulations

High product safety with requirements for compliance is fundamental in Life Science. Two new EU regulations with regulatory tightening came into force in 2017 and apply in parallel with earlier legislation during a transition period that extends to 2020 for medical technology (MDR) and 2022 for laboratory technology (IVDR). One significant change is that medical device legislation now no longer applies solely to manufacturers, but also to other stakeholders, including distributors. AddLife's subsidiaries are preparing for and actively following the ongoing gradual implementation of the regulations.

OUTLOOK FOR 2019

Work with supplier evaluations will continue. During the year a review will be carried out to ensure that all subsidiaries have processes and procedures for checking new suppliers

Value chain

SUPPLIER
(PRODUCT OFFERING)

DISTRIBUTOR
(SALES ORGANISATION)

HEALTH CARE, HOSPITALS, LABORATORIES
(CUSTOMER FOCUS)

Johan Bongstorp

CEO MEDIPLAST

"Environmental work continues throughout the life cycle of the products"

Mediplast has high standards regarding sustainability and measures to improve the environment are viewed as investments. Environmental initiatives continue throughout the life cycle of the products: from raw materials, production and transportation, to customer use and waste management. This applies both for in-house production and products from other suppliers:

"It is a given for us and a passion when working in Life Science. It's a bit like a calling, we've already chosen a job where we can make a difference and improve people's lives," says Johan Bongstorp, CEO of Mediplast.

The company engages in continual dialogue with the regional administrators and the hospitals about what sustainability requirements could potentially have a major impact. Collaboration between industries and customers is important to drive developments in a certain direction.

One area in which Mediplast is a world leader is PVC-free consumables. The products are free of carcinogenic and endocrine-disrupting substances, a requirement in most of Europe.

The company has dedicated considerable effort to its own logistics chain to reduce carbon emissions. According to a target set in 2016, 75 percent of production in Italy would be shipped by rail, with the option to choose only environmentally certified road transport services. This target has gradually been increased and in 2018, 100 percent of all transports from Italy were by rail.

Packaging is also an area of focus. The sterile packaging of the products is made of special paper and special plastic, which are then placed in paper packaging made of unbleached cellulose. Packaging for shipping purposes consists of corrugated board with a certain proportion of recycled material and the degree of filling in the packaging is optimised.

A new logistics centre in Malmö opened in the fall of 2017. By gathering the products in a single location the total number of transports has been reduced and some transports between different logistics centres have been eliminated.

"This clear example shows how business benefit and environmental benefit go hand in hand," says Johan Bongstorp. In 2019, we will continue to work with our logistics chain, including by introducing systems that make it possible to follow up and optimise transports even better.

Personal travel by air, rail and road are monitored every year. The instructions stipulate choosing rail travel for domestic trips when possible, instead of travelling by air. Since monitoring began in 2014, the number of trips within the Nordic region has declined and some trips have been replaced by Skype meetings.

"We have also had a goal, since 2016, to improve our car fleet from an environmental standpoint by at least 30 percent annually by switching to environmentally classified cars according to the Swedish Transport Agency definition. In the long term, we will switch to electric hybrid cars, but their range and pricing must improve first. Charging posts have already been ordered and will be installed outside the office this summer.

Material sustainability-related risks and risk management

Operational sustainability risks

If AddLife's sustainability efforts are inadequate, there is a risk of negative impact. These risks can be avoided through preventive measures. Below is a description of identified risks based on prioritised sustainability aspects and how they are managed

RISK AREA	RISK DESCRIPTION AND POTENTIAL IMPACT	MANAGEMENT
Work environment - health, safety and well-being	Risk that employees are injured in an accident at work in the production environment, or that injury arises due to the psychosocial work environment	Clear occupational health and safety procedures carried out for preventive purposes Regular evaluation of risks to allow protective measures to be taken to minimise them Employee surveys conducted annually. A whistleblower function has been set up.
Discrimination and harassment	Risk of offensive treatment, employees or suppliers who do not comply with current laws related to equal treatment, work groups that do not work. Risk of damaging relationships internally in the company as well as with customers and suppliers.	Discrimination, harassment, abuse and threats are not permitted A well-established corporate culture with a shared value system is a preventive measure that serves as a compass for all employees A common Code of Conduct is supported through courses at AddLife Academy. Suppliers are required to follow the ILO Declaration on Fundamental Principles and Rights at Work.
Product safety	Product risk mainly consists of incorrect results from an instrument, or incorrect handling of a product, which could result in injury to patients or staff.	Systems for monitoring products ensure reporting to customers suppliers and authorities, which in turn entail corrective measures Relevant product information to prevent risks from reaching the customer through a system of Field Safety Notices (FSN) and Field Safety Corrective Actions (FSCA)
Product lifecycle management	Customers set requirements for material choices, transport methods and packaging If the products do not meet customer requirements when a tender is followed up, there is a risk of losing the contract	The subsidiaries have procedures in their production regarding informed choices of raw materials, packaging and transport methods Similar requirements are placed on suppliers' products. AddLife's subsidiaries have recycling procedures.Through support and maintenance of instruments, AddLife helps to ensure their life span. Contaminated products and instruments are destroyed by the customer.
Production and supply chain management	Risk that products that are not CE or IVD approved come out on the market, or that a supplier does not comply with AddLife's Code of Conduct.	Supplier evaluations are carried out before a new supplier is approved These evaluations ensure that the supplier follows AddLife's Code of Conduct or has its own equivalent Supplier evaluations are carried out on an ongoing basis to ensure sustainable production
Work with the Code of Conduct	Risk that employees and suppliers do not comply with AddLife's Code of Conduct, including sustainability working conditions. human rights and anti-corruption.	Efforts to ensure that the business is characterised by responsible behaviour towards employees, customers, owners, suppliers, authorities and the community are constantly underway. The Code of Conduct is supported daily internally in relationships and leadership, through employee appraisals, etc The Code of Conduct is also supported through courses at AddLife Academy AddLife partners are required to follow internationally recognised principles for anti-corruption, the work environment, sustainability and human rights Compliance with the Code of Conduct is evaluated in ongoing contractual relationships.
Anti-corruption and bribery	Risk of occurrence of corruption and bribery, people with inappropriate or criminal behaviour aimed at achieving financial or personal gain	AddLife has zero tolerance for bribery and corruption, as is clearly stated in the Code of Conduct and which is communicated to and followed by all employees in the Group. Employees learn about the corporate philosophy and business skills through AddLife Academy. A corporate culture is thereby created in which all employees have a common approach with high ethical and moral standards. The whistleblower function that has been established can be used by both by employees and externally through the company's website.

Goals and outcomes 2018

AREA	ASPECT	GOAL	OUTCOME 2018	OUTCOME 2017
Social conditions	**Product safety** Number of notices (FSN and FSCA) from suppliers that entailed corrective actions for products	0	32	38
	Production and supply chain management Percentage of new suppliers who completed supplier evaluation	100%	61%	61%
Personnel	**Work environment (health, safety and well-being)** Employee index from employee survey (maximum score is 5.0)	4.30	3.94	4.02
	Discrimination and harassment Number of employees who experienced discrimination at work over the past year	0	12	15
Human rights	**Work with the Code of Conduct** Percentage of employees who are aware of AddLife's Code of Conduct	100%	82%	77%
Anti-corruption	**Anti-corruption and bribery** Total percentage and nature of confirmed incidents of corruption	0	0	0

Four reasons to own AddLife

1 Attractive non-cyclical emerging market

The laboratory and medical technology market is relatively insensitive to economic fluctuations It is characterised by stable growth, mainly driven by population growth with an aging population, which increases the demand for AddLife's products for both health services and research. Historically, annual market growth where we operate has been 2-4 percent.

2 Cash flow finances growth

AddLife grows with profitability and our subsidiaries have a strong cash-generating ability, which allows for direct yield and financial muscle for acquisitions and investments.

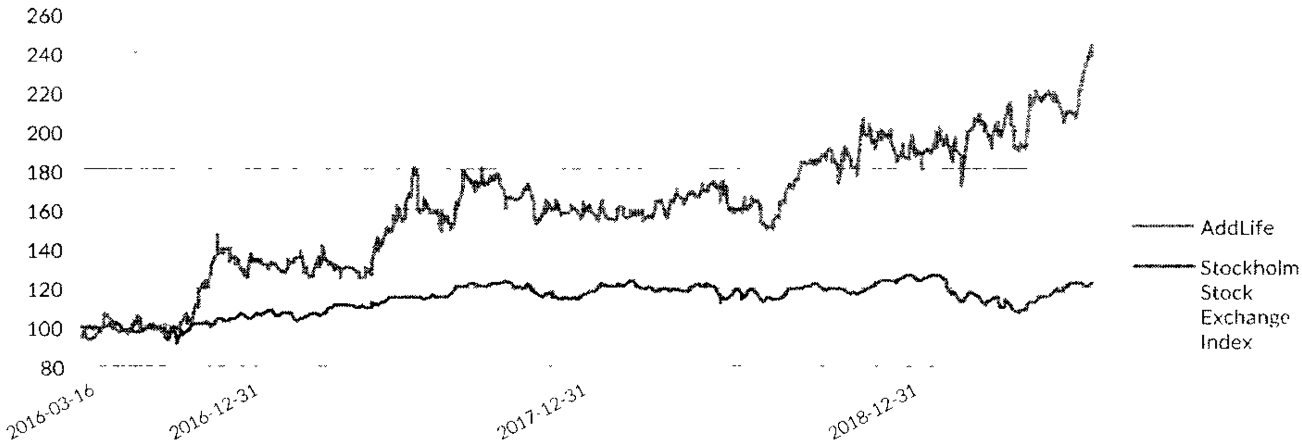
3 Clear strategy to create additional growth

AddLife has substantial experience of acquisitions, with an established process for identifying candidates and for completing successful acquisitions. The aim is for the acquired companies to continue to develop based on their own strengths and supported by a financially strong owner with a solid understanding of the market The acquisitions are an integrated aspect for contributing to profit growth according to the Company's financial targets

4 Strong market position and long contract terms

AddLife's subsidiaries have strong sales organisations with high technological knowledge and good long-term customer relationships. Our broad product portfolio creates advantages of scale and value for the Group.

Share price for AddLife



The share

AddLife was listed on Nasdaq Stockholm, Nordic Mid Cap list, on 16 March 2016. AddLife's market capitalisation on 31 December 2018 was SEK 4,677 million (4,025).

Market performance of the share and turnover

AddLife increased in value 16 percent during the financial year. The OMX Stockholm index on the Stockholm Stock Exchange changed 8 percent in the corresponding period The highest price paid during the year was SEK 217.97 and was quoted on 10 July 2018. The lowest was SEK 148.01 on 4 April 2018. The final price paid before the end of the financial year was SEK 194.20. During the financial year from 1 January to 31 December 2018, 4.0 million (3.8) shares were traded with an aggregate value of approximately SEK 737.8 million (629.4). Broken down by trading day, an average of 16,016 (15,144) AddLife shares were traded at an average value of about SEK 2.9 million (2.5).

Share capital

On 31 December 2018 share capital in AddLife AB amounted to SEK 51,125,197. There were a total of 25,097,814 shares in the Company, including 1,011,766 Class A shares and 24,086,048 Class B shares. The nominal 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.

Rights issue

In February 2019, AddLife AB completed a rights issue which provided approximately MSEK 501 before deduction for issue costs. The issue was oversubscribed by 68 percent. As a result of the rights issue, AddLife's share capital has increased with SEK 7,184,142 to SEK 58,309,340. The total number of shares will increase by 144,538 A shares and 3,382,221 B shares, to a total of 28,624,573 shares, of which 1,156,304 as class A shares and 27,468,269 as class B shares.

Key indicators per share

Data in key indicators per share relate to 12 months.	2018	2017
Earnings per share, SEK	5 36	4 95
Equity per share, SEK	37.80	30 95
P/E ratio	36 2	34 4
Highest price paid during the financial year, SEK	217.97	195 50
Lowest price paid during the financial year, SEK	148.01	129 00
Last price paid, SEK	194.20	170 50
Market capitalisation, SEKm	4,677	4,025
Average number of shares outstanding after repurchases, 000s	24,138	24 347
Number of shares outstanding at year-end, 000s	24,629	24.172
Number of shareholders at year-end	3,849	4,043

			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 0	29 6
Class B shares, 1 vote per share	24,086,048	24,086,048	96 0	70.4
Total number of shares before repurchases	**25,097,814**	**34,203,708**	**100.0**	**100.0**
Of which repurchased Class B shares	-468,450		1 9	1 4
Total number of shares after repurchases	**24,629,364**			

Largest shareholders in AddLife 31 Dec. 2018

Shareholder	Number of Class A shares	Number of Class B shares	Percentage of capital	of votes
RoosGruppen AB	469.923	2,552,494	12 28	21 50
Tom Hedelius	451,800	5,062	1 86	13 41
SEB Fonder	0	2,301,167	9.35	6 82
Swedbank Fonder	0	1,805 986	7.34	5 36
Verdipapirfond Odin Sverige	0	1,414,564	5 75	4 19
State Street Bank & Trust Company	0	1 160,060	4 71	3 44
Lannebo Fonder	0	1,100,000	4 47	3 26
J P Morgan Chase & Co	0	1,059,109	4.30	3 14
State Street Bank & Trust Company Boston	0	766,425	3 11	2 27
Livforsakringsbolaget Skandia	0	696 205	2 83	2 06
Sandrew AB	0	600,000	2 44	1 78
HSBC TRINKHAUS AND BURKHARDT AG	0	581,507	2 36	1 72
Per Save	18 750	367,892	1 57	1 65
NTC FIDELITY FUNDS NORTHERN TRUST	0	412,422	1 68	1 22
Skandia fonder	0	408,697	1 66	1 21
Total 15 largest shareholders	**940,473**	**15,231,590**	**65.71**	**73.03**

Size classes

Number of shares	% of share capital	Number of shareholders	% of shareholders
1–500	1 4	2,968	77 0
501–1 000	1.1	369	9.6
1.001–5 000	2 9	339	8 8
5,001–10,000	1 8	64	1 6
10,001–15,000	0 5	11	0 3
15,001–100,000	10 1	62	1 6
100,001–	82 2	42	1.1

Holdings by category 2018

	Number of shareholders	Percent of share capital
Swedish shareholders	3,593	58 28
Foreign shareholders	262	41 72
Total	**3,855**	**100.00**
Legal persons	424	82 28
Natural persons	3,431	17 72
Total	**3,855**	**100.00**

Quarterly data

Business areas

Net sales by business area	2018				2017			
Quarterly data, SEKm	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Labtech	410	325	364	352	415	299	336	343
Medtech	275	253	258	245	253	218	236	233
Parent company and Group items	–	–	–	–	–	–	–	–
The AddLife Group	**685**	**578**	**622**	**597**	**668**	**517**	**572**	**576**

EBITA by business area	2018				2017			
Quarterly data, SEKm	**Q4**	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Labtech	52	33	41	39	52	25	39	35
Medtech	29	19	25	21	29	22	21	21
Parent company and Group items	-7	-1	-3	-3	-2	-3	-3	-2
EBITA	**74**	**51**	**63**	**57**	**79**	**44**	**57**	**54**
Depreciation/Amortisation intangible assets	-19	-20	-20	-18	-19	-18	-17	-14
Operating profit	**55**	**31**	**43**	**39**	**60**	**26**	**40**	**40**
Finance income and costs	-2	-2	-1	-5	-3	-1	-2	-2
Profit after financial items	**53**	**29**	**42**	**34**	**57**	**25**	**38**	**37**

Net sales by business area	12 months ending		
	31 Dec. 18	**31 Dec. 17**	**Change %**
Labtech	1,452	1,393	4
Medtech	1,031	940	10
Parent company and Group items	–	–	
The AddLife Group	**2,482**	**2,333**	**6**

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

	12 months ending			
	31 Dec. 18	**%**	**31 Dec. 17**	**%**
Labtech	165	11 4	151	10 8
Medtech	94	9 2	93	9.9
Parent company and Group items	-14		-10	
EBITA	**245**	**9.9**	**234**	**10.0**
Amortization of intangible assets	-77		-68	
Operating profit	**168**	**6.8**	**166**	**7.1**
Finance income and costs	-10		-8	
Profit after financial items	**158**		**158**	

Multi-year review

Date in multi-year review relate to 12 months

SEKm, unless stated otherwise	2018	2017	2016	2015/2016	2014/2015[1]	2013/2014[1]	2012/2013[1]
Net sales	2,482	2,333	1,938	1,562	1,057	984	907
Operating profit	168	166	148	106	107	104	99
Finance income and costs	-10	-8	-6	-6	-2	-2	-1
Profit after financial items	158	158	142	100	105	102	98
Profit for the year	129	120	112	78	80	78	74
Intangible non-current assets	1,465	1,153	870	735	193	202	211
Property, plant and equipment	110	75	68	59	31	26	27
Financial assets	48	13	11	10	8	87	68
Inventories	408	271	252	213	83	81	70
Current receivables	575	368	361	248	245	140	121
Cash and cash equivalents	61	11	15	12	83	77	112
Total assets	**2,668**	**1,891**	**1,577**	**1,277**	**643**	**613**	**609**
Equity attributable to the shareholders	931	748	717	347	263	271	292
Non-controlling interests	1	-	–	–	0	1	1
Interest-bearing liabilities and provisions	943	600	381	549	101	90	85
Non-interest-bearing liabilities and provisions	794	543	479	381	279	251	231
Total equity and liabilities	**2,668**	**1,891**	**1,577**	**1,277**	**643**	**613**	**609**
EBITA	245	234	189	135	120	116	110
EBITA margin, %	9.9	10.0	9.7	8.7	11.3	11.8	12.1
Earnings growth EBITA, %	4.7	24	47	13	4	5	16
Capital employed	1,874	1,347	1,098	896	364	362	378
Working capital, yearly average	397	369	304	211	127	119	106
Financial net liabilities	882	588	366	538	19	13	-27
Operating margin, %	6.8	7.1	7.6	6.8	10.2	10.6	10.9
Profit margin, %	6.4	6.8	7.3	6.4	9.9	10.4	10.8
Return on equity, %	16	17	21	25	30	28	25
Return on capital employed, %	11	13	15	14	28	28	27
Return on working capital (P/WC)	62	63	62	64	94	97	103
Equity ratio, %	35	40	45	27	41	44	48
Debt/equity ratio, times	1.0	0.8	0.5	1.6	0.4	0.3	0.3
Net debt/equity ratio, times	0.9	0.8	0.5	1.6	0.1	0.0	-0.1
Interest coverage ratio, times	23	33	17	16	35	40	33
Financial net liabilities/EBITDA, multiple	3.3	2.3	1.8	3.6	0.1	0.1	-0.2
Earnings per share, SEK	5.36	4.95	4.87	4.15	5.06	4.90	4.64
Earnings per share, SEK	7.34	8.55	5.79	6.27	7.58	5.70	7.46
Equity per share, SEK	37.80	30.95	29.40	17.60	16.55	16.98	18.39
Average number of shares, 000	24,118	24,321	22,950	18,749	15,892	15,892	15,892
Share price as at 31 December (31 March), SEK	194.20	170.50	137.75	108.00	–	–	–
Cash flow from operating activities	178	208	133	118	120	92	119
Cash flow from investing activities	-381	-338	-198	272	-15	-12	-20
Cash flow from financing activities	249	125	-55	87	-100	-116	-76
Cash flow for the year	45	-5	-120	-67	5	-36	23
Average number of employees	620	579	459	370	284	276	259
Number of employees at year-end	873	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

Content

Administration Report

1 January 2018 – 31 December 2018

The Board of Directors and Chief Executive Officer for AddLife AB (publ), Company Registration No. 556995-8126, hereby present the annual report for the 2018 financial year. Corporate Governance report is part of the administration report and are presented on pages 54-59. The company's sustainability report is available in the annual report and Consolidated Financial Statements on pages 26-37.

Operations

AddLife is an independent player in Life Science consisting of 43 operating subsidiaries in the Labtech and Medtech business areas. The Group has 873 employees in 23 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 Eastern and Central Europe, as well as in the UK and China. The AddLife share has been listed on NASDAQ Stockholm since March 2016.

Market trend during the year

The Life Science market in the Nordic countries continued to develop favourably in 2018. Underlying growth is primarily driven by the population increase, structural changes and rapid technological developments. Demographic research indicates that the proportion of the population that is age 80 or older will double over the next 20 years. In order for society to meet its future obligations, health services must work more efficiently, preventively and in greater collaboration with both the business community and academia. Various initiatives are underway in the Nordic region to move care and therapy from hospitals to homes. All of the Nordic countries are also focusing on Life Science in various ways to strengthen the competitiveness of their respective countries in Life Science research.

AddLife's value proposition for researchers, health care and home care is attractive in the market and makes a difference by contributing to both patient and social benefit by offering new treatment options, proactive diagnostics, technical aids and digital solutions for both institutional care and care at home

Key events during the year

In 2018 a total of five acquisitions were completed, which together contribute about SEK 750 million to annual sales, with about 300 new employees. An agreement was also signed with Wellspect HealthCare for the acquisition of its business in the product areas surgery and respiration. The deal will close in 2019 and is expected to add annual sales of about SEK 170 million.

The acquisition of Biomedica and the agreement with Wellspect HealthCare, form the basis for the next step for AddLife. AddLife has taken the step out of the Nordic region, added interesting new markets and expanded the share of own products in Medtech. AddLife's market has expanded from the Nordic region to also include Central and Eastern Europe, thereby creating favourable conditions for long-term profitable organic and acquisition-driven growth in new markets.

In the fourth quarter of 2018 the Board of Directors decided to raise about SEK 500 million through a rights issue to continue our expansion and to acquire more interesting companies for our Group, with the aim of achieving our long-term goal of annual earnings growth of 15 percent. The issue was fully subscribed and completed in February 2019.

Performance by quarter

First quarter

The Nordic markets continued to perform well and Life Science is a prioritised field in all of the Nordic countries. March was weaker, however, because our customers were less active due to the Easter holiday. Growth was robust in diagnostics within several product segments, especially solutions in molecular biology and microbiology. Flu season started during the quarter with high reagent sales to diagnostic laboratories. The continued improvement in the Finnish market for both research and diagnostics entailed stronger sales for the quarter. Instrument sales to diagnostic laboratories were high in Sweden for the quarter, but slightly lower in other countries, while consumable sales for previously delivered instruments were stable in all markets. Demand has been steady for advanced microscopes in particular for academic research, but also for industry. Our sales to the pharmaceutical industry in Denmark have been stable for the quarter. Startup of our new operation in the Baltic region is proceeding according to plan.

The sales trend for our own instruments outside of the Nordic countries was stable during the quarter and the US market has recovered somewhat. We signed a contract with a distributor in the US that will take over our own sales operation there.

Business conditions remained unchanged in the Nordic markets and the trend in society, with a growing and aging population suffering from chronic diseases that require more care, is clear in all countries.

The market in Sweden continued to be favourable for our business areas, with both health services and the laboratories continuing their investments. The Swedish Government further consolidated its aspiration for Sweden to become a leading Life Science nation in February by opening a permanent office for Life Science issues in the Ministry of Enterprise and Innovation.

Activity was also high in Denmark, with public investments in new hospitals. Cutbacks in public funding for Life Science research in recent years have led to increased dependence on various private funding sources. Our sales to the pharmaceutical industry in Denmark were stable for the quarter.

The market situation in Norway was favourable, with continued government initiatives in both health care and research. A new research laboratory in Oslo celebrated its grand opening in March to promote collaboration between research and the business community, with the aim of increasing the share of Life Science companies in Norway, as well as boosting Norwegian exports in the field. Demand was robust for our point-of-care products, which are mainly used in primary care and home care.

The uncertainty in Finland related to postponement of the comprehensive healthcare and social services reform until 2020 remained. Nevertheless, the investment climate remained favourable for research and diagnostics and our Finnish Labtech companies experienced strong growth in the quarter. However, the trend for sales to health services in the Medtech business area was weak.

The trend for exports of our own healthcare products outside of the Nordic countries was favourable, especially in the Benelux countries, where growth has been robust for a long time. The sales trend for our own instruments outside of the Nordic countries was stable during the quarter and the US market recovered somewhat.

Second quarter

The trend in the markets where AddLife was active continued to be favourable. The trend in society with a growing and aging population suffering from chronic diseases that require lengthy treatment is clear throughout the Nordic region.

In Sweden, the government's Life Science office has formulated a roadmap with prioritised areas to further strengthen Sweden as a Life Science nation. Increased collaboration involving health care, academia and the business community is essential to consolidate Sweden as a research nation and to ensure sustainable welfare with access to innovations and new technology.

Denmark's government has adopted a growth plan for the Life Science industries, and the pharmaceutical industry in particular will be further strengthened. The pharmaceutical industry, which has experienced positive growth, has implemented several staff cutbacks over the past few years, but continues to invest in both research and production.

The Norwegian Life Science industry is growing from year to year. Major government initiatives in both health care and research continued, with a strong focus on cancer, a research area in which Norway wants to occupy a leading position. There is also an explicit political objective for more older individuals to remain living at home longer, with a growing need for various assistive devices for home care.

In Finland, discussions continue regarding the health care and social services reform. In June the government presented the aim of the reform, which is to offer equal treatment throughout the country beginning in 2021. Several questions remain regarding what this will entail for the various stakeholders and the market is therefore perceived as cautious within certain segments.

Our export markets are performing well with high demand for our proprietary products for use in both health care and laboratories.

Third quarter

The market trend was stable with growth in both of our business areas. The Swedish market continued to be favourable for our operations. Sales were robust, even though about one fourth of all hospital beds were closed during the summer holidays. Growth in the Danish market was somewhat weaker during the quarter for several of our operations and the trend is shifting towards competing for larger procurement contracts in health services. The Danish pharmaceutical industry announced additional staff cuts. Finland continued to work on its extensive healthcare reform initiatives. Many aspects related to the reform remain unclear and some projects have been placed on hold, but the feeling is that demand stabilised during the third quarter. At the same time consolidation was underway among both private and public stakeholders in the Finnish laboratory market, which will probably entail changes in purchasing patterns in the long term. The market in Norway demonstrated favourable growth and government policy focused on new hospitals and enabling the elderly to remain at home longer.

Exports of proprietary products to health services outside the Nordic region also demonstrated continued good growth with various options to add more products to our export offering. Sales of our own advanced instruments outside of the Nordic countries were robust especially in China and the effects of the changed sales model in the US entailed improved financial performance for the business.

Fourth quarter

Some of our companies fell short of their sales from the previous year. For the quarter, instrument sales to both academic research facilities and pharmaceutical companies in Denmark were weak because of customers' savings requirements.

In Norway, demand in home care was high for the full year, but purchases from our customers were temporarily lower in December. We see an increased underlying demand in home care in the Nordic countries for products in welfare technology and the bathroom segment to various institutions and senior housing facilities.

Stable growth continued in both Sweden and Norway, with a favourable market situation in both health services and research Sweden's ambition to be a leader in research in the Life Sciences will further benefit the research market moving forward. The Norwegian government is continuing to invest in both research and new hospitals. Our Finnish companies performed well, especially in diagnostics, and despite some delayed projects due to the comprehensive health care reform, demand in Medtech stabilised over the last quarter.

Businesses outside the Nordic region that mainly sell our own products continued to perform well in the last quarter.

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:

- **Ossano Scandinavia AB** On 23 February 2018 all shares in Ossano Scandinavia AB were acquired and the company was added to the Medtech business area. The company has five employees and sales of about SEK 22 million. The acquisition represents an expansion into the field of orthopaedics. After the takeover, the business will be integrated in Mediplast AB.
- **Food Diagnostics FDAB AB** On 2 March 2018, all shares in Food Diagnostics FDAB AB were acquired and the company was added to the Labtech business area. The company has three employees and sales of about SEK 8 million. The acquisition entails an entry into the field of food diagnostics. After the takeover, the business will be integrated in diagnostics company Triolab AB.
- **Väinö Korpinen Oy** On 2 July 2018, all shares in Väinö Korpinen Oy were acquired and the company was added to the Medtech business area. The company has around 15 employees and sales of about EUR 8 million. The acquisition represents continued expansion into the home care industry.
- **Laboren ApS** On 3 December 2018 all shares in Laboren ApS were acquired for the Labtech business area. The company has two employees and sales of about DKK 8 million. The acquisition complements AddLife's existing product offering in laboratory equipment. The company will be integrated into Holm & Halby A/S.
- **Biomedica Group** On 21 December 2018 all shares were acquired in Biomedica Medzinprodukte GmbH for the Labtech and Medtech business areas. The company has 280 employees, is active in 13 markets in Central and Eastern Europe and has sales of about EUR 65 million. Biomedica has a similar business model, structure and market offering as AddLife.

The total purchase price for this year's five acquisitions was SEK 499 million.

Had the acquisitions been completed on 1 January 2018, their impact would have been an estimated SEK 750 million (196) on consolidated net sales, SEK 56 million (38) on EBITA, about SEK 38 million (22) on operating profit and about SEK 31 million (20) on after-tax profit for the year. AddLife gained a total of 305 (58) employees through acquisitions during the year.

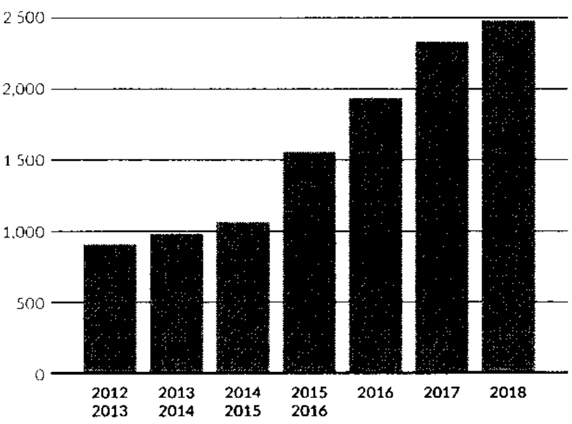
Financial development during the year

Net sales and profit

The AddLife Group's net sales rose by 6 percent (20) to SEK 2,482 million (2,333). Organic growth was 0 percent (5), growth through acquisitions was 3 percent (14) and exchange rate fluctuations had a favourable impact on net sales of 3 percent (1), corresponding to SEK 72 million (12). EBITA increased by 5 percent (24) during the financial year to SEK 245 million (234) and EBITA margin amounted to 9.9 percent (10.0). EBITA includes acquisition costs of a total of SEK 8 million (2). Exchange rate fluctuations had a favourable impact on EBITA of 3 percent (1), corresponding to SEK 7 million (1). Net financial items were SEK -10 million (-8) and profit after financial items was SEK 158 million (158). Profit after tax for the financial year increased by 7 percent (8) to SEK 129 million (120) and the effective tax rate was 18 percent (24). The lower effective tax is attributable to the revaluation of deferred tax in

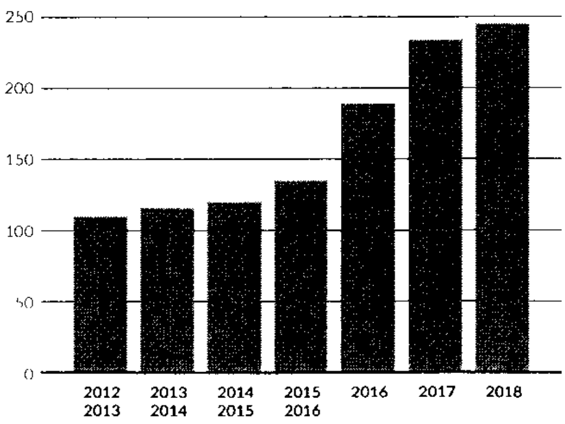
NET SALES

■ Netsales SEKm



EBITA

■ EBITA, SEKm



Norway and Sweden, which had a positive tax effect of about SEK 6 million. Earnings per share for the financial year amounted to SEK 5.36 (4.95).

Profitability, financial position and cash flow

The balance sheet increased in December through the acquisition of Biomedica. Return on equity at the end of the financial year was 16 percent (17). Return on capital employed totalled 11 percent (13). The equity ratio at the close of the financial year was 35 percent (40). Equity per share, excluding non-controlling interests, totalled SEK 37.80 (30.95).

Return on working capital (P/WC) totalled 62 percent (63). 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 397 million (369) at the close of the financial year.

The Group's financial net liabilities increased because of the acquisitions during the year and at the close of the financial year it was SEK 882 million (588), including pension liabilities of SEK 77 million (67). The net debt/equity ratio, calculated on the basis of financial net liabilities including pension liabilities, totalled 0.9 (0.8).

Cash and cash equivalents, consisting of cash and bank balances together with approved but non-utilised credit facilities, totalled SEK 561 million (244) on 31 December 2018. The Group's available credit facilities stood at SEK 1,397 million (762) as of 31 December 2018.

Cash flow from operating activities reached SEK 177 million (208) during the financial year. The lower cash flow comes from the change in tax paid of SEK 27 million is mainly attributable to the payment of tax for 2017 in Norway, as well as increased preliminary tax payments in all of the Nordic countries. Acquisitions of companies amounted to SEK 334 million (296). Investments in non-current assets reached SEK 49 million (43) during the financial year. Disposals of non-current assets totalled SEK 4 million (1). Repurchase of treasury shares amounted to SEK 35 million (37). Issued and exercised call options totalled SEK 24 million (3). Dividend of SEK 53 million (37) was paid.

Business areas

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

Labtech

Net sales rose by 4 percent (14) to SEK 1,451 million (1,393) during the financial year. Organic growth was 1 percent (7), growth through acquisitions was 0 percent (7) and exchange rate fluctuations were 3 percent (0). EBITA increased by 10 percent (14) and amounted to SEK 165 million (151), representing an EBITA margin of 11.4 percent (10.8).

In general, the business area reported slightly lower sales growth throughout 2018 compared with previous years. Several of the companies focused on strengthening their margins and profit increased in the business area. The first year in the Baltic region had a strong start with robust sales and earnings.

Medtech

Net sales reached SEK 1,031 million (940) during the financial year, an increase of 10 percent (31). Organic growth decreased by 1 percent (3), growth through acquisitions was 9 percent (27) and exchange rate fluctuations were 2 percent (1). EBITA amounted to SEK 94 million (93), representing an EBITA margin of 9.2 percent (9.9).

Growth in Medtech increased for the full year, driven by acquisitions carried out during the year. Activity in health services and home care is robust and the business situation is stable, but growth during the year was not sufficient to compensate for the weak first quarter. We see an increased underlying demand in home care in the Nordic countries for products in welfare technology and the bathroom segment to various institutions and senior housing facilities.

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 of Sweden and the other Nordic countries, which could result in a dispute becoming particularly burdensome financially and include limitations of liability for the supplier, which could mean that AddLife lacks the ability to hold the supplier to account if AddLife is liable in relation to a customer or third party. Furthermore, these agreements include exclusivity commitments for AddLife.

In a longer perspective, AddLife does not depend on any individual supplier to conduct business, but AddLife may depend on a single supplier in the short term. The Company's largest supplier accounted for approximately 9 (9) percent of net sales for 2018. 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 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 acquisition targets or to carry out strategic acquisitions because of, for example, competition with other acquirers or lack of financing. This could result in reduced or declining growth for AddLife and AddLife might not achieve its financial targets.

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

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

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

Goodwill

Goodwill arises 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, home care products 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 subsection "Product liability" for more details on product liability), interruptions or disruptions in production and environmental risks (see the subsection "Environmental risks" for details on environmental risks), which could have a negative impact on the Company's business, financial condition and results of operations.

Product liability

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

Environmental risk

AddLife's subsidiaries are primarily engaged in commerce and businesses that have a limited direct environmental impact. The Group engages in limited production. In 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. Guarantees provided by a seller do not always, in terms of the monetary amount or time, cover a subsequent breach of an environmental guarantee. If environmental damage should be discovered or arise in the properties owned by AddLife and the damage is not covered by the guarantees provided, it cannot be precluded that AddLife will be held liable, which would have a negative impact on the company's reputation, business, financial condition and results of operations.

Employees

At the end of the financial year the number of employees was 873, compared with 592 at the beginning of the financial year. Completed
acquisitions increased the number of employees by 305 (58). The average number of employees in 2018 was 620 (579).

	2018	2017
Average number of employees	620	579
percentage men	52%	51%
percentage women	48%	49%
Distribution by age up to 29 years	9%	7%
30–49 years	55%	51%
50 years and up	36%	42%
Average age	45 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 2018 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 management

The Board of Directors intends to propose to the Annual General Meeting in May 2019 that the guidelines for remuneration to senior management remain unchanged compared with what was decided at the AGM in May 2018:

The guidelines shall apply for remuneration to the CEO and other members of AddLife's Group Management ("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 38 million (31) and the result after financial items was SEK -1 million (-14). Balance-sheet appropriations include a Group contribution received of SEK 86 million (72) and Group contribution paid of SEK -17 million (-15). Net investment in non-current assets totalled SEK 329 million (130) and relate to the acquisition of subsidiaries as well as debts receivable on Group companies. The Parent Company's financial net debt at the close of the financial year stood at SEK 831 million (891).

On 31 December 2018 the number of shareholders was 3,855 (4,043). 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 21.5 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 at Handelsbanken of SEK 700 million may be terminated.

Share capital, share repurchases, incentive programmes and dividends

On 31 December 2018, the Parent Company's share capital amounted to SEK 51,125,197 divided into the following number of shares with a nominal 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 0	29.6
B	24,086,048	24,086,048	96 0	70 4
Total	25,097,814	34,203,708	100.0	100.0

Repurchase of treasury shares and incentive programmes

In May 2018 the AGM authorised the Board of Directors during the period up until the 2019 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 170,000 (215,000) Class B treasury shares were repurchased. The average number of Class B treasury shares held during the financial year was 513,129 (295,996). At year-end the number of Class B treasury shares was

468,450 (445,000) with an average purchase price of SEK 179.30 (158.53). The shares account for 1.9 (1.8) percent of shares issued and 1.4 (1.3) percent of votes.

At year-end AddLife had three outstanding purchase option programmes. Outstanding call options during the financial year resulted in an estimated dilutive effect based on the period's average share price of approximately 0.1 percent (0.1).

The Board intends to propose to the Annual General Meeting in May 2019 an incentive programme based on the same, or substantially similar, model as was approved at the 2018 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 (2 20) for the 2018 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 2018. The underlying growth in the European 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 countries in northern Europe 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 markets in which the Group is active, as well as on the international market, partly based on the acquisition of Biomedica but also with the increased percentage of proprietary products in the Groups 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

Rights issue

In February 2019 AddLife AB raised about SEK 501 million before issue expenses through a rights issue. The issuance was oversubscribed by about 68 percent. As a result of the rights issue AddLife's equity increased by SEK 7,184,142 to SEK 58,309,340. The total number of shares will increase by 144,538 Class A shares and 3,382,221 Class B shares, to a total of 28,624,573 shares, including 1,156,304 Class A shares and 27,468,269 Class B shares.

Financing

In January 2019 AddLife increased its overdraft facility with Handelsbanken to SEK 700 million, while simultaneously extending its term to 28 February 2020. The bridging loan at Handelsbanken of SEK 550 million that was taken in conjunction with the acquisition of Biomedica has been repaid in its entirety during the period between January and March 2019 by exercising the overdraft facility
at Handelsbanken.

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

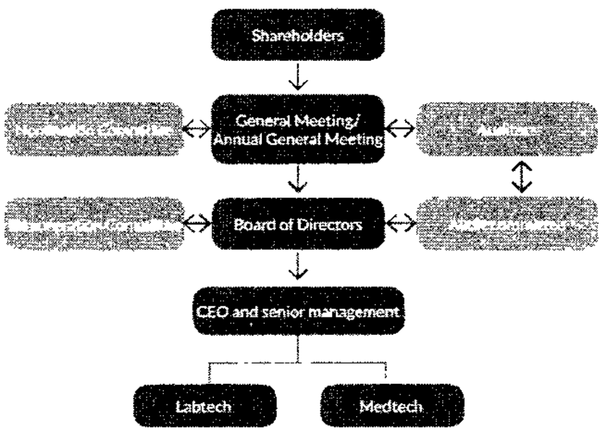
Proposal for profit distribution

For more information, please see the section entitled note 36 page 94.

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 applies to all Swedish companies whose shares are listed on a regulated market in Sweden. 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 companies are not obliged to apply every rule in the Code, but are allowed the freedom to choose alternative solutions provided that the reasons for any deviation is explained. For the 2018 financial year AddLife had one deviation from the Code to report. The deviation and its justification can be found in the section on the Nomination Committee. This corporate governance report has been reviewed by the auditor. The corporate governance report is available on the Company's website under Investors, www.add.life/investerare/bolagsstyrning.



Compliance with applicable rules for trading

No violations of any applicable stock exchange rules occurred in 2018 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 2018 share capital in AddLife AB amounted to SEK 51,125,197. There were a total of 25,097,814 shares in the Company, including 1,011,766 Class A shares and 24,086,048 Class B shares. The nominal 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 2018, the Company had 3,855 shareholders, the 15 largest of whom controlled 65.71 percent of the share capital and 73.03 percent of the votes. At the end of the financial year, Swedish investors accounted for 58.28 percent of shareholders, and foreign investors owned 41.72 percent of the share capital. The proportion of legal entities was 82.28 percent, while natural persons accounted for 17.72 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/en/investors/corporate-governance.

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. Further information about the Annual General Meeting and minutes from the meetings are available on the Company's website. The Company does not apply any special arrangement in relation to the functions of the General Meeting due to any article in the Articles of Association, or as far as the Company is aware of, any shareholders' agreement.

Information about the 2019 Annual General Meeting is available in the Annual Report under "Welcome to the Annual General Meeting" and on the Company's website.

Right to attend General Meetings and shareholder initiatives

Shareholders registered in the share register maintained by Euroclear five days before the General Meeting and who, by the date specified in the Notice of the General Meeting, have informed the Company of their intention to attend, are eligible to participate in the General Meeting and to vote for the number of shares held. Shareholders may attend the Meeting in person or by proxy, and may be accompanied by a maximum of two assistants. Shareholders' assistants may accompany them at a General Meeting if the shareholders 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. Every shareholder that submits a request within the required time has the right to have the issue brought before the General Meeting.

2018 Annual General Meeting

AddLife's Annual General Meeting was held on Thursday, 31 May 2018 in Stockholm. In all, 77 shareholders were present at the AGM, in person or by proxy, representing 64.59 percent of votes and 54.63 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 Håkan Olsson Reising, auditor for AddLife, was also present at the meeting as AddLife's elected auditor from KPMG.

The 2018 Annual General Meeting resolved:

- To adopt the financial statements for 2017
- To pay shareholders a dividend of SEK 2.20 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 and Stefan Hedelius and elect Andreas Göthberg
- 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 2018 AGM at www.add.life/investerarer/bolagsstyrning/bolagsstämma.

2019 Annual General Meeting

AddLife's 2019 Annual General Meeting will be held Thursday 9 May at the Saga movie theatre in Stockholm. For additional information about the 2019 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 one meeting at which minutes were recorded 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), Maria Nordqvist (appointed by Lannebo Fonder), Monica Åsmyr (appointed by Swedbank Robur Fonder) and Johan Strandberg (appointed by SEB Fonder). The composition of the Nomination Committee was disclosed in conjunction with the presentation of the interim report for the third quarter on 7 November 2018.

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 propose the following to the General Meeting: chairman at the General Meeting, Board of Directors, chairman of the Board of Directors, auditor, remuneration to the Board of Directors (divided between the chairman and the other directors), and remuneration to the auditor. 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 their work on 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.

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.

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 must consist of four to six members. Members are elected annually at the AGM for the period extending until the end of the next AGM. There is no limitation on how long a member may serve on the Board of Directors. AddLife's Board of Directors consists of Board members Johan Sjö, Håkan Roos, Stefan Hedelius, Andreas Göthberg, 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".

The Board of Directors responsibilities and work

The duties of the Board of Directors are set forth in the Swedish 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

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		13	1	4		
Johan Sjo (Chairman of the Board)	2015	13	1	4	Yes	Yes
Birgit Stattin Norinder	2015	13		4	Yes	Yes
Eva Nilsagård	2015	13		4	Yes	Yes
Andreas Gothberg	2018	7		2	Yes	Yes
Håkan Roos	2015	13	1	4	Yes	No
Stefan Hedelius	2015	13		4	Yes	No

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. Moreover, the Board of Directors shall evaluate and assess any significant appointments which the CEO may have outside of the Company. Under the leadership of the Chairman of the Board, the annual evaluation of the work of the Board was carried out in November 2018, and the Nomination Committee was informed of the outcome of the evaluation.

The Rules of Procedure for the Board of Directors

The Rules of Procedure for the Board of Directors shall annually be evaluated, updated and adopted. 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 President's report on operations, financial reporting, investments and projects).

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 these meetings.

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 is the appointed chairman of the Audit Committee. Johan Sjö, Birgit Stattin Norinder, Andreas Göthberg 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. The Board of Directors shall on such occasion also have a briefing with the auditors without the presence of the CEO or any other member of the Company Management.

The Audit Committee held four meetings in 2018 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 2018 at the Board meeting in February 2019, the Board received a review and a report from the Company's external auditors.

Remuneration to the Board of Directors

Fees to the Chairman and directors shall be resolved on by the General Meeting. In accordance with a decision by the Annual General Meeting on 31 May 2018, the full-year fees to each of the elected Board members amounted to SEK 250,000, and SEK 500,000 to the Chairman. The chairman of the Audit Committee is paid a fee of SEK 50,000 for the full year. In accordance with the decision, the total full-year fees payable amount to SEK 1,800,000.

Chief Executive Officer

Kristina Willgård is the CEO of the Company. 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 shall lead the work of the Group Management and make decisions in consultation with the other members of the Group 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

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 management from the business area are represented. Each company president reports to a business division manager or 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, immediately at the time of the announcement.

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 about 40 operating companies, entail significant risk diversification. The risk assessment shall be based on the Group's income statement and balance sheet to identify the risk of significant errors. 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 result of the self-evaluations will be taken into account in the planning of the following year's self-evaluations and external auditing.

In addition to the "self-assessment" work, an in-depth analysis of internal control in six 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.

Governing guidelines, policies and instructions are available on the Group's 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

In accordance with the Articles of Association, a registered auditing firm shall be elected as auditor. KPMG was re-elected as the Company's auditor at the Annual General Meeting on 31 May 2018 for the period until the 2019 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 2018 financial year was SEK 2.5 million (0.3).

Quarterly review by auditors

AddLife's nine-month report was reviewed by the Company's auditors during the 2018 financial year.

Financial statements

Consolidated Income Statement

SEKm	Note	2018	2017
Net sales	5, 6	2,481.6	2,333.3
Cost of goods sold		-1,591.8	-1,492.4
Gross profit		**889.8**	**840.9**
Selling expenses		-557.1	-524.0
Administrative expenses	29	-157.0	-143.1
Research and development		-19.5	-17.6
Other operating income	10, 29	16.0	16.2
Other operating expenses	10	-4.5	-6.5
Operating profit	4–11, 17, 29	**167.7**	**165.9**
Financial income	12, 29	0.4	1.0
Finance costs	12, 29	-10.1	-9.3
Net financial items		**-9.7**	**-8.3**
Profit/loss before taxes		**158.0**	**157.6**
Income tax expense	14	-28.7	-37.3
PROFIT FOR THE YEAR		**129.3**	**120.3**
Attributable to:			
Equity holders of the Parent Company		129.3	120.3
Non-controlling interests		–	–
Earnings per share (EPS), SEK	33	5.36	4.95
Diluted EPS (SEK)		5.36	4.94
Average number of shares (000s)		24,118	24,321

Consolidated statement of comprehensive income

SEKm	2018	2017
Profit for the year	**129.3**	**120.3**
Components that will be reclassified to profit for the year		
Foreign currency translation differences for the year	17.3	-13.0
Components that will not be reclassified to profit for the year		
Revaluations of defined-benefit pensions	-2.3	-6.6
Tax attributable to items not to be reversed in profit or loss	0.5	1.5
Other comprehensive income	**15.5**	**-18.1**
Total comprehensive income for the year	**144.8**	**102.2**
Attributable to:		
Equity holders of the Parent Company	144.8	102.2
Non-controlling interests	–	–

Consolidated Balance Sheet

SEKm	Note	31 Dec. 2018	31 Dec. 2017
ASSETS			
Non-current assets			
Intangible non-current assets	15	1,465.0	1,152.6
Property, plant and equipment	16	110.2	74.7
Financial assets	18	18.6	5.1
Non-current receivables	18	4.7	5.6
Deferred tax assets	14	25.1	2.9
Total non-current assets		**1,623.6**	**1,240.9**
Current assets			
Inventories	20	408.3	271.0
Tax assets		7.6	1.0
Accounts receivable	4	507.8	333.8
Prepaid expenses and accrued income	21	32.8	16.7
Other receivables		27.1	16.9
Cash and cash equivalents		60.6	11.0
Total current assets		**1,044.2**	**650.4**
TOTAL ASSETS		**2,667.8**	**1,891.3**
EQUITY AND LIABILITIES			
Shareholders' equity	22		
Share capital		51.1	50.1
Other contributed capital		651.5	550.6
Reserves		11.4	-5.9
Retained earnings, including profit for the year		216.7	153.2
Non-controlling interests		1.0	-
Total equity		**931.7**	**748.0**
LIABILITIES			
Non-current liabilities			
Non-current interest-bearing liabilities	18, 26	9.7	4.2
Non-current non-interest-bearing liabilities	18	0.8	0.3
Provisions for pensions	24	76.9	66.8
Non-current provisions	25	19.9	–
Deferred tax liabilities	14	107.9	76.0
Total non-current liabilities		**215.2**	**147.3**
Current liabilities			
Current interest-bearing liabilities	18, 27	835.9	528.5
Accounts payable	18, 29	333.9	224.6
Tax liabilities		19.6	36.4
Other liabilities		189.5	86.5
Accrued expenses and deferred income	28	138.8	116.9
Short-term provisions	25	3.2	3.1
Total current liabilities		**1,520.9**	**996.0**
Total liabilities		**1,736.1**	**1,143.3**
TOTAL EQUITY AND LIABILITIES		**2,667.8**	**1,891.3**

Consolidated statement of changes in equity

SEKm	Share capital	Other contri-buted capital	Reserves	Retained earnings, including profit for the year	Total equity
EQUITY, OPENING BALANCE 1 Jan. 2017	**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	–	–	–	2.9	2.9
Repurchase of treasury shares	–	–	–	-37.4	-37.4
EQUITY, CLOSING BALANCE 2017 DEC. 31	**50.1**	**550.6**	**-5.9**	**153.2**	**748.0**

SEKm	Share capital	Other contri-buted capital	Reserves	Retained earnings, including profit for the year	Non-controlling interests	Total capital
EQUITY, OPENING BALANCE 1 Jan. 2018	**50.1**	**550.6**	**-5.9**	**153.2**	–	**748.0**
Non-cash issue under registration	1.0	100.9	–	–	–	101.9
Profit for the year	–	–	–	129.3	–	129.3
Foreign currency translation differences for the period	–	–	17.3	–	–	17.3
Actuarial effects of the pension obligation	–	–	–	-2.3	–	-2.3
Tax attributable to other comprehensive income	–	–	–	0.5	–	0.5
Other comprehensive income	–	–	17.3	-1.8	–	15.5
Total comprehensive income for the year	–	–	**17.3**	**127.5**	–	**144.8**
Dividend	–	–	–	-53.2	–	-53.2
Call options	–	–	–	24.3	–	24.3
Repurchase of treasury shares	–	–	–	-35.1	–	-35.1
Non-controlling interests	–	–	–	–	1.0	1.0
EQUITY, CLOSING BALANCE 2018 Dec. 31	**51.1**	**651.5**	**11.4**	**216.7**	**1.0**	**931.7**

Consolidated Cash Flow Statement

SEKm	Note	2018	2017
OPERATING ACTIVITIES			
Profit after financial items		158.0	157.6
Adjustment for items not included in cash flow	31	94.4	78.4
Income tax paid		-68.7	-41.5
Cash flow from operating activities before changes in working capital		**183.7**	**194.5**
Cash flow from changes in working capital			
Changes in inventories		-6.7	14.0
Changes in operating receivables		15.4	23.6
Changes in operating liabilities		-14.9	-24.1
Cash flow from operating activities		**177.5**	**208.0**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		-30.5	-42.9
Disposal of property, plant and equipment		3.9	1.1
Acquisition of intangible assets		-18.5	–
Acquisition of operations	32	-334.4	-296.0
Divestment of operations		-1.6	–
Cash flow from investing activities		**-381.1**	**-337.8**
FINANCING ACTIVITIES			
Borrowings	31	483.7	358.2
Repayments on loans	31	-171.6	-160.8
Repurchase of treasury shares		-35.1	-37.4
Call options		24.3	2.9
Other financing		0.5	-1.0
Dividend paid to shareholders of the Parent Company		-53.2	-36.6
Dividend paid to non-controlling interests		–	–
Cash flow from financing activities		**248.6**	**125.3**
Cash flow for the year		**45.0**	**-4.5**
Cash and cash equivalents at beginning of year		11.0	14.7
Exchange differences on cash and cash equivalents		4.6	0.8
Cash and cash equivalents at year-end		60.6	11.0

Parent Company Income Statement

SEKm	Note	2018	2017
Net sales		37.5	30.9
Administrative expenses		-43.1	-48.4
Operating profit		**-5.6**	**-17.5**
Profit/loss from shares in group companies	12	–	0.0
Interest income and similar items	12	10.8	10.4
Interest expense and similar items	12	-6.4	-6.7
Profit after financial items		**-1.2**	**-13.8**
Appropriations	13	51.9	45.8
Profit/loss before taxes		**50.7**	**32.0**
Income tax expense	14	-11.2	-7.6
Profit for the year		**39.5**	**24.4**

Parent Company Statement of Comprehensive Income

SEKm	2018	2017
Profit for the year	**39.5**	**24.4**
Other comprehensive income	–	–
Total comprehensive income for the year	**39.5**	**24.4**
Attributable to:		
Equity holders of the Parent Company	39.5	24.4

Parent Company Balance Sheet

SEKm	Note	31 Dec. 2018	31 Dec. 2017
ASSETS			
Intangible non-current assets	15	0.1	0.2
Property, plant and equipment	16	0.1	0.2
Financial assets			
Interests in Group companies	19	797.6	389.1
Receivables from Group companies	19	1,027.9	1,131.4
Other non-current securities		1.7	0.0
Total non-current financial assets		**1,827.2**	**1,520.5**
Total non-current assets		**1,827.4**	**1,520.9**
Current assets			
Accounts receivable		–	–
Other current receivables		96	88.3
Prepaid expenses and accrued income	21	2.3	0.7
Total current assets		**98.3**	**89.0**
TOTAL ASSETS		**1,925.7**	**1,610.0**
EQUITY AND LIABILITIES			
Shareholder's equity	22		
Restricted equity			
Share capital		51.1	50.1
Unrestricted equity			
Share premium reserve		651.5	550.6
Retained earnings		-23.3	16.3
Profit for the year		39.5	24.4
Total equity		**718.8**	**641.4**
Untaxed reserves	23	46.9	29.9
Provisions			
Provisions for pensions and similar obligations		–	0.3
Total provisions		–	**0.3**
Liabilities			
Liabilities to Group companies		76.2	157.3
Total non-current liabilities		**76.2**	**157.3**
Current interest-bearing liabilities	27	830.6	517.1
Current liabilities to Group companies		232.8	231.9
Accounts payable		2.1	1.6
Tax liabilities		2.4	11.6
Other liabilities		4.0	2.3
Accrued expenses and deferred income	28	11.9	16.6
Total current liabilities		**1,083.8**	**781.1**
Total liabilities		**1,206.9**	**968.3**
TOTAL EQUITY AND LIABILITIES		**1,925.7**	**1,610.0**

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 1 JAN. 2017	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 DEC. 31	50.1	550.6	40.7	641.4

	Restricted equity	Unrestricted equity		
SEKm	Share capital	Share premium reserve	Retained earnings, including profit for the year	Total
EQUITY, OPENING BALANCE 1 JAN. 2018	50.1	550.6	40.7	641.4
Non-cash issue under registration	1.0	100.9	–	101.9
Profit for the year	–	–	39.5	39.5
Total comprehensive income for the year	–	–	**39.5**	**39.5**
Dividend	–	–	-53,2	-53.2
Repurchase of treasury shares	–	–	-35.1	-35.1
Call options issued	–	–	24.3	24.3
EQUITY, CLOSING BALANCE 2018 DEC. 31	51.1	651.5	16.2	718.8

Parent Company Cash Flow Statement

SEKm	Note	2018	2017
Profit after financial items		-1.2	-13.8
Adjustment for items not included in cash flow	31	2.9	3.5
Income tax paid		-20.5	-8.2
Cash flow from operating activities before changes in working capital		**-18.8**	**-18.5**
Cash flow from changes in working capital			
Increase/decrease in other current receivables		3.8	-8.9
Increase/decrease accounts payable		7.9	-0.3
Increase/decrease in other current operating liabilities		-15.2	18.0
Cash flow from operating activities		**-22.3**	**-9.7**
INVESTING ACTIVITIES			
Investments in intangible non-current assets		–	–
Investments in property, plant and equipment		–	–
Acquisition of operations		-408.5	–
Investments in other financial non-current assets		79.4	-130.1
Cash flow from investing activities		**-329.1**	**-130.1**
FINANCING ACTIVITIES			
Non-cash issue under registration		101.9	-
Call options		24.3	2.9
Change in overdraft	31	-187.4	161.2
Repurchase of treasury shares		-35.1	-37.4
Borrowings	31	671.1	199.7
Repayments on loans	31	-170.2	-150.0
Dividend paid to shareholders of the Parent Company		-53.2	-36.6
Increase/decrease current financial liabilities		–	–
Cash flow from financing activities		**351.4**	**139.8**
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 54 companies, 43 of which are operational and active mainly in the Nordic countries and Central and Eastern Europe.

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 10 April 2019. The Parent Company's and Group's respective income statements and balance sheets will be submitted for adoption to the Annual General Meeting on 9 May 2019.

ACCOUNTING POLICIES OF THE PARENT COMPANY

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 non-current 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 non-current asset.

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

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

New or revised IFRSs that apply in financial year 2018

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces 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 entered into force on 1 January 2018. AddLife analysed its customers and customer losses, which over the past three financial years totalled SEK 0.1 -0 4 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 statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 "Revenue from Contracts with Customers" is a new standard for recognition of revenue. The purpose of the new revenue recognition standard is to have a single principle-based standard for all industries to replace existing standards and statements about revenue. IFRS 15 entered into force on 1 January 2018. 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 analysed 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 Group's revenue has been classified into three different categories: products, instruments and services. The category classification reflects a natural delimitation in the Life Science market. The conclusion of the analysis is that IFRS 15 will not have any impact on accrual accounting of the Group's revenue. IFRS 15 introduces increased disclosure requirements, see Note 5

New or revised IFRSs that apply in financial year 2019

IFRS 16 Leases"

IFRS 16 Leases is a new standard relating to reporting of leases. Lessees will no longer have the option of classification under IAS 17 of finance and operating leases, which will be replaced with on-balance sheet recognition of assets and liabilities for all leases. There are two exemptions to the requirements for recognition on the balance sheet. leases of low value items or short-term leases of 12 months or less. In the income statement, depreciation is reported separately from interest expense attributable to the lease liability. No major changes are expected for lessors as the rules of IAS 17 will essentially be retained, with the exception of additional disclosure requirements. IFRS 16 entered into force on 1 January 2019 AddLife has chosen to apply the modified retroactive transition method As of 1 January 2019, a lease liability is recognised that represents the present value of the remaining payments for all leases. The Group has formulated a marginal loan rate with which the payments are discounted. The Group believes that introduction of the new standard entails the following effects on the balance sheet· Assets and liabilities are expected to increase by about SEK 230 million, of which short-term liabilities amounts to SEK 78 million and long-term liabilities amount to SEK 152 million. The Group expects that EBITA for 2019 will increase, on account of the fact that part of the leasing costs will be reported as interest expense. Cash flow from operating activities is expected to increase, and cash flow from financing activities is expected to decrease on account of the fact that the amortization portion of lease payments will be recognized as payments in the financing activities. 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 statements 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 consist of cash and funds immediately available in banks and equivalent institutions, as well as short-term liquid investments that mature within three months of the time of acquisition and are subject to only a negligible risk of fluctuation in value.

Financial receivables and investments

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

Liabilities

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

Property, plant and equipment

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

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

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

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

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

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

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

Leases

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

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

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

Intangible non-current assets

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

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

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

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

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

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

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

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

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

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

Intangible assets	Useful life
Supplier relationships	10 years
Software for IT operations	3-5 years
Technology	13 years
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. Consolidated goodwill 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, thereby 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 semi-finished 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 ten 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 are recognised directly in profit or loss

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 non-current financial receivable. When a surplus in a plan cannot be fully utilised, only the portion of the surplus that the Company can recover through reduced future fees or repayments is recognised.

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

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.

Finance income and costs

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 consolidated 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 Group's 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 and Managing Directors 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, matching of inflows and outflows in the same currency shall be prioritised. 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%. 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 comprises financial transactions and balances During financial years 2018 and 2017, the Group's payment flows in foreign currencies were distributed as follows:

2018	Currency flows, gross		Currency flows
SEKm	Inflows	Outflows	net
EUR	207.9	567.1	-359.2
DKK	94.8	17.7	77.1
NOK	53.6	0.5	53.1
USD	24.2	162.0	-137.8
JPY	0.3	8.9	-8.6
GBP	7.1	17.1	-10.0
CHF	0.0	6.3	-6.3

2017	Currency flows, gross		Currency flows
SEKm	Inflows	Outflows	net
EUR	132.9	614.2	-481.3
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

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 2018, currency clauses cover about 25 (25) percent and sales in the purchasing currency make up about 19 (27) 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 2018 financial year, there were outstanding forward foreign exchange contracts in a gross amount of SEK 59.9 million (61.0), of which EUR equalled SEK 26.0 million (32 0), USD SEK 33.8 million (28.5), GBP SEK 0.1 million (0.0) and CHF SEK 0.0 million (0.5)

Of the total contracts of SEK 59.9 million (61.0), SEK 41 9 million (51.4) 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 through profit or loss

Note 4 cont'd

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.

Translation exposure

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

	2018		2017	
Net investments	SEKm	Sensitivity analysis[1]	SEKm	Sensitivity analysis[1]
NOK	116.4	5.8	125.0	6.2
EUR	239.8	12.0	109.0	5.4
DKK	87.3	4.4	82.3	4.2
USD	6.8	0.3	8.3	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	2018	2017
Net sales	16.4	15.3
EBITA	1.8	1.7

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

	Average rate		Closing day rate	
Exchange rate	2018	2017	31 Dec. 2018	31 Dec 2017
CNY 1	1.3135	1.2631	1.3068	1.2642
DKK 1	1.3762	1.2949	1.3760	1.3229
EUR 1	10.2567	9.6326	10.2753	9.8497
GBP 1	11.5928	10.9896	11.3482	11.1045
NOK 1	1.0687	1.0330	1.0245	1.0011
USD 1	8.6921	8.5380	8.9710	8.2322

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. Capital requirements shall be secured through an active and professional borrowing procedure of 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 (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.

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	845.6	847.6	551.4	153.0	143.2	

The rights issue that raised SEK 501 million in cash and cash equivalents closed in February 2019. The bridging loan from the acquisition of Biomedica was paid off in the amount of SEK 550 million in March 2019.

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 zero and three 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 2018 was SEK 882 million (588). AddLife's net financial debt as at 31 December 2018 affects net financial items by about SEK +/- 9 million (+/-6) if interest rates change by one percentage point.

Note 4 cont'd

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, i.e. 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 pursued and the absence of excessive concentration of business with individual customers and specific sectors contributes to minimising the risks No individual customer accounts for more than 4 percent (5) of total credit exposure over a one-year period. The equivalent figure for the ten largest customers is about 18 percent (22). Exposure per customer segment and geographic market is presented in Note 6.

Bad debt losses totalled SEK 0.4 million (0.1) during the year, equal to 0.0 percent (0 0) of net sales.

Accounts receivable, SEKm	31 Dec. 2018	31 Dec. 2017
Cost	514 7	334 6
Impairment losses	-6 9	-0 8
Carrying amount	507 8	333 8

Change in impaired accounts receivable	31 Dec 2018	31 Dec 2017
Amount at start of year	-0 8	-4 2
Corporate acquisitions	-6 1	0 0
Year's impairment losses/reversals of impairment	0.0	3 4
Total	**-6.9**	**-0 8**

Time analysis of accounts receivable that are overdue but not impaired	31 Dec. 2018	31 Dec 2017
< = 30 days	52 5	41 5
31–60 days	10 7	2 4
> 60 days	12 6	2 9
Total	**75.8**	**46.8**

NOTE 5 | NET SALES BY REVENUE TYPE AND BUSINESS AREA

Medtech	2018	2017
Products	915 8	841 3
Instruments	114 7	98 5
Services	-	0 2
Total	**1,030.5**	**940 0**

Labtech	2018	2017
Products	944 2	908 4
Instruments	381 3	379 4
Services	125 6	105 5
Total	**1,451 1**	**1,393 3**

Regarding other revenue types, dividends and interest income are recognised in financial items, see Note 10

Parent Company

Of the Parent Company's net sales of SEK 37.5 million (30 9), 100 percent (100) relate to intra-group sales Of administrative expenses in the Parent Company of SEK 43.1 million (48.4), 1 percent (0) relates to purchases from Group companies.

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. Intra-Group sales are based on the same prices that an independent party would pay for the product.

Labtech

The companies in the Labtech business area operate 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 software support 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 companies in the Medtech business area 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 2018 and 2017, no internal invoicing occurred between the business areas

	2018	2017
Net sales	**External**	**External**
Medtech	1,030 5	940 0
Labtech	1,451.1	1,393 3
Total	**2,481.6**	**2,333.3**

EBITA	2018		2017	
	EBITA	EBITA margin, %	EBITA	EBITA margin, %
Medtech	94 4	9 2	93 0	9 9
Labtech	165 4	11 4	150 4	10 8

	2018		
Operating profit/loss, assets and liabilities	**Operating profit**	**Assets[1]**	**Liabilities[1]**
Medtech	39 6	1,545 0	241 0
Labtech	145 9	1,012 2	421 0
Group items	-17 8	110 6	1,074 1
Total	**167.7**	**2667.8**	**1,736.1**
Finance income and costs	-9 7		
Profit after financial items	**158.0**		

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

Note 6 cont'd

Operating profit/loss, assets and liabilities	2017 Operating profit	Assets[1]	Liabilities[1]
Medtech	45.7	1,228.5	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**
Finance income and costs	-8.3		
Profit after financial items	**157.6**		

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

Investments in non-current assets

	2018			2017		
Investments in non-current assets	**Intangible[1]**	**Property, plant and equipment[1]**	**Total**	**Intangible[1]**	**Property, plant and equipment[1]**	**Total**
Medtech	106.1	11.1	117.2	192.0	9.4	201.4
Labtech	101.5	19.4	120.9	17.0	16.7	33.7
Group items	–	–	0.0	–	–	–
Total	**207.6**	**30.5**	**238.1**	**209.0**	**26.1**	**235.1**

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

	2018			2017		
Depreciation/amortisation of non-current assets	**Intangible**	**Property, plant and equipment**	**Total**	**Intangible**	**Property, plant and equipment**	**Total**
Medtech	-54.8	-6.3	-61.1	-47.2	-5.0	-52.2
Labtech	-19.5	-15.6	-35.1	-17.8	-14.7	-32.5
Group items	-2.8	-0.1	-2.9	-2.8	0.0	-2.8
Total	**-77.1**	**-22.0**	**-99.1**	**-67.8**	**-19.7**	**-87.5**

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

	2018				2017			
	Capital gains	**Change in pension liability**	**Other items**	**Total**	**Capital gains**	**Change in pension liability**	**Other items**	**Total**
Medtech	-0.5	–	-8.1	-8.6	0.0	–	-14.4	-14.4
Labtech	0.0	0.7	0.3	1.0	0.0	0.5	0.2	0.7
Group items	–	–	3.0	3.0	0.0	–	4.5	4.5
Total	**-0.5**	**0.7**	**-4.8**	**-4.6**	**0.0**	**0.5**	**-9.7**	**-9.2**

Data by country

	2018			2017		
Data by country	**Net sales external**	**Assets[1]**	**Of which non-current assets**	**Net sales external**	**Assets[1]**	**Of which non-current assets**
Sweden	779.7	1,146.3	831.0	756.0	1,144.7	842.0
Denmark	438.5	150.3	31.5	431.7	142.5	27.2
Finland	554.2	286.0	131.8	492.0	208.3	93.5
Norway	496.9	358.7	254.5	454.6	365.4	262.2
Other countries	212.3	825.1	325.9	199.0	31.6	1.7
Group items and unallocated assets	–	-98.6	48.9	–	-1.2	14.2
Total	**2,481.6**	**2,667.8**	**1,623.6**	**2,333.3**	**1,891.3**	**1,240.8**

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

	2018			2017		
Investments in non-current assets	**Intangible**	**Property, plant and equipment**	**Total**	**Intangible**	**Property, plant and equipment**	**Total**
Sweden	26.5	22.3	48.8	43.7	18.0	61.7
Denmark	2.0	3.9	5.9	0.3	3.1	3.4
Finland	29.0	1.7	30.7	0.9	3.4	4.3
Norway	7.1	2.3	9.4	164.0	1.2	165.2
Other countries	143.0	0.3	143.3	0.1	0.4	0.5
Total	**207.6**	**30.5**	**238.1**	**209.0**	**26.1**	**235.1**

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

	2018			2017		
Average number of employees	Men	Women	Total	Men	Women	Total
Sweden						
Parent Company	5	5	10	4	4	8
Other companies	106	94	200	108	93	201
Denmark	58	60	118	55	60	115
Finland	60	70	130	56	65	121
Norway	70	43	113	55	39	94
Other countries	21	28	49	19	21	40
Total	**320**	**300**	**620**	**297**	**282**	**579**

	2018			2017		
Salaries and remuneration	Senior management	of which profit-related	Other employees	Senior management	of which profit-related	Other employees
Sweden						
Parent Company	13.2	1.8	7.8	10.2	3.2	7.4
Other companies	10.9	0.0	102.6	8.9	1.2	108.4
Denmark	5.5	0.9	83.1	5.4	1.1	74.4
Finland	6.1	0.9	69.8	5.9	1.0	59.5
Norway	5.1	0.5	77.1	4.9	0.9	64.4
Other countries	–	–	21.8	–	–	19.1
Total	**40.8**	**4.1**	**362.2**	**35.3**	**7.4**	**333.2**

	Group		Parent Company	
Salaries, remuneration and social security costs	2018	2017	2018	2017
Salaries and other remuneration	402.9	367.7	21.0	17.6
Contractually agreed pensions for senior management	7.0	6.9	2.4	2.1
Contractual pensions to others	47.3	43.6	0.8	1.5
Other social security costs	66.8	66.6	5.8	6.9
Total	**524.0**	**484.8**	**30.0**	**28.1**

Percentage women	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec. 2017
Board of Directors	10%	10%	33%	33%
Other members of senior management	34%	34%	25%	25%

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 2018 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. For committee work, remuneration is paid to the Chairman of the audit committee according to the decision of the AGM, to other members no fee is 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 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

Note 7 cont'd

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.

Board of Directors

The Board fees of SEK 1,750 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 4,552 thousand (2,421) and SEK 478 thousand (966) in variable pay. Variable remuneration includes SEK 154 thousand regarding the year's cost for a subsidy for participation in the Group's incentive programme. Taxable benefits for the CEO totalling SEK 139 thousand (153) 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 2018, a total of SEK 1,034 thousand (865) 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 6,799 thousand (6,481) in fixed salaries and SEK 1,358 thousand (2,412) in variable remuneration. Variable remuneration includes SEK 516 thousand regarding the year's cost for a subsidy for participation in the Group's incentive programme. This variable remuneration was expensed during the 2018 financial year and will be paid in 2019. Taxable benefits totalling SEK 352 thousand (408) 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 2018, a total of SEK 1,380 thousand (1,574) 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 2018	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	1.3	–	–	–	1.3
CEO	4.6	0.5	0.1	1.0	6.2
Other members of Group Management[2]	6.8	1.4	0.4	1.4	10.0
Total	**13.2**	**1.9**	**0.5**	**2.4**	**18.0**

1) Including remuneration for those senior executives participating in incentive programmes
2) During the year other members of Group Management consisted of three people

Remuneration and other benefits during 2017	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
CEO	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 senior executives consisted of 4 people until August 2017, after which they consisted of 3 people

Board fees for 2018, SEK 000	Position	Fee
Johan Sjo	Chairman of the Board	0.5
Birgit Stattin Norinder	Board member	0.3
Eva Nilsagård	Board member	0.3
Andreas Gothberg	Board member	0.3
Håkan Roos	Board member	0.3
Stefan Hedelius	Board member	0.3
Total		**1.8**

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

NOTE 8 | REMUNERATION TO AUDITORS

	Group		Parent Company	
	2018	2017	2018	2017
KPMG				
Audit assignment	2.5	2.9	0.8	0.8
Tax consultation	0.0	0.0	–	0.0
Other assignments	2.5	0.3	2.5	0.1
Total remuneration to KPMG	**5.0**	**3.2**	**3.3**	**0.9**
Other auditors				
Audit assignment	0.1	0.0	–	–
Tax consultation	0.1	0.2	–	–
Other assignments	0.3	0.3	–	–
Total remuneration to other auditors	**0.5**	**0.5**	**–**	**–**
Total remuneration to auditors	**5.5**	**3.7**	**3.3**	**0.9**

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	
	2018	2017	2018	2017
Depreciation and amortisation, by function				
Cost of goods sold	-13.9	-12.3	–	–
Selling expenses	-75.6	-67.5	–	–
Administrative expenses	-9.6	-7.8	-0.1	-0.1
Total	**-99.1**	**-87.5**	**-0.1**	**-0.1**

	2018	2017	2018	2017
Depreciation and amortisation, by type of asset				
Intangible assets	-77.1	-67.8	-0.1	-0.1
Buildings and land	-0.4	-0.3	–	–
Leasehold improvements	-1.0	-1.1	–	–
Machinery	-2.7	-2.9	–	–
Equipment	-17.9	-15.4	0.0	0.0
Total	**-99.1**	**-87.5**	**-0.1**	**-0.1**

NOTE 10 | OTHER OPERATING INCOME AND EXPENSES

Group	2018	2017
Other operating income		
Rental revenue	–	0.1
Gain on sale of operations and non-current assets	1.1	0.2
Exchange gains, net	0.5	0.0
Change in loans for contingent considerations	7.6	12.1
Other	6.8	3.7
Total	**16.0**	**16.2**
Other operating expenses		
Property costs	–	6.4
Loss on sale of operations and non-current assets	-0.6	-0.3
Exchange losses, net	–	-6.4
Other	-3.9	-6.2
Total	**-4.5**	**-6.5**

NOTE 11 | OPERATING EXPENSES

Group	2018	2017
Inventories, raw materials and consumables	1,413.1	1,324.8
Employee benefits expense	428.7	399.9
Depreciation/amortisation	99.1	87.5
Impairment of inventories	6.0	4.0
Impairment of doubtful accounts receivable	0.4	0.1
Other operating expenses	378.0	360.7
Total	**2,325.3**	**2,177.0**

NOTE 12 | FINANCE INCOME AND COSTS

Group	2018	2017
Interest income on bank balances	0.4	0.3
Exchange rate changes, net	–	0.7
Financial income	**0.4**	**1.0**
Interest expense on financial liabilities measured at amortised cost	-5.5	-6.5
Interest expense on financial liabilities measured at fair value	–	–
Interest expense on pension liability	-1.7	-1.5
Exchange rate changes, net	-1.2	–
Other finance costs	-1.7	-1.3
Finance costs	**-10.1**	**-9.3**
Net financial items	**-9.7**	**-8.3**

Parent Company	2018	2017
Dividend income	–	0.0
Profit/loss from group companies	–	**0.0**
Interest income, etc		
Interest income from group companies	10.8	10.4
Other interest income and change in value of derivatives	–	–
Interest income and similar items	**10.8**	**10.4**
Interest expense, etc		
Interest expense from Group companies	0.0	0.0
Exchange rate changes, net	0.0	0.0
Other interest expense and change in value of derivatives	-6.4	-6.7
Interest expense and similar items	**-6.4**	**-6.7**

NOTE 13 | YEAR-END APPROPRIATIONS PARENT COMPANY

	2018	2017
Provision made to tax allocation reserve	-17.0	-11.3
Group contributions paid	-17.0	-15.0
Group contributions received	85.9	72.1
Total	**51.9**	**45.8**

NOTE 14 | TAXES

Group	2018	2017
Current tax for the period	-44.1	-42 1
Adjustment from previous years	-0 1	-2 6
Total current tax expense	**-44.2**	**-44.7**
Deferred tax	15 5	7 4
Total recognised tax expense	**-28.7**	**-37 3**

Group	2018	%	2017	%
Profit/loss before taxes	158 0		157 6	
Weighted average tax based on national tax rates	-33 7	-21 3	-34 7	-22 0
Tax effects of non-deductible costs/non-taxable income	-1 7	-1 1	0 7	0 4
Changed tax rate	1 9	1 2	0 0	0 0
Adjustments from previous years	3 9	2 5	-2 6	-1 6
Other	0 9	0 6	-0 7	-0 4
Recognised tax expense	**-28.7**	**-18.1**	**-37.3**	**-23.7**

Deferred tax

Deferred taxes, net, at year-end	31 Dec. 2018			31 Dec. 2017		
Group	**Receivables**	**Liabilities**	**Net**	**Receivables**	**Liabilities**	**Net**
Non-current assets	6 9	-135 2	-128 3	5 7	-104 3	-98 6
Untaxed reserves	–	–	–	–	-0 3	-0 3
Pension provisions	6 9	0 0	6 9	5 7	-0 1	5 6
Tax loss carryforwards	42 9	-0 5	42 4	26 6	–	26 6
Other	8 7	-12.4	-3 7	2 5	-8 9	-6 4
Net recognised	-40 3	40 3	0 0	-37 6	37 6	0 0
Deferred taxes, net, at year-end	**25.1**	**-107.9**	**-82.8**	**2 9**	**-76 0**	**-73 1**

Unrecognised deferred tax assets

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

	31 Dec. 2018	31 Dec. 2017
Tax deficits	22 6	20 8
Potential tax benefit	5 0	4 6
The expiry dates of these tax loss carryforwards are distributed as follows:		
0 > 10 years	22 6	20 8

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	2018	2017
Current tax for the period	-11 2	-7 6
Total current tax expense	**-11 2**	**-7 6**
Deferred tax	–	–
Total recognised tax expense	**-11 2**	**-7 6**

Parent Company	2018	%	2017	%
Profit/loss before taxes	50 7		32 0	
Tax based on current tax rate for Parent Company	-11 2	22 1	-7.1	22 2
Tax effects of non-deductible costs/non-taxable income	0 0	0 0	-0 5	1 6
Recognised tax expense	**-11.2**	**22.1**	**-7.6**	**23 8**

NOTE 15 | INTANGIBLE NON-CURRENT ASSETS

31 Dec. 2018

Intangible assets acquired Group	Goodwill	Supplier relationships, customer relationships and technology	Trademarks	Research and development	Software	Total
Accumulated cost						
Opening balance	655.6	607.8	0.9	88.7	39.2	1,392.2
Corporate acquisitions	173.2	189.0	0.0	–	11.6	373.8
Investments	–	–	–	11.0	7.6	18.6
Reclassifications	–	–	–	–	–	–
Divestments and disposals of assets	–	-1.1	–	-1.0	0.1	-2.0
Translation effect for the year	3.9	6.3	–	1.2	0.3	11.7
Closing balance	**832.7**	**802.0**	**0.9**	**99.9**	**58.8**	**1,794.3**
Accumulated depreciation and impairment losses						
Opening balance	-10.0	-171.1	-0.8	-38.0	-19.7	-239.6
Corporate acquisitions	–	–	–	–	-11.1	-11.1
Depreciation/amortisation	–	-62.4	0.0	-8.1	-6.6	-77.1
Reclassifications	–	–	–	–	–	–
Divestments and disposals of assets	–	–	–	–	–	–
Translation effect for the year	-0.1	-0.7	–	-0.5	-0.2	-1.5
Closing balance	**-10.1**	**-234.2**	**-0.8**	**-46.6**	**-37.6**	**-329.3**
Carrying amount at year-end	**822.6**	**567.8**	**0.1**	**53.3**	**21.2**	**1,465.0**
Carrying amount at start of year	**645.6**	**436.7**	**0.1**	**50.7**	**19.5**	**1,152.6**

31 Dec. 2017

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**

Goodwill distributed by business area	31 Dec. 2018	31 Dec. 2017
Labtech	225.6	130.7
Medtech	597.0	514.9
Total	**822.6**	**645.6**

Note 15 cont'd

Parent Company	31 Dec 2018 Software	Total	31 Dec 2017 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	-0.2	-0.2	-0.1	-0.1
Depreciation/amortisation	-0.1	-0.1	-0.1	-0.1
Closing balance	-0.3	-0.3	-0.2	-0.2
Carrying amount at year-end	**0.1**	**0.1**	**0.2**	**0.2**
Carrying amount at start of year	**0.2**	**0.2**	**0.3**	**0.3**

Impairment testing of goodwill

AddLife's recognised goodwill amounts to SEK 822.6 million (645.6). 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 Group's budget for the upcoming financial year 2019, which is based 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 8.9 percent (9.5) 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

31 Dec. 2018 Group	Buildings and land	Investments in property belonging to third party	Machinery	Equipment	Total
Accumulated cost					
Opening balance	11.9	11.3	40.1	172.1	235.5
Corporate acquisitions	–	0.6	0.5	115.0	116.1
Investments	0.2	0.1	3.7	26.6	30.6
Divestments and disposals of assets	-	-1.7	-0.9	-30.7	-33.3
Reclassifications	–	-	-3.1	3.1	0.0
Translation effect for the year	0.5	0.5	1.1	3.1	5.2
Closing balance	**12.6**	**10.8**	**41.4**	**289.2**	**354.1**
Accumulated depreciation and impairment losses					
Opening balance	-5.5	-8.4	-24.9	-122.0	-160.8
Corporate acquisitions	–	-0.1	–	-87.1	-87.2
Depreciation/amortisation	-0.4	-1.0	-2.7	-17.9	-22.0
Divestments and disposals of assets	–	1.6	0.9	27.4	29.9
Reclassifications	–	–	3.0	-3.0	0.0
Translation effect for the year	-0.2	-0.4	-0.9	-2.3	-3.8
Closing balance	**-6.1**	**-8.3**	**-24.6**	**-204.9**	**-243.9**
Carrying amount at year-end	**6.5**	**2.5**	**16.8**	**84.3**	**110.2**
Carrying amount at start of year	**6.4**	**2.9**	**15.2**	**50.1**	**74.7**

31 Dec 2017 Group	Buildings and land	Investments in property belonging to third party	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**

	31 Dec. 2018		31 Dec 2017	
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	-0.1	-0.1	0.0	0.0
Closing balance	**-0.1**	**-0.1**	**0.0**	**0.0**
Carrying amount at year-end	**0.1**	**0.1**	**0.2**	**0.2**
Carrying amount at start of year	**0.2**	**0.2**	**0.2**	**0.2**

NOTE 17 | LEASES

Operating leases

AddLife as lessee	Group 2018	2017
Lease payments		
Lease payments made during the financial year	78.0	48.4
Future minimum lease payments under non-cancellable contracts fall due as follows		
Within one year	69.8	40.0
Later than one year and within five years	138.0	87.2
5 years or later	24.2	29.6
Total future minimum lease payments	**232.0**	**156.8**

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

AddLife as lessor	Group 2018	2017
Lease revenue		
Lease income during the financial year	1.2	1.4
Future minimum lease income under non-cancellable contracts fall due as follows		
Within one year	1.4	1.3
Later than one year and within five years	1.3	1.6
5 years or later	-	-
Total future minimum lease income	**3.9**	**4.3**

Most operating leases concern rental of technical equipment to customers.

AddLife as lessor

A total of SEK 1.2 million (1.4) was received in lease revenue during the financial year. SEK 1.4 million (1.3) remains to be received within one year, and thereafter a total of SEK 1.3 million (1.6) 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, 31 Dec 2018	Financial assets and liabilities measured at fair value through profit or loss	Financial assets measured at amortised cost	Other financial liabilities	Total carrying amount
Financial assets	-	18.6	-	18.6
Non-current receivables	-	4.7	-	4.7
Accounts receivable	-	507.8	-	507.8
Cash and cash equivalents	-	60.6	-	60.6
Other receivables[1]	0.8[3]	-	-	0.8
Total	**0.8**	**591.7**	**-**	**592.5**
Non-current interest-bearing liabilities	8.8	-	3.9	12.7
Current interest-bearing liabilities	0.6	-	832.3	832.9
Accounts payable	-	-	333.9	333.9
Other liabilities[2]	0.3[3]	-	0.8	1.1
Total	**9.7**	**-**	**1,170.9**	**1,180.6**

1) Part of other receivables in the consolidated balance sheet
2) Part of other liabilities in the consolidated balance sheet
3) Includes derivatives measured at fair value through profit or loss

Note 18 cont'd

SEKm, 31 Dec 2017	Financial assets and liabilities measured at fair value through profit or loss	Financial assets measured at amortised cost	Other financial 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	–	**355.4**	–	**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[3]	–	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) Includes derivatives measured at fair value through profit or loss

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

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

Impact of financial instruments on net earnings	31 Dec. 2018	31 Dec. 2017
Accounts receivable and loan receivables	-0.4	-0.1
Available-for-sale financial assets	-	-0.1
Other liabilities	-5.6	-6.5
Total	**-6.0**	**-6.7**

	31 Dec 2018			31 Dec 2017		
	Carrying amount	Level 2	Level 3	Carrying amount	Level 2	Level 3
Derivatives measured at fair value through profit or loss	0.8	0.8	–	–	–	–
Total financial assets at fair value by level	0.8	0.8	–	–	–	–
Derivatives measured at fair value through profit or loss	0.3	0.3	–	-0.5	-0.5	–
Contingent considerations	9.4	–	9.4	13.8	–	13.8
Total financial liabilities at fair value per level	**9.7**	**0.3**	**9.4**	**13.3**	**-0.5**	**13.8**

The fair value and carrying amount are recognised 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 contingent considerations, a cash flow-based analysis is carried out, which is not based on observable market data, level 3. 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. 18	12 months ending 31 Dec 17
Carrying amount, opening balance	13.8	13.3
Acquisitions during the year	9.1	13.1
Consideration paid	-6.5	-
Reversed through profit or loss	-7.6	-12.8
Interest expenses	-0.2	1.0
Exchange differences	0.8	-0.8
Carrying amount, closing balance	**9.4**	**13.8**

NOTE 19 | NONCURRENT FINANCIAL ASSETS

	Parent Company	
Receivables from Group companies	31 Dec. 2018	31 Dec. 2017
Opening balance	1,131 4	774 7
Increase during the year	199 4	533 8
Decrease during the year	-302.9	-177 1
Carrying amount at year-end	1,027.9	1,131.4

Specification of interests in Group companies	Country	Number of shares	Quotient value	Holding %	Carrying amount 31 Dec 2018	Carrying amount 31 Dec. 2017
AddLife Development AB	Sweden	1,000	100	100%	389.1	389 1
Biomedica Holding GmbH	Austria	37,500	1	100%	408 5	–

Interests in Group companies

	Parent Company	
Accumulated cost	2018	2017
Opening balance	389 1	389.1
Acquisitions for the year	408 5	–
Closing balance	797.6	389.1

Indirect ownership

Indirect ownership	Ownership
Biomedica Medizinprodukte GmbH[1]	100%
Biomedica Services AG	100%
Biomedica Medizintechnik AG	100%
Euromed Swiss AG	80%
Biomedis d o o	100%
Biomedica MP d o.o.	100%
Biomedica Dijagnostika doo	100%
Biomedica d o.o	100%
Biomedica Bulgaria ood	100%
CYBER s r.o.	100%
Biomedica Medizinprodukte Romania SRL	100%
Biomedica Hungaria Kft	100%
Biomedica CS s r.o	100%
Biomedica Poland Sp Zo o	100%
Biomedica Dijagnostika d o o.el	100%
Biomedica Slovakita s r o	80%
Mediplast AB	100%

Indirect ownership	Ownership
Mediplast Innova As	100%
Mediplast Sataside Oy	100%
Mediplast S r l	100%
Mediplast Benelux B V	100%
Mediplast GmbH	100%
Mediplast Holding Aps	100%
Mediplast Kendan A/S	100%
Hospidana A/S	100%
Fenno Medical Oy	100%
Svan Care AB	100%
Hepro AS	100%
Ossano Scandinavia AB	100%
Esthe-Tech AB	100%
V-tech AB	100%
Vaino Korpinen Oy	100%
Triolab A/S	100%
Triolab Oy	100%
Triolab AB	100%

Indirect ownership	Ownership
Triolab (Baltics) Oy	100%
LabRobot Products AB	100%
BergmanLabora AB	100%
Biolin Scientific AB	100%
Biolin Scientific China	100%
Biolin Scientific Oy	100%
Biolin Scientific LTD	100%
Biolin Inc	100%
Holm & Halby A/S	100%
Laboren Aps	100%
Immuno Diagnostics Oy	100%
Bergman Diagnostika AS	100%
BioNordika (Denmark) A/S	100%
BioNordika Bergman AS	100%
BioNordika (Sweden) AB	100%
BioNordika (Finland) Oy	100%

[1] 70% by Biomedica Holding GmbH, 30% by AddLife AB

NOTE 20 | INVENTORIES

Group	31 Dec. 2018	31 Dec. 2017
Raw materials and consumables	35 0	23.2
Work in progress	3 7	2.6
Finished goods	369 6	245.2
Total	408.3	271.0

Cost of sales for the Group includes impairment losses for inventories of SEK 6 0 million (4.0). No significant reversals of prior impairment losses were made in 2018 or 2017.

NOTE 21 | PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent Company	
	31 Dec. 2018	31 Dec. 2017	31 Dec. 2018	31 Dec. 2017
Rent	6 4	3.9	0 0	0 0
Insurance premiums	2.7	2 1	0 4	0 4
Pension costs	1.8	1 7	–	–
Lease payments	4.9	1 7	0 1	0 1
License fees	2.0	1.9	0 2	0 2
Other prepaid expenses	10.8	4 3	1 6	0 0
Other accrued income	4.2	1 1	–	–
Total	32.8	16.7	2.3	0.7

Biolin Scientific Limited (a 100% subsidiary of Biolin Scientific AB) is entitled to claim exemption from audit under Companies Act s479A due to the fact that Addlife AB has provided a guarantee over its liabilities. The company is registered in the UK 01747218 at The Copper Room, Deva Centre, Trinity Way, Manchester M3 7BG.

NOTE 22 | SHAREHOLDERS' EQUITY

Foreign currency translation reserve

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

Reserves	31 Dec. 2018	31 Dec 2017
Foreign currency translation reserve		
Opening translation reserve	-5 9	7 1
Translation effect for the year	17 3	-13 0
Closing translation reserve	**11.4**	**-5.9**

Number of shares outstanding 31 Dec. 2018	Class A shares	Class B shares	All share classes
Opening balance	1,011,766	23,160,327	24,172,093
Redemption of warrants	-	146.550	146 550
Non-cash issue	-	480 721	480 721
Repurchase of treasury shares	-	-170,000	-170,000
Closing balance	**1,011,766**	**23,617,598**	**24,629,364**

Number of shares outstanding 31 Dec. 2017	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**

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 2018 consisted of 1,011,766 Class A shares, entitling the holders to 10 votes per share, and 24,086,048 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 468,450 Class B shares, in the framework of the Company's ongoing repurchase programme. After subtracting repurchased shares, the number of Class B shares is 24,629,364 net

NOTE 23 | UNTAXED RESERVES

Parent Company	31 Dec 2018	31 Dec 2017
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	11 3
Tax allocation reserve, allocation for tax assessment 2019	17 0	-
Closing balance	**46.9**	**29 9**

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 2018 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 10 5 million (8 4). 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 2018 was 142 percent (154)

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	2018-12-31	2017-12-31
Pension liability PRI	69 3	66 4
Other pension obligations	7 6	0 4
Total defined benefit pension plans	**76.9**	**66.8**

Obligations for defined benefits and the value of plan assets	2018-12-31	2017-12-31
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	76 9	66 8
Net amount in the balance sheet (obligation +, asset –)	**76 9**	**66.8**
Pension obligations and plan assets by country:		
Sweden		
Pension obligations	69 6	66 8
Net amount in Sweden	**69.6**	**66.8**
Austria		
Pension obligations	7 3	–
Net amount in Austria	**7.3**	–
Net amount in the balance sheet (obligation +, asset –)	**76.9**	**66.8**

Reconciliation of net amount for pensions in the balance sheet	31 Dec 2018	31 Dec. 2017
Opening balance	**66.8**	59 7
Corporate acquisitions	7 3	–
Change in accounting for pensions	2 5	2 3
Payment of pension benefits	-2 0	-1 7
Funds contributed by employer	–	–
Translation effects	–	–
Revaluations	–	–
Gains and losses from settlements	2 3	6 5
Net amount in the balance sheet (obligation +, asset –)	**76 9**	**66 8**

Changes in the obligation for defined benefit plans recognised in the balance sheet	31 Dec 2018	31 Dec 2017
Opening balance	66 8	59 7
Corporate acquisitions	7 3	–
Pensions earned during the period	0 8	0 8
Interest on obligations	1 7	1 5
Benefits paid	-2 0	-1 7
Benefits earned during previous periods, vested	–	–
Transferred benefits	–	–
Revaluations.		
Gain (–)/loss (+) resulting from demographic assumptions	–	–
Gain (–)/loss (+) resulting from financial assumptions	2 5	5 4
Experienced-based gains (–)/losses (+)	-0 2	1 1
Translation effects	–	–
Gains and losses from settlements	–	–
Present value of pension obligations	**76.9**	**66.8**

Pension costs	2018	2017
Defined benefit pension plans		
Cost for pensions earned during the year	4 7	4 1
Interest on obligations	1 7	1.5
Total cost of defined benefit plans	6 4	5 6
Total cost of defined contribution plans	49 6	46 4
Social security costs on pension costs	4 9	5 2
Total cost of benefits after termination of employment	**60.9**	**57.2**

Allocation of pension costs in the income statement	2018	2017
Cost of goods sold	14 4	13 5
Selling and administrative expenses	44 8	42 1
Net financial items	1 7	1 6
Total pension costs	**60.9**	**57.2**

	2018	2017
Actuarial assumptions	**Sweden**	**Sweden**
The following material actuarial assumptions were applied in calculating obligations:		
Discount rate 1 January, %	2 5	2 5
Discount rate 31 December, %	2 3	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

	2018	2017
Actuarial assumptions	**Sweden**	**Sweden**
Defined benefit pension obligations at 31 December 2018		
Discount rate increases by 0 5%	-6 2	-5 9
Discount rate decreases by 0 5%	7 0	6 9
Expected life expectancy increases by 1 year	3 2	3 2

Comprising	31 Dec. 2018	31 Dec. 2017
Active	21	21
Disability pensioners	1	1
Paid-up policyholders	98	101
Pensioners	70	68
The total number of commitments included in pension liabilities	**190**	**191**

NOTE 25 | PROVISIONS

Group 31 Dec. 2018	Personnel	Warranties	Other	Total
Non-current provisions				
Carrying amount at start of period	–	–	–	–
Provisions through acquisitions	19.9	–	–	19.9
Carrying amount at end of period	**19.9**	–	–	**19.9**

As at 31 December 2017 the Group had no non-current provisions.

Group 31 Dec. 2018	Personnel	Warranties	Other	Total
Short-term provisions				
Carrying amount at start of period	–	1.1	2.0	3.1
Provisions made during the period	–	0.0	–	0.0
Amounts utilised during the period	-	0	–	0.0
Unutilised amounts reversed	–	0	-	0.0
Translation effects	–	0.1	–	0.1
Other	–	–	–	–
Carrying amount at end of period	–	**1.2**	**2.0**	**3.2**

Group 31 Dec. 2017	Personnel	Warranties	Other	Total
Short-term provisions				
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**

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 | NON-CURRENT INTEREST-BEARING LIABILITIES

	Group	
	31 Dec. 2018	31 Dec. 2017
Liabilities to credit institutions:		
Maturing within 2 years	2.8	-
Maturing within 3 years	0.8	-
Maturing within 4 years	0.3	-
Maturing within 5 years	-	-
Total non-current liabilities to credit institutions	**3.9**	–
Other interest-bearing liabilities:		
Maturing within 2 years	2.9	4.2
Maturing within 3 years	2.9	–
Maturing within 4 years	–	–
Maturing within 5 years	–	–
Total other non-current interest-bearing liabilities	**5.8**	**4.2**
Total	**9.7**	**4.2**

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	2018-12-31	2017-12-31	2018-12-31	2017-12-31
Approved credit limit	450.0	450.0	450.0	450.0
Unutilised portion	-320.1	-132.6	-320.1	-132.6
Credit amount utilised	**129.9**	**317.4**	**129.9**	**317.4**
Other liabilities to credit institutions	702.4	201.2	700.7	199.7
Other interest-bearing liabilities	3.6	9.9	-	-
Total	**835.9**	**528.5**	**830.6**	**517.1**

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.

	31 Dec. 2018		31 Dec. 2017	
Currency	Local currency	SEKm	Local currency	SEKm
EUR	0.0	0.1	–	–
SEK	700.7	700.7	199.7	199.7
NOK	0.2	0.2	1.5	1.5
PLZ	0.4	0.9	–	–
BGN	0.1	0.5	–	–
Total		**702.4**		**201.2**

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 Dec. 2018.

NOTE 28 | ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
	31 Dec 2018	31 Dec. 2017	31 Dec. 2018	31 Dec. 2017
Other deferred income	1.3	2.5	–	–
Salaries and holiday pay	96.6	78.5	10.1	12.7
Social security costs and pensions	18.8	17.7	0.9	2.3
Other accrued expenses[1]	22.2	18.2	0.9	1.6
Total	**138.9**	**116.9**	**11.9**	**16.6**

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	31 Dec. 2018	31 Dec. 2017	31 Dec. 2018	31 Dec 2017
Pledged assets	0.0	4.6	–	–
Total	**0.0**	**4.6**	–	–
Contingent liabilities				
Guarantees	2.7	2.5	–	–
Guarantees for subsidiaries [1]	–	–	41.5	40.8
Total	**2.7**	**2.5**	**41.5**	**40.8**

1) Relates to PRI liabilities

NOTE 31 | CASH FLOW STATEMENT

	Group		Parent Company	
Adjustment for items not included in cash flow	**2018**	**2017**	**2018**	**2017**
Depreciation/amortisation	99.1	87.5	0.1	0.1
Gain/loss on sale of operations and non-current assets	-0.5	0.0	–	–
Change in pension liability	0.7	0.5	–	–
Change in other provisions and accrued items	–	2.7	–	–
Group contributions/dividends not paid	–	–	0.0	0.0
Other	-4.8	-12.4	2.8	3.4
Total	**94.5**	**78.3**	**2.9**	**3.5**

For the Group, interest received during the year totalled SEK 0.4 million (0.3), and interest paid was SEK 5.5 million (6.5).

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:

	2018	2017
Non-current assets	254.0	212.2
Inventories	127.9	32.5
Receivables	213.5	42.8
Cash and cash equivalents	61.9	7.8
Total	**657.3**	**295.3**
Interest-bearing liabilities and provisions	27.3	8.5
Non-interest-bearing liabilities and provisions	256.1	45.5
Total	**283.4**	**54.0**
Consideration paid	-396.3	-291.5
Cash and cash equivalents in acquired companies	61.9	7.8
Effect on the Group's cash and cash equivalents	334.4	-283.7

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

Group	Opening balance, 1 Jan. 2018	Cash Flow	Changes that do not affect cash flow: Acquisition of subsidiaries	Exchange rate changes	Changes in fair value	Closing balance, 31 Dec 2018
Bank overdraft facility	317.4	-187.5	–	–	–	129.9
Liabilities to credit institutions	201.2	499.3	5.2	0.6	–	706.2
Other interest-bearing liabilities	14.1	0.3	-5.2	0.4	-0.2	9.4
Total liabilities arising from financing activities	**532.7**	**312.1**	**0.0**	**1.0**	**-0.2**	**845.6**

Reconciliation of debts arising from financing activities

Parent Company	Opening balance, 1 Jan 2018	Cash Flow	Closing balance, 31 Dec. 2018
Bank overdraft facility	317.4	-187.5	129.9
Current liabilities to credit institutions	199.7	501.0	700.7
Total liabilities arising from financing activities	**517.1**	**313.5**	**830.6**

NOTE 32 | ACQUISITIONS WITHIN BUSINESS AREAS

Acquisitions	Country	Date of acquisition	Net sales, SEKm	Number of employees[1]	Business area
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
Ossano Scandinavia AB	Sweden	February, 2018	20	5	Medtech
Food Diagnostics FDAB AB	Sweden	March, 2018	10	3	Labtech
Vaino Korpinen Oy	Finland	July, 2018	80	15	Medtech
Laboren ApS	Denmark	December, 2018	10	2	Labtech
Biomedica Medzinprodukte GmbH	Austria	December 2018	635	280	Medtech/Labtech

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 2018 were as follows:

	Fair value
Intangible non-current assets	189 9
Other non-current assets	64 1
Inventories	127 9
Other current assets	275 4
Deferred tax liability/tax asset	-47 1
Other liabilities	-283 4
Acquired net assets	326 8
Goodwill	172 0
Consideration[1]	498 8
Less cash and cash equivalents in acquired businesses	-61 9
Less consideration via non-cash issue	-101 9
Contingent consideration not yet paid	-0 6
Effect on the Group's cash and cash equivalents	**334.4**

1) The consideration is stated excluding acquisition expenses

According to the preliminary 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

The combined consideration for the acquisitions was SEK 498.8 million (310.1), of which SEK 172.0 million (114.5) was allocated to goodwill and SEK 189.9 million (210.5) to other intangible assets. The consideration consists only of cash payment. The transaction costs for acquisitions with a takeover date during the 2018 financial year totalled SEK 8.1 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 9 million, which is approximately 57 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 48 million (158), while the combined effect on EBITA was SEK 5 million (32), operating profit was SEK 3 million (17) and after-tax profit for the year was SEK 2 million (16)

Had the acquisitions, excluding Biomedica, been completed on 1 January 2018, their impact would have been an estimated SEK 114 million (196) on consolidated net sales, SEK 11 million (38) on EBITA, about SEK 7 million (22) on operating profit and about SEK 5 million (20) 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

	2018	2017
Earnings per share (EPS), SEK	5 36	4 95
Diluted EPS (SEK)	5 36	4 94

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 2018 financial year and a weighted average number of shares outstanding (000s). 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 two components are as follows:

	2018	2017
Profit for the year (SEKm)	129 3	120 3
Weighted average number of shares during the year in thousands of shares	**2018**	**2017**
Weighted average number of shares during the year	24,118	24,347

The 468,450 call options issued on shares bought back entail a dilutive 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 19 December 2018 AddLife signed an agreement with Wellspect HealthCare on the acquisition of its business in the product areas surgery and respiration. The business has sales of EUR 17 million and the acquisition will be completed in late April/early May 2019. The business will primarily be integrated into Mediplast and Biomedica.

Rights issue

In February 2019 AddLife AB raised about SEK 501 million before issue expenses through a rights issue. The issuance was oversubscribed by about 68 percent. As a result of the rights issue AddLife's equity increased by SEK 7,184,142 to SEK 58,309,340. The total number of shares will increase by 144,538 Class A shares and 3,382,221 Class B shares, to a total of 28,624,573 shares, including 1,156,304 Class A shares and 27,468,269 Class B shares

Financing

In January 2019 AddLife increased its overdraft facility with Handelsbanken to SEK 700 million, while simultaneously extending its term to 28 February 2020 The bridging loan at Handelsbanken of SEK 550 million that was taken in conjunction with the acquisition of Biomedica has been repaid in its entirety during the period between January and March 2019 by exercising the overdraft facility at Handelsbanken

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	651.5
Retained earnings	-23.3
Profit for the year	39 5
Total earnings	**667.7**

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]	62.1
To be carried forward	605 6
	667.7

1) Calculated based on the number of outstanding shares at the time of the release of the annual report The number of repurchased class B shares amounts to 405 250 at the time of the release of the annual report

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 10 April 2019

Johan Sjö
Chairman of the Board

Birgit Stattin Norinder
Board member

Eva Nilsagård
Board member

Andreas Göthberg
Board member

Håkan Roos
Board member

Stefan Hedelius
Board member

Kristina Willgård
CEO

We submitted our audit report on 10 April 2019.

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 no 556995-8126

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of AddLife AB (publ) for the year 2018, except for the sustainability report on pages 26-37 The annual accounts and consolidated accounts of the company are included on pages 45-99 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the Parent Company as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the sustainability report on pages 26-37.

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 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 acquired intangible assets and parent company's shares in Group companies.

See Notes 15 and 19 and accounting principles on pages 68-73 in the annual accounts and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The carrying value of goodwill in the Group is SEK 823 per 31 December 2018, which represents 31% of total assets

At least annually, goodwill shall be subject to impairment testing which is both complex and involves significant elements of judgement from Group Management.

According to current regulations, the prescribed method for carrying out impairment tests involves management making forecasts for how internal as well as external conditions and plans may impact the business. Examples of such forecasts include future cash flows, which in turn require assumptions to be made about future market conditions. Another important assumption is which discount rate to use in order to correctly reflect the time value of money of forecast future cash in-flows, which carry a certain level of risk.

The carrying amount of participation in Group companies in the Parent Company is SEK 798 million as at 31 December 2018, which represents 41% of total assets In the event that the participations' equity is less than the value of the participation, an impairment test is performed.

This area, therefore, involves significant levels of judgement which are in turn significant to the Group's accounting.

Response in the audit

We have inspected the company's impairment testing in order to assess whether it is in line with the prescribed methodology. Furthermore, through review of management's written plans and documentation, we have assessed the reasonableness of future cash flows and the assumed discount rate and growth rate. We have conducted discussions with management and evaluated previous year's estimates in relation to actual outcomes.

A critical part of our work has also been evaluation of the sensitivity analysis performed by management that shows how changes in the assumptions can affect the overall valuation and performance of our own sensitivity analysis

We have also considered the disclosures in the annual accounts for completeness and assessed whether they are in line with the assumptions used by the Group in its impairment testing and whether the information is sufficient to provide understanding of management's judgements

Acquisition of Biomedica

See Notes 15 and 19 and accounting principles on pages 68-73 in the annual accounts and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

In December 2018 AddLife acquired the Austrian Biomedica Medizinprodukte GmbH ("Biomedica"). Biomedica is the parent company of a group ("Biomedica Group") with sales of about EUR 65 million which engages in operations in 13 countries in Europe and has about 280 employees.

The total purchase price for the acquisition of Biomedica was about EUR 39 million, including 75 percent in cash through existing credit facilities and 25 percent through newly issues Class B shares in AddLife. The acquisition is significant for AddLife and entails substantial increase in the number of entities within the Group, while also expanding the geographic distribution of the Group's operations.

Although the acquisition has had only a limited impact on earnings for 2018 since the transaction occurred at the end of the year, because of the size and geographic complexity of the transaction we consider the acquisition to be a key audit matter in the 2018 audit.

It is critical for the entities within the Biomedica Group to be consolidated in line with AddLife's principles and that the acquisition analysis is carefully prepared in the annual accounts

Response in the audit

After studying the acquisition analysis for the Biomedica Group, we note that it follows AddLife's acquisition model and we have not identified any material deviations. The analysis is preliminary in the annual accounts and could be adjusted in 2019.

The Biomedica Group is fully consolidated as per the annual accounts and we have received feedback from significant entities as a basis for the Group audit No significant deviations have been noted regarding the consolidation.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts, which is found on pages 1-43 and 100-108. The Board of Directors and the Chief Executive Officer are responsible for this other information

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

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

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

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer 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 Chief Executive Officer 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 Chief Executive Officer are responsible for the assessment of the ability of the Company and the Group to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. However, the going concern basis of accounting is not applied if the Board of Directors and the Chief Executive Officer intend to liquidate the company, to cease operations, or have no realistic alternative but to do so

The Board's 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 Chief Executive Officer
- Conclude on the appropriateness of the Board of Directors' and the Chief Executive Officer'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 ability of the Company and the Group 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 Chief Executive Officer of AddLife AB for the year 2018 and the proposed appropriations of the Company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the member of the Board of Directors and the Chief Executive Officer 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 Chief Executive Officer

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 organisation of the Company and management of the Company's affairs. This includes among other things continuous assessment of the financial situation of the Company and the Group, as well as ensuring that the company's organisation is designed so that the accounting, management of assets and the Company's financial affairs otherwise are controlled in a reassuring manner

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

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether the member of the Board of Directors or the Chief Executive Officer 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 26-37 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 sustainability report has been prepared.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of AddLife AB by the general meeting of shareholders on 31 May 2018 KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2015/2016.

Stockholm 10 April 2019

KPMG AB	KPMG AB
Håkan Olsson Reising	Jonas Eriksson
Authorised Public Accountant	*Authorised Public Accountant*
Auditor in charge	

Board of Directors

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

JOHAN SJÖ
Chairman of the Board since 2015.
Born in: 1967
Education: M.Sc. Econ
Professional experience: Chief Executive Officer of Addtech AB, senior management at Bergman & Beving AB and Alfred Berg ABN AMRO.
Other appointments: Chairman of the Board of Bergman & Beving AB and OptiGroup AB. Director for Addtech AB, Camfil AB and M2 Asset Management AB.
Independent in relation to AddLife and its senior management: Yes
Independent in relation to major shareholders: Yes.
Holdings of shares in AddLife: 3,600 Class A shares and 51,428 Class B shares.

HÅKAN ROOS
Board member since 2015.
Born in: 1955.
Education: M Sc. Econ.
Professional experience: Previously Chief Executive Officer of Hallbergs Guld AB and Procurator AB.
Other appointments: Chairman of the Board of RoosGruppen AB and Sandå Sverige AB. Member of the board of OptiGroup AB and Nordic Kitchen Group AB.
Independent in relation to AddLife and its senior management: Yes
Independent in relation to major shareholders: No.
Holdings of shares in AddLife: 537,054 Class A shares and 2,917,135 Class B shares.

STEFAN HEDELIUS
Board member since 2015.
Born in: 1969.
Education: University studies in finance, various international executive education programmes.
Professional experience: Chief Executive Officer of Human Care HC AB, Chief Executive Officer of NOTE AB and senior positions within Scandinavian Airlines (SAS) and Ericsson.
Other appointments: Chairman of the board of Momentum Group AB.
Independent in relation to AddLife and its senior management: Yes
Independent in relation to major shareholders: No.
Holdings of shares in AddLife: 1,142 Class B shares.

ANDREAS GOTHBERG
Board member since 2018.
Born in: 1967.
Education: M.Sc. Econ.
Professional experience: Chief Executive Officer of Akademikliniken, and previously Chief Executive Officer for Memira Holding AB, Menigo Foodservice AB, Onemed Lab Sweden AB and SATS Group.
Independent in relation to AddLife and its senior management: Yes.
Independent in relation to major shareholders: Yes.
Holdings of shares in AddLife: –

BIRGIT STATTIN NORINDER
Board member since 2015.
Born in: 1948.
Education: MPharm.
Professional experience: Chief Executive Officer of Prolifix Ltd, Senior Vice President Worldwide Product Development at Pharmacia & Upjohn AB.
Other appointments: Member of the board of Hansa Medical AB and Jettesta AB.
Independent in relation to AddLife and its senior management: Yes.
Independent in relation to major shareholders: Yes
Holdings of shares in AddLife: 2,284 Class B shares (including related party holdings).

EVA NILSAGARD
Board member since 2015.
Born in: 1964.
Education: M.Sc. Econ.
Professional experience: CFO Plastal and Vitrolife AB, and senior positions in finance and business development at Volvo, the AstraZeneca Group and SKF
Other appointments: Director for Bufab AB (publ), Irras AB (publ) and Aktiebolaget Svensk Exportkredit.
Independent in relation to AddLife and its senior management: Yes.
Independent in relation to major shareholders: Yes.
Holdings of shares in AddLife: 1,142 Class B shares.

Auditor

Auditor in charge:
Håkan Olsson Reising, since January 2017, Authorised Public Accountant, Stockholm.
Born in: 1961.
Other assignments: Bergman & Beving, Lagercrantz Group, Momentum Group, Actic Group, ABB and Preem.

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

Senior management

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

KRISTINA WILLGÅRD
CEO since 2015.
Born in: 1965
Member of Group Management since 2015.
Education: M.Sc. Econ.
Professional experience: CFO of Addtech AB (publ), finance director at Ericsson AB, CFO of Netwise, CFO of Frontec, Business Controller at Spendrup and accountant at Arthur Andersen
Other appointments. Member of the Board of Nordic Waterproofing Holding A/S.
Holdings of shares in AddLife: 1,152 Class A shares and 90,779 Class B shares (including related party holdings), as well as call options corresponding to 68,250 Class B shares.

MARTIN ALMGREN
CFO since 2015
Born in: 1976
Member of Group Management since 2015
Education: M.Sc Econ.
Professional experience: Group Financial Controller for Addtech AB (publ), Group Accounting Manager at Nefab AB and accountant FY.
Holdings of shares in AddLife: 44,885 Class B shares and call options corresponding to 47,197 Class B shares.

PETER SIMONSBACKA
Business Area Manager Labtech since 2015.
Born in: 1960.
Member of Group Management since 2017
Education: Engineer.
Professional experience: Business division manager for Addtech Nordic AB, CEO of BergmanLabora AB and business division manager for Mettler-Toledo AB
Holdings of shares in AddLife: 18,864 Class B shares and call options corresponding to 47,197 Class B shares

LARS-ERIK RYDELL
Business Area Manager Medtech since 2015.
Born in: 1955
Member of Group Management since 2017.
Education –
Professional experience: CEO of Mediplast AB, Sales Manager Althin Medical AB and Area Manager Gambro AB.
Holdings of shares in AddLife: 113,317 Class B shares and call options corresponding to 47,197 Class B shares.

Definitions

Return on equity

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

Return on equity measures from an ownership perspective the return that is given on the owners' invested capital

	2018	2017
Profit/loss for the period according to the income statement	129.3	120.3
Equity yearly average	814 1	727 8
Return on equity	129 3/814 1 = 15.9%	120 3/727 8 = 16 5%

Return on working capital (P/WC)

EBITA in relation to average working capital

P/WC is used to analyse profitability and encourage high EBITA earnings and low working capital requirements

	2018	2017
Operating profit before amortization of intangible assets EBITA P	244 8	233 7
Average working capital (WC)	396.8	368 5
P/WC	244 8/396.8 = 61 7%	233 7/368 5 = 63 4%

Return on capital employed

Profit after net financial items plus interest expenses plus/minus exchange rate fluctuations in percent of average capital employed

	2018	2017
Profit/loss before taxes according to the income statement	158 0	157 6
Interest expenses (+)	7 2	5 0
Exchange rate changes net	1 2	0 7
Profit after net financial items plus interest expenses	166 4	163 3
Capital employed yearly average	1,495 3	1,309 7
Return on capital employed	166 4/1,495 3 = 11.1%	163 3/1,309.7 = 12 5%

EBITDA

Operating profit before depreciation and amortisation of intangible assets and property, plant and equipment.

EBITDA is used to analyse profitability generated by operational activities

	2018	2017
Profit/loss according to the income statement	167 7	165 9
Depreciation/amortisation property, plant and equipment according to Note 16 (+)	22.0	19 7
Amortisation intangible assets according to Note 15 (+)	77.1	67.8
Operating profit before depreciation and amortisation, EBITDA	266 8	253 4

EBITA

Operating profit before amortisation of intangible assets

EBITA is used to analyse profitability generated by operational activities

	2018	2017
Profit/loss according to the income statement	167 7	165.9
Amortisation intangible assets according to Note 15 (+)	77 1	67.8
Operating profit before amortization of intangible assets	244.8	233.7

EBITA margin

EBITA in percentage of net sales

FBITA margin is used to analyse asset-creating generated from operational activities

	2018	2017
Operating profit before amortization of intangible assets	244 8	233.7
Net sales according to the income statement	2,481 6	2,333 3
EBITA margin	244 8/2,481 6 = 9 9%	233 7/2,333 3 = 10 0%

Equity per share

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

	2018	2017
Shareholders' proportion of equity according to the balance sheet	930 7	748 0
Number of shares outstanding at the end of the reporting period, 000s	24,629	24,172
Equity per share	930.7/24,629 = 37.80	748 0/24,172 = 30 95

Cash flow per share

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

	2018	2017
Cash flow from operating activities	177 5	208 0
Average number of shares	24,118	24,321
Cash flow per share	177.5/24,118 = 7.34	208 0/24,321 = 8.55

Net debt/equity ratio

Financial net liabilities in relation to shareholders' equity

Net debt/equity ratio is used to analyse financial risk

	2018	2017
Financial net liabilities	881 8	588 5
Equity according to balance sheet	931 7	748 0
Net debt/equity ratio	881 8/931 7 = 0 9	588 5/748 0 = 0 8

Earnings per share

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

	2018	2017
Shareholders' proportion of profit for the year according to the income statement	129.3	120.3
Average number of shares	24,118	24,321
Earnings per share (EPS)	129.3/24,118 = 5.36	120.3/24,321 = 4.95

Earnings growth EBITA

EBITA for the year less the previous year's EBITA divided by the previous year's EBITA

Earnings growth EBITA is used to analyse asset-creating generated from operational activities.

	2018	2017
Operating profit before amortisation of intangible assets, EBITA (+)	244.8	233.7
Previous year's operating profit before amortization of intangible assets, EBITA (-)	-233.7	-188.7
Earnings growth EBITA	11.1	45.0
Earnings growth EBITA	11.1/233.7 = 4.7%	45.0/188.7 = 23.8%

Financial net liabilities

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

Net debt is used to monitor debt development and analyse financial leverage and any necessary refinancing

According to balance sheet	2018	2017
Non-current interest-bearing liabilities	12.7	4.2
Provisions for pensions	76.9	66.8
Interest-bearing provisions	19.9	–
Current interest-bearing liabilities	832.9	528.5
Interest-bearing liabilities and provisions	942.4	599.5
Cash and equivalents (-)	-60.6	-11.0
Financial net liabilities	881.8	588.5

Financial net liabilities/EBITDA

Financial net liabilities divided by EBITDA

Financial net liabilities compared with EBITDA provides a key financial indicator for financial net liabilities in relation to cash-generated operating profit, i.e., an indication of the ability of the business to pay its debts. This measure is generally used by financial institutions as a measure of creditworthiness

	2018	2017
Financial net liabilities	881.8	588.5
Operating profit before depreciation and amortisation, EBITDA	266.8	253.4
Financial net liabilities/EBITDA	881.8/266.8 = 3.3	588.5/253.4 = 2.3

Interest coverage ratio

Profit after net financial items plus interest expenses plus/minus exchange rate fluctuations in in relation to interest expenses

	2018	2017
Profit/loss before taxes according to the income statement	158 0	157.6
Interest expenses (+)	7.20	5 0
Exchange rate changes, net	1 2	0 7
Profit after net financial items excluding interest expenses and exchange rate fluctuations	166 4	163 3
Interest coverage ratio	166 4/7.2 = 23 1	163 3/5 0 = 32 7

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)

Working capital is used to analyse how much working capital is tied up in the business

	2018	2017
Inventories yearly average (+)	308 2	279 2
Accounts receivable yearly average (+)	306 0	278 9
Accounts payable yearly average (-)	-217 4	-189 6
Working capital, average (WC)	396 8	368 5

Operating margin

Operating profit/loss as a percentage of net sales

	2018	2017
Profit/loss according to the income statement	167 7	165 9
Net sales according to the income statement	2,481 6	2,333 3
Operating margin	167 7/2,481 6 – 6 8%	165 9/2,333.3 = 7 1%

Equity ratio

Equity as a percentage of total assets

The equity ratio is used to analyse financial risk and shows how much of the assets are financed with equity

	2018	2017
Equity according to balance sheet	931 7	748 0
Total assets according to balance sheet	2667 8	1,891 3
Equity ratio	931 7/2,667 8 = 34 9%	748 0/1 891 3 – 39 5%

Debt/equity ratio

Interest-bearing liabilities and interest-bearing provisions in relation to equity

According to balance sheet	2018	2017
Non-current interest-bearing liabilities	12.7	4 2
Provisions for pensions	76.9	66 8
Interest-bearing provisions	19.9	-
Current interest-bearing liabilities	832.9	528 5
Interest-bearing liabilities and provisions	942.4	599 5
Equity according to balance sheet	931 7	748 0
Debt/equity ratio	942.4/931.7-1.0	599 5/748 0 = 0 8

Capital employed

Total assets less non-interest-bearing liabilities and provisions

According to balance sheet	2018	2017
Deferred tax liabilities	107.9	76 0
Accounts payable	333.9	224 6
Tax liabilities	19.6	36 4
Other liabilities	190.3	86 5
Accrued expenses and deferred income	138 8	116 9
Provisions	3 2	3 1
Non-interest-bearing liabilities and provisions	793.7	543 5
Total assets according to balance sheet	2667.8	1,891 3
Capital employed	2,667.8-793 7 =1,874.1	1,891.3-543 5 = 1,347 8

Profit margin

Profit before taxes in percentage of net sales.

	2018	2017
Profit/loss before taxes according to the income statement	158 0	157 6
Net sales according to the income statement	2,481 6	2,333 3
Profit margin	158.0/2,481.6 = 6.4%	157 6/2,333 3 = 6 8%

The above key figures presented above are central to understand and evaluate AddLifes business and financial position

The key figures are presented in the mult-year review with comments provided in the administration report The key figures that comprise the financial targets can be found with comments in the section "Our financial targets"

Notice to participate in the Annual General Meeting

The Annual General Meeting (AGM) of AddLife AB (publ) will be held at 4 p.m. on Thursday, 9 May 2019 at the Saga movie theatre, Kungsgatan 24, Stockholm, Sweden.

Notice of participation

Shareholders who wish to participate in the Annual General Meeting must

- be entered in the shareholders' register maintained by Euroclear Sweden AB as of Friday, 3 May 2019,
- notify the Company's head office at AddLife AB (publ.), Box 3145, SE-103 62 Stockholm, Sweden, via the Company's website, www.add.life/en/investors/, or by e-mail to info@add.life, no later than 3 p.m. on Friday, 3 May 2019. Such notice must contain the shareholder's name, personal registration number (corporate identification number), address, telephone number and the number of shares represented as well as any attending counsel, maximum two. Information provided will be processed electronically, and will be used for the purposes of the 2019 Annual General Meeting.

Shareholders whose shares are registered under a trustee must temporarily register their shares in their own name in order to exercise their voting rights at the Extraordinary General Meeting. Such changes in registration must be completed as of Friday, 3 May 2019.

Where participation will be by proxy, an original copy of the proxy documentation and any documents verifying authority must be submitted to the Company well in advance of the Annual General Meeting. Proxies for legal entities must also submit a certified copy of a certificate of incorporation or equivalent document verifying authority. showing that they are entitled to represent the legal entity The Company provides a proxy form to shareholders, and this form is available at the Company's head office or on the Company's website www.add.life/investerare no later than 17 April 2019.

Proposal to the Annual General Meeting on 9 May 2019

The Board proposes that the Company should pay a dividend of SEK 2.20 per share. The total dividend amounts to SEK 62.1 million.

The Board of Directors has also resolved to propose the following to the Annual General Meeting.

- The Board of Directors resolved to propose to the Annual General Meeting a long-term incentive scheme aimed at senior management.
- A mandate for the Board of Directors to decide to raise funds to pay for acquisitions through a share issue of up to 10 percent of the number of Class B shares.
- A mandate for the Board to buy back its own shares corresponding to a maximum of 10 percent of all shares in the Company.

AddLife	**www.add.life**
Business area Labtech	
Bergman Labora	www bergmanlabora se
Biolin Scientific	www.biolinscientific com
BioNordika	SE: www bionordika.se DK: www.bionordika.dk NO www.bionordika no FI: www.bionordika fi
Biomedica	www.bmgrp eu
Holm & Halby	www.holm-halby dk
Immuno Diagnostics	www.immunodiagnostic.fi
LabRobot	www.labrobot.com
Triolab	SE: www.triolab.se DK www.triolab dk NO: www.bergmandiag.no FI: www.triolab fi Estland: www.triolab ee Lettland: www triolab lv Litauen: www triolab lt

Business area Medtech	
Biomedica	www.bmgrp eu
Hepro	www.hepro.no
Krabat	www krabat no
Korpinen	www korpinen com
Mediplast	www mediplast.com www mediplastfenno fi
Svancare	www svancare se

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