



2016 Annual Report

AddLife 

We strive to improve people's lives
by being a leading and value adding player
within Life Science



AddLife in brief

AddLife is an independent player in Life Science consisting of 30 operating subsidiaries in the Labtech and Medtech business areas. Our 545 employees in 11 countries offer high-quality products, services and advisory services. Its customers are primarily hospitals and laboratories within health care, research, colleges and universities, as well as the food and pharmaceutical industries. AddLife is the Nordic market leader in several niche areas of diagnostics, biomedical research and laboratory analysis, as well as medical technology. We are also represented in Germany, the Benelux countries, Estonia, Italy, the UK, China and the US.

Vision

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

Business concept

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.

Core values

AddLife's core values are: Simplicity – Responsibility – Commitment – Innovative. 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

- Develops and acquires profitable market-leading niche companies in the field of Life Science.
- Entrepreneurial business model with 30 independent subsidiaries
- Majority of customers are in health care
- Business areas: Labtech and Medtech
- Value proposition: equipment, instruments, reagents, consumable supplies, assistive technology, technical support, service and education
- 545 employees in 11 countries
- The AddLife share is listed on NASDAQ Stockholm, Nordic Mid Cap segment



Highlights of the year

In 2016 AddLife enjoyed a successful year during which we became a listed company. Our market continued to demonstrate a favourable trend, as do we. During the financial year (9 months) AddLife's companies experienced organic growth that exceeded average market growth. The year ended with a record-breaking quarter during which sales rose 30 percent and earnings increased by 80 percent compared to same quarter last year.

1 April – 31 December 2016 (9 months). Net sales increased by 34 percent to SEK 1,485.6 (1,109.7), 13 percent of which was organic growth and 20 percent acquired growth. EBITA surged by 54 percent to SEK 153.7 million (100.1), corresponding to an EBITA margin of 10.3 per cent (9.0). Profit after tax rose by 58 per cent to SEK 93.0 million (59.0) and earnings per share amounted to SEK 3.87 (3.31). Earnings per share for the most recent twelve-month period amounted to SEK 4.87 (4.40).

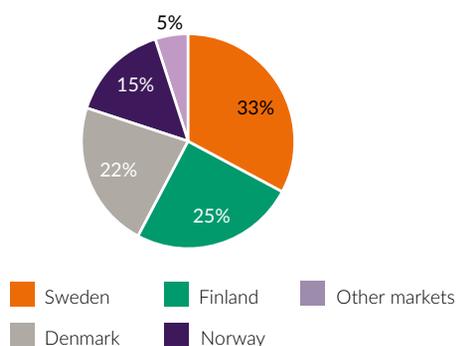
A rights issue raised SEK 300 million during the financial year.

Acquisitions. Four corporate acquisitions were carried out with total annual sales of approximately SEK 185 million: Biolin Scientific, SvanCare, Esthe-Tech and V-Tech. In addition to these acquisitions, AddLife took over the businesses of two major suppliers, Leica Biosystems and Medina, which we integrated into our existing companies.

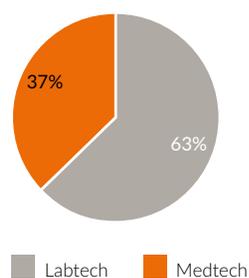
Return on working capital. (P/WC) totalled 62.1 percent (65.8).

	9 months ending			12 months ending		
	31 Dec. 16	31 Dec. 15	Change %	31 Dec. 16	31 Dec. 15	Change %
Net sales, SEKm	1,485.6	1,109.7	34	1,938.3	1,562.4	24
EBITA, SEKm	153.7	100.1	54	188.7	135.2	39
EBITA margin, %	10.3	9.0		9.7	8.7	
Profit before tax, SEKm	118.1	76.1	55	142.2	100.2	41
Profit for the period, SEKm	93.0	59.0	58	111.8	77.8	43
Earnings per share, SEK	3.87	3.31	17	4.87	4.15	17

NET SALES BY COUNTRY



NET SALES BY BUSINESS AREA



Commitment is the key to success

In 2016 AddLife became a listed company and demonstrated that we are strong enough to stand on our own. Our financial performance exceeded expectations and we acquired four companies that add exciting new opportunities. The Life Science market continued to demonstrate a favourable trend and we increased our market share in selected niches. We also strengthened our network within the Group, which paves the way for efficiency improvements and cross-border collaborations among our subsidiaries.

Simply stated, AddLife sells products and services to customers in health care and research that help to cure people and improve their quality of life. Our 30 subsidiaries with 545 employees in 11 countries set the stage for our customers to succeed with this mission. In 2016 AddLife took yet another major step to becoming established as a leading value-adding player in the Life Science market in the Nordic countries. I am extremely satisfied with the year and our well-established business model – running small-scale operations on a large scale basis – has once again proven to be a successful formula.

Strong first year as a listed company

In March 2016 AddLife was listed on NASDAQ in Stockholm. In pace with our successes over the course of the year, we gradually became established as a listed company and proved that we are capable of providing a strong performance over the long term. Our businesses outperformed both expectations and targets, including organic growth that far exceeded average market growth. Net sales increased by 34 percent to SEK 1,486 million (9 months) and organic growth was 13 percent. Good cash flow during the year combined with the rights issue, which raised SEK 300 million in the first quarter, paved the way for continued growth through acquisitions and investments.

AddLife's long-term financial target for earnings growth is 15 percent annually. For full-year 2016, the figure was an impressive 46 percent thanks to record-breaking organic growth and successful acquisitions. It is difficult to achieve earnings growth that is three times higher than the target over the long term. But I am pleased to note that AddLife's first year on the stock exchange ended with a strong performance.

Acquisitions that take us out into the world

In April we acquired V-Tech and Esthe-Tech, which are active in the field of surgery. Both are niche companies

that add an area of expertise within Medtech where we see great potential for further development.

The acquisition of Svan Care in October was strategically important, since it is AddLife's first company in the strongly growing home healthcare market. This innovative entrepreneurial company has proprietary products within an area in which AddLife wants to grow.

Biolin Scientific is an international player with its own niche high-tech products. It is the world leader in nanotechnology for materials analysis, with global sales through its own subsidiaries in the US, the UK and China. The acquisition of the company in December is a milestone for AddLife, since it paves the way for taking a major step out onto the international market.

During the year we also took over the businesses of two major suppliers on the Nordic market – Leica Biosystems and Medline – which we integrated into our existing companies.

Continued favourable market

The Nordic countries, AddLife's home market, continued to develop favourably in 2016. Underlying growth is primarily driven by demographic factors and rapid technological developments. Demand is growing for our products from both the health services and research sides of the business because of the growing and aging population. Technological developments, especially the ongoing digitization of health services, facilitate new solutions and offerings for our customers. The Nordic countries are at the forefront of Life Science and initiatives to promote research and development continue from both the private and the public sectors. AddLife therefore sees great potential for further growth in the Nordic market. But we aspire to do even more – we will now set our sights even higher to take the next step into the international market. Since the percentage of proprietary products in our offering is increasing, our strategy is to grow even beyond the borders of the Nordic region. The acquisition



“The acquisition of Biolin Scientific was the first important step in our international expansion initiative.”

of Biolin Scientific was the first important step in our international expansion initiative.

Methodical efforts bear fruit

AddLife has been working methodically for a long time to generate strong offerings both with our own products and products from leading suppliers. We have also added expert advisory services, training and service to strengthen the offering to all of our customers. As confirmation that we have made the right choice, we have won a large number of public procurement contracts. Internally, we have continued to actively work with our businesses, clarified focus and investment areas, accelerated the pace of our business school and introduced an incentive programme for all of the CEOs of our subsidiaries. We also continued to build our internal networks; for example, senior executives from our subsidiaries meet regularly to discuss how we can improve in the various areas by becoming more efficient and business-focused.

The process continues

Ultimately, it is the long-term perspective that counts. In 2016 AddLife laid the foundation – we will now continue

the process, getting better and better at what we do, day by day. We must quite simply have the courage to stand behind our values, our strategy and our business model. One challenge in the market involves the increasing pressure that I see in public procurement, where priority should be given not only to price, but also to quality. We will also continue to attract the right skills, improve the product portfolio and find the right companies to acquire. With the efficient organisation we have today AddLife looks forward to all the opportunities that await in 2017.

Employees are our strength

Many thanks to all of our employees for your fabulous efforts during the year! It is your impressive dedication that is the key to success, along with your innovation, responsibility and courage to meet all challenges. I look forward to being part of AddLife’s continued journey together with you to realise our vision to improve people’s lives.

Stockholm, April 2017

Kristina Willgård
President and CEO of AddLife

Long-term growth and profitability in focus

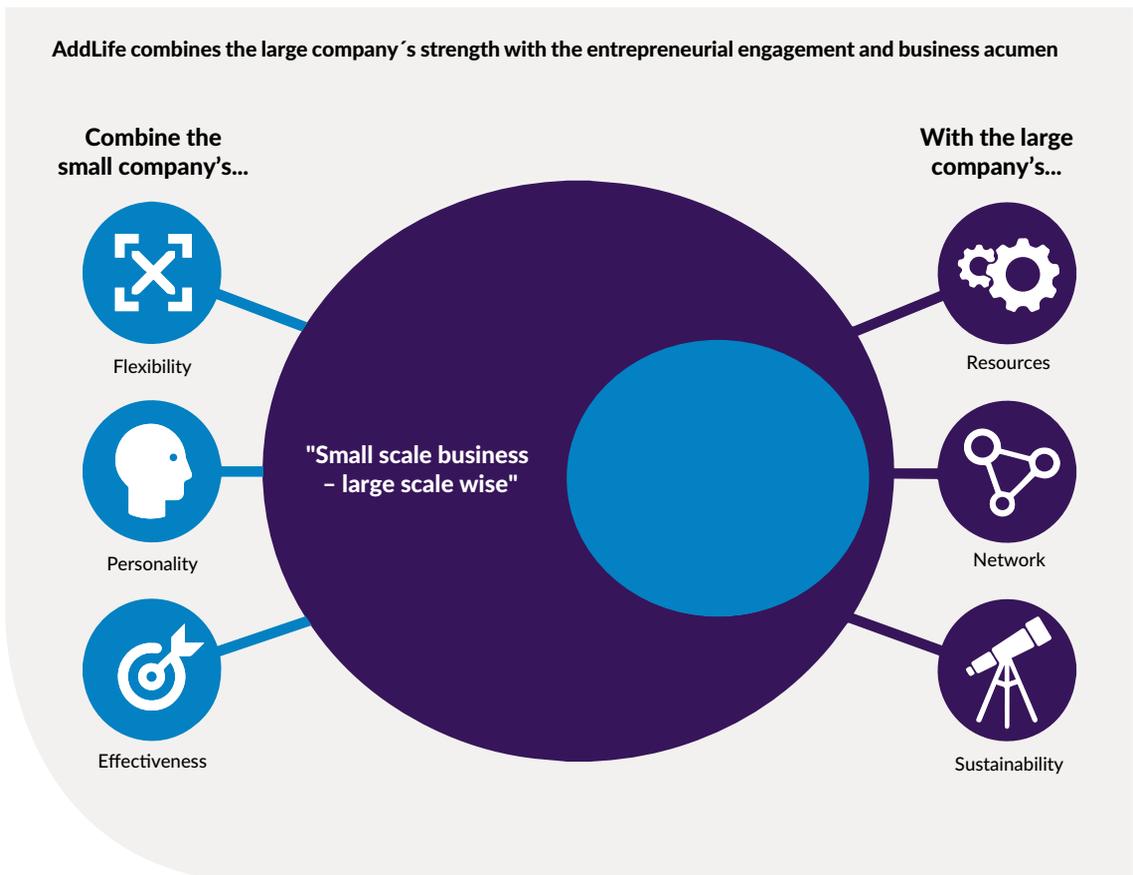
AddLife will attain long-term profitable growth by continuously developing its business and organisation. We acquire and streamline profitable market-leading niche companies in the field of Life Science. Each AddLife subsidiary is responsible for its own strategy and formulates its own annual scorecard.

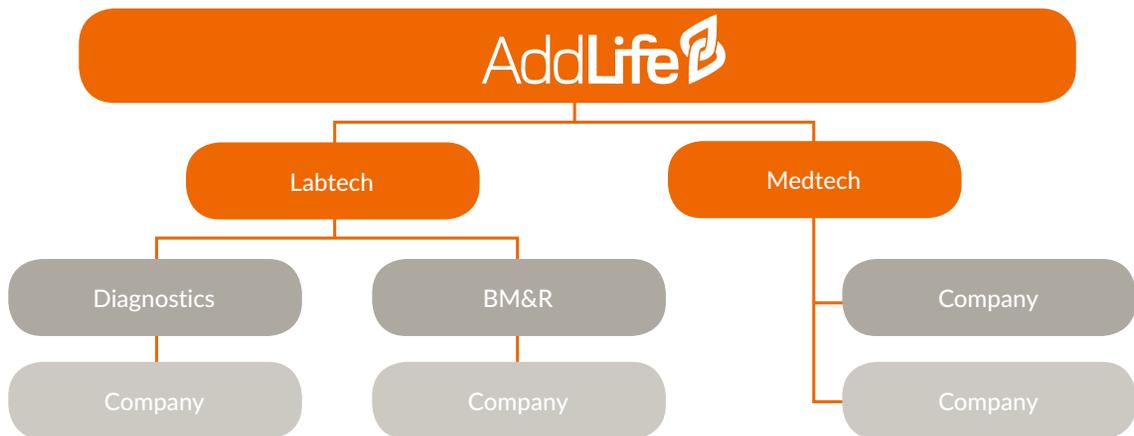
The Board of Directors of each subsidiary decides on its strategy and business model. The companies formulate a scorecard comprising a business plan for the coming year, an overview of the organisation, a comprehensive analysis of profitability expressed as P/WC, and earnings and profitability targets. The strategic three-year plan for each subsidiary is also updated.

Small-scale operation on a large scale

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

are active owners with a focus on each subsidiary to promote growth and improve profitability. The subsidiaries are responsible for their own business activities within the context of the requirements that the Group sets for growth, profitability and development. By combining the advantageous flexibility, personal touch and efficiency of a small enterprise with the resources, networks and industrial competence of a large enterprise, AddLife can optimise long-term growth and profitability. Our decentralised corporate structure also entails less dependence on individual customers and suppliers.





Well-functioning entity

The AddLife Group consists of the Parent Company, AddLife AB, and 30 operating subsidiaries. The subsidiaries have a common business model in which entrepreneurial business acumen is combined with individual accountability. The decentralised organisation and the entrepreneurial culture are key competitive advantages for the AddLife Group.

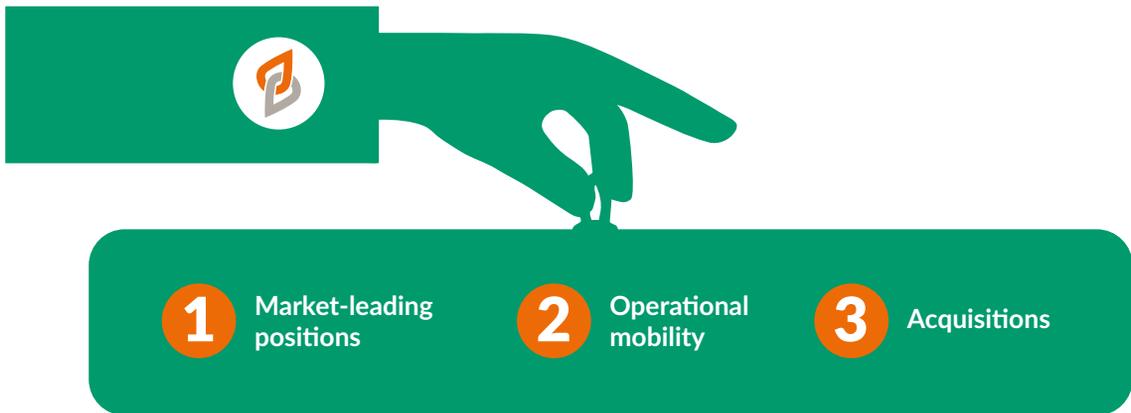
AddLife AB is headquartered in Stockholm and the Swedish subsidiaries are located in Stockholm, Gothenburg and the Malmö area. The Norwegian subsidiaries are located in the Oslo area, the Danish subsidiaries in the Copenhagen area and the Finnish subsidiaries in Hämeenlinna, Turku and Helsinki.

Each subsidiary is responsible for its own business

The Parent Company AddLife AB contributes by providing financial stability, resources and tools designed to make it easier and more efficient for our subsidiaries to run their businesses. The Parent Company has eight employees who constitute Group Management and business area management, as well as the finance and accounting function. In addition to gathering the financial aspects under its umbrella, the Parent Company runs various joint initiatives, such as the Business School and other common business tools. For example, the Group level offers framework agreements for purchasing and procurement of banking and audit services, as well as insurance.

AddLife AB has two business areas: Labtech and Medtech. Our decentralised organisation is divided into several subsidiaries, each of which has its own CEO and CFO, who are fully responsible for the company's business within the specified limits and requirements that the Parent Company imposes on the businesses.

AddLife's three overarching strategies



1. Market-leading positions

AddLife's subsidiaries shall be market leaders and build value-generating positions in selected niches with a high knowledge and technology content in Life Science. The operations and business models are based on being highly qualified suppliers and advisors in a market with rapid technological developments. Sales of products and solutions build on close relationships with customers, manufacturers and suppliers. Being market leaders is important for us to achieve stable earnings growth and lasting profitability. For AddLife, being a market leader is not defined as achieving the highest sales; our concept is to occupy a market-leading niche with high profitability.

2. Operational mobility

Our subsidiaries should be flexible and agile so that they can harness new business opportunities and act in the context of rapid technological advances. Through active ownership and work by the Board of Directors, we work with the subsidiaries to improve profitability, pursue development issues and thereby create operational mobility. The key is often to heighten efficiency or change operations to create better conditions for business concepts and development of profitability.

3. Acquisitions

Growth through acquisition is important for AddLife to achieve its financial target for long-term earnings growth. We are always looking for new Life Science companies that can strengthen our existing operations or contribute with new product or market segments where the conditions are right for taking leading niche positions.

We acquire companies in order to maintain and further develop them in the long term. The new companies contribute with a presence in new market segments, complementary suppliers and skilled employees with a strong entrepreneurial spirit. Over the years AddLife has acquired and integrated many companies and based on this experience, a clear, successful process has evolved for integration and development of acquired companies.

Our financial targets

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

Financial goals		Achievement of objectives 2016 (9 months)
Earnings growth 15%	EBITA for the long-term will be 15 percent per year.	Earnings growth was 54 percent.
Profitability 45%	Profitability will be at least 45 percent, measured as the ratio between EBITA and working capital (P/WC).	Profitability was 62 percent.
Dividend policy 30–50%	AddLife's goal is a dividend corresponding to 30-50 percent of profit after tax. When determining the dividend, the Company's Board will consider investment needs and other factors that it considers to be relevant.	The Board of Directors has decided to propose a dividend of SEK 1.50 per share, corresponding to 40 percent of the profit after tax.

The combination of the profitability target and the growth target generates a strong cash flow that allows for self-funded long-term profitable growth.



Our most important competitive advantages

AddLife provides added value to customers in health care, laboratories and research. Our independent position, our niche subsidiaries with cutting-edge expertise and broad supplier base do an outstanding job of meeting market demand. Our assessment of what we believe are AddLife's key competitive advantages is presented below.

Well-positioned

AddLife is well-positioned to benefit from growth in the Life Science market. For example, we are the Nordic market leader in several niches in diagnostics, biomedical research and laboratory analysis, and medical technology. We believe we have good prospects for continued growth and increased market share in our priority niche areas.

Leading independent operator

We are a leading independent operator in Life Science in the Nordic region. We can therefore represent a number of different suppliers and offer products and solutions that are better adapted to the specific needs of our customers. Because we have a presence on all Nordic markets we can also offer a pan-Nordic sales and service organisation.

Attractive business model

AddLife has a transparent business and contractual model with a high proportion of recurring revenue. Consequently we have a good overview of future revenues in both the short-term and the medium-term.

Long-term supplier relationships

Over the years we have developed long-term relationships with leading suppliers to the market. A good example is our partnership with Radiometer, a leading manufacturer of products for blood gas analysis, which dates back to 1941. As a result of this long and close relationship, AddLife has developed extensive expertise regarding our suppliers' products, which strengthens the common offering to customers.

Decentralised organisation

AddLife's 30 operating subsidiaries have considerable freedom in a well-established common corporate culture, which has contributed to entrepreneurial business acumen and individual accountability. The decentralised organisation and the entrepreneurial culture comprise an important competitive advantage that improves prospects for recruiting and retaining talented employees.

Experience from acquisitions

In addition to growing organically, AddLife has a long track record of growth through acquisitions. We have an established procedure for identifying and implementing acquisitions in already established product areas, as well as for strategic acquisitions of complementary businesses with market-leading niche positions in Life Science. In 2016 we completed four acquisitions and took over the businesses of two suppliers, allowing us to enter fascinating new niches on both the Nordic and the global markets.

Clear focus

We have a clear focus on earnings growth and cash flow generation that permeates AddLife's financial governance model for the subsidiaries and is reflected in our financial targets. Moreover, AddLife's business model and focus on the ratio for profitability, P/WC (operating profit/working capital), entails a low level of tied-up capital, which when combined with earnings growth contributes to good cash flow generation.



Continued positive trend on the market

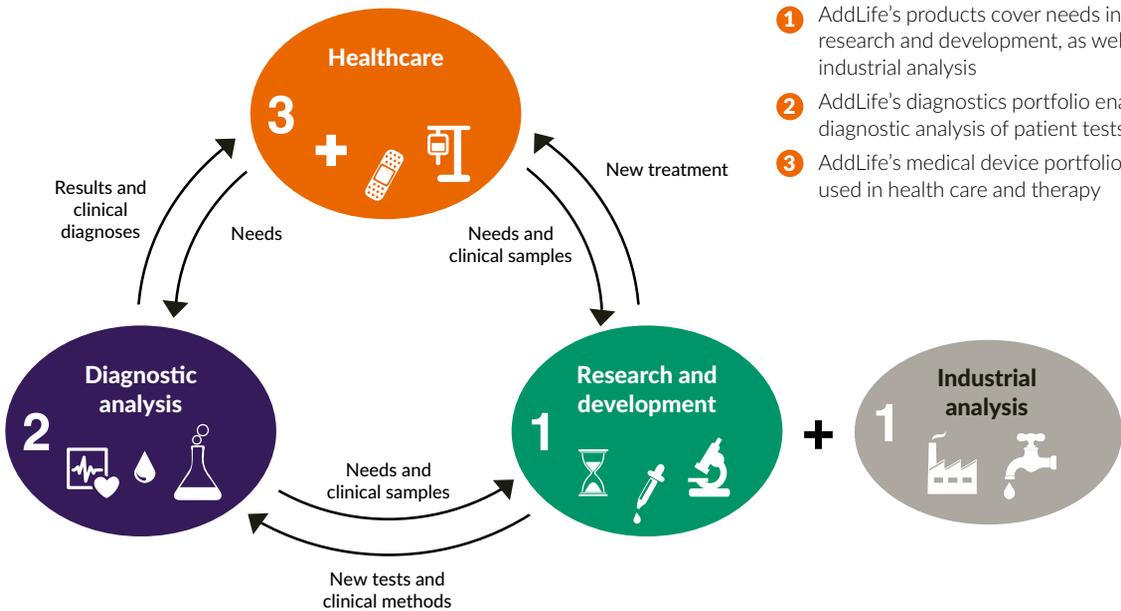
The Nordic Life Science market in which AddLife operates was estimated at around SEK 42 billion in 2014. Sweden is the largest market in the Nordic region with about 38 percent of the market, followed by Denmark, Norway and Finland, which accounted for about 29 percent, 19 percent and 14 percent of the market, respectively.¹⁾ During 2016 the Nordic Life Science market grew an average of 2–4 percent annually.²⁾

The Life Science market consists of several segments, but AddLife has chosen to be active in two of them: Labtech and Medtech. Labtech encompasses products and services in diagnostics and biomedical research, as well as laboratory analysis. Medtech encompasses products and services relating to medical technology. AddLife operates in selected niches in both market segments.

Life science market ecosystem

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 the needs of the market, as can be seen in the following diagram.

LIFE SCIENCE MARKET ECOSYSTEM



AddLife’s product portfolio meets market needs

- 1) AddLife’s products cover needs in research and development, as well as industrial analysis
- 2) AddLife’s diagnostics portfolio enables diagnostic analysis of patient tests
- 3) AddLife’s medical device portfolio is used in health care and therapy

1) Source: ADL Market Report.

2) Source: MedTech Europe – The European Medical Technology Industry

“The Life Science market continued to demonstrate a favourable trend and AddLife increased its market share in selected niches.”

Kristina Willgård, President and CEO of AddLife

Customers throughout the Nordic countries

AddLife does not have any customer relationships of its own, since all customer contacts and business relationships with customers take place in our 30 operating subsidiaries. Our customers, which can be found in both the private and public sectors, are primarily hospitals, laboratories within the healthcare system, research, colleges, universities and the food and pharmaceutical industries in the Nordic countries. The vast majority are in the public sector. Customers include:

- AstraZeneca
- Eurofins
- Helsinki University Hospital
- Karolinska Hospital
- Novo Nordisk
- Oslo University Hospital (Rikshospitalet)
- Sahlgrenska Hospital

Market developments in 2016

The Nordic countries, AddLife's home market, continued to develop favourably during the year. Our companies increased their market share during the financial year and their organic growth far exceeded average market growth. Health services in the Nordic countries continued to invest in both instruments and consumables. For example, in Sweden and Norway both the governments and private participants are dedicating resources to stimulate research and development, resulting in allocations of large grants for the purpose.

In all of the Nordic countries, the number of Life Science start-ups continued to grow, especially in eHealth, biotech and pharma. Several innovation clusters have also been built, mainly to stimulate development within Life Science in the Nordic countries.

AddLife has gradually expanded the number of subsidiaries with in-house produced products, laying the foundation to take the next step onto the international Life Science market. Consequently, our strategy is to grow even beyond the borders of the Nordic region over the next few years.

Continued growth

The Life Science market is expected to increase over the next few years, since the population of the Nordic region is

also growing. This growth, which is expected to be around one million people every five years through 2040, will result in an increased need for medical care and social services. The number of individuals age 65 and older has increased by 27 percent since 2002 and the segment is expected to continue to grow by around 1.7 percent per year¹⁾. An aging population stimulates demand for healthcare services and medical products. Moreover, the market is also growing through technological developments involving new applications to treat diseases and products for home care.

Close collaboration with leading suppliers

AddLife works with several different strategic suppliers. Our aim is to establish close collaboration with leading global suppliers within our niche areas in all of the Nordic countries. Over the years we have developed long-term relationships and partnerships that have enabled AddLife to achieve leading market positions in certain market niches. As an independent participant, 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

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. For example, we are currently a market-leading supplier for several well-defined niches in diagnostics, biomedical research and laboratory analysis, as well as medical technology.

Market participants and competitors

The Nordic Life Science market consists of several large international participants, as well as smaller companies. The major participants generally offer products under their own brands and handle everything from manufacturing to distribution through their own sales offices worldwide. Smaller companies also offer their own products, but often focus on a specific product, product segment or geographic region.

1) Source: ADL Market Report.

Labtech

AddLife's Labtech business area consists of 18 operating companies within diagnostics and biomedical research, as well as laboratory analysis. Products primarily include instruments and equipment, combined with reagents to diagnose diseases or conduct research. Sales in this business area totalled SEK 930 million for the 2016 financial year (nine months).

Labtech is our larger business area and accounted for 63 percent of AddLife's net sales in 2016. Its customers are primarily health care and research laboratories, colleges and universities, as well as the food and pharmaceutical industries.

Labtech offering

Labtech offers products and solutions that include analysis instruments, microscopes, consumables and reagents, as well as application and technical service. Training programmes, seminars and advice are also offered in various areas to ensure that customers have the appropriate skills and to maximise user benefit for our products.

Our 18 Labtech operating companies are mainly active in microbiology, clinical chemistry, coagulation, molecular biology, immunology, point-of-care analysis, veterinary diagnostics, and research, as well as in the food industry.

Diagnostics market

The diagnostics market is segmented and comprises several different product segments, the largest of which are clinical chemistry and immunology. The products mainly comprise analytical instruments and reagents, such as blood gas and coagulation analysis instruments, as well as various active reagents used in the analyses. About 90

percent of sales involve the publicly funded healthcare system hospital laboratories, which means they are subject to public procurement procedures.

In 2014 the diagnostics market in the Nordic countries was approximately SEK 7 billion and between 2010 and 2014 it grew an average of 5 percent annually ¹⁾.

Biomedical research and laboratory analysis market

The biomedical research and laboratory analysis market is segmented and comprises several different product segments, the largest of which is laboratory instruments and equipment. The market includes all products used in a research laboratory, such as analysis instruments, microscopes, reagents, laboratory furniture and consumables. Customers are mainly research laboratories or researchers at colleges and universities, as well as the food and pharmaceutical industries. An estimated 70 percent of sales are subject to public procurement procedures.

The market for products within biomedical research and laboratory analysis in the Nordic countries totalled around SEK 11 billion in 2014. Between 2010 and 2014 the market grew an average of 3 percent annually ¹⁾.

”High level of expertise and customer focus are the common factors for all Labtech employees”

Peter Simonsbacka, business area manager, Labtech

1) Source: Medtech Europe - The European Medical Technology Industry

Acquisition of world leading material science company

In December, AddLife acquired Biolin Scientific AB, a leading Nordic developer and manufacturer of analysis instruments for material analysis within nanotechnology. The business has an attractive product portfolio and is the world leading company in materials science. The company has experienced strong international growth with good profitability for many years. Its customers can be found primarily within research worldwide. Biolin Scientific has global sales via its own subsidiaries in the US, the UK and China, as well as via distributors. Research and manufacturing take place in Sweden and Finland. The acquisition represents yet another step in AddLife's international expansion beyond the boundaries of the Nordic countries.

In addition, Labtech took over the business of Leica Biosystems in Sweden and Denmark and integrated it into our existing companies.

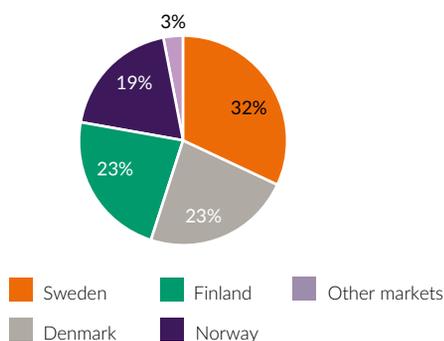
Favourable prospects

The Labtech market in the Nordic countries totalled around SEK 18 million in 2014. Between 2010 and 2014 this market grew an average of 4 percent annually ¹⁾.

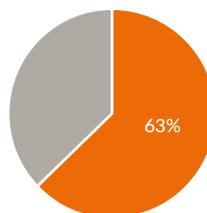
With its strong product offerings, solid customer and supplier relationships, along with skilled and dedicated employees, Labtech expects continued good growth.

Labtech Business Area	9 months ending			12 months ending		
	31 Dec. 16	31 Dec. 15	Change %	31 Dec. 16	31 Mar. 16	Change %
Net sales, SEKm	930.0	781.8	19	1,218.1	1,069.9	14
EBITA, SEKm	118.7	85.3	39	150.4	117.0	29
EBITA margin, %	12.8	10.9		12.3	10.9	

NET SALES BY COUNTRY



LABTECH'S SHARE OF ADDLIFE'S NET SALES 2016



Our subsidiaries within Labtech



BergmanLabora

Sales of laboratory equipment and service to research, industry, colleges and universities

Geographic market: Sweden

Product segment: Analytical instruments and equipment as well as microscopy

Number of employees: 30



Biolin Scientific

Sales of analysis instruments and services for research and development within academia and industry

Geographic market: Global

Product segment: Analytical instruments, based on precision measurement technology, for materials analysis

Number of employees: 68



BioNordika

Sales of laboratory equipment and reagents mainly for research

Geographic market: Sweden, Denmark, Norway, Finland, Estonia

Product segment: Cell & Molecular Biology, immunology for academic research and pharma industry, as well as laboratory equipment

Number of employees: 36



Holm & Halby

Sales of laboratory equipment and service

Geographic market: Denmark

Product segment: Wide range of basic products and analysis instruments for laboratories

Number of employees: 46



Immuno Diagnostic Oy

Sales of diagnostic instruments and reagents to customers in the public healthcare setting and academic research

Geographic market: Finland, Estonia

Product segment: Immunology, clinical chemistry and microbiology

Number of employees: 29



LabRobot Products

Production and sales of equipment for microbiological analyses to laboratories within the food industry

Geographic market: Mainly northern Europe, US and Canada

Product segment: Microbiology within the food industry

Number of employees: 7



Triolab

Sales of diagnostic instruments and reagents

Geographic market: Sweden, Denmark, Norway, Finland and Estonia

Product segment: Blood gas, clinical chemistry, microbiology, molecular biology, immunology, pathology and veterinary for customers in public sector and private sector medical care, as well as the pharmaceutical industry.

Number of employees: 137



Medtech

The Medtech business area consists of twelve operating companies that provide medical device equipment, consumables, instruments and devices. Its customers are primarily hospitals and home healthcare. Sales in the Medtech business area totalled SEK 556 million for the 2016 financial year (nine months).

Medtech accounted for 37 percent of AddLife's net sales in 2016. Public sector tenders for hospitals in the Nordic countries account for more than 90 percent of sales. In order to be a competitive provider we offer a broad product portfolio since our customers have grown through consolidation, which in turn has also increased the size of the calls for tender. About 90 percent of our product and sales managers have a background in health care, which means they have the right expertise from a user perspective when dealing with our customers.

Medtech offering

Nine of Medtech's operating companies belong to the subsidiary Group Medioplast. The companies are active in the market segments surgery, thoracic medicine, neurology, intervention, wound dressings, anaesthesiology, ICU, ENT, ostomies, enteral nutrition, and home healthcare products.

The products have been developed both under proprietary brands (approximately 20 percent) and by other well-known suppliers (about 80 percent). The wide line of products ranges from simple disposable items such as bandages to advanced products for use in neurosurgery. Other examples of products include protective clothing for surgical staff, surgical lamps, catheters, mixers for chemotherapy, heart valves, oxygen masks, ostomy products, and customised bidet toilets for people with disabilities.

In addition to sales, Medtech offers training to users of our products, as well as special training in areas such as surgery and electrosurgery.

Market leader in certain niches

Within medical technology, Medtech holds a leading position in terms of specific consumables for healthcare. These products are used in high volumes in both inpatient and outpatient care. Niche areas in which we currently hold a strong market position include disposable products for ENT examinations, closed suction systems for surgery, customised dialysis kits and scales for use in the healthcare setting. In addition, the automatic "Bidetten" bidet toilet is the market leader in assistive equipment in Sweden and Norway.

Acquisitions during the year

AddLife acquired the following companies in 2016 in order to expand and optimise the Medtech product portfolio:

- V-Tech AB: markets surgical products and specialises in vascular surgery.
- Esthe-Tech AB: special products for aesthetic and plastic surgery.

“We will continue our patient efforts to develop our own products in the companies and invest even more in product development”

Lars-Erik Rydell, business area manager, Medtech

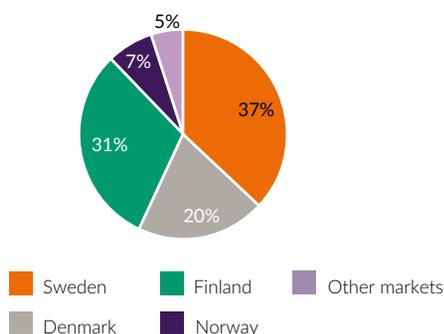
- Svan Care AB: develops, designs and markets assistive technology for the strongly growing field of home healthcare.
- After the end of the financial year AddLife acquired Techno Medica AB, a leading Swedish distributor of enteral nutrition products, and Hepro-Group, one of the leading participants in the Norwegian home healthcare market.
- In addition to the acquisitions, Mediplast AB signed an agreement to represent Medline with respect to sales and support in the Nordic countries. Medline is the world's largest privately held medical equipment company.

Favourable prospects

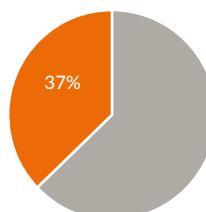
The Medtech market in the Nordic countries totalled around SEK 23 billion in 2014 ¹⁾. Our main market is the Nordic countries and the Nordic healthcare market is one of the largest per capita markets in the world. With an aging population, a strong product offering and continuous improvement of healthcare quality, the Medtech business area is optimistic about the future.

Medtech Business Area	9 months ending			12 months ending		
	31 Dec. 16	31 Dec. 15	Change %	31 Dec. 16	31 Mar. 16	Change %
Net sales, SEKm	555.6	327.9	69	720.2	492.5	46
EBITA, SEKm	44.4	20.2	120	56.6	32.4	75
EBITA margin, %	8.0	6.2		7.9	6.6	

NET SALES BY COUNTRY



MEDTECH'S SHARE OF ADDLIFE'S NET SALES 2016



1) Source: ADL Market Report.

Our Medtech companies



Esthe-Tech AB

Sales of special products for aesthetic and plastic surgery

Geographic market: Sweden, Norway and Denmark

Product segment: Specialised medical care

Number of employees: 2



Medioplast Group

Sales of medical device equipment and supplies

Geographic market: Mainly the Nordic countries and the Netherlands

Product segment: Surgery, thoracic medicine, neurology, intervention, bandages, anaesthesia/ICU, ENT, colostomy, enteral nutrition and home healthcare

Number of employees: 156



Svan Care AB

Develops, designs and markets assistive equipment in home healthcare.

Geographic market: Sweden and Norway

Product segment: Bathroom products

Number of employees: 12



V-Tech AB

Sale of products for surgery, specialising in vascular surgery

Geographic market: Sweden, Norway and Finland

Product segment: Specialised medical care, surgery

Number of employees: 9

Acquired companies in 2017



Hepro Group

Develops, designs and markets assistive equipment in home healthcare.

Geographic market: Sweden and Norway

Product segment: Home care products and welfare technology

Number of employees: 40

Techno Medica AB

TM Techno Medica AB

Sells products mainly in the field of enteral nutrition, along with patient hygiene and incontinence products

Geographic market: Sweden

Product segment: Enteral nutrition

Number of employees: 5



Employees are our most important resource

AddLife's dedicated employees have high expertise and are experts on the products we sell, which is crucial if we are to be a leading market player and offer a broad product range of high-quality equipment and knowledge-intensive services. Consequently, AddLife takes a multi-level long-term approach to provide employees with outstanding personal development opportunities

AddLife's different areas of operation require different skills and experience. Our product specialists (sales representatives) usually have a background in biomedicine or nursing. Application specialists usually have a longer and more extensive education in biomedicine, such as a doctorate or master's degree. AddLife's service technicians have a technical background and are usually engineers.

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

Corporate culture with a soul

We have a well-established corporate culture with a shared value system that serves as a compass for our employees. Our corporate philosophy – which we call our SOUL – describes how we relate to our duties, customers, partners, employees and society. The SOUL provides all Group employees with a shared philosophy, in which business skills and freedom with responsibility are fundamental.

AddLife Academy for all employees

Our own business school – AddLife Academy – provides a growth opportunity for our employees, builds a shared value system and ensures the supply of leaders. All employees attend the Business School, which is an important platform from which to raise the level of professionalism among employees, especially with respect to business skills. It is important for our sales representatives to receive thorough training in business skills to be combined with their extensive expertise and training in their specific product areas.

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

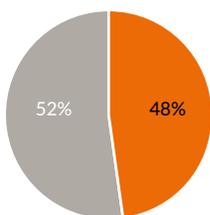


Facts: AddLife employees

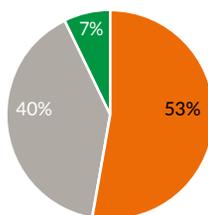
AddLife had 545 employees at the close of the financial year. There were 92 new employees as a result of acquisitions during the year and 12 employees were added when businesses were taken over.

	2016	2015/2016	2014/2015	2013/2014
Average number of employees	459	370	284	276
- percentage men	48%	50%	56%	58%
- percentage women	52%	50%	44%	42%
Distribution by age				
- up to 29 years	7%	5%	5%	4%
- 30-49 years	53%	55%	54%	57%
- 50 years and up	40%	40%	41%	39%

2016



Men
Women



Up to 29 years
30-49 years
50 years and up



Freedom with responsibility

"The AddLife Group is a well-functioning entity where everyone pulls in the same direction towards the same goals. At the same time we are independent subsidiaries that enjoy

considerable freedom with responsibility. This promotes a strong sense of commitment among our employees and contributes to a terrific atmosphere with an optimistic view of the future. I love working in the AddLife family with all my professional colleagues and successful "sister companies". With our open managerial style, our employees stay focused and motivated and we all have fun at work. Everyone has the business skills that we learned at the business school in order to become AddLife ambassadors out among our customers".

Peter Öberg, service technician, BergmanLabora



Inspired by being part of something bigger

"At AddLife Academy you get to meet employees from the other subsidiaries and exchange ideas and experiences. It's extremely

inspiring and rewarding and I've learned so many things that are unquestionably useful afterwards. I've received many useful tips and a thorough education in high-level business skills. Simplicity and efficiency are among AddLife's core values, with a focus on the customers at all times. Our employees are also highly skilled and dedicated. I love working here and hope to take more courses at the business school to further expand my horizons."

Gitika Emberland, product specialist, BioNordika

Sustainability – part of our daily lives

Issues related to environmental, social and ethical accountability are important for AddLife. Our Code of Conduct describes the relationship between AddLife and its employees, customers, suppliers, society and the environment. The CEO of each subsidiary is responsible for ensuring that day-to-day operations comply with the Code of Conduct.

The aims of AddLife's sustainability efforts are as follows:

- they will result in continuous sustainable and profitable development of the subsidiaries.
- we will contribute, overall, to the sustainable development of the community.
- the Company will be more attractive as a business partner for customers and as an employer for current and future employees.

We accept our responsibility

At AddLife, it is a given that we will conduct business ethically, with respect for the environment and accept our social responsibility. Sustainability considerations are a natural part of everyday life and fall under one of our core values – accountability. In 2016 AddLife launched an internal initiative to become even stronger as a sustainable company. For example, we ensured that the Code of Conduct gained support among the employees in the subsidiaries and we also formulated employee and supplier questionnaires to learn how we can improve. We have now established a basic foundation for our sustainability initiatives and will now continue to restructure and improve our efforts in this area.

Active environmental work

AddLife's subsidiaries are primarily engaged in commerce and businesses that have a limited direct environmental impact.

Within the Group, we pursue an active environmental programme to reduce our environmental footprint. Fourteen companies of the 30 operating subsidiaries are certified to ISO 9001 or equivalent. The Swedish subsidiaries are affiliated with the Packaging and Newspaper Collection Service (formerly the REPA registry) and the equivalent applies to our subsidiaries in other countries. This means that we have producer responsibility to take care of our waste in an environmentally safe manner even after customers use the products.

AddLife also works on improvement measures in other areas that we can influence; for example, about 80 percent of the electricity used in the Group comes from renewable sources.

Code of Conduct

AddLife's business shall be conducted to promote healthy, long-term growth. In addition to business administration requirements, goals and guidelines, we also have high standards regarding ethics and integrity. It is therefore important that we always act professionally, honestly and ethically. We support the UN Global Compact, ILO core conventions and OECD guidelines for multinational companies and our Code of Conduct is based on these policies.

The Code of Conduct applies to both our own business and in relation to our suppliers. AddLife's long-term goal is for all suppliers to our subsidiaries to comply with the Code of Conduct.



“The important thing for us in terms of sustainability is how we act and ensure that we really accept our responsibility”

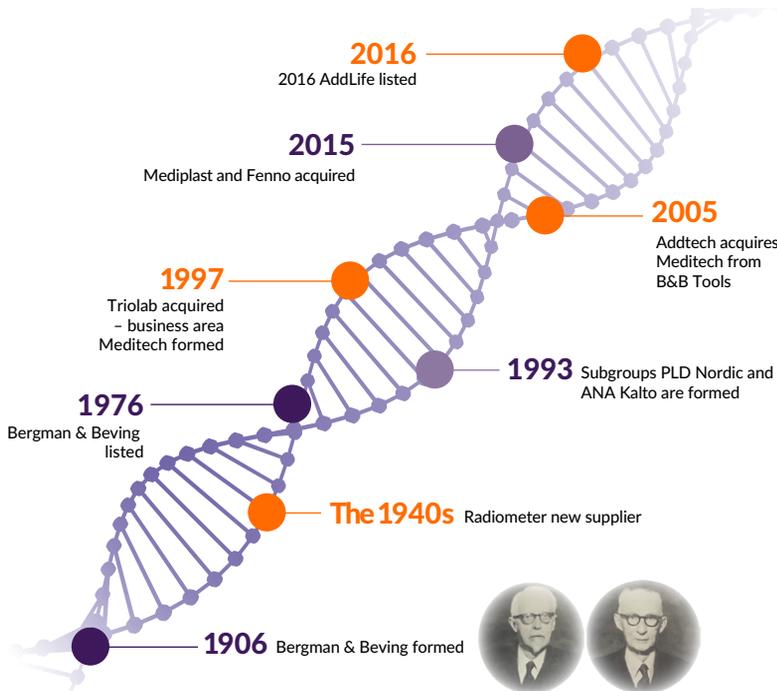
Kristina Willgård, President and CEO of AddLife

- **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 are convinced that good results, well-being, involvement and collaboration are achieved through diversity, and the Group's employees are given equal opportunities to evolve regardless of sex, age, ethnical or national affiliation, religion, sexual orientation, disability or other distinctive characteristics.
- **Forced labour.** We do not accept forced labour, involuntary or uncompensated labour of any kind.
- **Child labour.** Guidelines for all of our operation: The UN Convention on the Rights of the Child – the ILO Convention Concerning the Minimum Age for Admission to Employment - the Convention on the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour.
- **Disciplinary actions.** Under no circumstances may any employee be subjected to corporal punishment or other forms of physical, sexual or psychological punishment, harassment or coercion.
- **Freedom of association and the right to collective bargaining.** Our employees shall be free to exercise their legal right to be a member of, organise or work for organisations that represent their interests as employees.
- **Political involvement.** We maintain neutrality towards political parties and candidates.
- **Community relations.** Each subsidiary in the Group works to have a positive social impact on the communities in which they operate.
- **Environmental policy.** Our environmental policy expresses our desire to contribute to sustainable development and a better environment through active efforts to continuously reduce the Group's environmental impact.
- **Anti-corruption.** We do not accept corruption, bribery or unfair anti-competitive actions.
- **Communications.** We maintain an open attitude in discussions with people affected by the Group's operations.

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

A 100-year success story

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



The 1940s. The step into Life Science

In 1906, technology trading company Bergman & Beving was founded with the business concept of focusing on imports of technological products for the industrial sector in Sweden. In the late 1940s, the company signed an agreement with Radiometer and this became the first step into the Life Science area of operations.

The 1990s. Life Science becomes a business area

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

2005-2015. Addtech establishes the Life Science business area

In 2005, Addtech acquired parts of the MediTech business area from B&B Tools (formerly Bergman & Beving) and formed the Life Science business area. In June 2015 this business area formed the AddLife Group.

2016. AddLife is listed

On March 16, 2016, AddLife shares were listed on Nasdaq Stockholm and during the year we were established as listed company. Our success and expansion continued with four acquisitions, the takeover of two operations and organic growth that far exceeded the average market growth.



Shares

AddLife was listed on Nasdaq Stockholm, Nordic Mid Cap list, on 16 March 2016. AddLife's market capitalisation on 31 December 2016 was SEK 3,359 million.

Market performance of the shares and turnover

The highest price paid during the year was SEK 157.00 and was quoted on 10 August 2016. The lowest was SEK 97.00 on 27 June 2016. The final price paid before the end of the financial year was SEK 137.75.

During the period 1 April 2016 – 31 December 2016, 5.1 million shares were traded with an aggregate value of approximately SEK 641.4 million. Broken down by trading day, an average of 26,847 AddLife shares were traded at an average value of about SEK 3.4 million.

Share capital

The share capital in AddLife AB amounts to SEK 50,145,951 on 31 December 2016. The number of shares in the company amounted to 24,617,093, of which 1,011,766 are Class A shares and 23,605,327 are Class B shares. The quotient value is SEK 2.037. Each Class A share entitles its holder to 10 votes, each Class B share one vote. All shares give the same right to dividends. Only the Class B shares are listed on Nasdaq Stockholm.

Dividend policy

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

Proposal to the Annual General Meeting on 29 May 2017

The Annual General Meeting will be held in Stockholm at 16:00 on 29 May 2017.

The Board of Directors proposes a dividend of SEK 1.50 per share. The total dividend amounts to SEK 36.6 million.

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

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

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

Key indicators

Data in key indicators per share refers to 12 months period.

	2016	2015/2016
Earnings per share, SEK	4.87	4.15
Equity per share, SEK	29.40	17.60
Price/earnings ratio	28.3	26.0
Highest price paid during the financial year, SEK	157.00	142.00
Lowest price paid during the financial year, SEK	100.50	104.00
Last price paid, SEK	137.75	108.00
Market capitalisation, SEKm	3,359	2,040
Average number of shares outstanding, '000	22,950	18,749
Number of shares outstanding at year-end, '000	24,387	19,694
Number of shareholders at year-end	3,789	4,079

Largest shareholders in AddLife 2016-12-31

Shareholder	Class A shares	Class B shares	Proportion of	
			capital, %	votes, %
Anders Börjesson	465,862	19,077	1.97	13.87
Tom Hedelius	451,800	5,062	1.86	13.41
Roosgruppen AB	4,001	3,578,366	14.55	10.73
SEB Fonder	0	2,233,587	9.07	6.62
Skandia Fonder	0	1,827,810	7.42	5.42
Swedbank Fonder	0	1,708,970	6.94	5.07
Lannebo Fonder	0	1,164,564	4.73	3.45
Verdipapirfond Odin Sverige	0	1,151,865	4.68	3.42
J.P Morgan Chase & Co	0	930,068	3.78	2.76
Fidelity Low-Priced Stock Fund	0	619,298	2.52	1.84
State Street Bank & Trust Company	0	600,000	2.44	1.78
Sandrew AB	18,750	367,625	1.57	1.65
Per Säve	0	528,700	2.15	1.57
SSB Client Omnibus Ac Om07 (15 Pct)	0	446,617	1.81	1.32
BPSS PAR/FCP ECHIQUIER	0	420,353	1.71	1.25
Total 15 största ägarna	940,413	15,601,962.0	67.2	74.2

Size classes

Number of shares	% of share capital	Number of shareholders	% of share-holders
1-500	1.5	2,822	74.5
501-1,000	1.3	429	11.3
1,001-5,000	3.2	371	9.8
5,001-10,000	1.5	52	1.4
10,001-15,000	0.8	17	0.4
15,001-100,000	9.6	59	1.6
100,001-	82.1	39	1.0

Holdings by category 2016

	Number of shareholders	Share of equity, %
Swedish shareholders	3,575	75.7
Foreign shareholders	214	24.3
Total	3,789	100.0
Legal entities	439	80.4
Natural persons	3,350	19.6
Total	3,789	100.0

Quarterly data

Business areas

Net sales by business area	2016			2015/2016			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Labtech	401.7	246.8	281.5	288.1	302.8	218.4	260.6
Medtech	209.8	162.3	183.5	164.6	169.3	152.1	6.5
Parent Company and Group items	-	-	-	-	-	-	-
AddLife Group	611.5	409.1	465.0	452.7	472.1	370.5	267.1

EBITA by business area	2016			2015/2016			
	Q3	Q2	Q1	Q4	Q3	Q2	Q1
Labtech	62.6	21.2	34.9	31.7	38.0	15.7	31.6
Medtech	18.9	11.8	13.7	12.2	11.6	8.0	0.6
Parent Company and Group items	-5.7	-1.5	-2.2	-8.8	-7.5	1.4	0.7
EBITA	75.8	31.5	46.4	35.1	42.1	25.1	32.9
Depreciation intangible assets	-11.5	-10.2	-9.9	-8.9	-8.5	-8.3	-3.2
Operating profit	64.3	21.3	36.5	26.2	33.6	16.8	29.7
Finance income and expenses	-2.7	0.5	-1.8	-2.1	-2.5	-1.0	-0.5
Profit after financial items	61.6	21.8	34.7	24.1	31.1	15.8	29.2

Net sales by business area	9 months ending			12 months ending		
	31 Dec 16	31 Dec 15	change %	31 Dec 16	31 Mar 16	change %
Labtech	930.0	781.8	19	1,218.1	1,069.9	14
Medtech	555.6	327.9	69	720.2	492.5	46
Parent Company and Group items	-	-	-	-	-	-
AddLife Group	1,485.6	1,109.7	34	1,938.3	1,562.4	24

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

	9 months ending				12 months ending			
	31 Dec 16	%	31 Dec 15	%	31 Dec 16	%	31 Mar 16	%
Labtech	118.7	12.8	85.3	10.9	150.4	12.3	117.0	10.9
Medtech	44.4	8.0	20.2	6.2	56.6	7.9	32.4	6.6
Parent Company and Group items	-9.4		-5.4		-18.1		-14.2	
EBITA	153.7	10.3	100.1	9.0	188.7	9.7	135.2	8.7
Depreciation intangible assets	-31.6		-20.0		-40.5		-28.9	
Operating profit	122.1	8.2	80.1	7.2	148.3	7.6	106.3	6.8
Finance income and expenses	-4.0		-4.0		-6.1		-6.1	
Profit after financial items	118.1		76.1		142.2		100.2	

Multi-year review

Data in multi-year review refers to 12 months period.

SEKm. if nothing else is specified	2016	2015/2016	2014/2015 ¹⁾	2013/2014 ¹⁾	2012/2013 ¹⁾
Net sales	1,938.3	1,562.4	1,056.8	983.5	906.5
Operating profit	148.3	106.3	107.7	103.9	98.6
Finance income and costs	-6.1	-6.1	-2.4	-1.5	-1.0
Profit after financial items	142.2	100.2	105.3	102.4	97.6
Profit for the year	111.8	77.8	80.4	78.3	74.4
Intangible non-current assets	870.7	734.9	192.5	202.3	211.4
Property, plant and equipment	67.8	59.4	31.0	26.1	27.1
Non-current financial assets	10.6	10.6	8.7	87.0	67.8
Inventories	252.4	212.9	83.3	80.9	70.2
Current receivables	360.5	247.7	245.3	140.1	121.0
Cash and cash equivalents	14.7	11.6	82.5	76.8	111.4
Total assets	1,576.7	1,277.1	643.3	613.2	608.9
Shareholders' equity	716.9	346.6	263.3	270.8	292.3
Non-controlling interests	-	-	0.3	0.8	1.0
Interest-bearing liabilities and provisions	380.5	549.4	101.2	90.2	84.7
Non-interest-bearing liabilities and provisions	479.3	381.1	278.8	251.4	230.9
Total shareholders' equity and liabilities	1,576.7	1,277.1	643.3	613.2	608.9
EBITA.	188.7	135.2	119.6	115.6	109.6
EBITA margin. %	9.7	8.7	11.3	11.8	12.1
Profit growth EBITA.%	46.5	12.9	3.5	5.5	15.8
Capital employed	1,098.1	896.1	364.5	361.8	378
Working capital, annual averages	303.9	211.1	127.4	118.6	106.3
Interest-bearing net debt	365.9	537.9	18.7	13.4	-27.5
Operating margin. %	7.6	6.8	10.2	10.6	10.9
Profit margin. %	7.3	6.4	9.9	10.4	10.8
Return on equity. %	20.5	25.5	30.1	27.7	25
Return on capital employed. %	15.0	13.9	28	28.4	27.3
Return on working capital (P/WC). %	62.1	64	94	97.5	103.1
Equity ratio. %	45.5	27.1	40.9	44.3	48.2
Debt/equity ratio, multiple	0.5	1.6	0.4	0.3	0.3
Net debt/equity ratio, multiple	0.5	1.6	0.1	0	-0.1
Interest coverage ratio, multiple	17.0	16.0	35.0	40.4	32.5
Financial net liabilities/EBITDA, multiple	1.8	3.6	0.1	0.1	-0.2
Earnings per share (EPS), SEK	4.87	4.15	5.06	4.9	4.64
Cash flow per share, SEK	5.79	6.27	7.58	5.7	7.46
Equity per share, SEK	29.4	17.6	16.55	16.98	18.39
Average number of shares, '000	22,950	18,749	15,892	15,892	15,892
Market price of share at 31 March, SEK	137.75	108.0	-	-	-
Cash flow from operating activities	117.6	117.7	120.4	91.6	118.6
Cash flow from investing activities	-169.1	-272.1	-15.2	-12.3	-20.4
Cash flow from financing activities	49.2	86.7	-100.5	-116.1	-75.7
Cash flow for the year	-2.3	-67.7	4.7	-36.8	22.5
Average number of employees	459	370	284	276	259
Number of employees at year-end	545	420	286	280	273

1) Comparative years have been prepared as combined financial statements. For basis of preparation of the combined financial statements, see annual report 2015/2016

Administration Report

1 April 2016 – 31 December 2016

The Board of Directors and Chief Executive Officer for AddLife AB (publ), Company Registration No. 556995-8126, hereby present the annual report for the abbreviated nine-month 2016 financial year. All comparative figures in the administration report refers to 12 months. Due to this year's shortened financial year analyzes of development between the years are limited.

Operations

AddLife is an independent player in Life Science consisting of 30 operating subsidiaries in the Labtech and Medtech business areas. The Group has 545 employees in 11 countries and offers high-quality products, services and advisory services. Its customers are primarily hospitals and laboratories within health care, research, colleges and universities, as well as the food and pharmaceutical industries. AddLife is the Nordic market leader in several niche areas of diagnostics, biomedical research and laboratory analysis, as well as medical technology. We are also represented in Germany, the Benelux countries, Estonia, Italy, the UK, China and the US.

Market trend during the year

The Life Science market in the Nordic countries continued to develop favourably in 2016. Underlying growth is primarily driven by demographic factors and rapid technological developments. Healthcare customers in the Nordic countries continue to invest in both instruments and consumables. While demand has been high, competition for procurement contracts has also been strong. The governments in Sweden and Norway have focused on stimulating research and development, while the governments in Denmark and Finland have implemented cost-cutting programmes in university research. In all Nordic countries, the private sector continued to focus on research and development. The number of Life Science start-ups in the Nordic countries has increased, especially in eHealth, biotech and pharma. Several innovation clusters are being built, often around major hospitals, to stimulate development within the life sciences in the Nordic countries.

Key events during the year

The 2016 financial year, during which AddLife became established as a listed company, has been extremely intense and inspiring.

In April a rights issue raised SEK 300 million for existing AddLife shareholders. The purpose of the Issue was to create a financial base for continued profitable growth through acquisitions of Life Science companies in the Nordic region that can bolster AddLife's existing operations or contribute with new product or market segments where conditions were right for taking leading niche positions. The issuance was oversubscribed by about 70 percent.

The companies in the Group did an outstanding job of navigating the market throughout the year and successfully handled both opportunities and challenges. At the same time, the companies worked on their internal efficiency and product offering. Our well-established business model, running small-scale operations on a large-scale basis, has proven once again in 2016 to be successful.

Performance by quarter

First quarter

The business situation has been favourable for the Group during the first quarter and several of our companies have continued to strengthen their positions within their niches. The Swedish market performed well, with a continued strong focus on clinical research. Many privately and publicly financed initiatives were underway to strengthen Sweden's position as a research nation in Life Science. Demand from the healthcare system regarding both diagnostics and medical technology strengthened and we participated in more bids this year. The Danish market also continues to develop favourably with robust demand. Activity has been particularly high in both the pharmaceutical industry and privately financed research. The trend for the expanded offering of various types of seminars and training programmes has been favourable. The business situation in Finland was somewhat weaker. The cost-containment programme that the government is implementing at Finnish universities and hospitals has resulted in some caution regarding investments in instruments. The Norwegian market remained stable and the business situation for the companies developed favourably.

Second quarter

The business situation has generally been good during the summer quarter, with growth in all of our markets. In Sweden the focus on Life Science remained strong in both the private and public sectors. Willingness to invest in health care in Sweden remained strong regarding both diagnostics and medical technology. The Danish market continued to develop positively and our companies continued to experience robust demand. The Government's savings programme affected our customers in university research, and in general there is a cautious attitude regarding new investments in instruments. The Finnish market continued to be challenging, but despite the market our companies grew in terms of both sales and earnings. The Government's cost-cutting program for universities is underway, which affects investment appetite in the research sector in particular. Instrument sales declined slightly, while sales of reagents increased. The Norwegian market remained stable with good demand and willingness to invest in health care, and several instrument orders were delivered during the quarter. Initiatives in the Oslo Life Science Cluster research companies have increased demand for our products and services, especially in molecular biology. Business outside the Nordic countries continued to develop well and growth remains strong in all markets where we operate. The second quarter is usually our seasonally weakest quarter due to factors such as fewer surgical procedures, as well as wards and laboratories that are closed for the holiday period.

Third quarter

The year ended with a record-breaking quarter during which sales rose 30 percent and earnings jumped 80 percent. Organic growth in the last quarter was 21 percent. In both Sweden and Norway the governments are allocating resources to stimulate research and development, as are private sector participants in these markets, which means that considerable funding is being dedicated to research. This year's influenza season has been unusually severe in Sweden and Finland in particular, resulting in an increase in sales of reagents during the last quarter of the year. Denmark and Finland continue to impose spending cuts in university research, though private sector investments remained stable.

Acquisitions

AddLife is constantly looking for companies to acquire and is engaged in discussions with several potential companies. Four acquisitions were completed in both the Labtech and the Medtech business areas during the financial year.

There are three main reasons for our acquisitions:

- 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 acquisitions were completed during the financial year:

- **V-Tech AB and Esthe-Tech AB.** On 1 April 2016 the Medtech business area acquired all shares in V-Tech AB and Esthe-Tech AB. The companies have 11 employees and sales of about SEK 50 million. The acquisitions represent an expansion primarily in the fields of vascular surgery and aesthetic surgery.
- **Svan Care AB.** On 3 October 2016 the acquisition of Svan Care AB was completed and the operation joined the Medtech business area. The company has 13 employees and sales of about SEK 35 million. The acquisition represents an expansion into the field of home care.
- **Biolin Scientific AB.** On 7 December 2016 the acquisition of Biolin Scientific AB was completed for the Labtech business area. The company is a leading Nordic developer and manufacturer of analysis instruments for material analysis within nanotechnology, which is in demand by both universities and industry worldwide. The company has sales of approximately SEK 100 million. Biolin Scientific AB, with subsidiaries, has a total of 68 employees.

The total purchase price for this year's acquisitions is SEK 176 million.

In addition to pure corporate acquisitions during the year, AddLife also took over the businesses of two major suppliers, Leica Biosystems and Medline, which we integrated into our existing companies during the year. The businesses added combined annual sales of approximately SEK 90 million.

AddLife gained 92 new employees as a result of acquisitions during the year and another 12 employees were added in conjunction with businesses that were taken over.

Financial development during the year

Net sales and profit

The AddLife Group's net sales for the shortened financial year amounted to SEK 1,485.6 million (1,562.4).

Organic growth was 13 percent and acquired growth was 20 percent. Exchange rate fluctuations had a favourable impact on net sales of 1 percent, corresponding to SEK 7.8 million as well as on EBITA, which increased by 1 percent, corresponding to SEK 0.8 million.

During the financial year, EBITA amounted to SEK 153.7 million (135.2) and the EBITA margin reached 10.3 percent (8.7). EBITA improved as a result of a combination of increased organic sales, acquired sales and

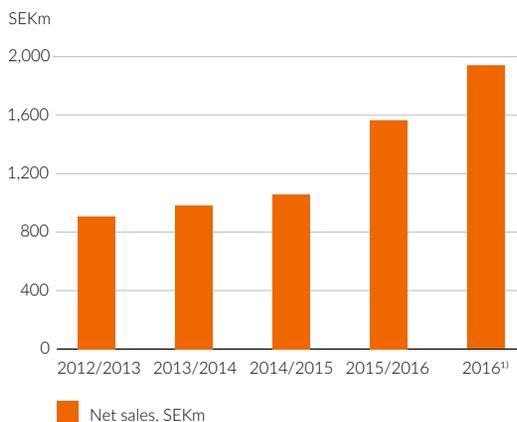
cost-cutting measures within our companies.

EBITA does also include a positive effect of SEK 6.7 million due to transition from defined benefit plan to a defined contribution pension plan in Norway.

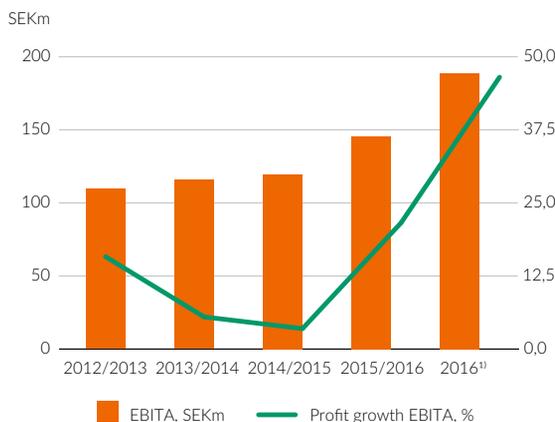
Net interest income was SEK -4.0 million (-6.1) and profit after financial items amounted to SEK 118.1 million (100.2).

Profit after tax for the financial year amounted to SEK 93.0 million (77.8) and the effective tax rate was 21 percent (22). The lower tax rate is attributable to loss carryforwards that were utilised in subsidiaries acquired during the year. Earnings per share for the financial year amounted to SEK 3.87 (4.15).

NET SALES



EBITA AND PROFIT GROWTH



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

Profitability, financial position and cash flow

Return on equity at the end of the period was 15.5 per cent (25.5). The lower return is mainly attributable to the rights issue of SEK 300 million that was completed during the first quarter. Return on capital employed totalled 12.5 percent (14.1). The equity ratio at the close of the financial year was 45.5 per cent (27.1). Equity per share, excluding non-controlling interests, totalled SEK 29.40 (17.60).

Return on working capital (P/WC) totalled 49.5 percent (64.0). 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 303.9 million (211.1) at the close of the financial year.

The Group's interest-bearing net debt at the close of the financial year stood at SEK 365.9 million (537.9), including pension liabilities of SEK 59.7 million (63.3). The net debt/equity ratio, calculated on the basis of interest-bearing net debt including provisions for pensions, totalled 0.5 (1.6). The net debt/equity ratio decreased as a result of amortization of the long-term loan of SEK 150 million in June 2016.

Cash and cash equivalents, consisting of cash and bank balances, together with approved but unutilised credit totalled SEK 308.5 million (132.9) as of 31 December 2016. The Group's available credit facilities stood at SEK 615.3 million (611.6) as of 31 December 2016.

Cash flow from operating activities reached SEK 117.6 million (117.7) during the financial year. The improved cash flow is attributable to the improved financial performance during the financial year. Business acquisitions amounted to SEK 150.0 million (237.8) and business disposals amounted to SEK 0.0 million (6.4). Investments in non-current assets reached SEK 21.1 million (41.9) during the financial year. Divestitures of non-current assets reached SEK 2.0 million (1.2).

Business areas

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

Labtech

Net sales during the financial year amounted to SEK 930.0 million (1,069.9). Organic growth was 16 percent and acquired growth was 2 percent. Exchange rate

fluctuations had a favourable impact on net sales of 1 percent. EBITA amounted to SEK 118.7 million (117.0), corresponding to an EBITA margin of 12.8 per cent (10.9).

The business situation for our Labtech companies was strong during the financial year, especially for the diagnostics companies which had strong sales of both instruments and consumables for previously delivered instruments. Growth has been favourable within the more traditional clinical chemistry, as well as in microbiology and molecular biology. Investments and initiatives from public services, private companies and foundations are generally on the rise in the Nordic region. The initiatives are mainly aimed at development within Life Science and various research projects. This trend has resulted in increased demand, mainly for advanced instrumentation and various research reagents.

The cost-cutting measures in university research in Finland have led to a cautious approach to investments in instruments, though our companies have compensated for this trend through increased reagent sales. The cost-cutting measures in university research and the pharmaceutical industry in Denmark do not appear to be having a significant effect on activity levels. Through initiatives focused on digital marketing and the webshop, the Danish companies have instead increased their sales of both reagents and small instruments. In Norway, the nationwide procurement processes in health services declined and the transition to more procurement processes in primary care is apparent. As a result the total number of procurements has increased, which has had a positive impact on our businesses.

Medtech

Net sales during the financial year amounted to SEK 555.6 million (492.5). Organic growth was 7 percent and acquired growth was 7 percent. EBITA amounted to SEK 44.4 million (32.4), corresponding to an EBITA margin of 8.0 per cent (6.6).

Demand from health services throughout the Nordic countries continued to develop favourably during the year. Growth is strongest in Sweden, Finland and the Benelux countries. However, the market is challenging in some cases, with strong competition for large, sometimes nationwide, procurement processes. Meanwhile, to date our companies have done a good job of handling these challenges. The product mix improved during the year and demand for our own products, primarily in the ear, nose and throat segment and infusion and surgery segments increased. Our offering with customized kits for different types of specialised medical procedures was well-received by the market. The business from Medline, which was

integrated into the Mediplast Group at the end of the financial year, has provided us with access to a broader product portfolio, mainly within surgery throughout the Nordic countries. Svan Care, which was acquired in October, was an important step for Medtech in the interesting home care market.

Risks and uncertainties

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

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

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

Risks related to the market and the industry

Economy and market trends

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

results of operations. The cost of medical care and services in relation to GDP is rising and there is a risk that this would reduce demand from the public sector and increase pressure on prices, which could adversely affect AddLife's business, financial condition and results of operations.

Public procurement and political decisions

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

Competition

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

Risks related to the Company

Technological development

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

Customers

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

Suppliers

In order to deliver products, AddLife depends on external suppliers who must meet the terms of agreements regarding matters such as volume, quality and delivery date. Incorrect, delayed or missing deliveries could in turn cause AddLife's deliveries to be delayed or incorrect. This may result in reduced distribution of the Company's products,

and potentially increased costs. Moreover, AddLife could be adversely affected if the Company's suppliers develop financial, legal or operational problems, such as price increases or the inability to deliver products of the agreed quality. These factors could result in reduced sales of AddLife's products or affect AddLife's potential to purchase the necessary products on time and at the right price in order to deliver them to customers. If AddLife is forced to purchase products from other suppliers because of these factors, this could result in increased expenses, such as for increased quality controls.

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

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

In a longer perspective, AddLife does not depend on any individual supplier to conduct business, but AddLife may depend on a single supplier in the short term. The Company's largest supplier amounts to approximately 10 (12) percent of net sales for 2016. There is a risk that incorrect or delayed deliveries, or the loss of one or several suppliers, could have negative consequences for the business, financial condition and results of operations of the relevant subsidiary, which in turn could have a negative impact on AddLife's business, financial condition and results of operations. Moreover, the industry is undergoing consolidation in this market and the number of suppliers

is decreasing. Thus there is a risk that AddLife will lose suppliers that are important for the Company.

Reputation

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

Acquisitions and divestments

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

Acquisitions generally entail integration risks. In addition to company-specific risks, the acquired company's relationships with important customers, key personnel and suppliers could be adversely affected. Integration involves risks relating to the ability to retain skills and to the possibility of creating a common culture. There is also a risk that the integration process may take longer than expected and that unforeseen costs associated with the consolidation of operations may arise. Moreover, expected synergies may totally or partially fail to arise. If any of these risks materialise in conjunction with future acquisitions, it could have a negative impact on AddLife's business, financial condition and results of operations. Moreover, acquisitions could expose AddLife to unknown obligations. Furthermore, acquisitions usually involve not only the assumption of all of the assets of the acquired company, but also its obligations. Even if the acquired company's operations are reviewed prior to the acquisition

and efforts are made to obtain the necessary warranties in the acquisition agreement, there is a risk that not all potential obligations or commitments have been identified prior to the acquisition, or that the seller lacks the financial ability to compensate AddLife in the event of a breach of warranty. In the event that AddLife fails to obtain the required contractual protection for such obligations or commitments it could have a negative impact on AddLife's business, financial condition and results of operations.

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

Goodwill

Goodwill arises when operations are acquired above their carrying amount. Goodwill risk arises when a business under-performs in relation to the assumptions that applied at the time of the goodwill valuation. If AddLife's valuation of the acquired business should prove to be incorrect the Company would be required to recognise an impairment loss relating to the value of goodwill, which could have a negative impact on AddLife's financial condition and results of operations. Goodwill is 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 Vice President or an 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

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

Product liability

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

there is a risk that product liability claims and other product-related costs are not fully covered by AddLife's insurance policy. Product liability claims, warranty claims and product recalls could have a negative impact on AddLife's business, financial condition and results of operations.

Environmental risk

AddLife's subsidiaries are primarily engaged in commerce and businesses that have a limited direct environmental impact. The Group engages in limited production. In manufacturing, there is a risk associated with environmental impact and responsibility, which could have a negative impact on AddLife's business, financial condition and results of operations. The Group does not engage in any operations that require notification or that require a permit under the Environmental Code or equivalent legislation outside Sweden. If the business should change to include operations that require a permit, or a business is acquired that is required to have a permit, or if regulations should change so that the current business requires a permit, this could have a negative impact on AddLife's business, financial condition and results of operations. In connection with the acquisition of companies, AddLife conducts a review to determine whether there is any historical responsibility under the Environmental Code. Even if the acquired company's operations are reviewed prior to the acquisition and efforts are made to obtain the necessary warranties in the acquisition agreement, there is a risk that not all potential obligations or commitments have been identified prior to the acquisition. In the event that AddLife fails to obtain the required contractual protection for such obligations or commitments it could have a negative impact on AddLife's business, financial condition and results of operations. AddLife owns a few properties and a property owner may be held liable for environmental damage caused by previous operators. Environmental damage may be difficult to detect, for example, in connection with the acquisition of a company and guarantees provided by a seller do not always cover, in terms of monetary amount or time, a subsequent failure in 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 period AddLife had 545 employees, compared with 427 at the beginning of the financial year. AddLife gained 92 (155) new employees as a result of acquisitions completed during the year and 12 employees were added when businesses were taken over. The average number of employees for the financial year was 459 (370).

	2016	2015/2016
Average number of employees	459	370
– percentage men	48%	50%
– percentage women	52%	50%
Distribution by age		
– up to 29 years	7%	5%
– 30–49 years	53%	55%
– 50 years and up	40%	40%
Average age	46 years	47 years

AddLife's own business school - AddLife Academy - develops our employees, building a shared value system and ensuring the supply of managers in the Group. During 2016, AddLife has had courses in business management, which is an important platform for increasing professionalism in our employees. AddLife has also had basic education "Vision and corporate philosophy" for new employees and for employees of acquired companies. AddLife Academy in addition, has had education in public procurement, leadership as well as tailor-made courses in marketing and economy.

Research and development

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

Environment

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

Remuneration to senior executives

The Board of Directors intends to propose to the Annual General Meeting in May 2017 that the guidelines for remuneration to senior executives remain unchanged compared with what was decided at the AGM in September 2016:

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

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

A fixed salary forms the foundation of the total remuneration. The salary should be competitive and reflect the responsibilities of the position. Fixed salaries are reviewed annually. Variable compensation may be based on parameters such as the Group's growth in earnings, profitability and cash flow. Annual variable remuneration can be at most 40 percent of the fixed salary. Retirement pension, sickness benefits and medical benefits should be structured in accordance with applicable rules and market norms. Pensions should be based on defined-contribution plans where possible. All or individual members of Group Management may be offered other benefits that are designed in relation to market practice. These benefits shall not constitute a material portion of total remuneration.

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

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

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

The Parent Company's net sales amounted to SEK 18.1 million (5.0) and profit after financial items was SEK 68.9 million (-18.9). Balance-sheet appropriations

include Group contributions received of SEK 66.3 million (41.7) and Group contributions paid of SEK -7.1 million (-1.9). Net investment in noncurrent assets totalled SEK 203.2 million (961.2) 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 576.8 million (682.6).

Share capital, share repurchases, incentive programmes and dividends

On 31 December 2016, the Parent Company's share capital amounted to SEK 50,145,951 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	4.1	30.0
B	23,605,327	23,605,327	95.9	70.0
Total	24,617,093	33,722,987	100.0	100.0

On 31 December 2016 the number of stockholders was 3,789. The Company's Class B shares are listed on Nasdaq Stockholm. Three owners each control 10 percent or more of the voting rights. They are Anders Börjesson (with family) with the largest shareholding corresponding to 13.9 percent of votes, followed by Tom Hedelius, who owns shares corresponding to 13.4 percent of votes and RoosGruppen AB (Håkan Roos through companies) with an ownership stake of 10.7 percent of votes.

According to Chapter 6, Section 2a of the Swedish Annual Accounts Act, listed companies are required to disclose specific circumstances that may affect the possibility of a take-over of the Company through a public offer for shares in the Company. 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 loans of SEK 150 million and an overdraft facility of SEK 450 million may be terminated.

Repurchase of treasury shares and incentive programs

In September 2016 the AGM authorised the Board of Directors during the period up until the 2017 AGM to buy back a maximum of ten percent of all shares in the Company.

The repurchased shares are intended to cover the Company's commitment to outstanding call options programs. During the financial year, 230,000 Class B shares were repurchased. The average number of Class B treasury shares held during the financial year was 86,983 (-). At year-end the number of Class B treasury shares was 230,000 (-) with an average purchase price of SEK 143.93.

The shares account for 0.9 percent of shares issued and 0.7 percent of votes.

At year-end AddLife had an outstanding purchase option program for a total of 230,000 Class B shares. The 2016 program includes 230,000 shares at an exercise price of SEK 148.10 and the exercise period is 17 September 2018 to 28 February 2019. Issued call options on repurchased shares have not resulted in any dilution effect during the financial year.

The Board intends to propose to the Annual General Meeting in May 2017 an incentive program based on the same, or substantially similar, model as was approved at the AGMs in 2016.

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 pay a dividend of SEK 1.50 per share for the abbreviated 2016 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 2016. The underlying growth in the Nordic market is primarily driven by a growing and aging population, at the same time that health services are focusing on efficiency improvements and alleviating new chronic diseases. Health care and research must find new ways to solve social challenges, solutions that can benefit both the individual and society at large. The Nordic countries are at the forefront of Life Science and initiatives to promote research and development continue from both the private and the public sectors. AddLife therefore sees great potential for further growth on the Nordic market, as well as on the international market with the increased percentage of proprietary products in our product offering. The acquisition of Biolin Scientific was the first step in our international expansion initiative.

Historically, the combination of organic growth in existing companies and acquisitions has provided substantial growth opportunities for the Group, resulting in a strong cash flow. Against this background, when combined with our strong 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

Two business acquisitions took place after the end of the reporting period:

On 12 January 2017 the Medtech business area acquired TM Techno Medica AB. The company has 5 employees and sales of about SEK 30 million. The business will be integrated into Mediplast AB. Techno Medica mainly sells and markets enteral nutrition products, as well as products for patient hygiene and incontinence. Techno Medica has successfully established itself as a leading supplier of enteral nutrition in Sweden, an interesting market with strong growth that targets both municipal home care and care funded by the county councils.

On 1 March 2017 AddLife completed the acquisition of all shares in the three companies of the Hepro Group: Hepro AS, Mektron AS and Hepro Sverige AB. The companies have 40 employees and sales of about SEK 155 million. The HeproGroup develops, designs and markets assistive technology within home care and welfare technology. These products facilitate health care and social services in the home, a market undergoing strong growth.

The companies' products and solutions are currently sold primarily to public sector and private care providers, with some sales directly to the end customer.

Group Management was expanded after the end of the financial year and Kristina Willgård, Artur Aira and Martin Almgren will be joined by Peter Simonsbacka, business area manager of Labtech, and Lars-Erik Rydell, business area manager of Medtech.

Peter Simonsbacka was hired by the Group in 2007 as CEO of Bergman Labora, but in recent years he has been responsible for a group of companies within the Labtech business area. Lars-Erik Rydell joined the Group in 2015 as CEO of Mediplast and since then he has worked simultaneously as business area manager for Medtech.

In March AddLife signed an agreement with Danske Bank for a credit facility of SEK 300 million, in the form of a two-year revolver with an option to extend for a maximum of an additional two years.

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

Proposal for profit distribution

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

Corporate Governance

Corporate Governance Principles

AddLife is a public limited liability company whose class B shares were listed on Nasdaq Stockholm on 16 March 2016, for which reason the company complies with the Swedish Code of Corporate Governance (the “Code”). The Code is applicable to all companies whose shares are admitted to trading on a Swedish regulated market. The Code is part of self-regulation by the Swedish business community and is based on the principle of “comply or explain”. This means that a company that applies the Code may deviate from individual rules, but the company must then provide an explanation for any deviation.

For the financial year April – December 2016 AddLife had no deviations from the Code to report. 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 2015/2016 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 2016 share capital in AddLife AB amounted to SEK 50,145,951. There were a total of 24,617,093 shares in the Company, including 1,011,766 Class A shares and 23,605,327 Class B shares. The 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 2016, the Company had 3,789 shareholders, the 15 largest of whom controlled 70.6 percent of the share capital and 76.6 percent of the votes. At the end of the financial year the proportion of shares owned by Swedish legal entities was 79.9 percent of the share capital. Foreign investors owned 24.3 percent of the share capital. Anders Börjesson and family, Tom Hedelius and Roosgruppen AB (Håkan Roos through companies) are the only shareholders with a direct or indirect shareholding in the Company representing at least one tenth of the voting rights for all shares in the Company.

Articles of Association

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

The Company’s principal business is “to directly or through a wholly or partially owned subsidiary engage in trading with and produce mainly medical equipment and products, and to pursue other compatible business”. The Board of Directors is based in Stockholm and shall comprise at least four and no more than six members. Notice of the Annual General Meeting shall be published in Post- och Inrikes Tidningar (official Swedish gazette) and on the Company’s website. The issuance of the Notice of the Annual General Meeting shall be advertised in the Swedish newspaper Svenska Dagbladet.

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

General Meetings

The Annual General Meeting is the highest decision-making body in which shareholders exercise their voting rights. The

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

Information about the 2017 Annual General Meeting is available in the Annual Report under "Welcome to the Annual General Meeting" and on the Company's website.

Right to participate at the General Meeting and shareholders' right of initiative

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

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

2016 Annual General Meeting

Addtech's Annual General Meeting was held on Thursday, 1 September 2016 in Stockholm. In all, 67 shareholders were present at the Meeting, in person or by proxy, representing 62.23 percent of the votes and 50.62 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 George Pettersson, principal auditor for AddLife, and Jonas Eriksson were also present at the meeting as AddLife's elected auditors from KPMG.

The 2016 Annual General Meeting resolved:

- To adopt the financial statements for 2015/2016
- That no dividend would be paid
- 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 Elmstedt, Stefan Hedelius and Fredrik Börjesson
- To re-elect Johan Sjö to serve as chairman of the Board
- That the Nomination Committee shall consist of representatives of the five largest shareholders in terms of votes as of 30 September each year as well as the Chairman of the Board.
- 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
- The Board has mandate to repurchase own shares corresponded to no more than 10 percent of all shares in the company.

The AGM's other resolutions are presented in the complete minutes from the AGM, which together with other information about the 2016 AGM can be found at www.add.life/investerarer/bolagsstyrning/bolagsstamma

2017 Annual General Meeting

AddLife's 2017 Annual General Meeting will be held on Monday 29 May at IVA in Stockholm. For additional information about the 2017 AGM please see the section called "Welcome to the Annual General Meeting" in the annual report, as well as AddLife's website www.addlife.se

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 compensation from the company for the work of the Committee. The Nomination Committee had two meetings where minutes were taken prior to the 2017 AGM at which all members were present. 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.

The 2016 AGM authorised the Board Chairman to establish a nomination committee for upcoming elections to the Board, by appointing members from among representatives of the five shareholders who controlled the largest number of votes in the Company at 30 September 2016, to serve with the Chairman on the nomination committee. In accordance with the above, the following individuals have been appointed to serve as members of the Committee: Johan Sjö, (Chairman of the Board), Anders Börjesson, Tom Hedelius, Håkan Roos (appointed by RoosGruppen AB), Martin Wallin (appointed by Lannebo Fonder) and Johan Strandberg (appointed by SEB Investment Management). The composition of the Nomination Committee was announced in conjunction with the presentation of the interim report for the second quarter on 27 October 2016.

One Nomination Committee member is a Board member and three members are not independent of the Company's major shareholders. Anders Börjesson is Chairman of the Nomination Committee.

The Nomination Committee shall prepare proposals for the Chairman of the Meeting, Board members, remuneration to each of the Board members, the Board members and the Chairman of the Board, as well as the election of a registered firm of auditors and audit fees. The Nomination Committee's proposals to the AGM will be presented in the notice to attend the meeting and on the Company's website. Nomination Committee members receive no compensation from the company for the work of the Committee. However, the company is responsible for costs associated with the execution of the Nomination Committee. The Company did not pay any expenses associated with the Nomination Committee's mandate during the year.

The Board of Directors

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

Responsibility and work of the Board of Directors

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

An annual evaluation of the work of the Board of Directors shall be performed under the leadership of the Chairman

Board member	Elected	Board meeting	Remunerations Committee	Audit Committee	Independent in relation to the Company	Independent in relation to major shareholders
<i>Number of meetings</i>		9	2	4		
Johan Sjö (Chairman of the Board)	2015	9	2	4	Yes	Yes
Birgit Stattin Norinder	2015	8		4	Yes	Yes
Eva Nilsagård	2015	9		4	Yes	Yes
Fredrik Börjesson	2015	9		4	Yes	No
Håkan Roos	2015	9	2	4	Yes	No
Stefan Hedelius	2015	8		3	Yes	No

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

The Board of Directors' Rules of Procedure

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

The Board of Directors shall hold regular meetings in accordance with a programme established under the rules of procedure, including predetermined decision points and other points as necessary. During the financial year, the Board of Directors held 9 minutes 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 Group Management in progress and those completed during the year.

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

The Audit Committee held four meetings in 2016 in conjunction with publication of the interim reports, as well as a briefing of the report from the review of the interim reports by the Company's external auditors.

In connection with the adoption of the annual accounts for 2016 at the Board meeting in February 2017, the Board received a review and a report from the Company's external auditors.

Remuneration to the Board of Directors

Remuneration to the Board of Directors shall be determined by the General Meeting. In accordance with a decision by the Annual General Meeting on 1 September 2016, the full-year fees to each of the elected Board members amounted to SEK 225,000, and SEK 450,000 to the Chairman. In accordance with the decision, the total full-year fees payable amount to SEK 1,575,000.

Chief Executive Officer

Kristina Willgård is the CEO. A presentation of Kristina Willgård can be found in the section "*Board and senior management*"

and on the Company's website.

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

The CEO is to lead the work of Group Management and makes decisions in consultation with other members of management. In addition to Kristina Willgård, Group Management also includes Artur Aira (EVP) and Martin Almgren (CFO), and from 1 January 2017 Peter Simonsbacka, business area manager, Labtech, and Lars-Erik Rydell, business area, 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 executives from the business area are represented. Each company president reports to a business area manager, who, in turn, reports to the Deputy CEO, who in turn reports to the CEO for AddLife AB.

Financial reporting

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

Internal control of financial reporting

Internal control

The Board of Directors' and the CEO's responsibility for internal control is regulated by the Companies Act. The Board of Directors' responsibilities are also regulated in the Code and the Annual Accounts Act. The Board of Directors has overall responsibility for ensuring that the Group has an effective system for management and internal control. This responsibility includes annually evaluating the financial reporting the Board receives and stipulating the content and format of these reports to ensure their quality. This requirement means that the financial reporting must fulfil its purpose

and comply with applicable accounting rules and other requirements incumbent on listed companies. The CFO has presented reports to the Board on the Group's internal control.

Control environment

AddLife builds and organises its business on the basis of decentralised responsibility for profitability and earnings.

In decentralised operations, the basis for internal control consists of a well-established process aimed at defining targets and strategies for each business. Internal guidelines and Board-approved policies communicate defined decision-making channels, powers of authority and responsibilities. The Group's foremost financial control documents include its financial policy, financial manual and instructions for each financial closing. A Group-wide reporting system with related analysis tools is used for the Group's closing procedures. On a more general level, all operations within the AddLife Group are conducted in accordance with the Group's Code of Conduct.

Risk assessment

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

The Board holds the opinion that the Group's exposure to a variety of market and customer segments, and the fact that the operations are conducted in 30 operating companies, entail significant risk diversification. Assessment of risk should be based on the Group's income statement and balance sheet to identify the risk of material misstatement. For the AddLife Group as a whole, the greatest risks are linked to inventories and the carrying amount of intangible assets related to acquisitions.

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 performance review includes reconciliation against set targets and previously achieved results, as well as the review of a number of important key figures.

Each year a "self-assessment" is performed of all Group

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

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

The companies' key processes and their control points have been identified and tested. The external auditors have read the records of the internal audits in connection with their audit of the companies. The process provides a good foundation on which to chart and assess the internal control in the Group. At the February 2017 Board meeting, KPMG provided the Board with a review and accounted for its assessment of the Group's internal control process.

Review, information and communication

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

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

Governance guidelines, policies and instructions are available on the Group intranet. The documents are regularly updated as needed. Changes are communicated separately via email and at meetings for controllers and financial managers. For internal information via the intranet, access to the documents is controlled through authorisations. The Group's

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

Internal audit

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

Auditors

According to the Articles of Association, a registered auditing firm is to be elected as auditor. KPMG was re-elected as the Company's auditor by the Annual General Meeting on 1 September 2016 for the period extending until the end of the 2017 Annual General Meeting. The auditor in charge is Håkan Olsson, 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, mainly concerning accounting issues, as well as in connection with the distribution of Addtech's shares in AddLife. The total fee for KPMG's services in addition to auditing for the 2016 financial year was SEK 0.5 million.

Quarterly review by auditors

AddLife's six-month report was reviewed by the Company's auditors during the 2016 financial year.

Violations

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

Financial statements and notes

Consolidated income statement

SEKm	Note	2016 (9 months)	2015/2016
Net sales	5, 6	1,485.6	1,562.4
Cost of sales		-975.2	-1,014.7
Gross profit		510.4	547.7
Selling expenses		-316.4	-344.2
Administrative expenses	29	-78.9	-103.2
Research and development		-1.9	-
Other operating income	10, 29	9.2	6.5
Other operating expenses	10	-0.3	-0.5
Operating profit	4-11, 17, 29	122.1	106.3
Financial income	12, 29	1.3	1.9
Financial expense	12, 29	-5.3	-8.0
Net financial items		-4.0	-6.1
Profit before tax		118.1	100.2
Income tax expense	14	-25.1	-22.4
PROFIT FOR THE YEAR		93.0	77.8
Attributable to:			
Equity holders of the Parent Company		93.0	77.8
Non-controlling interests		-	-
Earnings per share (EPS), (SEK)	33	3.87	4.15 ¹⁾
Diluted EPS, (SEK)		3.87	-
Average number of shares after repurchases ('000s)		24,027	18,749

1) The calculation of earnings per share is based on profit for the year and the weighted average number of shares outstanding. In calculating the average number of shares outstanding, it has been assumed that the 500,000 shares at the formation of the parent company have persisted throughout the reporting periods. Subsequently, the bonus element of the share issue carried out in July 2015 has been adjusted retroactively. As there is no quoted share price for AddLife during the historical financial years, the bonus element has been calculated on the basis of the value per share that were used in the connecting issue in kind that were carried profit for the year conjunction with the acquisition of Medioplast. The issue in kind itself is in earnings is per share calculations assumed to have been made at fair value.

Consolidated statement of comprehensive income

SEKm	2016 (9 months)	2015/2016
Profit for the year	93.0	77.8
<i>Components that will be reclassified to profit for the year</i>		
Foreign currency translation differences for the period	11.1	-3.8
<i>Components that will not be reclassified to profit for the year</i>		
Revaluations of defined benefit pension plans	-2.3	9.7
Tax attributable to items not to be reversed in profit or loss	0.5	-2.2
Other comprehensive income	9.3	3.7
Comprehensive income for the year	102.3	81.5
Attributable to:		
Equity holders of the Parent Company	102.3	81.5
Non-controlling interests	-	-

Consolidated balance sheet

SEKm	Note	2016-12-31	2016-03-31
ASSETS			
Non-current assets			
Intangible non-current assets	15	870.7	734.9
Property, plant and equipment	16	67.8	59.4
Financial assets	18	5.6	4.9
Non-current receivables	18	3.0	2.8
Deferred tax assets	14	2.0	2.9
Total non-current assets		949.1	804.9
Current assets			
Inventories	20	252.4	212.9
Tax assets		3.3	3.5
Accounts receivable	4	325.7	217.4
Prepaid expenses and accrued income	21	16.0	14.7
Other receivables		15.5	12.1
Cash and cash equivalents		14.7	11.6
Total current assets		627.6	472.2
TOTAL ASSETS		1,576.7	1,277.1
EQUITY AND LIABILITIES			
Shareholders' equity			
	22		
Share capital		50.1	40.1
Share premium		550.6	261.9
Reserves		7.1	-4.0
Retained earnings, including profit for the year		109.1	48.6
Total shareholders' equity		716.9	346.6
LIABILITIES			
Non-current liabilities			
Non-current interest-bearing liabilities	18, 26	10.7	301.1
Non-current non interest bearing liabilities	18	0.7	-
Provisions for pensions	24	59.7	63.3
Deferred tax liabilities	14	40.2	52.5
Total non-current liabilities		111.3	416.9
Current liabilities			
Current interest-bearing liabilities	18, 27	310.1	185.1
Accounts payable	18, 29	229.4	159.5
Tax liabilities		25.6	13.2
Other liabilities		83.6	78.1
Accrued expenses and deferred income	28	93.9	72.9
Provisions	25	5.9	4.8
Total current liabilities		748.5	513.6
Total liabilities		859.8	930.5
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,576.7	1,277.1

Consolidated statement of changes in equity

SEKm	Share capital	Other contributed capital	Reserves	Retained earnings including profit for the year	Total	Non-controlling interests	Total equity
EQUITY, OPENING BALANCE							
2015-04-01	0.5	-	-0.2	262.7	263.0	0.3	263.3
Profit for the year	-	-	-	77.8	77.8	-	77.8
Foreign currency translation differences for the period	-	-	-3.8	-	-3.8	-	-3.8
Actuarial effects of the pension obligation	-	-	-	9.7	9.7	-	9.7
Tax attributable to other comprehensive income	-	-	-	-2.2	-2.2	-	-2.2
Other comprehensive income	-	-	-3.8	7.5	3.7	-	3.7
Total comprehensive income	-	-	-3.8	85.3	81.5	-	81.5
New share issue and issue in kind	39.6	261.9	-	-	301.5	-	301.5
Dividend	-	-	-	-294.9	-294.9	-0.1	-295.0
Change in non-controlling interests	-	-	-	-4.5	-4.5	-0.2	-4.7
EQUITY, CLOSING BALANCE							
2016-03-31	40.1	261.9	-4.0	48.6	346.6	-	346.6

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

Consolidated cash flow statement

SEKm	Note	2016 (9 months)	2015/2016
OPERATING ACTIVITIES			
Profit after financial items		118.1	100.2
Adjustment for items not included in cash flow	31	36.7	48.3
Income tax paid		-16.6	-36.4
Cash flow from operating activities before changes in working capital		138.2	112.1
Cash flow from changes in working capital			
Changes in inventories		-5.3	-21.9
Changes in operating receivables		-69.2	-17.5
Changes in operating liabilities		54.0	45.0
Cash flow from operating activities		117.6	117.7
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		-21.1	-23.7
Disposal of property, plant and equipment		2.0	1.2
Acquisition of intangible non-current assets		-	-18.2
Acquisition of operations	32	-150.0	-233.1
Divestment of operations		-	1.7
Cash flow from investing activities		-169.1	-272.1
FINANCING ACTIVITIES			
Borrowings		81.4	381.7
Repayments on loans		-300.0	-
Repurchase of treasury shares		-33.1	-
Call options issued		2.4	-
Rights issue		300.0	-
Issue expenses		-1.3	-
Dividend paid to shareholders of the Parent Company ¹⁾		-	-294.9
Dividend paid to non-controlling interests		-	-0.1
Cash flow from financing activities		49.3	86.7
Cash flow for the year		-2.2	-67.7
Cash and cash equivalents at beginning of year		11.6	82.5
Exchange differences on cash and cash equivalents		5.4	-3.2
Cash and cash equivalents at year-end		14.7	11.6

1) Of paid dividend 2015/2016 of SEK 294.9 million, SEK 280.1 million relates to payment for acquired subsidiaries from Addtech.

Parent company income statement

SEKm	Note	2016 (9 months)	2015/2016
Net sales		18.1	5.0
Administrative expenses		-26.4	-21.2
Operating profit		-8.3	-16.2
Income from shares in group companies	12	75.0	-
Interest income and similar items	12	5.9	0.5
Interest expense and similar items	12	-3.7	-3.2
Net financial items		68.9	-18.9
Year-end appropriations	13	45.9	34.6
Profit before tax		114.8	15.7
Income tax expense	14	-8.8	-3.5
Profit for the year		106.0	12.2

Parent company statement of comprehensive income

SEKm	2016 (9 months)	2015/2016
Profit for the year	106.0	12.2
Other comprehensive income	-	-
Comprehensive income for the year	106.0	12.2
Attributable to:		
Equity holders of the Parent Company	106.0	12.2

Parent company balance sheet

SEKm	Note	2016-12-31	2016-03-31
ASSETS			
Intangible non-current assets	15	0.3	0.4
Property, plant and equipment	16	0.2	0.2
Financial assets			
Interests in Group companies	19	389.1	289.1
Receivables from Group companies	19	774.7	671.5
Other investments		0.5	-
Total non-current financial assets		1,164.3	960.6
Total non-current assets		1,164.8	961.2
Current assets			
Trade receivables		0.7	-
Prepaid expenses and accrued income		149.0	73.3
Other receivables	21	1.4	2.1
Cash and cash equivalents		-	-
Total current assets		151.1	75.4
TOTAL ASSETS		1,315.9	1,036.6
EQUITY AND LIABILITIES			
Shareholders' equity	22		
Restricted equity			
Share capital		50.1	40.1
Unrestricted equity			
Share premium reserve		550.6	261.9
Retained earnings		-18.6	-
Profit for the year		106.0	12.2
Total shareholders' equity		688.1	314.2
Untaxed reserves	23	18.6	5.2
Provisions			
Provisions for pensions		0.7	-
Total provisions		0.7	-
Liabilities			
Liabilities to credit institutions	26	-	300.0
Liabilities to Group companies		64.8	60.1
Total non-current liabilities		65.5	360.1
Current interest-bearing liabilities	27	306.2	178.7
Current Liabilities to Group companies		214.6	145.9
Accounts payable		1.9	21.7
Tax liabilities		12.3	3.5
Other liabilities		1.8	0.6
Accrued expenses and deferred income	28	6.9	6.8
Total current liabilities		543.8	357.2
Total liabilities		609.2	717.3
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,315.9	1,036.6

Parent company statement of changes in equity

SEKm	Share capital	Share premium reserve	Profit for the year	Total
EQUITY, OPENING BALANCE				
2015-04-01	0.5	-	-	0.5
Profit for the year	-	-	12.2	12.2
Total comprehensive income	-	-	12.2	12.7
Share issue	33.6	33.6	-	67.2
Issue in kind	6.0	228.3	-	234.3
EQUITY, CLOSING BALANCE				
2016-03-31	40.1	261.9	12.2	314.2

SEKm	Share capital	Share premium reserve	Retained earnings	Profit for the year	Total
EQUITY, OPENING BALANCE					
2016-04-01	40.1	261.9	-	12.2	314.2
Profit disposition	-	-	12.2	-12.2	-
Profit for the year	-	-	-	106.0	106.0
Total comprehensive income	-	-	-	106.0	106.0
Rights issue	10.0	290.0	-	-	300.0
Issue expenses	-	-1.3	-	-	-1.3
Repurchase of treasury shares	-	-	-33.1	-	-33.1
Call options issued	-	-	2.3	-	2.3
EQUITY, CLOSING BALANCE					
2016-12-31	50.1	550.6	-18.6	106.0	688.1

Parent company cash flow statement

SEKm	Note	2016 (9 months)	2015/2016
Profit after financial items		68.9	-18.9
Adjustment for items not included in cash flow	31	-80.6	0.0
Income tax paid		-	-
Cash flow from operating activities before changes in working capital		-11.7	-18.9
Cash flow from changes in working capital			
Changes in operating receivables		71.5	-33.7
Changes in accounts payable		-19.8	21.7
Changes in other operating liabilities		62.8	7.5
Cash flow from operating activities		102.9	-23.4
INVESTING ACTIVITIES			
Acquisition of intangible non-current assets		0.0	-0.4
Acquisition of property, plant and equipment		0.0	-0.2
Acquisition of operations		-	-89.1
Shareholder contributions		-100.0	-200.0
Investments in other financial non-current assets		-103.2	-671.5
Cash flow from investing activities		-203.2	-961.2
FINANCING ACTIVITIES			
Rights issue		300.0	0.0
Registration of share capital		-1.3	-
New share issue		2.4	67.2
Issue in kind		-	234.3
Change in overdraft		-22.5	-
Repurchase of treasury shares		-33.1	-
Borrowings		-	360.1
Repayment of external borrowing		-150.0	-
Change in financial operating liabilities		4.9	324.4
Cash flow from financing activities		100.4	984.1
Cash flow for the year		0.0	-0.5
Cash and cash equivalents at beginning of year		0.0	0.5
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 (the parent company) and its subsidiaries form the AddLife Group. The Group comprises 40 subsidiaries of which 30 are operating subsidiaries active primarily in the Nordic Life Science market but are also represented by smaller businesses in Germany, Benelux, Estonia, Italy, UK, China and the US. The Group is a leading independent supplier of equipment, instruments and reagents from leading global suppliers to costumers primarily in the healthcare sector, laboratory research, academia, as well as the food and pharmaceutical industries.

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

NOTE 2 | SUMMARY OF IMPORTANT ACCOUNTING POLICIES

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

The Board approved the Parent Company's annual report and the Group's consolidated financial statements for publication on 27 April 2017. The Parent Company's and Group's respective income statements and balance sheets will be submitted for adoption to the Annual General Meeting on 29 May 2017.

ACCOUNTING POLICIES OF THE PARENT COMPANY

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

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

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

tion costs are expensed and changes in liabilities for contingent considerations are entered as income or expense.

Dividends received are recognised as income. The Parent Company recognises untaxed reserves including deferred tax liabilities, rather than dividing them into deferred tax liabilities and equity as is done for the Group. Group contributions are recognised in the Parent Company in accordance with the alternative principle. A Group contribution received or paid to a subsidiary is recognised in the Parent Company as a appropriation. Shareholder contributions are recognised directly in the equity of the recipient and are capitalised in the contributor's shares and interests, insofar as no impairment is required.

ACCOUNTING POLICIES OF THE GROUP

General accounting policies

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

Presentation of the annual report

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

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

The financial statements have been prepared in compliance with IAS 1 Presentation of Financial Statements, which means that, *inter alia*, separate income statements and balance sheets, as well as statements of other comprehensive income, financial position, changes in shareholders' equity and cash flow, have been

prepared and that notes are provided that detail the accounting policies and disclosures applied.

Assets are divided into current assets and non-current assets. An asset is considered as a current asset if it is expected to be realised within 12 months of the end of the reporting period or within the Company's operating cycle. 'Operating cycle' refers to the time elapsed from the start of production until the Company receives payment for goods or services delivered. The Group's operating cycle is judged to be less than one year. If an asset does not fulfil the current asset criterion, it is classified as a non-current asset.

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

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

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

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 "Revenue from Contracts with Customers" is a new standard for recognition of revenue. The purpose of the new revenue recognition standard is to have a single principle-based standard for all industries to replace existing standards and statements about revenue. The Group is assessing the impact of IFRS 15. Areas that may preliminarily be affected include the need for merging contracts, division of the Group's transactions into the various performance obligations for the sale of machinery, reagents, service and training, etc., as well as identification and allocation of the transaction price for the various performance obligations. Since the Group is still assessing the effects of the new standard, a decision has yet to be made regarding what transition rules will be applied or what impact it will have on the consolidated financial statements. IFRS 15 allows three approaches to handle the transition. The Group will be affected by the new expanded disclosure requirements regarding revenue, in both interim and annual reports. IFRS 15 becomes effective on 1 January 2018.

IFRS 16 "Leases"

IFRS 16 Leases: New standard relating to reporting of leases. Lessees will no longer have the option of classification under IAS 17 of finance and operating leases, which will be replaced with

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

For more information about leases in AddLife, see note 17.

Consolidated financial statements

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

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

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

Exchange rate effects

Translation of the financial reports of foreign Group companies

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

Transactions denominated in foreign currencies

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

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

Financial assets and liabilities, recognition and de-recognition

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

Financial assets and liabilities, measurement and classification

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

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

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

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

Accounts receivable and loan receivables

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

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

Unlisted equity instruments carried at cost

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

Other financial liabilities

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

Derivatives and currency hedging

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

Financial assets and liabilities, classification

Cash and cash equivalents

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

Financial receivables and investments

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

on the purpose of the holding. If the maturity or the anticipated holding period is longer than one year, such financial investments are considered non-current investments; if shorter than one year, current investments.

Liabilities

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

Property, plant and equipment

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

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

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

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

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

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

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

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

Leases

When accounting for leases, a distinction is made between finance and operating leases. A finance lease is characterised by the lessee assuming, in all essential respects, the economic benefits

and risks associated with ownership of the asset. If that is not the case, the lease is regarded as an operating lease.

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

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

Intangible assets

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

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

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

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

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

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

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

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

Expenditure for development, in which the results of research or other knowledge are applied to achieve new or improved products or processes, is recognised as an asset in the balance sheet if the product is technically and commercially viable and the Company has sufficient resources to complete development and

subsequently use or sell the intangible asset. Other development expenditure is expensed as it is incurred.

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

Intangible assets	Useful life
Supplier relationships	10 years
Software for IT operations	3–5 years
Technology	13 years
Research and development	5–10 years
Goodwill and trademarks	Indeterminable

Impairment losses

Property, plant, and equipment and intangible assets

The carrying amounts of Group assets are tested as soon as there is indication that the asset in question has decreased in value. If such indication exists, impairment is determined after calculating the recoverable amount of the asset, which is the higher of an asset's value in use and its fair value. Impairment loss is recognised if the recoverable amount is less than the carrying amount. The value in use is calculated as the present value of future payments that the Company is expected to receive by using the asset. The estimated residual value at the end of the useful life is included in the value in use. If the recoverable amount of an individual asset cannot be determined, the recoverable amount is set at the recoverable amount for the cash-generating unit to which the asset belongs. A cash-generating unit is the smallest group of assets that give rise to continuous payment surpluses independent of other assets or groups of assets. Goodwill on consolidation is attributable to the cash-generating unit to which the goodwill is linked. Impairment losses are reversed when the reasons for the impairment, wholly or partly, no longer exists. However, impairment losses are never reversed for goodwill.

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

Financial assets

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

Inventories

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

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

Capital

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

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

Shareholders' equity

Repurchasing treasury shares occurs, and the Board normally proposes obtaining a mandate to repurchase treasury shares, which involves acquiring an amount of shares such that AddLife's own holding at no time exceeds 10 percent of all shares in the Company. The purpose of the repurchase is to

provide the Board with increased scope for action in its work with the Company's capital structure, to enable the use of repurchased shares as payment in acquisitions, and to secure the Company's commitments in existing incentive programmes.

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

Employee benefits

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

Employee benefits after termination of employment, pension obligations

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

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

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

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

Offsetting a surplus in one plan against a deficit in another

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

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

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

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

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

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

Payroll tax is a part of the actuarial assumption and is therefore reported as part of the net obligation/asset. The portion of payroll tax that is calculated based on the Swedish Pension Obligations Vesting Act (*Sw. Trygghandelagen*) 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 Group 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. The subsidy, and related social security costs, is distributed as employee benefits expense over the vesting

period. Addlife has no obligation to repurchase the options when an employee terminates employment. The holder can redeem the options irrespective of future employment at 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 non-occurrence of one or more uncertain future events not entirely within the Company's control. Other obligations are also recognised as contingent liabilities if they result from past events but are not recognised as a liability or provision because it is unlikely that an outflow of resources will be required to settle the undertaking or because the size of the undertaking cannot be determined with sufficient accuracy.

Revenue recognition

Sales revenue and revenue from projects in progress are recognised as per IAS 18 Revenue. The fair value of what has been received, or what will be received, is recognised as sales revenue. Deductions are made for value added tax, returns, discounts and price reductions. Revenue from sales of goods is recognised when certain requirements have been met. These requirements are that

material risks and benefits associated with ownership of the goods have been transferred to the purchaser, that the selling company does not retain any involvement in ongoing administration nor does it exert any real control over the goods sold, that the revenue can be calculated reliably, that it is likely that the economic benefits that the Company will obtain from the transaction will accrue to the Company, and that the expenses that have arisen or are expected to arise as a result of the transaction can be calculated reliably.

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

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

Financial income and expenses

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

Tax on income

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

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

Segment reporting

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

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

Cash flow statement

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

Events after the reporting period

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

Personnel information

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

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

NOTE 3 | CRITICAL ESTIMATES AND ASSUMPTIONS

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

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

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

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

The present value of pension obligations recognised as defined benefit plans depends on multiple factors determined on an actuarial basis using a number of assumptions. In establishing these assumptions, AddLife consults with actuaries. 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 RISK AND RISK MANAGEMENT

Goals and policy for risk management

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

Currency risks

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

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

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

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

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

Transaction exposure

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

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

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

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

Of AddLife's net sales in 2016, currency clauses cover approximately 27 (26) percent and sales in the purchasing currency make up approximately 25 (16) percent. In certain transactions, there is a direct link between the customer's order and the associated purchase order, which is a good basis for effective currency risk management. However, in many cases the dates of the orders do not coincide, which may reduce the effectiveness of these measures. The companies within AddLife have reduced their currency exposure by using forward foreign exchange contracts. At the end of the 2016 financial year, there were outstanding forward foreign exchange contracts in a gross amount of SEK 53.0 (28.6) million, of which EUR equalled SEK 26.3 (6.6)

Note 4 cont.

million and USD SEK 26.7 (22.0) million.

Of the total contracts of SEK 53.0 (28.6) million, SEK 44.8 (19.4) million mature within six months. Hedge accounting does not apply to forward foreign exchange contracts, they are instead

classified as a financial asset measured at fair value held for trading.

The parent company's currency flows are mainly in SEK. To the extent the internal, external loans and investments are in foreign currency they are 100 hedged.

Translation exposure

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

Net investments	2016		2015/2016	
	SEKm	Sensitivity Analysis ¹⁾	SEKm	Sensitivity Analysis ¹⁾
NOK	47.9	2.4	16.6	0.8
EUR	159.9	8.0	54.4	2.7
DKK	113.6	5.7	40.7	2.0
USD	8.1	0.4	-	-

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

When translating the income statement of units with a functional currency other than SEK, a translation effect arises when exchange rates vary. With the current distribution of Group

companies' different functional currencies, a change of 1 percentage point in the exchange rates would have an effect on net sales and on EBITA as follows:

SEKm	2016	2015/2016
Net sales	9.9	11.0
EBITA	1.0	0.9

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

Exchange rate	Average rate		Closing day rate	
	2016	2015/2016	2016-12-31	2016-03-31
CNY 1	1.2864	1.3315	1.3050	1.2550
DKK 1	1.2789	1.2518	1.2849	1.2380
EUR 1	9.5153	9.3398	9.5525	9.2250
GBP 1	11.4075	12.7657	11.1571	11.6550
NOK 1	1.0332	1.0233	1.0513	0.9800
USD 1	8.5939	8.4655	9.0622	8.1030

Financing and liquidity

The overall objective of AddLife's financing and debt management is to secure financing for the operations in both the long and short term, and to minimise borrowing costs. The capital requirement shall be secured through an active and professional borrowing procedure comprising overdraft and credit facilities. Raising external financing is centralised at AddLife AB. Satisfactory payment capacity shall be achieved through contractual credit facilities. Surplus liquidity is primarily used to pay down outstanding loans. Temporary surpluses in liquid funds are invested at optimum return. Credit, interest rate and liquidity risks will be minimised when investing liquid funds. The fixed interest term and the period during which capital is tied up may not exceed six months. Only counterparties with very high credit ratings are permitted. AddLife AB provides an internal bank which lends to and borrows from the subsidiaries. AddLife's non-current and current interest-bearing liabilities are shown in notes 26 and 27. In late 2015 the AddLife Group established a common cash pool for the countries in which the Group has significant operations. Subsidiaries in these countries are connected to the cash

pool and manage all liquidity within the framework of the cash pool accounts. In cases where there is no cash pool in the country where the subsidiary operates its business, or if an individual foreign currency account is not found within the cash pool, the subsidiary will deposit any excess liquidity with AddLife AB.

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

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

The following investments are permitted:

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

Note 4 cont.**Refinancing risk**

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

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

Interest rate risk

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

overdraft facilities with a fixed interest term of three months and an external loan with a remaining fixed interest term of six months.

AddLife's financial net debt as at 31 December 2016 was SEK 366 million (538). With net financial debt as at 31 December 2016, the impact on AddLife's net financial items is approximately SEK +/-5 million (+/-5) if interest rates change by one percentage point.

Issuer/borrower risk and credit risk

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

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

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

Accounts receivable SEKm	2016-12-31	2016-03-31
Carrying amount	329.9	218.1
Impairment losses	-4.2	-0.7
Cost	325.7	217.4
Change in impaired accounts receivable	2016-12-31	2016-03-31
Amount at start of year	-0.7	0.0
Corporate acquisitions	-3.5	-0.6
Year's impairment losses/reversals	-0.0	-0.1
Total	-4.2	-0.7
Time analysis of accounts receivable that are overdue but not impaired:	2016-12-31	2016-03-31
< = 30 days	15.3	18.9
31-60 days	1.0	4.7
> 60 days	4.2	3.8
Total	20.5	27.4

NOTE 5 | NET SALES BY REVENUE TYPE AND BUSINESS AREA

Medtech	2016	2015/2016
Materials	464.1	425.5
Machinery/instruments	90.9	66.6
Services	0.6	0.1
Total	555.6	492.2

Labtech	2016	2015/2016
Materials	618.3	695.4
Machinery/instruments	233.2	282.5
Services	78.5	92.2
Total	930.0	1,070.1

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

NOTE 6 | SEGMENT REPORTING

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

Labtech

The Labtech business area consists of about 18 companies within diagnostics and research. The companies deliver directly to customers various products and solutions that include analytical instruments, equipment, microscopes, consumables and reagents, as well as application and technical service, primarily to laboratories

in healthcare, laboratory research, academia and the food and pharmaceutical industries. The companies within the Labtech business area are mainly active in microbiology, clinical chemistry, coagulation, molecular biology, research, immunology, near-patient testing, veterinary diagnostics and in the food industry. Customers are also offered training programmes in various areas to ensure that customers have the appropriate skills and to maximise user benefit for the products the Company provides.

Medtech

The Medtech business area consists of 12 companies that provide medical device products within the Medtech market, with a focus on surgery, thoracic medicine, neurology, wound care, anaesthesia, intensive care, ear, nose and throat, ostomies, and home healthcare.

Data by operating segment

During the financial year 2016 and 2015/2016, no internal invoicing has been made between the business areas.

	2016		2015/2016	
	External		External	
Net sales				
Medtech	555.6		492.5	
Labtech	930.0		1,069.9	
Total	1,485.6		1,562.4	

EBITA	2016		2015/2016	
	EBITA	EBITA margin, %	EBITA	EBITA margin, %
Medtech	44.4	8.0	32.4	6.6
Labtech	118.7	12.8	117.0	10.9

Operating profit/loss, assets and liabilities	Operating profit/loss	Assets¹⁾	Liabilities¹⁾	Operating profit/loss	Assets¹⁾	Liabilities¹⁾
Medtech	24.2	917.7	134.3	17.3	783.2	149.4
Labtech	109.3	617.8	264.4	105.4	450.4	280.2
Group items	-11.5	41.2	461.1	-16.4	43.6	500.9
Total	122.1	1,576.7	859.8	106.3	1,277.1	930.5
Finance income and expenses	-4.0			-6.1		
Profit after financial items	118.1			100.2		

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

Note 6 cont.

Investments in non-current assets

Investments in non-current assets	2016			2015/2016		
	Intangible ¹⁾	Property, plant and equipment ¹⁾	Total	Intangible ¹⁾	Property, plant and equipment ¹⁾	Total
Medtech	73.0	0.0	73.0	190.4	3.5	193.9
Labtech	10.9	0.0	10.9	0.9	19.9	20.8
Group items	0.7	-	0.7	16.7	0.3	16.9
Total	84.6	0.0	84.6	208	23.7	231.6

1) The information does not include effects of acquisitions.

Depreciation and amortisation of non-current assets	2016			2015/2016		
	Intangible	Property, plant and equipment	Total	Intangible	Property, plant and equipment	Total
Medtech	-20.2	0.0	-20.2	-16.6	-3.5	-20.1
Labtech	-9.3	0.0	-9.3	-11.6	-10.8	-22.4
Group items	-2.1	0.0	-2.1	-0.7	-0.0	-0.7
Total	-31.6	0.0	-31.6	-28.9	-14.3	-43.2

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

	Capital gains	Change in pension liability	Other items	Total
Medtech	-0.3	0.0	-3.8	-4.1
Labtech	0.1	-2.3	-1.0	-3.1
Group items	0.0	0.0	2.3	2.3
Total	-0.1	-2.3	-2.6	-5.0

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

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

Data by country

Data by country	2016			2015/2016		
	Net sales, external	Assets ¹⁾	Of which non-current assets	Net sales, external	Assets ¹⁾	Of which non-current assets
Sweden	493.6	1,105.5	806.3	528.5	902.5	668.4
Denmark	320.4	159.0	29.0	345.1	120.9	30.6
Finland	378.9	223.4	97.6	371.2	170.3	89.5
Norway	216.1	60.2	3.0	253.7	54.3	4.0
Other countries	76.6	29.9	1.9	63.9	19.5	1.3
Group items and unallocated assets	-	-1.4	11.2	-	9.6	0.5
Total	1,485.6	1,576.7	949.0	1,562.4	1,277.1	794.3

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

Investments in non-current assets	2016			2015/2016		
	Intangible	Property, plant and equipment	Total	Intangible	Property, plant and equipment	Total
Sweden	84.1	14.4	98.5	174.8	10.1	184.9
Denmark	0.1	1.9	2.1	0.9	5.3	6.2
Finland	0.4	2.0	2.4	32.4	6.6	38.9
Norway	0.0	0.3	0.3	0.0	1.6	1.6
Other countries	0.0	0.1	0.1	0.0	0.0	0.0
Total	84.6	18.7	103.3	208.0	23.7	231.7

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

NOTE 7 | EMPLOYEES AND EMPLOYEE BENEFITS EXPENSE

Average number of employees	2016			2015/2016		
	Men	Women	Total	Men	Women	Total
Sweden						
Parent company	4	3	7	5	1	6
Other companies	95	76	171	70	62	132
Denmark	38	75	113	47	47	94
Finland	46	53	99	36	44	80
Norway	25	26	51	26	23	49
Other countries	9	9	18	2	7	9
Total	217	242	459	186	184	370

Salaries and remuneration	2016			2015/2016		
	Senior	of which profit-related	Other	Senior	of which profit-related	Other
Sweden						
Parent company	7.2	1.3	3.0	4.8	0.8	0.9
Other companies	8.2	0.8	66.4	8.2	0.5	83.2
Denmark	4.6	0.7	53.5	4.7	0.4	66.9
Finland	4.3	0.7	42.6	6.6	1.2	40.1
Norway	2.5	0.4	25.2	3.5	0.5	34.2
Other countries	-	-	5.7	-	-	7.2
Total	26.8	3.9	196.4	27.8	3.4	232.5

Salaries, remuneration and social security costs	Group		Parent company	
	2016	2015/2016	2016	2015/2016
Salaries and other remuneration	223.2	260.3	10.2	5.7
Contractually agreed pensions for senior management	4.6	4.7	0.9	0.8
Contractual pensions to others	18.4	26.0	0.6	0.2
Other social security costs	59.3	45.1	3.3	2.8
Total	305.5	336.1	15.0	9.5

Proportion of women	2016-12-31	2016-03-31	2016-12-31	2016-03-31
Board of Directors (not including alternates)	7%	9%	33%	33%
Other members of senior management	37%	36%	33%	33%

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

Remuneration to the Board of Directors and Group management

Preparation and decision-making process for remuneration to the Board of Directors, CEO and Group management
The guidelines applied in the 2016 financial year for remuneration to senior management was decided by the nomination committee and correspond to those in the proposal for the coming year included in the administration report.

The principle for remuneration to the Board of Directors, Chief Executive Officer (CEO) and Group management is that remuneration should be competitive. The nomination committee proposes Board fees to the Annual General Meeting (AGM).

Board fees are paid based on a resolution of the AGM. No separate fees are paid for committee work. For remuneration to the CEO, members of Group management and other members of senior management in the Group, the Board of Directors has

appointed a remuneration committee consisting of the Chairman and Vice Chairman of the Board, with the CEO as the reporting member. A fixed salary, variable remuneration and conventional employment benefits are paid to the CEO, Group management and other members of senior management. In addition, pension benefits and incentive programmes apply, as described below. The remuneration committee adheres to the guidelines for remuneration to senior management approved by 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 personal investment, thereby achieving greater alignment of interests between

Note 7 cont.

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 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 1,575 thousand, SEK 1,183 thousand for the nine-month period, set by the nomination committee are distributed, as per the AGM's decision, among those Board Directors who are not employed by the Parent Company.

Parent Company's CEO

Kristina Willgård, Parent Company CEO, received a fixed salary of SEK 2,013 thousand (1,240) and SEK 540 thousand (400) in variable pay. Taxable benefits totalling SEK 144 thousand (64) are additional. From age 65, the CEO is covered by a defined

contribution pension, the size of which depends on the outcome of pension insurance agreements. During 2016, a total of SEK 444 thousand (300) 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 2,635 thousand (1,918) in fixed salaries and SEK 783 thousand (445) in variable remuneration. This variable remuneration was expensed during the 2016 financial year and was paid during 2017. Taxable benefits totalling SEK 216 thousand (134) 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 2016, a total of SEK 476 thousand (372) in pension premiums was paid for the group 'Other members of Group management'.

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

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

Remuneration and other benefits during the year	Basic salary/ Board fees	Variable remuneration	Other benefits	Pension costs	Total
Chairman of the Board	0.3	–	–	–	0.3
Other members of the Board	0.8	–	–	–	0.8
Chief Executive Officer	2.0	0.5	0.1	0.4	3.0
Other members of Group management (2 persons)	2.6	0.8	0.2	0.5	4.1
Total	5.7	1.3	0.3	0.9	8.2

Board fees for 2016, SEK '000

	Position	Fee
Johan Sjö	Chairman of the Board	338
Håkan Roos	Member of the Board	169
Stefan Hedelius	Member of the Board	169
Fredrik Börjesson	Member of the Board	169
Birgit Stattin Norinder	Member of the Board	169
Eva Nilsagård	Member of the Board	169
Total		1,183

NOTE 8 | REMUNERATION TO AUDITORS

	Group		Parent company	
	2016	2015/2016	2016	2015/2016
KPMG				
Audit assignments	2.6	1.3	0.7	0.7
Tax consultation	0.0	0.1	-	-
Other assignments	0.5	0.1	0.3	-
Total remuneration to KPMG	3.1	1.4	1.0	0.7
Other auditors				
Audit assignment	0.0	0.2	-	-
Tax consultation	0.0	0.0	-	-
Other assignments	0.2	0.0	-	-
Total remuneration to other auditors	0.3	0.2	-	-
Total remuneration to auditors	3.4	1.6	1.0	0.7

'Audit assignments' refer 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	
	2016	2015/2016	2016	2015/2016
Depreciation and amortisation, by function				
Cost of sales	-8.7	-7.5	-	-
Selling expenses	-32.9	-32.7	-	-
Administrative expenses	-3.7	-3.4	-0.1	0.0
Total	-45.3	-43.5	-0.1	0.0
Depreciation and amortisation, by type of asset				
Intangible assets	-31.6	-28.9	-0.1	0.0
Buildings and land	-0.2	-0.5	-	-
Leasehold improvements	-0.9	-0.8	-	-
Machinery	-2.5	-2.5	-	-
Equipment	-10.1	-10.8	0.0	0.0
Total	-45.3	-43.5	-0.1	0.0

NOTE 10 | OTHER OPERATING INCOME AND EXPENSES

Group	2016	2015/2016
Other operating income		
Rental revenue	-	0.4
Gain on sale of operations and non-current assets	0.3	3.7
Exchange profits, net	2.8	1.0
Change in loans for contingent considerations	4.8	-
Other	1.3	1.4
Total	9.2	6.5
Other operating expenses		
Property costs	-0.0	-0.1
Loss on sale of operations and non-current assets	-0.2	-0.2
Other	-0.0	-0.2
Total	-0.3	-0.5

NOTE 11 | OPERATING EXPENSES

Group	2016	2015/2016
Inventories, raw materials and consumables	877.1	906.2
Employee benefits expense	237.5	340.2
Depreciation/amortisation	45.3	42.9
Impairment of inventories	2.1	2.8
Impairment of doubtful accounts receivable	0.7	-0.1
Other operating expenses	210.0	169.5
Total	1,372.7	1,461.5

NOTE 12 | FINANCE INCOME AND COSTS

Group	2016	2015/2016
Interest income on bank balances	0.3	0.4
Exchange rate changes, net	1.0	1.5
Finance income	1.3	1.9
Interest expense on financial liabilities measured at amortised cost	-4.2	-5.1
Interest expense on financial liabilities measured at fair value	-	-
Interest expense on pension liability	-1.1	-1.5
Exchange rate changes, net	-	-
Other finance costs	0.0	-1.4
Finance costs	-5.3	-8.0
Net financial items	-4.0	-6.1
Parent company	2016	2015/2016
Dividend	75.0	-
Income from shares in group companies	75.0	-
Interest income, etc		
Interest income from Group companies	5.8	0.2
Other interest income, change in value of derivatives and exchange rate differences	0.1	0.3
Interest income and similar items	5.9	0.5
Interest expense, etc		
Interest expense from Group companies	-0.1	-0.0
Exchange rate changes, net	-0.1	-
Other interest expense, change in value of derivatives and exchange rate differences	-3.5	-3.2
Interest expense and similar items	-3.7	-3.2

NOTE 13 | YEAR-END APPROPRIATIONS - PARENT COMPANY

	2016	2015/2016
Provision made to tax allocation reserve	-13.3	-5.2
Group contributions paid	-7.1	-1.9
Group contributions received	66.3	41.7
Total	45.9	34.6

NOTE 14 | TAXES

Group	2016	2015/2016
Current tax for the period	-28.7	-30.8
Adjustment from previous years	-0.2	0.5
Total current tax expense	-28.9	-30.3
Deferred tax	3.8	7.9
Total recognised tax expense	-25.1	-22.4

Group	2016	%	2015/2016	%
Profit before tax	118.1		100.2	
Weighted average tax based on national tax rates	-26.4	-22.4	-22.8	22.8
Tax effects of non-deductible costs/non-taxable income	0.1	0.1	-0.1	0.1
Changed tax rate	-0.3	-0.3	-	-
Adjustments from previous years	-0.2	-0.2	0.5	-0.5
Other	1.7	1.4	0.2	-0.2
Recognised tax expense	-25.1	-21.3	-22.4	-22.4

Deferred tax

Deferred tax, net, at year-end

Group	2016-12-31			2016-03-31		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Non-current assets	4.9	-69.0	-64.1	3.2	-55.2	-52.0
Untaxed reserves	-	-6.4	-6.4	-	-4.2	-4.2
Pension provisions	4.7	-0.1	4.6	5.5	-0.1	5.4
Tax loss carry-forward	26.1	-	26.1	-	-	-
Other	1.9	-0.3	1.6	1.3	-0.1	1.2
Net recognised	-35.6	35.6	0.0	-7.1	7.1	0.0
Deferred taxes, net, at year-end	2.0	-40.2	-38.2	2.9	-52.5	-49.6

Unrecognised deferred tax assets

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

	2016-12-31	2016-03-31
Tax deficits	17.3	-
Potential tax benefit	3.5	-
The expiry dates of these tax loss carry-forwards are distributed as follows:		
0 > 10 years	17.3	-

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

Parent company	2016	2015/2016
Current tax for the period	-8.8	-3.5
Total current tax expense	-8.8	-3.5
Deferred tax	-	-
Total recognised tax expense	-8.8	-3.5

Parent company	2016	%	2015/2016	%
Profit before tax	114.8		15.7	
Tax based on current tax rate for parent company	-25.3	22.0	-3.4	22.0
Tax effects of non-deductible costs/non-taxable income	16.5	-14.4	-0.1	0.6
Recognised tax expense	-8.8	7.7	-3.5	22.6

NOTE 15 | INTANGIBLE NON-CURRENT ASSETS

2016-12-31

Intangible assets acquired						
Group	Goodwill	Supplier relationships, customer relationships and technology	Trademarks	Research and development	Software	Total
Accumulated cost						
Opening balance	489.2	319.5	0.5	-	31.5	840.7
Acquisition of companies	-	1.1	0.4	63.7	1.5	66.7
Investments	43.4	82.7	-	-	2.0	128.0
Reclassifications	-	-	-	-	0.0	0.0
Divestments and disposals of assets	-0.2	-	-	-	-0.3	-0.5
Translation effect for the year	1.7	1.9	-	-0.4	0.1	3.3
Closing balance	534.1	405.2	0.9	63.3	34.8	1,038.2
Accumulated depreciation and impairment losses						
Opening balance	-10.1	-87.5	-0.3	-	-7.9	-105.8
Acquisition of companies	-	-0.8	-0.4	-27.7	-1.2	-30.2
Amortisation	-	-26.8	-0.1	-0.3	-4.4	-31.6
Divestments and disposals of assets	0.2	-	-	-	0.3	0.5
Translation effect for the year	-0.1	-0.5	-	0.1	-	-0.4
Closing balance	-10.0	-115.7	-0.8	-27.9	-13.3	-167.5
Carrying amount at year-end	524.1	289.5	0.1	35.5	21.5	870.7
Carrying amount at start of year	479.1	232.0	0.2	-	23.6	734.9

2016-03-31

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

Goodwill distributed by business area

	2016-12-31	2016-03-31
Labtech	119.9	119.1
Medtech	404.3	360.1
Total	524.2	479.1

Note 15 cont.

Parent company	2016-12-31		2016-03-31	
	Software	Total	Software	Total
Accumulated cost				
Opening balance	0.4	0.4	-	-
Investments	-	-	0.4	0.4
Closing balance	0.4	0.4	0.4	0.4
Accumulated amortisation				
Opening balance	0.0	0.0	-	-
Amortisation	-0.1	-0.1	0	0
Closing balance	-0.1	-0.1	0	0
Carrying amount at year-end	0.3	0.3	0.4	0.4
Carrying amount at start of year	0.4	0.4	-	-

Impairment testing of goodwill

AddLife's recognised goodwill amounts to SEK 524.1 million (479.1). Under IFRS, goodwill is not amortised; instead, goodwill is tested annually or more frequently if impairment indicators are present.

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

The recoverable amount was calculated based on value in use. Assumptions were made concerning gross margin, overhead costs, working capital required and investments required based on previous experiences. The parameters have been set based on the budget for the upcoming financial year 2017. An annual growth rate of 2 percent (2) was assumed for cash flows beyond the budget period. Cash flows were discounted using a weighted cost of capital corresponding to 10.4–10.5 percent (10.1–10.3) before tax. These calculations show that value in use significantly exceeds the carrying amount. Consequently, the impairment testing indicated no impairment. No reasonable possible changes in key assumptions are expected to lead to impairment. The sensitivity of these calculations means that the value of goodwill will continue to be justified even if the discount rate should be increased 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 | PROPERTY, PLANT AND EQUIPMENT

2016-12-31

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

2016-03-31

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

Parent company	2016-12-31		2016-03-31	
	Equipment	Total	Equipment	Total
Accumulated cost				
Opening balance	0.2	0.2	-	-
Investments	-	-	0.2	0.2
Closing balance	0.2	0.2	0.2	0.2
Accumulated depreciation				
Opening balance	0.0	0.0	-	-
Depreciation	0.0	0.0	0.0	0.0
Closing balance	0.0	0.0	0.0	0.0
Carrying amount at year-end	0.2	0.2	0.2	0.2
Carrying amount at start of year	0.2	0.2	-	-

NOTE 17 | LEASING

Operating leases AddLife as lessee	Group	
	2016	2015/2016
Lease payments		
Lease payments made during the financial year	37.5	38.6
Future minimum lease payments under non-cancellable contracts fall due as follows:		
Within one year	39.3	36.9
Later than one year and within five years	55.6	59.5
Five years or later	-	0.0
Total future minimum lease payments	94.8	96.5

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

AddLife as lessor	Group	
	2016	2015/2016
Lease revenue		
Lease income during the financial year	1.5	0.7
Future minimum lease income under non-cancellable contracts fall due as follows:		
Within one year	1.5	1.8
Later than one year and within five years	1.8	2.1
Five years or later	0.3	0.0
Total future minimum lease revenue	5.0	3.9

Operating leases consist primarily of technical equipment to customers.

Finance leases

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

AddLife as a lessor

A total of SEK 1.5 million (0.7) was received in lease revenue during the financial year. SEK 1.5 million (1.8) remains to be received within one year, and thereafter a total of SEK 2.0 million (2.1) is receivable within two to five years. Most operating leases for which AddLife's companies are lessors concern the rental of technical equipment customers.

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

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

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

Note 18 cont.

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

1) Part of other receivables in the consolidated balance sheet.

2) Part of other liabilities in the consolidated balance sheet.

3) Holdings for trading purposes. Consist of derivatives.

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

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

Impact of financial instruments on net earnings	2016-12-31	2016-03-31
Accounts receivable and loan receivables	-0.0	-0.0
Available-for-sale financial assets	-0.0	-0.0
Other liabilities	-1.1	-1.5
Total	-1.1	-1.5

	2016-12-31			2016-03-31		
	Carrying amount	Level 2	Level 3	Carrying amount	Level 2	Level 3
Derivatives held for trading purposes ³⁾	0.3	0.3	-	-	-	-
Total financial assets at fair value	0.3	0.3	-	-	-	-
Derivatives held for trading purposes ³⁾	-	-	-	0.8	0.8	-
Contingent consideration	13.3	-	13.3	6.4	-	6.4
Total financial liabilities at fair value	13.3	-	13.3	7.2	0.8	6.4

Fair value and carrying amount are recognised in the balance sheet according to the table above. The fair value of listed securities is determined based on the listed price of the asset in an active market (level 1). The fair value of foreign exchange contracts and embedded derivatives is determined based on observed market data (level 2). For the Group's other financial assets and liabilities, fair value is estimated to be equal to the carrying amount.

	9 months ending 31 Dec 16	12 months ending 31 Mar 16
Contingent considerations		
Carrying amount, opening balance	6.4	-
Acquisitions during the year	17.4	6.2
Consideration paid	-6.2	-
Reversed through profit or loss	-4.8	-
Interest expenses	0.5	0.2
Exchange differences	0.0	0.0
Carrying amount, closing balance	13.3	6.4

NOTE 19 | NON-CURRENT FINANCIAL ASSETS

Receivables from Group companies	Parent company	
	2016-12-31	2016-03-31
Opening balance	671.5	-
Increase during the year	204.1	671.5
Decrease during the year	-100.9	-
Carrying amount at year-end	774.7	671.5

Specification of interests in Group companies	Country of shares	Number Quotient	Quotient value	Holding %	Carrying amount 2016-12-31	Carrying amount 2016-03-31
AddLife Development AB	Sweden	1,000	100	100%	389.1	289.1

Shares in Group companies

Accumulated cost	Parent company	
	2016	2015/2016
Opening balance	289.1	-
Investment	-	776.9
Divestment	-	-687.8
Shareholder contribution	100.0	200.0
Closing balance	389.1	289.1

NOTE 20 | INVENTORIES

Group	2016-12-31	2016-03-31
Raw materials and consumables	9.6	0.7
Work in progress	2.8	
Finished goods	240.0	212.2
Total	252.4	212.9

Cost of sales for the Group includes impairment losses for inventories amounting to SEK 2.1 million (2.8). No for material reversals of previously recognised for impairment losses have been made during 2016 or 2015/2016.

NOTE 21 | PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent company	
	2016-12-31	2016-03-31	2016-12-31	2016-03-31
Rent	3.5	3.5	0.1	0.1
Insurance premiums	1.3	2.0	0.4	0.6
Pension costs	1.4	0.7	0.2	0.0
Lease payments	1.4	1.2	0.1	0.1
License fees	1.0	1.2	-	-
Fairs	0.0	1.0	-	-
Other prepaid expenses	5.2	3.8	0.7	1.3
Other accrued income	2.1	1.4	-	-
Total	16.0	14.7	1.4	2.1

NOTE 22 | SHAREHOLDERS' EQUITY

Foreign currency translation reserve

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

Reserves	2016-12-31	2016-03-31
Foreign currency translation reserve		
Opening translation reserve	-4.0	-0.2
Translation effect for the year	11.1	-3.8
Closing translation reserve	7.1	-4.0

Number of shares outstanding 2016-12-31	Class A shares	Class B shares	All share classes
At start of year	809,418	18,884,257	19,693,675
Share issue	202,353	4,721,065	4,923,418
Closing balance	1,011,771	23,605,322	24,617,093

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

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 any fair value reserve, retained earnings constitute the sum of unrestricted equity, that is, the amount available to be paid as dividends to shareholders.

Number of shares

The number of shares at 31 December 2016 consisted of 1,011,766 Class A shares, entitling the holders to 10 votes per share, and 23,605,327 Class B shares, entitling the holders to one vote per share. The quotient value of the share is SEK 2.037.

NOTE 23 | UNTAXED RESERVES

Parent company	2016-12-31	2016-03-31
Tax allocation reserve, allocation for tax assessment 2016	5.2	5.2
Tax allocation reserve, allocation for tax assessment 2017	13.4	-
Closing balance	18.6	5.2

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 have defined contribution plans. Subsidiaries in other countries in the Group mainly have defined contribution pension plans and the defined benefit pension plan in Norway changed during the financial year to defined contribution pension plan.

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 2016 financial year, the Company did not have access to information enabling it to report this plan as a defined benefit plan. Thus, the pension plan according to ITP that is secured by insurance in Alecta is recognised as a defined contribution plan. The year's fees for pension insurance with Alecta totalled SEK 5.6 million (5.2). 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 2016 was 148 percent (144).

Defined benefit pension plans

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

The discount rate used is equivalent to the interest rate on high-quality corporate bonds or mortgage-backed bonds with a maturity equivalent to the average maturity of the obligation and currency. For Swedish pension liabilities, the interest rate for Swedish housing bonds is used as a basis. Future increases in pensions are based on inflation assumptions. Remaining period of employment (life expectancy) is based on statistical tables prepared by the Swedish Financial Supervisory Authority (Sw. *Finansinspektionen*) and the Insurance Society, in Sweden 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.

Obligations for employee benefits, defined benefit plans

Pension liability as per balance sheet	2016-12-31	2016-03-31
Pension liability PRI	59.4	55.6
Other pension liabilities	0.3	7.7
Total cost of defined benefit plans	59.7	63.3
Obligations for defined benefits and the value of plan assets	2016-12-31	2016-03-31
Funded obligations:		
Present value of funded defined benefit obligations	-	22.2
Fair value of plan assets	-	-15.8
Net debt, funded obligations	-	6.4
Present value of unfunded defined benefit obligations	59.7	56.9
Net amount in the balance sheet (obligation +, asset -)	59.7	63.3
Pension obligations and plan assets per country:		
Sweden		
Pension obligations	59.7	56.9
Net amount in Sweden	59.7	56.9
Norway		
Pension obligations	-	22.2
Plan assets	-	-15.8
Net amount in Norway	-	6.4
Net amount in the balance sheet (obligation +, asset -)	59.7	63.3

Note 24 cont.

Reconciliation of net amount for pensions in the balance sheet	2016-12-31	2016-03-31
Opening balance	63.3	73.1
Change in accounting for pensions	-4.6	5.6
Payment of pension benefits	-1.3	-1.5
Funds contributed by employer	-	-3.0
Translation effects	-	-0.3
Revaluations	-	-10.0
Gains and losses from settlements	2.3	-0.6
Net amount in balance sheet (obligation +, asset -)	59.7	63.3
Changes in the obligation for defined benefit plans recognised in the balance sheet	2016-12-31	2016-03-31
Opening balance	79.1	88.1
Pensions earned during the period	0.6	3.8
Interest on obligations	1.2	1.8
Benefits paid	-1.3	-1.5
Benefits earned during previous periods	-6.7	-
Transferred benefits	-15.5	-
Revaluations:		
Gain (-)/loss (+) resulting from demographic assumptions	2.9	-
Gain (-)/loss (+) resulting from financial assumptions	1.1	4.7
Experienced-based gains (-)/losses (+)	-1.7	-5.0
Translation effects	-	-2.0
Gains and losses from settlements	-	-1.4
Present value of pensions obligations	59.7	79.1
Changes in plan assets	2016-12-31	2016-03-31
Opening balance	15.8	15.0
Funds contributed by employer	-	3.0
Return on plan assets, excluding interest income	-	0.3
Translation effects	-	-1.7
Reclassification of plan assets	-15.8	-
Gains and losses from settlements	-	-0.8
Fair value of plan assets	-	15.8
Pension costs	2016	2015/2016
Defined-benefit pension plans		
Cost for pensions earned during the year	-5.8	3.8
Interest on plan assets	1.2	1.8
Total cost of defined benefit plans	-4.6	5.6
Total cost of defined contribution plans	29.2	22.9
Social security costs on pension costs	1.9	2.2
Total cost of benefits after termination of employment	26.5	30.7
Allocation of pension costs in the income statement	2016	2015/2016
Cost of sales	5.0	4.9
Selling and administrative expenses	20.2	23.9
Net financial items	1.3	1.9
Total pension costs	26.5	30.7

Note 24 cont.

Actuarial assumptions	2016	2015/2016	
	Sweden	Sweden	Norway
The following material actuarial assumptions were applied in calculating the obligations:			
Discount rate, 1 April, %	2.6	2.3	2.3
Discount rate, 31 December, %	2.5	-	-
Discount rate, 31 March, %	-	2.6	2.4
Future salary increases, %	3.0	1.5-3.0	2.5
Future increases in pensions (change in income base amount), %	2.5	2.5	-
Employee turnover, %	10	10.0	2.0-5.0
Expected 'G regulation', %	-	-	2.2
Mortality table	DUS 14	FFFS 2007:31	K2013 BE

Sensitivity of pension obligations to changes in assumptions	2016	2015/2016	
	Sweden	Sweden	Norway
Defined benefit pension obligations at 31 December 2016			
The discount rate increases by 0.5%	-5.4	-4.1	-1.8
The discount rate decreases by 0.5%	6.1	4.7	2
Expected life expectancy increases by 1 year	2.7	2.2	0.6

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

Consisting	2016-12-31	2016-03-31
Active	24	24
Sick pensioners	1	2
Paid-up policyholders	105	105
Pensioners	60	61
Total number of commitments included in the pension liabilities	190	192

NOTE 25 | PROVISIONS

Group 2016-12-31	Personnel	Warranties	Other	Total
Carrying amount at start of period	0.3	0.0	4.5	4.8
Provisions made during the period	-	-	8.4	8.4
Amounts utilised during the period	-0.3	-	-7.0	-7.3
Unutilised amounts reversed	-	-	-	-
Translation effects	-	-	-	-
Other	-	-	-	-
Carrying amount at end of period	0.1	0.0	5.9	5.9

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

Personnel

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

Warranties

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

NOTE 26 | NON-CURRENT INTEREST-BEARING LIABILITIES

	Group		Parent company	
	2016-12-31	2016-03-31	2016-12-31	2016-03-31
Liabilities to credit institutions:				
Maturing within 2 years	-	300.0	-	300.0
Maturing within 3 years	-	-	-	-
Maturing within 4 years	-	-	-	-
Maturing within 5 years	-	-	-	-
Maturing five years or later	-	-	-	-
Total non-current liabilities to credit institutions	-	300.0	-	300.0
Other interest-bearing liabilities:				
Maturing within 2 years	10.7	-	-	-
Maturing within 3 years	-	1.1	-	-
Maturing within 4 years	-	-	-	-
Maturing within 5 years	-	-	-	-
Maturing five years or later	-	-	-	-
Total other non-current interest-bearing liabilities	10.7	1.1	-	-
Total	10.7	301.1	-	300.0

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

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

Valuta	2016-12-31		2016-03-31	
	Lokal valuta	SEKm	Lokal valuta	SEKm
EUR	-	-	-	-
SEK	-	-	300.0	300.0
Totalt		-		300.0

NOTE 27 | CURRENT INTEREST-BEARING LIABILITIES

	Group		Parent company	
	2016-12-31	2016-03-31	2016-12-31	2016-03-31
Overdraft facilities				
Credit limit	450.0	300.0	450.0	300.0
Unutilized	-293.8	-121.3	-293.8	-121.3
Utilised credit	156.2	178.7	156.2	178.7
Other liabilities to credit institutions	150.6	-	150.0	-
Other interest-bearing liabilities	3.3	6.4	-	-
Total	310.1	185.1	306.2	178.7

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:

Currency	2016-12-31		2016-03-31	
	Local currency	SEKm	Local currency	SEKm
EUR	0.1	0.6	-	-
SEK	150.0	150.0	-	-
Total		150.6		-

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

NOTE 28 | ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent company	
	2016-12-31	2016-03-31	2016-12-31	2016-03-31
Other deferred income	1.1	0.2	-	-
Salaries and holiday pay	57.4	48.1	2.2	2.0
Social security costs and pensions	17.1	12.5	0.6	0.6
Other accrued expenses ¹⁾	18.4	12.1	4.1	4.2
Total	93.9	72.9	6.9	6.8

1) Other accrued expenses mainly consist of overhead accruals.

NOTE 29 | RELATED-PARTY TRANSACTIONS

Income statement	Group		Parent company	
	2016	2015/2016	2016	2015/2016
Net sales	-	0.0	-	-
Other operating income	-	0.1	-	-
Administrative expenses ¹⁾	-	-13.9	-	-
Finance income	-	0.1	-	-
Finance costs	-	-2.4	-	-1.5
Total transactions	-	-16.1	-	-1.5

Balance sheet	2016-12-31	2016-03-31	2016-12-31	2016-03-31
Liabilities				
Accounts payable	-	18.3	-	18.3
Total liabilities related party	-	18.3	-	18.3

1) Consists of corporate fee costs from Addtech, which are invoiced to the AddLife companies.

NOTE 30 | PLEDGED ASSETS AND CONTINGENT LIABILITIES

Group	Group		Parent company	
	2016-12-31	2016-03-31	2016-12-31	2016-03-31
Other pledged assets	0.0	0.1	-	-
Total	0.0	0.1	-	-
Contingent liabilities				
Guarantees and other contingent liabilities	2.6	1.4	-	-
Guarantees and other contingent liabilities for subsidiaries ¹⁾	-	-	39.8	-
Total	2.6	1.4	39.8	-

1) Relates to PRI liabilities

NOTE 31 | CASH FLOW STATEMENT

Adjustment for items not included in cash flow	Group		Parent company	
	2016	2015/2016	2016	2015/2016
Depreciation	45.3	43.5	0.0	0.0
Gain/loss on sale of operations and non-current assets	-	-0.3	-	-
Change in pension liability	-6.2	0.0	-	-
Change in other provisions and accrued items	-	4.1	-	-
Group contributions/dividends not paid	-	-	-80.8	-
Other	-2.4	1	0.2	-
Total	36.7	48.3	-80.6	0.0

For the Group, interest received during the year totalled SEK 0.3 million (0.4), and interest paid was SEK 4.2 million (5.1).

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:

	2016	2015/2016
Non-current assets	122.9	34.4
Inventories	25.5	110.1
Receivables	51.2	92.7
Cash and cash equivalents	16.6	26.3
Total	216.2	263.5
Interest-bearing liabilities and provisions	-	170.6
Non-interest-bearing liabilities and provisions	83.3	102.1
Total	83.3	272.7
Consideration paid	-158.9	-259.4
Cash and cash equivalents in acquired companies	16.6	26.3
Effect on the Group's cash and cash equivalents	-142.3	-233.1

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

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

NOTE 32 | ACQUISITIONS WITHIN BUSINESS AREAS

Acquisitions	Country	Date of acquisition	Net sales, SEKm	Number of employees ¹⁾	Business area
Medioplast AB	Sweden	July, 2015	465	120	Medtech
Fenno Medical Oy	Finland	July, 2015	185	35	Medtech
V-Tech AB and Esthe-Tech AB	Sweden	April, 2016	50	11	Medtech
Svan Care AB	Sweden	Oktober, 2016	35	13	Medtech
Biolin Scientific AB	Sweden	December, 2016	100	68	Labtech

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

Acquisitions during the financial year 2016:

	Fair value
Intangible non-current assets	118.6
Other non-current assets	4.3
Inventories	25.5
Other current assets	59.4
Deferred tax liability/tax asset	8.4
Other liabilities	-83.3
Acquired net assets	132.9
Goodwill	43.4
Consideration ¹⁾	176.3
Less: cash and cash equivalents in acquired businesses	-16.6
Non cash issue	-17.4
Effect on the Group's cash and cash equivalents	142.3

1) The consideration is stated excluding acquisition expenses. The acquisition analysis for 2016 are at the end of the financial year preliminary, since all acquisition balances have not been finalized.

Acquisitions during the financial year 2015/2016:

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

1) Effect on the Group's cash and cash equivalents.

The combined consideration for the acquisitions was SEK 176.3 million (493.7), of which SEK 43.4 million (197.7) according to acquisition analyses, was allocated to goodwill and SEK 82.7 million (189.8) to other intangible assets. The consideration consist only of cash payment.

The transaction costs for acquisitions with a takeover date during the financial year 2016 amounted to SEK 1.8 million (3.1) and are recognised in selling expenses.

The fair value of not yet paid contingent consideration for acquisitions made during the financial year is calculated to SEK 13.3 million, which is approximately 52 percent of the maximum outcome. The outcome depends on the results achieved in the companies and has a set maximum level.

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 the AddLife Group's net sales was SEK 59 million (468), on EBITA SEK 12 million (33), on operating profit SEK 9 million (17) and on profit after tax for the period SEK 6 million (13).

Had the acquisitions been completed on 1 April 2016, their impact would have been approximately SEK 141 million (643) on consolidated net sales, SEK 20 million (47) on EBITA, about SEK 12 million (26) on operating profit and about SEK 4 million (19) on profit after-tax for the year. The acquisitions were completed at an average EV/EBIT multiple of about 6 (10).

NOTE 33 | EARNINGS PER SHARE

	2016	2015/2016
Earnings per share (SEK)	3.87	4.15

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 and a weighted average number of shares outstanding. In calculating the average number of shares outstanding it was assumed that the 500,000 shares at the time of the parent company's formation were present throughout the reporting periods.

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

	2016	2015/2016
Profit for the year (SEKm)	93.0	77.8

Weighted average number of shares during the year in thousands of shares	2016	2015/2016
Weighted average number of shares during the year	24,027	18,749

The 230,000 call options issued on repurchased shares have not resulted in any dilution effect during the financial year, for which reason basic and diluted earnings per share remain the same.

NOTE 34 | DISCLOSURES ABOUT PARENT COMPANY

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

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

NOTE 35 | EVENTS AFTER THE REPORTING PERIOD**Acquisitions**

On 12 January 2017 TM Techno Medica AB was acquired. The company will be included in the Medtech business area. Techno Medica mainly sells and markets enteral nutrition products, as well as patient hygiene products. Techno Medica has successfully established itself as a leading supplier of enteral nutrition in Sweden, an interesting market with strong growth that targets both municipal home care and care funded by the county councils. The company, which has five employees and sales of SEK 30 million, will be integrated into Mediplast AB.

On 1 March 2017, the three companies of the Hepro Group: Hepro AS, Mektron AS and Hepro Sverige AB were acquired the Medtech business area. The companies have 40 employees and sales of NOK 155 million. The Hepro Group develops, designs and markets assistive technology within home care and welfare technology. These products facilitate health care and social services in the home, a market undergoing strong growth. The companies' products and solutions are currently sold primarily to public sector and private healthcare players, with some sales directly to the end consumer.

Note 35 cont.

According to the preliminary acquisition analyses, the assets and liabilities included in the acquisitions carried out during the financial year 2016 were as follows:

	Fair value
Intangible non-current assets	176.3
Other non-current assets	1.4
Inventories	28.2
Other current assets	42.4
Deferred tax liability/tax asset	-40.0
Other liabilities	-44.5
Acquired net assets	163.8
Goodwill	97.0
Consideration ¹⁾	260.8
Less: Cash and cash equivalents in acquired businesses	-4.6
Less: Acquired debt to acquired companies	-5.5
Non cash issue	-13.1
Effect on the Group's cash and cash equivalents	237.6

1) The consideration is stated excluding acquisition expenses.

Change in management

Group Management was expanded after the end of the financial year and Kristina Willgård, Artur Aira and Martin Almgren will be joined by Peter Simonsbacka, business area manager of Labtech, and Lars-Erik Rydell, business area manager of Medtech. Peter Simonsbacka was employed in the Group in 2007 as CEO of Bergman Labora, but has during the last years had responsibility for a group of companies within the Labtech business area. Lars-Erik Rydell joined the Group in 2015 as CEO through the acquisition of Medioplast and since then he has worked simultaneously as business area manager for Medtech.

Financing

In March 2017 AddLife signed an agreement with Danske Bank for a credit facility of SEK 300 million, in the form of a two-year credit facility with an option to extend for a maximum of an additional two years.

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

NOTE 36 | PROPOSED ALLOCATION OF EARNINGS

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

Share premium reserve	550.5
Retained earnings	87.5
Profit for the year	106.0
	638.0

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 1.50 per share ¹⁾	36.6
To be carried forward	601.4
	638.0

1) Based on the number of shares outstanding at 31 December 2016.

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, 27 April 2017

Johan Sjö
Chairman of the Board

Birgit Stattin Norinder
Director

Eva Nilsagård
Director

Fredrik Börjesson
Director

Håkan Roos
Director

Stefan Hedelius
Director

Kristina Willgård
CEO

We submitted our auditor's report on 27 April 2017

KPMG AB

Håkan Olsson Reising
Authorised Public Accountant
Auditor in charge

Jonas Eriksson
Authorised Public Accountant

Audit report

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of AddLife AB (publ) for the financial year 2016-04-01—2016-12-31. The annual accounts and consolidated accounts of the company are included on pages 33-92 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 2016 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 2016 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.

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.

Basis for Opinions

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

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

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 subsidiaries.

See disclosures 15 and 19 and accounting principles on pages 58 and 61-62 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The carrying value of acquired intangible assets, which comprise goodwill, supplier relations and technology etc, is 871 million SEK as of 31 December 2016, which represents approximately 55 % of total assets. Annually, or if any indicators of impairment exist, goodwill is subject to an impairment test which is complex and contains significant elements of judgement.

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

The parent company holds shares in Group companies of 389 million SEK as at 31 December 2016. If the book value of the shares exceeds the equity in a given Group company, a similar type of impairment test is performed using the same methodology and assumptions as is done in respect of goodwill in the Group.

Response in the audit

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

In addition, we have assessed the reasonableness of future cash flows and discount rates by obtaining and evaluating the Group's written documentation and plans. We have also performed retrospective review over prior period estimates.

We have involved our internal valuation specialists in the audit team to ensure appropriate experience and expertise is applied in the assessment of methodology used and the discount rate applied. An important part of our work has been to evaluate how changes in assumptions may affect the valuation by obtaining and assessing the Group's sensitivity test.

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

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 97–104. The Managing Director is 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 Managing Director

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

material misstatement, whether due to fraud or error.

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

Auditor's responsibility

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

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

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

evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

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

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of AddLife AB (publ) for the financial year 2016-04-01—2016-12-31 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the

company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

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

Auditor's responsibility

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that

the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional 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.

Stockholm 27 april 2017

KPMG AB

Håkan Olsson Reising
Authorized Public Accountant
Auditor in Charge

KPMG AB

Jonas Eriksson
Authorized Public Accountant

Board of Directors and Management

Information relating to Shareholdings as at February 28, 2017

Board of Directors



JOHAN SJÖ

Chairman of the Board since 2015

Born in: 1967

Education: M.Sc. Econ.

Significant appointments:

Chief Executive Officer and director for Addtech AB and Director for Bufab AB (publ), Bergman & Beving Holding AB.

Professional experience: Chief

Executive Officer and director for Addtech AB (publ) and senior management at B&B TOOLS Aktiebolag (publ), prior to that Alfred Berg ABN AMRO.

Independent in relation to AddLife and its senior executives: Yes.

Independent in relation to major shareholders: Yes.

Holdings of shares in AddLife: 3,150 Class A shares and 54,062 Class B shares.



BIRGIT STATTIN NORINDER

Board member since 2015

Born in: 1948

Education: MPharm.

Significant appointments:

Chairman of the Board of Hansa Medical AB (publ), Jettesta AB, WntResearch AB and Nicox S.A.

Professional experience: Chief Executive Officer of Prolifix Ltd,

Senior Vice President Worldwide Product Development at Pharmacia Upjohn.

Independent in relation to AddLife and its senior executives: Yes.

Independent in relation to major shareholders: Yes.

Holdings of shares in AddLife: (family) 2,000 Class B shares.



EVA NILSAGÅRD

Board member since 2015

Born in: 1964

Education: M.Sc. Econ.

Significant appointments:

Director for Bufab AB (publ), Plastal Sverige AB, Plastal AS and Plastal NV.

Professional experience: Positions in the Volvo Group, CFO for

Vitrolife AB (publ) and Plastal Industri AB.

Independent in relation to AddLife and its senior executives: Yes.

Independent in relation to major shareholders: Yes.

Holdings of shares in AddLife: 1,000 Class B shares.



FREDRIK BÖRJESSON

Board member since 2015

Born in: 1978

Education: M.Sc. Econ.

Significant appointments:

Chief Executive Chairman of the Board of Bostad Direkt Stockholm Aktiebolag, Swedish Cable Trolleys AB, Ventilationsgrossisten Nordic AB and Inomec AB.

Director for Momentum Group AB, Tisenhult Invest AB and Futuraskolan AB.

Professional experience: Chief Executive Officer and director for Tisenhult gruppen AB, Tisenhult Förvaltning AB and CFO of AB Cibenon.

Independent in relation to AddLife and its senior executives: Yes.

Independent in relation to major shareholders: No.

Holdings of shares in AddLife: 1,155 Class B shares.



HÅKAN ROOS

Board member since 2015

Born in: 1955

Education: M.Sc. Econ.

Significant appointments:

Chairman of the Board of Roos-Gruppen AB, Antpac Production AB, Sandå Sverige AB, Design House Stockholm AB

Director for Scandy Garden

Aktiebolag, Gadelius Japan and Opti Group AB.

Professional experience: Previously Chief Executive Officer of Hallbergs Guld AB and Procurator AB.

Independent in relation to AddLife and its senior executives: Yes.

Independent in relation to major shareholders: No.

Holdings of shares in AddLife: 4,001 Class A shares and 3,578,366 Class B shares.



STEFAN HEDELIUS

Board member since 2015

Born in: 1969

Education: University studies in

finance, various international executive education programmes.

Significant appointments:

Director for Momentum Group AB.

Professional experience: Chief Executive Officer for NOTE AB

(publ). Previously Vice President, Brand and

Marketing, Scandinavian Airlines (SAS) as well as positions at Ericsson, including Vice President Marketing and Communications, Head of Strategy and Marketing and Vice President Ericsson Austria.

Independent in relation to AddLife and its senior executives: Yes.

Independent in relation to major shareholders: No.

Holdings of shares in AddLife: 1,000 Class B shares.

Group Management



KRISTINA WILLGÅRD

CEO since 2015
 Born in: 1965
 Member of Group Management since: 2015
 Education: M.Sc. Econ.
 Professional experience: CFO of Addtech AB (publ), finance director at Ericsson AB, CFO Netwise, CFO Frontec, Business controller

Spendrups and Auditor at Arthur Andersen.
 Other appointments: Director for SERNEKE Group AB (publ).
 Holdings of shares in AddLife: 44,531 Class B shares.
 Call options corresponding to 33,700 shares.



ARTUR AIRA

Vice President since 2015.
 Born in: 1967
 Member of Group Management since: 2015
 Education: Biomedical engineer, Master of Business Administration.
 Professional experience: Leading Positions in the Addtech Group

and bioMerieux. Chief Executive Officer of Organon Teknika.
 Other appointments: Director for Life Genomics AB.
 Holdings of shares in AddLife: 28,218 Class B shares.
 Call options corresponding to 33,650 shares.



MARTIN ALMGREN

CFO since 2015
 Born in: 1976
 Member of Group Management since: 2015
 Education: M.Sc. Econ.
 Professional experience: Group Financial Controller for Addtech AB (publ), Group Accounting Manager at Nefab AB,

Auditor at EY.
 Holdings of shares in AddLife: 5,625 Class B shares.
 Call options corresponding to 33,650 shares.



LARS-ERIK RYDELL

Business area manager since 2015
 Born in: 1955
 Member of Group Management since: 2017
 Professional experience: CEO in Mediplast AB (Y2000-), Sales Manager Althin Medical AB, Area Manager Gambro AB
 Holdings of shares in AddLife:

83,153 Class B shares.
 Call options corresponding to 16,000 shares.



PETER SIMONSBACKA

Business area manager since 2015
 Born in: 1960
 Member of Group Management since: 2017
 Education: Engineer
 Professional experience: Business area manager in Addtech Nordic AB, CEO BergmanLabora AB and Business area manager

i Mettler-Toledo AB.
 Other appointments: Director for Swedish Labtech.
 Holdings of shares in AddLife: 507 Class B shares.
 Call options corresponding to 16,000 shares.

Auditor – KPMG

Auditor in charge: Håkan Olsson Reising, since January 2017, Authorised Public Accountant, Stockholm.

Born in: 1961.

Other appointments: Alfa Laval, Lagercrantz Group, Momentum Group, Actic Group, Renault and Uddeholm.

Auditor: Jonas Eriksson, since March 2015, Authorised Public Accountant, Stockholm.

Born in: 1974.

Other appointments: Audit of Sandvik AB and Addtech AB.

Definitions

ADL Marketing survey

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

Return on equity

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

	2016 (9 months)	2016 (12 months)	2015/2016
Profit/loss for the period	93.0	111.8	77.8
Average equity	601.2	545.1	304.9
Return on equity	$93.0/601.2 = 15.5\%$	$111.8/545.1 = 20.5\%$	$77.8/304.9 = 25.5\%$

Return on working capital (P/WC)

EBITA in relation to average working capital.

	2016 (9 months)	2016 (12 months)	2015/2016
Operating profit before depreciation of intangible assets, EBITA, P	153.7	188.7	135.2
Average working capital (WC)	310.8	303.9	211.1
(P/WC)	$153.7/310.8 = 49.5\%$	$188.7/303.9 = 62.1\%$	$135.2/211.1 = 64.0\%$

Return on capital employed

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

	2016 (9 months)	2016 (12 months)	2015/2016
Profit before tax	118.1	142.2	100.2
Interest expense according to note 12 (+)	5.3	8.9	6.6
Net exchange differences according to note 12	1.0	1.1	-1.5
Profit after financial items plus interest expenses	124.4	152.2	105.3
Average capital employed	992.0	1,012.0	758.2
Return on capital employed	$124.4/992.0 = 12.5\%$	$152.2/1,012.0 = 15.0\%$	$105.3/758.2 = 13.9\%$

EBITDA

Operating profit before depreciation and amortisation.

	2016 (9 months)	2016 (12 months)	2015/2016
Operating profit	122.1	148.3	106.3
Depreciation of property, plant and equipment (+)	13.7	13.7	14.6
Amortisation of intangible assets note 15 (+)	31.6	31.6	28.9
Operating profit before depreciation and amortisation, EBITDA	167.4	193.6	149.8

EBITA

Operating profit before amortisation of intangible assets.

	2016 (9 months)	2016 (12 months)	2015/2016
Operating profit	122.1	148.3	106.3
Amortisation of intangible assets	31.6	40.5	28.9
Operating profit before amortisation of intangible assets, EBITA	153.7	188.7	135.2

EBITA margin

EBITA as a percentage of net sale.

	2016 (9 months)	2016 (12 months)	2015/2016
Operating profit before amortisation of intangible assets, EBITA	153.7	188.7	135.2
Net sale	1,485.6	1,938.30	1,562.4
EBITA margin	$153.7/1,485.6 = 10.3\%$ $188.7/1,938.3 = 9.7\%$ $135.2/1,562.4 = 8.7\%$		

Equity per share

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

	2016	2016-03-31
Shareholders' proportion of equity	716.9	346.6
Number of shares outstanding at the end of the reporting period	24,387	19,694
Equity per share	$716.9/24,387 = 29.40$ $346.6/19,694 = 17.60$	

Cash flow per share

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

	2016	2015/2016
Cash flow from operating activities	132.9	117.7
Average number of shares	22,950	18,749
Cash flow per share	$132.9/22,950 = 5.79$ $117.7/18,749 = 6.27$	

Net Debt/Equity ratio

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

	2016	2016-03-31
Net Debt	365.9	537.9
Equity	716.9	346.6
Net Debt/Equity ratio	$365.9/716.9 = 0.5$ $537.9/346.6 = 1.6$	

Earnings per share (EPS)

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

	2016 (9 months)	2016 (12 months)	2015/2016
Shareholders' proportion of profit/loss for the year	93.0	111.8	77.8
Average number of shares outstanding	24,031	22,950	18,749
Earnings per share (EPS)	$93.0/24,027 = 3.87$ $111.8/22,950 = 4.87$ $77.8/18,749 = 4.15$		

Profit growth EBITA

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

	2016 (9 months)	2016 (12 months)	2015/2016
This year operating profit before amortisation of intangible assets, EBITA (+)	153.7	188.7	135.2
Previous year's operating profit before amortisation of intangible assets, EBITA (-)	-135.2	-128.9	-119.6
Profit growth EBITA	18.5	59.8	15.6
Profit growth EBITA (%)	$18.5/135.2 = 13.7\%$	$59.8/128.9 = 46.5\%$	$15.6/119.6 = 12.9\%$

Financial net liabilities

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

	2016	2016-03-31
Amount from balance sheet		
Long-term interest-bearing liabilities	10.7	301.1
Pension provisions	59.7	63.3
Short-term interest-bearing liabilities	310.1	185.1
Interest-bearing liabilities and interest-bearing provisions	380.5	549.5
Cash and cash equivalents (-)	-14.7	-11.6
Financial net liabilities	365.9	537.9

Net debt/EBITDA

Financial net liabilities divided by EBITDA.

	2016	2015/2016
Financial net liabilities	365.9	537.9
EBITDA	206.7	149.8
Net debt/EBITDA	$365.9/206.7 = 1.8$	$537.9/149.8 = 3.6$

Interest coverage ratio

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

	2016	2016-03-31
Profit before tax for the period	142.2	100.2
Interest expense according to note 12 (+)	8.9	6.6
Net exchange differences according to note 12	1.1	-1.5
Profit /loss after net financial items, plus interest expense, plus/minus exchange differences	152.2	105.3
Interest coverage ratio	$152.2/8.9 = 17.0$	$105.3/6.6 = 16.0$

Working capital

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

	2016	2016-03-31
Inventories yearly average (+)	234.7	168.7
Accounts receivable yearly average (+)	231.2	159.9
Accounts payable yearly average (-)	-162.0	-117.5
Working capital (WC)	303.9	211.1

Operating margin

Operating profit/loss as a percentage of net sales.

	2016 (9 months)	2016 (12 months)	2015/2016
Operating profit/loss	122.1	148.3	106.3
Net sales	1,485.6	1,938.3	1,562.4
Operating margin	$122.1/1,485.6 = 8.2\%$ $148.3/1,938.3 = 7.6\%$ $106.3/1,562.4 = 6.8\%$		

Equity ratio

Equity as a percentage of total assets.

	2016	2016-03-31
Equity	716.9	346.6
Total assets	1,576.7	1,277.1
Equity ratio	$716.9/1,576.7 = 45.5\%$ $346.6/1,277.1 = 27.1\%$	

Net Debt/Equity ratio

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

Amount from balance sheet	2016	2016-03-31
Long-term interest-bearing liabilities	10.7	301.1
Provisions	59.7	63.3
Short-term interest-bearing liabilities	310.1	185.1
Interest-bearing liabilities and interest-bearing provisions	380.5	549.5
Equity	716.9	346.6
Net Debt/Equity ratio	$380.5/716.9 = 0.5$ $549.5/346.6 = 1.6$	

Capital employed

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

Amount from balance sheet	2016	2016-03-31
Deferred tax liabilities	40.2	52.5
Accounts payable	229.4	159.5
Tax liabilities	25.6	13.2
Other liabilities	83.6	78.1
Accrued expenses and deferred income	93.9	72.9
Provisions	5.9	4.8
Non-interest-bearing liabilities and provisions	478.6	381.0
Total assets	1,576.7	1,277.1
Capital employed	$1,576.7 - 478.6 = 1,098.1$ $1,277.1 - 381.0 = 896.1$	

Profit margin

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

	2016 (9 months)	2016 (12 months)	2015/2016
Profit/loss after net financial items	118.1	142.2	100.2
Net sales	1,485.6	1,938.3	1,562.4
Profit margin	$118.1/1,485.6 = 7.9\%$ $142.2/1,938.3 = 7.3\%$ $100.2/1,562.4 = 6.4\%$		

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

Welcome to the annual general meeting

The Annual General Meeting (AGM) of AddLife AB (publ.) will be held at 4.00 p.m. on Monday, 29 May 2017 at IVA, Grev Turegatan 16, Stockholm.

Notice of participation

Shareholders who wish to participate in the Annual General Meeting must be

- entered in the shareholders' register held by Euroclear Sweden AB on Monday, 22 May 2017,
- and provide the Company with notification of their attendance by 3.00 p.m. Monday, 22 May 2017 at the latest: by contacting AddLife AB (publ), Box 3145, 103 62 Stockholm, Sweden; through the Company's website www.add.life/investors; or by e-mailing info@add.life. Such notice must contain the shareholder's name, personal identification number (or corporate ID number), address, telephone number and the number of shares represented as well as advisors/ assistance (a maximum of two). The data submitted in such notification will be processed and used for the 2017 AGM.

Shareholders whose shares are held in trust must temporarily register their shares in their own name in order to exercise their voting rights at the AGM. Such changes in registration must be completed no later than Monday, 22 May 2017.

If a shareholder intends to participate by representation through a proxy, the original of the proxy notice as well as any documents for authorisation must be sent to the Company well before the AGM. Representatives of a legal entity must also submit a certified copy of the registration certificate or equivalent documents for authorisation that demonstrate that they are entitled to represent the legal entity. The Company provides a proxy form for shareholders which is available from the head office or from the Company's website www.add.life/investors no later than 8 May 2017.



AddLife

BergmanLabora AB
Biolin Scientific AB
BioNordikagruppen

www.add.life

www.bergmanlabora.se
www.biolinscientific.com
www.bionordika.se
www.bionordika.dk
www.bionordika.no
www.bionordika.fi

Esthe-Tech AB

Hepro

Holm & Halby A/S

Immuno Diagnostic Oy

LabRobot Products AB

Mediplast gruppen

www.esthe-tech.se
www.hepro.no
www.holm-halby.dk
www.immunodiagnostic.fi
www.labrobot.com
www.mediplast.se
www.fennomedical.fi

Svan Care AB

Triolab gruppen

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V-Tech AB

www.v-tech.se

