



INTERIM REPORT JANUARY– SEPTEMBER 2017

THE PERIOD AND THE THIRD QUARTER

- Net sales amounted to MSEK 418.9 (250.8), whereof the third quarter MSEK 137.1 (85.2). This represents an increase of 67% for the period and 61% for the quarter
- EBITDA amounted to MSEK 127.5 (22.8), whereof the third quarter MSEK 34.0 (10.2), corresponding to a margin of 30.4% (9.1%) for the period and 24.8% (12.0%) for the third quarter. The relatively slightly lower margin in the third quarter is mainly due to expected seasonality in the product mix.
- Cash flow from operating activities amounted to MSEK 62.3 (-45.7), whereof the third quarter MSEK -16.2 (-4.0). The difference is due to interest payments related to the acquisition of BioPhausia as well as increased operating capital due to changed timing of invoicing affecting the size of customer receivables.

- Earnings per share were SEK 0.63 (0.06), whereof the third quarter SEK 0.16 (0.06)
- Cash and cash equivalents and other short-term investments at the end of the period amounted to MSEK 130.4 (147.8).
- In the third quarter, Karo Pharma, in collaboration with Dr Wolff, launched Plantur in Sweden.
- Karo Pharma pre-launched the product Babyslide in the third quarter. Babyslide is a new patented Swedish invention aimed at reducing the risk of ruptures at childbirth.

SIGNIFICANT EVENTS AFTER PERIOD END

- On 6 October, Karo Pharma completed the public offering of the Norwegian pharmaceutical company Weifa ASA. Since 17 October, Karo Pharma holds 100% of the shares and voting rights in Weifa. The acquisition price amounted to approximately MSEK 1,322. Weifa ASA was delisted from Oslo Stock Exchange on 27 October.
- **Rights Issue**
Karo Pharma's Board will propose an issue of shares with preferential rights for Karo Pharma's shareholders. The proceeds will be used to repay part of the acquisition financing for Weifa ASA. The board will call for extraordinary general meeting and propose terms and size of the rights issue before the end of 2017.

- The company's current Business Controller Camilla Lönn has been appointed new CFO. Camilla Lönn has long experience from managing finance departments. The current CFO Henrik Palm will terminate his employment at the company.

AUDIOCAST TODAY AT 11.00 A.M. CET

A presentation of the report (in Swedish) will take place today at 11 a.m.

The presentation can be attended through the corporate website

www.karopharma.se or by telephone +46 8 505 564 74. Questions may be submitted over the internet or by the telephone.

COMMENT ON OPERATIONS

We follow our plan and the third quarter gave growth with increased profits.

Karo Pharma is a Specialty Pharma company with strong market orientation.

The acquisition of Weifa has a strong commercial foundation. We develop our Nordic operations and gain a leading position in Norway. The companies complement each other in terms of product portfolio and geography. Our joint product portfolio with several new launches next year improve its opportunities to succeed. We see synergies of more than MSEK 500 over the next three years, mainly through new launches. A strong and profitable home market offers better opportunities to take the next step towards more markets and collaborations outside the Nordic region.

The company currently has many products close to launch phase. It will require prioritization to maximize the success of each individual product.

At the third quarter report, we have generally provided full year forecasts. During the fourth quarter, the company will incur costs for structural changes related to the acquisition of Weifa ASA. Therefore, a forecast for the full year cannot be given in this report.

Karo Pharma is an interesting option for shareholders who want to invest in the healthcare sector. We are long-term and run a business that is not cyclical.

We follow our plan and look forward to delivering good performance and an interesting future for our shareholders.

Anders Lönner
Chairman of the Board

KEY FINANCIAL DATA

(MSEK)	July- Sept		Jan-Sept		Full year
	2017	2016	2017	2016	2016
Net sales	137.1	85.2	418.9	250.8	347.3
Gross earnings	65.3	33.9	225.4	109.3	148.7
Operating expenses	-43.7	-28.2	-135.0	-100.6	-119.2
Earnings before depreciation	34.0	10.2	127.5	22.8	51.7
EBITDA, %	24.8	12.0	30.4	9.1	15.2
Earnings before tax	15.7	5.3	61.7	5.2	19.8
Earnings per share, SEK	0.16	0.06	0.63	0.06	1.59
Cash flow from operating activities	-16.2	-4.0	62.3	-45.7	-36.1
Cash and cash equivalents	130.4	147.8	130.4	147.8	121.3

SALES AND EARNINGS

Unlike the previous year, sales and earnings for the nine months and third quarter include net sales and earnings for BioPhausia. During the nine-month period, BioPhausia contributed net sales of MSEK 146.6 and an EBITDA of MSEK 86.5. In the third quarter, BioPhausia contributed net sales of MSEK 43.4 and an EBITDA of MSEK 23.7.

Net sales for the nine-month period increased to MSEK 418.9 (250.8), whereof the third quarter MSEK 137.1 (85.2). Net sales for

the period include a milestone from Pfizer of MSEK 17.9.

Cost of goods sold amounted to MSEK 193.5 (141.5), whereof the third quarter MSEK 71.8 (51.3). That resulted in a gross profit for the period of MSEK 225.4 (109.3), and for the quarter of 65.3 (33.9), translating into a gross margin of 53.8 (43.6) percent and 47.6 (39.8) respectively. The change in the gross margin in the third quarter compared to the first half of the year was primarily attributable to seasonality and the milestone received in the second quarter of MSEK 17.9 from Pfizer.

Operating expenses, including depreciation and other operating income, amounted to MSEK 135.0 (100.6), whereof the third quarter MSEK 43.7 (28.2). Sales expenses amounted to MSEK 104.9 (77.4), whereof the third quarter MSEK 34.3 (22.3). The increase in sales expenses during the first nine months are in full attributable to BioPhausia, whereof MSEK 30.8 were related to depreciation of product rights.

Research and development costs amounted to MSEK 2.9 (4.7), whereof the third quarter MSEK 0.2 (1.9). Henceforth, partners are developing projects and bear the costs.

Operating profit amounted to MSEK 90.5 (8.8), whereof the third quarter MSEK 21.6 (5.7).

Earnings per share amounted to SEK 0.63 (0.06), whereof the third quarter SEK 0.16 (0.06).

CASH FLOW AND FINANCIAL POSITION

Unless otherwise stated, comparative figures refer to 30 September 2016.

Cash flow from operating activities amounted to MSEK 62.3 (-45.7), whereof the third quarter MSEK -16.2 (-4.0). Cash flow from operating activities in the third quarter was affected by interest payments on loans related to the acquisition of BioPhausia as well as changed invoicing date, which affected the amount of accounts receivables. Group cash and cash equivalents at the end of the period amounted to MSEK 130.4 (147.8). Intangible assets amounted to MSEK 1,399.9 (468.7).

The Group's long-term liabilities increased to MSEK 466.8 (21.0). Short-term liabilities increased to MSEK 165.5 (86.8).

Consolidated equity increased to MSEK 1,074.1 (627.1), which, after consideration of the profit for the period, amounted to SEK 13.44 (9.42) per share. The equity to assets ratio was 61.0 (81.8) percent

PARENT COMPANY

The Parent Company's net sales for the nine-month period amounted to MSEK 38.8 (15.8), whereof the third quarter MSEK 7.3 (1.8). Net sales include the

milestone from Pfizer of MSEK 17.9 in the second quarter. Profit after financial items amounted to MSEK -10.9 (-17.6), whereof the third quarter MSEK -5.8 (-6.2). The parent company's cash and cash equivalents and other short-term investments at the end of the period amounted to MSEK 42.4 (132.8).

NOMINATION COMMITTEE

In accordance with the AGM's resolution, the Chairman of the Board has ensured that the company's four largest shareholders by vote have been offered to appoint one representative each to be included in the Nomination Committee. The Nomination Committee consists of the following members:

- o Anders Lönner, Chairman
- o Per-Anders Johansson
- o Leif Edlund
- o Hans Ek

The Nomination Committee will prepare proposals to the Annual General Meeting 2018 regarding Chair of the Meeting, number of Board members and alternates, fees to the Board and auditors,

election of Chair of the Board, other Board members and auditors.

The Annual General Meeting will take place on 3 May 2018 in Stockholm.

Shareholders who wish to submit proposals to the Nomination Committee can do this by e-mail to valberedning@karopharma.se.

SIGNIFICANT EVENTS AFTER PERIOD END

On 6 October, Karo Pharma completed the public offering of Weifa ASA. Karo Pharma has held 100 percent of the shares and voting rights in Weifa since 17 October. The delisting of Weifa ASA from Oslo Stock Exchange was carried out on 27 October. The acquisition price of MSEK 1,322 has been financed via loans.

RIGHTS ISSUE

The Board of Karo Pharma will propose a rights issue. The proceeds will be used to repay part of the acquisition financing relating to Weifa ASA. The Board will present issue terms and size before year end 2017.

RISKS

The Group is exposed to a number of risks and insecurities.

Wrongful, delayed or missing deliveries from the Group's suppliers mean that the Group's deliveries also may be delayed, inadequate or wrong. The Group is also exposed to exchange rate fluctuations. It is not guaranteed that Group operations will not be subject to restrictions from governmental agencies or that the Group will receive necessary future authority approvals. There is a risk that the Group's ability to develop products decreases or that the products will not be launched according to set schedules. These risks may involve decreased sales and a negative effect on Group earnings.

ACCOUNTING AND VALUATION PRINCIPLES

This interim report has been prepared in accordance with International Accounting Standards 34 on Interim Reports and International Financial Reporting Standards IFRS as adopted by the EU. The accounting and valuation

principles that have been used are unchanged compared to those applied in 2016.

As regards the Parent Company, this interim report has been prepared in accordance with the Annual Accounts Act and RFR 2 Accounting for Legal Entities. The accounting policies applied to the parent company differ from those applying to the Group solely for the purposes of accounting for leases.

AUDIOCAST

This report will be presented (in Swedish) today at 11:00 CET in an audiocast with slides that can be followed on www.karopharma.se as well as over telephone +46 (0) 8 505 56 474. Questions can be submitted both over the Internet and over the phone.

FINANCIAL CALENDAR

Year-end report	22 Feb 2018
Annual Report 2017	March 2018
Interim report Jan-Mar	26 April 2018
AGM	3 May 2018

BOARD OF DIRECTORS' ASSURANCE

The Board of Directors and the CEO ensure that the interim report gives a true and fair view of the company's and the Group's operations, financial position and earnings, and describes significant risks and uncertainties that the company and the companies that are part of the Group face.

Stockholm 2 November 2017

Anders Lönner
Chairman

Marianne Hamilton
Board Member

Thomas Hedner
Board Member

Per-Anders Johansson
Board Member

Håkan Åström
Board Member

Peter Blom
CEO

FOR FURTHER INFORMATION, PLEASE CONTACT

Peter Blom, CEO, +46 (0) 70-655 56 98 or peter.blom@karopharma.se

ABOUT KARO PHARMA

Karo Pharma is a specialty pharma company that develops and markets products to pharmacies and directly to healthcare providers. The share is listed on Nasdaq Stockholm in the Mid Cap segment.

The information in this report is such that Karo Pharma is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, on 2 November 2017 at 8.00 a.m. CET.

CONSOLIDATED INCOME STATEMENT SUMMARY (KSEK)

	July-Sept		Jan-Sept		
	2017	2016	2017	2016	2016
Net sales	137 094	85 164	418 890	250 807	347 261
Cost of sales	-71 826	-51 280	-193 465	-141 458	-198 536
Gross earnings	65 268	33 884	225 425	109 349	148 725
Operating expenses					
Distribution costs	-34 322	-22 324	-104 880	-77 448	-112 787
Administration	-11 833	-4 197	-27 154	-18 524	-28 689
Research and development	-208	-1 859	-2 853	-4 673	-5 259
Other operating income/expenses	2 663	158	-60	86	-27 583
	-43 701	-28 222	-134 948	-100 559	-119 152
Operating result	21 567	5 662	90 477	8 790	29 573
Financial net	-5 897	-403	-28 764	-3 630	-9 735
Earnings before Tax	15 671	5 259	61 713	5 160	19 838
Tax	-3 833	-1 023	-11 973	-1 023	75 718
NET EARNINGS	11 838	4 236	49 740	4 137	95 556
Net earnings attributable to:					
Shareholders in the parent company	11 843	4 265	49 757	4 188	95 554
Non-controlling interests	-15	-29	-18	-51	2
Earnings / loss per share (SEK) ¹	0.15	0.06	0.62	0.06	1.59
Number of shares issued (000)	82 166	66 570	79 971	66 570	66 570

¹ Taking into account the bonus element in the rights issue and that warrants issued to not imply any dilution.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (KSEK)

	July-Sept		Jan-Sept		
	2017	2016	2017	2016	2016
NET EARNINGS FOR THE YEAR	11 838	4 236	49 740	4 137	95 556
Other comprehensive income for the year, net of tax					
Exchange rate differences	56	714	-356	300	357
TOTAL COMPREHENSIVE INCOME	11 894	4 950	49 384	4 437	95 913
Total comprehensive income attributable to:					
Shareholders of the parent company	11 909	4 979	49 402	4 488	95 911
Non-controlling interests	-15	-29	-18	-51	2

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (KSEK)

	30 Sept		31 Dec
	2017	2016	2016
Intangible assets	1 399 882	468 694	1 432 012
Equipment	12 845	9 434	12 297
Other financial assets	216	21	37 801
Other current assets	216 555	140 478	169 390
Cash and cash equivalents	130 387	147 832	121 346
TOTAL ASSETS	1 759 886	766 459	1 772 846
Shareholders' equity and liabilities			
Equity	1 074 103	627 127	717 012
Deferred tax	53 464	31 549	59 371
Long term debt	466 780	21 026	539 833
Current liabilities	165 539	86 757	456 580
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1 759 886	766 459	1 772 846

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (KSEK)

Attributable to shareholders of the parent company	Share capital	Other contributed capital	Retained earnings/accumulated losses	Non-controlling interest	Total equity
Amount at 1 January 2016	c9 970	1 473 614	-1 130 127	1 124	364 581
Total comprehensive income	-	-	95 911	2	95 913
Acquisition of non-controlling interest	-	-	-557	-1 004	-1 561
Rights issue, net proceeds	5 593	251 966	-	-	257 559
Warrants	-	520	-	-	520
Amount at 31 December 2017	25 563	1 726 100	-1 034 773	122	717 012
Amount at 1 January 2017	25 563	1 726 100	-1 034 773	122	717 012
Comprehensive income	-	-	49 402	-18	49 384
Dividend	-	-41 083	-	-	-41 083
Rights issue, net proceeds	7 303	341 487	-	-	348 790
Amount at 30 September 2017	32 866	2 026 504	-985 277	104	1 074 103

CONSOLIDATED STATEMENT OF CASH FLOWS (KSEK)

	July-Sept		Jan-Sept		
	2017	2016	2017	2016	2016
Operating activities	21 567	5 662	90 477	8 790	29 573
Operating income/loss before financial items	12 414	4 583	37 029	14 043	21 937
Depreciation	-	684	-	97	-28 779
Other items not affecting liquid assets	33 981	10 929	127 526	22 930	25 031
Financial items received and paid	-6 780	-403	-20 201	-3 630	-14 619
Income tax paid	-837	-	-5 037	-	-2 458
Cash flow from operating activities before changes in working capital	26 364	10 526	102 268	19 300	5 654
Changes in working capital	-42 526	-14 476	-39 962	-64 991	-41 772
Cash flow from operating activities	-16 162	-3 950	62 306	-45 691	-36 118
Investing activities					
Net investment in company acquisitions	-3 008	-	-5 033	-1 557	-926 183
Net investment in intangible assets	-27	-165	-292	-62 484	-61 052
Net investment in other financial instruments	-	-	17 671	-	-
Net investment in equipment	-702	-4 717	-2 068	-5 504	-8 692
Cash flow from investing activities	-3 737	-4 882	10 278	-69 545	-995 927
Financing activities	-	-	374 014	279 628	279 629
Net proceeds from share issues	-	-	-25 223	-22 070	-22 071
Transaction costs rights issue ¹⁾	-	-	-41 083	-	-
Warrants	-	520	-	520	460
Borrowings	-	-	-	-	900 000
Repayment of borrowings	-	-1 500	-371 000	-71 500	-80 055
Transactions with minorities	-	-	-	-	-1 561
Cash flow from financing activities	-	-980	-63 292	186 578	1 076 402
Cash flow for the period	-19 899	-9 812	-9 292	71 342	44 357
Cash at the beginning of the period	150 190	157 644	121 346	76 490	76 490
Currency exchange in cash	96	-	-251	-	499
Cash at the end of the period	130 387	147 832	130 387	147 832	121 346

¹⁾ Comprises the portion of transaction related costs that has been paid during the period

PARENT COMPANY INCOME STATEMENT SUMMARY (KSEK)

	July-Sept		Jan-Sept		
	2017	2016	2017	2016	2016
Net sales	7 252	1 815	38 839	15 818	48 885
Cost of sales	-	-1 635	-10	-10 755	-12 567
Gross earnings	7 252	180	38 829	5 063	36 318
Operating expenses					
Distribution costs	-2 424	-1 020	-4 487	-3 084	-4 079
Administration	-4 735	-3 446	-12 671	-12 113	-20 126
Research and development	-207	-1 859	-2 852	-4 673	-5 259
Other operating income/expenses	855	9	-401	17	28 956
	-6 510	-6 316	-20 410	-19 853	-508
Operating result	742	-6 136	18 419	-14 790	35 810
Financial net	-6 517	-98	-29 295	-2 836	-34 938
Earnings before tax	-5 775	-6 234	-10 876	-17 626	872
Group contributions paid	-	-	-	-	-1 260
Tax	-	-	-	-	75 000
NET EARNINGS	-5 776	-6 234	-10 876	-17 626	74 612

PARENT COMPANY BALANCE SHEET SUMMARY (KSEK)

	30 Sept		31 Dec
	2017	2016	2016
Intangible assets	73 527	72 360	76 328
Equipment	137	842	666
Deferred tax receivables	75 000	-	75 000
Other financial assets	21	21	28 357
Shares in group companies	1 311 774	399 345	1 308 367
Other current assets	90 752	40 251	61 283
Cash	42 410	132 841	85 743
TOTAL ASSETS	1 593 621	645 660	1 635 744
Shareholders' equity and liabilities			
Equity	25 563	25 563	25 563
Deferred tax	983 686	594 617	686 855
Long term debt	483 731	13 940	538 807
Current liabilities	105 406	11 540	384 519
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1 593 621	645 660	1 635 744

Note 1

ACQUISITION

In October 2017, Karo Pharma acquired all shares in the Norwegian company Weifa ASA. The acquisition includes a portfolio of well-known drug brands in the Norwegian market. The trademark portfolio is characterized by a long history of stable sales, primarily of four key products such as Paracet, Ibux, Paralgin and Asan.

Details of consideration, acquired net assets and goodwill are shown below (all amounts, unless otherwise stated, are expressed in thousands, KSEK):

For consideration - cash outflow, see below.

The assets and liabilities recognized as a result of the acquisition are as follows:

ASSETS AND LIABILITIES	Fair value, KSEK
Product rights	376 772
Customer contracts and licenses	227 818
Tangible assets	818
Inventory	19 216
Customer receivables	74 442
Tax claim	86 616
Other current assets	3 122
Cash	72 102
Payables	-23 046
Other short-term debt	-76 182
Interest-bearing long-term loans	-355 052
Other long-term debt	-4 841
Acquired identifiable net assets	401 785
Goodwill	925 607
Acquired net assets	1 322 290

Goodwill is attributable to the flows and processes that have been developed in Weifa, thereby creating an excellent platform for continued expansion. No part of reported goodwill is expected to be tax deductible.

Had the acquisition been completed on 1 January 2017, Group pro forma sales and earnings before depreciation as of 30 September 2017 was MSEK 715 and MSEK 195 respectively. These amounts have been calculated using the subsidiary's earnings adjusted for:

- Costs in Weifa ASA related to the acquisition

Acquisition-related costs in Karo Pharma AB amount to approximately MSEK 15 and will impact earnings in the fourth quarter.

Consideration – cash outflow is showed in the table below:

Acquisition 2017 refers to the acquisition of Weifa and acquisition 2016 refers to the acquisition of BioPhausia.

Cash outflow to acquire subsidiary, after deduction of acquired liquid funds	2017 (KSEK)	2016 (KSEK)
Cash consideration	1 322 290	928 964
Cash in acquired companies	-72 102	-764
Net outflow of cash – investment operations	1 250 188	928 200

The acquisition analysis of the acquisition of Weifa ASA is preliminary until the final breakdown between goodwill, product rights and other intangible assets has been determined. The accounts of assets and liabilities, including product rights, customer contracts and licenses, in the acquisition analysis above are based on Weifa ASA's book values. The company is currently evaluating the future potential and life of the acquired products. When this analysis is completed, the acquisition analysis will be determined, which may lead to changes in the distribution of product rights and goodwill. A changed valuation of product rights would also affect the size of deferred tax liability.

Note 2

TRANSACTIONS WITH RELATED PARTIES

During the third quarter, Karo Pharma acquired the company Medireduce AB with the product "Kolestemin", which contains a unique patented combination of plant sterols. Through his company CIMON, Board member Per Anders Johansson had an ownership in Medireduce AB corresponding to 24.2%. Per Anders Johansson did not participate in the decision to implement the acquisition.

During the period, one of Karo Pharma's subsidiaries sold two products on license from a company owned by Anders Lönner, Chairman of the Board, and the subsidiary received commissions worth approximately KSEK 450.

In the rights issue during the first quarter, Chairman Anders Lönner guaranteed 92% of the total issue of MSEK 374 and received a 5% commission on the guaranteed amount corresponding to approximately MSEK 17 in guarantee fee. Furthermore, Anders Lönner guaranteed without compensation his own holding of 5%, as Board member Per-Anders Johansson also did for his holding of 3%.

Note 3

DEFINITIONS

The quarterly report refers to a number of financial performance measures that are not defined in IFRS. These measures are used to help investors, management and other stakeholders to analyze the company's operations. These measures may differ from measures with similar names at other companies.

Below are a number of financial performance measures and how these measures are used to analyze the company's goals.

For further definitions, see the Annual Report 2016 under the heading Definitions.

Financial performance measure	Definition
AVERAGE NUMBER OF SHARES	Weighted-average number of shares during the period
EARNINGS/LOSS PER SHARE	Earnings/loss per average number of shares
EBITDA	Operating profit before depreciation
EBITDA MARGIN	EBITDA as a percentage of Net sales
EQUITY RATIO	Equity as a percentage of Total assets
GROSS EARNINGS	Net sales – Cost of goods sold
GROSS MARGIN	Gross earnings as a percentage of Net sales

Avstämning EBITDA	Juli-september		Januari-september		Helår
	2017	2016	2017	2016	2016
Röreleresultat	21 567	5 662	90 477	8 790	29 573
Avskrivningar	12 415	4 583	37 030	14 043	19 744
Övriga av- och nedskrivningar	0	0	0	0	2 366
EBITDA	33 982	10 245	127 507	22 833	51 683

Note 4

New accounting principles for 2018

As of 1 January 2018, IFRS 15 Income from Contracts with Customers and IFRS 9 Financial Instruments enters into force. IFRS 15 regulates how accounting for income is to be done and IFRS 9 deals with the classification, valuation and accounting of financial instruments. Karo Pharma has been working in 2017 to analyze the effects of the implementation of these two standards. The assessment of impact on earnings and financial position remains but is deemed not to be material.

Auditor's review

Auditor's report on the summary of interim financial information (interim report) prepared in accordance with IAS 34 and Chapter 9 of the Financial Statements. Annual Act

INTRODUCTION

We have reviewed the condensed interim report of Karo Pharma AB (publ) for the period 1 January to 30 September 2017. The Board and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

SCOPE AND ORIENTATION OF THE REVIEW

We have conducted our review in accordance with International Standard on Review Engagement's ISRE 2410 Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily to persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different orientation and is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA and generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, the stated conclusion in a review does not have the assurance of an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim report has not been prepared in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act and for the Parent Company's part in accordance with the Swedish Annual Accounts Act.

Stockholm, 2 November 2017

PricewaterhouseCoopers AB
Mikael Winkvist
Authorized Accountant