Annual Report 2019

AddLife

Contents

A leading player in Life Science

AddLife is a listed Swedish Medtech company active on the European market. AddLife owns and acquires market-leading companies in niche segments with offerings aimed primarily at the healthcare sector – from research to medical care.

The Group's entrepreneur-driven subsidiaries offer high-quality, cost-effective solutions and products to both the private and public sectors. The product portfolio consists of products from other manufacturers as well as our own. The service portfolio includes advisory services, technical service and training in all markets where the subsidiaries operate. With this approach AddLife creates added value for customers throughout Europe and builds long-term growth for the Group. AddLife currently has a presence in over 25 countries, mainly in the Nordic region, as well as in Central and Eastern Europe.

VISION

To improve people's lives by being a leading, value-creating player in Life Science.

MISSION

AddLife provides added value to its customers who are active in the healthcare sector – from research to medical care. This is done by offering high-quality, cost-effective solutions of services and products to both the private and public sectors in Europe.

CORE VALUES

AddLife's success is built on a well-supported corporate culture throughout the Group. Strong values are guiding principles in the daily lives of all employees – regardless of market. The Group's core values that govern AddLife's entrepreneurial business model are **simplicity, responsibility, commitment** and **innovative**.

The cover shows QSense® Pro from Biolin Scientific. This premium QCM-D instrument enables analysis of molecular interactions with surfaces. QCM-D stands for Quartz Crystal Microbalance with Dissipation monitoring and is essentially a scale for extremely small masses, where changes on the surface can be measured in real-time.

SEK **3,479** MILLION
NET SALES

SEK **305** MILLION
EBITA

40%
SALES GROWTH

25%
EARNINGS GROWTH

51%
P/WC

2019

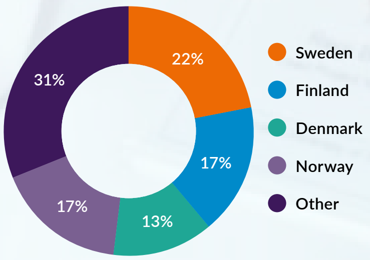
LABTECH BUSINESS AREA

57%
OF NET SALES

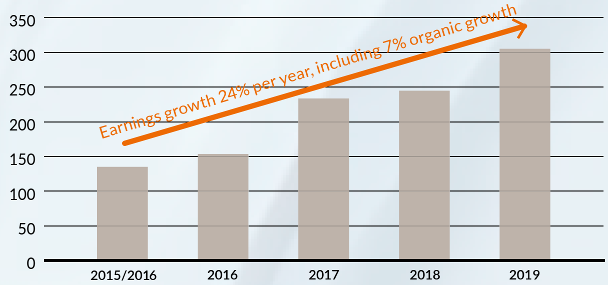
MEDTECH BUSINESS AREA

43%
OF NET SALES

NET SALES BY MARKET 2019



EARNINGS GROWTH EBITA, SEK MILLION



Growth in Europe

In 2019, AddLife became well established on the European market. The acquisition of Biomedica and the product portfolio from Wellspect Health Care opened the gateway to Europe, accompanied by additional growth opportunities. Our strategy remains - to grow both organically and through acquisitions - and establishment on new markets has demonstrated the strength of this strategy. The European expansion has entailed major differences for the entire Group. We have created growth, attracted additional acquisition candidates and increased distribution opportunities for our entire offering. AddLife, is becoming increasingly attractive as a player in the European market.

Growth on all markets

In 2019, AddLife's sales grew by 40 percent to SEK 3,479 million and EBITA increased by 25 percent to SEK 305 million. The positive growth comes from both the Group's acquisitions and organically increased sales on both well-established and new markets. Sales outside the Nordic countries totalled 31 percent during the year, compared with 9 percent in 2018. This achievement means that once again, AddLife exceeded its long-term target of generating annual EBITA growth of 15 percent. Since AddLife was listed on the stock exchange in 2016, the Group has reported an average EBITA growth of 24 percent. The performance also shows AddLife's unique ability to integrate newly acquired businesses, regardless of size. The Group's return on working capital, measured as P/WC, was 51 percent for the year, which well exceeds the target of 45 percent. With its strong cash flow from operating activities, combined with the new issue of about SEK 500 million, the Group is well equipped for continued future growth.

Road to success

AddLife's decentralised business model gives the companies in the Group both freedom and responsibility for delivering according to the Group's goals. The model also requires well-established integration procedures to enable new acquisitions to quickly become a natural part of the Group and provide added value on the market. In 2019 we integrated our largest acquisition to date, the Biomedica Group, into AddLife. All newly added employees received training in AddLife's culture and corporate philosophy. This is how we build shared values. Our clear business model and strong corporate culture are prerequisites for continued sustainable development in all companies, regardless of market.

Sustainability - part of the business

Long-term profitable growth and sustainable development permeate our decentralised corporate culture. Our vision to improve people's lives is only possible through sustainable business practices. That is why AddLife views sustainability as an integral and obvious component of our business. We also have a great responsibility as a supplier to publicly funded health services. Our responsibility for sustainability applies to both how, and what, we deliver in the form of products and services, but also how we act as a company in terms of being a responsible player in society. Also included are being a good employer, producer and distributor.

Our expertise makes a difference

Through active ownership of companies in many different niche segments, AddLife creates added value that drives the Group's growth throughout Europe. Taken together, the companies in the Group's two business areas, Labtech and Medtech, deliver a broad range of products and services. Customers primarily comprise various players in the healthcare sector. One factor for success in our offering is the Group's collective expertise and broad range of skills. We have the ability to constantly develop the offering and adapt it to new markets and new customer groups. By doing so we ensure that we maintain our relevance in the countries where we operate. Extensive knowledge, local awareness and strong motivation for continuous innovation and business development are crucial. During the year we have shown in several areas how the cutting edge expertise in our companies created completely new business opportunities on local markets, but with the potential to grow to even more. Welfare technology in the Home care segment is one example. Welfare technology will play a crucial role for how skilled health care and social services in the future can be provided as older people live longer and longer, and remain living at home.

Market with potential

The market on which AddLife operates is extremely interesting both globally and nationally. Health services today address national interests, but face global and common challenges. Consequently, in many cases the need for products and services is similar regardless of geography. We also see a macro trend that points to larger and increasingly older population groups, new disease patterns and a stronger need for care in the home. This places high societal demands on research, development, health care and social services. AddLife's companies have great potential to contribute in these areas. AddLife's subsidiaries actively maintain a local presence and awareness, but with the total global reach of the Group. This is a strength that few players can offer today.

Acquisitions that complement the business

We are constantly watching for players that can complement our offering in selected niches, strengthen current markets, or open completely new markets. The acquisition candidates we evaluate must share our values and be willing to live up to our sustainability goals. During the year we completed five acquisitions that contributed a total of SEK 278 million to annual sales. Meanwhile, we added 43 new colleagues through acquisitions. At the end of the year we signed a contract with the Italian company EuroClone, which we took over in early 2020. The acquisition represents an important entry into Italy for AddLife and also shows that our European expansion strategy attracts new acquisition candidates.

Troubled times in early 2020

At the time of this writing, March 2020, the Covid-19 pandemic is wreaking havoc all over the world. This virus outbreak affects all of us and in just a few weeks has resulted in major changes globally to people, society and business. In several of our companies, activity is high in order to best supply products to healthcare facilities, from diagnostic tests to personal protective equipment such as face masks. We believe that over the next few months we will be able to deliver a large part of what our current healthcare customers are demanding. On the research side, however, we are experiencing postponed deliveries because customers are largely working from home. Uncertainty is high in the world around us, but at this time our assessment is that AddLife will experience stable growth. On the other hand, if deliveries of medical supplies and instruments are delayed, however, we expect that growth will decline over a period of time. In the long term, we believe that demand for our offering will continue to develop positively.

Employees make a difference

AddLife's development would not have been possible without all of our talented and dedicated employees. Our values, our culture and drive to make a difference and improve people's lives are strong. I would like to extend my warm and heartfelt thanks to all of you. I am convinced that AddLife is correctly positioned to continue sustainable growth and value generation.

KRISTINA WILLGÅRD
President and CEO

Long-term profitable growth

AddLife develops and acquires profitable market-leading niche companies within Life Science. Our goal is to achieve long-term growth and sustainable development.

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

An entity that works

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

Market leader in selected niches

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

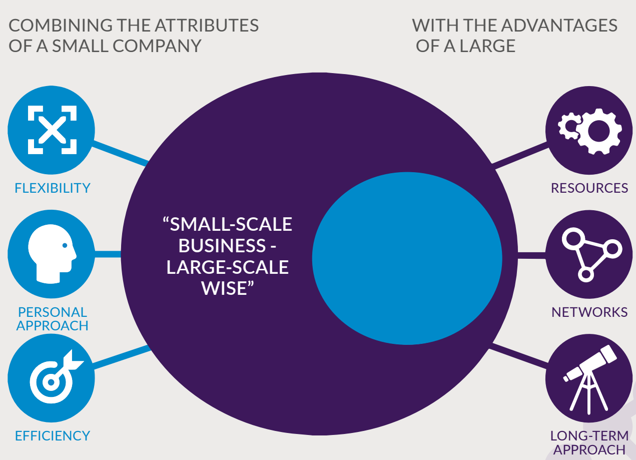
Customers can be found in our operating subsidiaries

AddLife does not have any customer relationships of its own, since all customer contacts and business relationships with customers take place in our operating subsidiaries.

Our customers, which can be found in both the private and public sectors, are primarily hospitals, home care, laboratories within the healthcare system, research, colleges, universities and the food and pharmaceutical industries. The majority can be found in the public sector, where sales take place through public procurement.

SMALL-SCALE BUSINESS - LARGE-SCALE WISE

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



AddLife's DNA

VISION

To improve people's lives by being a leading, value-creating player in Life Science

FINANCIAL TARGETS

- Earnings growth, EBITA, 15%
- Profitability, P/WC, 45%

SMALL-SCALE BUSINESS – LARGE-SCALE WISE

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

DECENTRALISED BUSINESS SKILLS

The subsidiaries are responsible for their own business dealings

STRATEGY

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

EMPLOYEES

- Skilled
- Dedicated
- Entrepreneurs

CODE OF CONDUCT

BASIC REQUIREMENTS

- Growth
- Profitability
- Sustainable development

CORE VALUES

- Simplicity
- Responsibility
- Commitment
- Innovative

MISSION

AddLife provides added value to its customers who are active in the healthcare sector – from research to medical care

Long-term financial targets

24%

ANNUAL EARNINGS GROWTH (EBITA) SINCE LISTING ON THE STOCK MARKET IN 2016

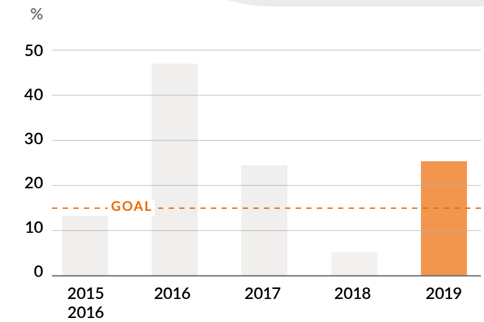
GOAL | **OUTCOME**

EARNINGS GROWTH EBITA, 15%

Earnings growth (EBITA) in the long term shall be 15 percent per year.

25%

2019

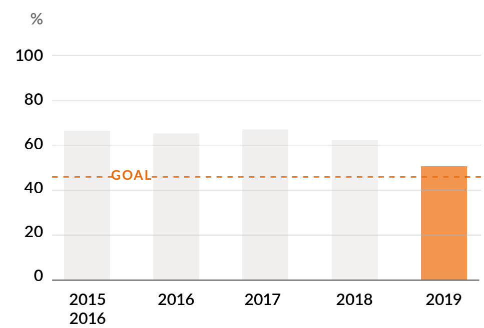


PROFITABILITY 45%

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

51%

2019

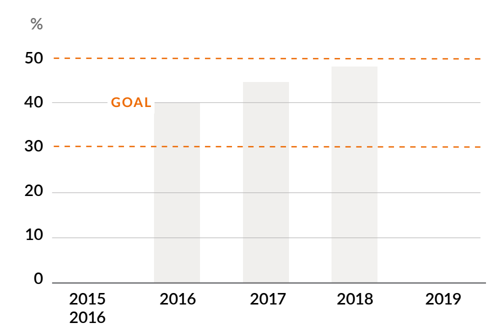


DIVIDEND POLICY 30-50%

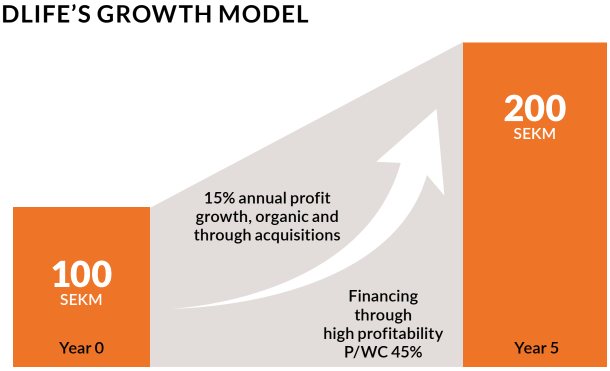
The Board of Directors aims to propose a dividend equivalent to 30-50 percent of profit after tax. Consideration will be taken to investment needs and other factors that the Board of Directors of the Company considers to be relevant. Due to the world situation with Covid-19, the Board of Directors has decided for precautionary reasons to withdraw the dividend. The Board's decision does not affect AddLife's long-term dividend policy.

0%

2019



ADDLIFE'S GROWTH MODEL



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

Kristina Willgård President and CEO

Strategy for sustainable growth

AddLife's strategy is based on three basic principles that provide the framework for all of our activities. The strategies help us to take the right decisions to achieve our high financial targets.

1 Market-leading positions

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

- Create value and build positions in selected niches
- Be qualified suppliers and advisors to our customers in selected areas
- Build sales based on close relationships with customers, manufacturers and suppliers

2 Operational mobility

Operational mobility is an agile approach to work that enables AddLife to create better conditions for business and profitability growth.

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

3 Acquisitions

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

- We continuously search for new Life Science companies with the conditions to take leading niche positions
- We have a successful acquisition process for integration and development
- We acquire companies in order to maintain and further develop them in the long term

Life Science Market

Demand in the Life Science market continues to trend positively and is expected to remain high in health services. Growth depends on the demographic trend with a growing and aging population, as well as technological developments that facilitate new treatment methods and various digital solutions.

In 2019 AddLife developed from a Nordic into a European player. We expanded to new markets through the acquisitions of Biomedica in December 2018 and part of Wellspect Health Care's product portfolio in May 2019. The Nordic region accounted for 69 percent of AddLife's sales in 2019, while the rest of the world accounted for 31 percent, compared with 91 percent and 9 percent, respectively, in 2018.

Market structure

The European Life Science market is fragmented. Of Europe's 27,000 medical technology companies, 95 percent are small and medium-sized enterprises, the majority with fewer than 50 employees. Large international players and smaller niche companies usually sell products under their own brands and monitor the entire chain from manufacturing to distribution.

The market also has independent distributors who, like AddLife, offer products from both large international companies and smaller companies without their own sales channels.

Common to all AddLife markets is that medical care and academic research are largely financed by public funding. This means that most transactions are carried out through public procurement procedures. In many markets, public procurement procedures are becoming larger in scope, often with longer terms of contract. This situation may be a threat for smaller players, while also creating new opportunities. Currently, there is also a trend shifting from price-based evaluation towards models in which sustainability, quality of service and support are gaining in significance for the customer.

Increased product and market requirements

There are a number of entry barriers in the market, such as stringent demands for product safety, regulatory compliance and monitoring.

In Europe, medical device products are regulated by EU directives and regulations. Products must CE-certified before they can be marketed in Europe.

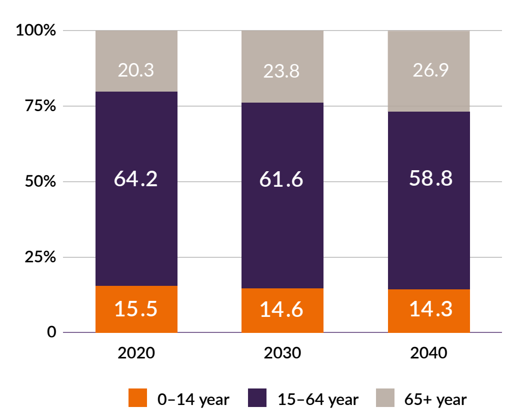
New EU directives will be implemented in 2020 for medical devices and 2022 for *in vitro* diagnostics products. For some products, this may require renewed testing for CE-certification, which may be both expensive and challenging for small operators with limited resources and cause larger global players to opt out of smaller local markets.

Growing and aging population

In general, we are living longer and when combined with the trend towards continued population growth, there will be more of us with a larger proportion of older people. The population of Europe is expected to increase by just over 3 percent by 2040. In the Nordic countries, population growth is expected to reach 15 percent by 2040. Meanwhile, the proportion of people over the age of 65 is increasing in Europe, and the age group is expected to reach about 27 percent in 2040, compared with the current 20 percent of the population. One reason for this increased longevity is that many people stay healthy as they age. At the same time, however, the proportion of patients with who are chronically ill and/or have multiple diagnoses is increasing. All factors considered, a larger and older population is expected to increase the need for health care and social services.

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

POPULATION STRUCTURE IN EUROPEAN COUNTRIES (EU-28) BY AGE CATEGORY, 2020-2040



Source: Eurostat 2020

SEK **1,150** BILLION

MEDTECH MARKET IN EUROPE 2019

2-3%

GROWTH IN THE LIFE SCIENCE MARKET 2019

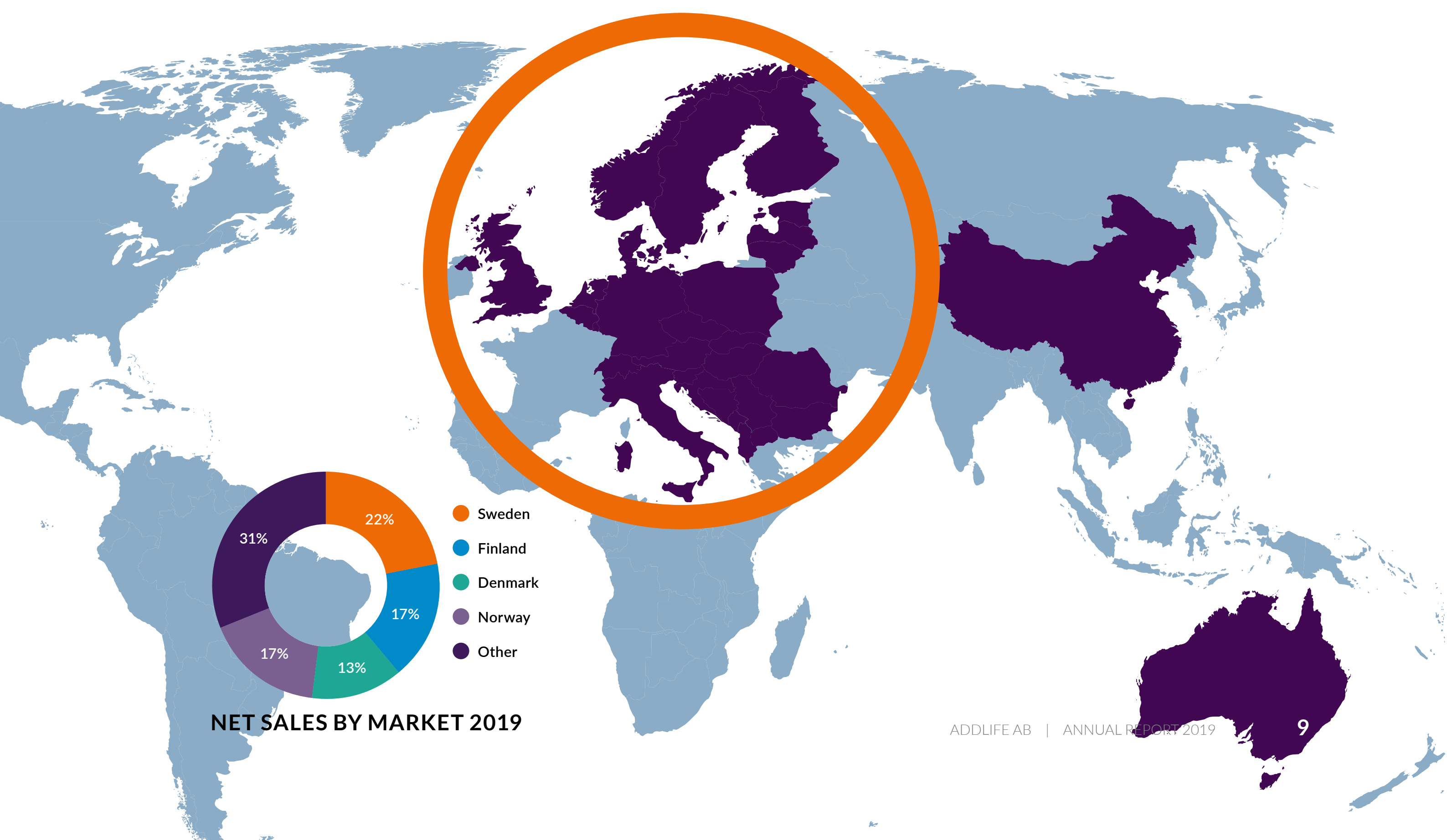
Digitalisation enables new applications and business opportunities

There is a clear digitalisation trend in the market, including connected patient monitoring, connected laboratory instruments, web-based analysis services and development of new digital measurement methods that are replacing manual methods. Digitalisation also provides new ways to gather, spread and analyse data, driven by developments in information and communication technology, as well as availability of smart phones, tablets and laptops. This means that patients can also be provided with the opportunity to personally play a role in their own treatment, thereby gaining a better understanding of their condition and how they can effectively treat it. Digitalisation also affects procedures for purchasing and implementing services. Purchase-related service and related services such as training, user support and product maintenance will therefore become increasingly important.

Growing application area for diagnostics

The diagnostics market is growing in several areas because of technological developments that have made testing methodology both less expensive and easier to use. One example is the individual tests that identify a certain genetic marker to determine what medicine will be most effective for a cancer patient. Another example is the growing need for rapid tests to address issues related to increasingly widespread bacterial resistance. Yet another example is advanced DNA analysis, where the trend is moving towards routine large-scale use in various types of cancer.

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



NET SALES BY MARKET 2019

Labtech Business Area

The Labtech business area offers the subsidiaries products, solutions and a broad range of services in diagnostics, biomedical research and laboratory analysis. Customers include research laboratories, university hospitals, pharmaceutical companies and players in the food industry, primarily in the Nordic countries, as well as in Central and Eastern Europe.

Labtech's offering mainly targets diagnostic and research laboratories. The subsidiaries are leaders in their segments, have highly qualified staff, strong market positions and a local presence. The products that are offered are used to diagnose diseases or to conduct research and include instruments and equipment, as well as consumables and reagents. In all, 90 percent of sales in this business area comprise products from leading manufacturers and 10 percent comprise own brands. About 85 percent of net sales took place through public procurement procedures in 2019.

Market trend in 2019

All in all, the Labtech business area performed well in 2019 in essentially all markets. Sales growth is largely the result of the Biomedica acquisition and 60 percent of Biomedica's sales and earnings for the year were included in the Labtech business area. The Biomedica acquisition created additional opportunities for increased growth in the business area in the long term. The need for advanced instruments and reagents in research and diagnostics is considered to be equivalent in health services regardless of geographic market. The organic growth of 3 percent is somewhat higher than the growth that we believe is inherent to the market. The diagnostics business has performed well and the focus is shifting from mature areas such as clinical chemistry to areas with greater technological development in all markets. The business climate in the research market was also perceived as favourable in most countries, with continued initiatives from both public and private actors. Several companies have worked on strengthening their margins during the year, while further streamlining their operations, which is positively reflected in the improved performance for the year.

Attractive partner

AddLife and the Labtech business area continue to attract market-leading acquisition candidates and leading niche suppliers. In this business area, many players are looking for attractive partners with access to highly competent staff and a wide distribution network across Europe. The freedom associated with being a distributor enables the companies to quickly respond to changes in the market and offer customers customised solutions.

LABTECH'S STRENGTHS

- Dedicated employees with a high level of education and many years of experience in each segment
- Customers are offered high-quality products, a high level of service, continuing education opportunities and advisory services
- Long-term collaborations with leading suppliers and exclusive distribution rights on AddLife's markets
- Strong organisation for technical service with local support

BERGMAN LABORA

Biolin Scientific

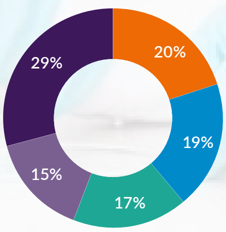
BIOMEDICA

BioNordika

LABTECH IN FIGURES

Net sales: SEK **1,981** MILLION
EBITA: SEK **202** MILLION
Employees: **543**
Share of net sales: **57%**

LABTECH NET SALES BY MARKET 2019



LABTECH'S PRODUCT SEGMENTS

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

Medtech Business Area

In the Medtech business area the subsidiaries offer products, solutions and services in medtech and home care. Customers include hospitals, care facilities and users. The business area is active in the Nordic countries, Central and Eastern Europe and to a limited extent, in Australia.

Medtech's offering mainly focuses on publicly funded health services, home care and social services. The subsidiaries actively maintain a local presence and awareness, but with the total global reach of the Group. Health services today address national interests, with common and global challenges. Consequently, the need for products and services is similar regardless of market. The companies offer a broad selection of both its own products and the products of other suppliers, as well as a service portfolio consisting of training, support and service. The product line ranges from simple consumables to advanced instruments for surgical procedures, as well as welfare technology, bathroom solutions and various fall prevention aids for the home. All in all, the product range requires a solid foundation of medical knowledge to correctly guide customers. In all, 90 percent of sales take place through public procurement procedures.

Market trend in 2019

The Medtech business area has undergone strong growth during the year. Sales growth is largely the result of the Biomedica acquisition and 40 percent of Biomedica's sales and earnings for the year were included in the Medtech business area. In the fourth quarter we received the first contracts to deliver our own medical device products to the markets in Central and Eastern Europe. The acquisition of the product portfolio in surgery and respiration from Wellspect HealthCare was integrated during the year in the subsidiary Mediplast, which entailed both extra work and costs. The product portfolio is a positive addition to our market offering and has enabled expansion into several new markets. In the Nordic markets, demand from health services was strong in Sweden, Norway and Denmark, while it continued to be somewhat weaker in Finland. Sales growth for various types of assistive equipment for use in home care was strong and completely in line with the trends we see related to the increased need for eldercare. Welfare technology achieved a breakthrough in the market during the year and our solutions are favourably received by municipal and private operations in Norway. In the fourth quarter Oslo municipality awarded our Norwegian subsidiary Hepro a large contract in welfare technology for delivery over the next two to four years, with an order value of about NOK 120 million. We do not yet offer services and products in welfare technology in other markets, where the focus is instead on various types of assistive equipment for sitting, moving and, most of all, taking care of hygiene needs in the bathroom. At the end of the year we also acquired the Norwegian home care company Funksjonsutstyr, which is a niche player in bathroom-related assistive devices.

MEDTECH'S STRENGTHS

- Broad range of products including both in-house developed products and products from other world-leading manufacturers
- Highly qualified employees with extensive medical experience, local knowledge and a high level of service, as well as product developers in welfare technology
- Great flexibility regarding customised solutions, as well as cutting edge skills in public procurement procedures
- Pan-European distribution and service network for the Group's own products and services, as well as the products and services of other suppliers

BIOMEDICA FUNKSJONSUTSTYR fysionord HEPRO

MEDTECH IN FIGURES

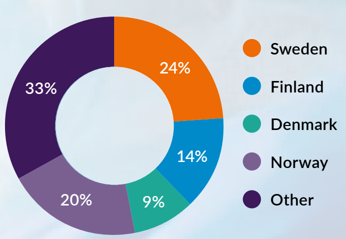
Net sales: SEK **1,498** MILLION

EBITA: SEK **116** MILLION

Employees: **376**

Share of net sales: **43%**

MEDTECH NET SALES BY MARKET 2019



MEDTECH'S PRODUCT SEGMENTS

- Ear, nose and throat
- Intensive care
- Surgery
- Wound care
- Enteral nutrition
- Fall prevention
- Welfare technology
- Bathroom-related assistive devices
- Assistive devices for children with disabilities

KORPINEN krabat MEDIPLAST SVANCARE

Acquisitions

Acquisitions are an important component of AddLife's mission and future growth is expected to be achieved in part through continued corporate acquisitions. AddLife purchases companies in order to maintain and further develop them in the long term. For those who want to sell their companies, AddLife offers an attractive alternative.

We are always searching for entrepreneurs and companies that can strengthen existing operations in the field of Life Science. New companies provide a presence in new markets, complement product and service offerings and, perhaps most importantly, add talented employees with a strong sense of entrepreneurship and business skills. Over the years AddLife has acquired many companies and designed a clear, successful process for integration and development of acquired companies. We supply financial stability, resources and tools that make it easier and more efficient to run and develop the business.

We are looking for profitable companies with growth potential, a high level of knowledge and technological content, and well-developed supplier relationships or strong brands in selected niches. The companies usually continue to be run under their own brands, but are integrated into AddLife's corporate culture and financial governance model. AddLife further develops the companies through active ownership to promote sustainable development. Our corporate culture grounded in values-governed leadership with extensive freedom, a high degree of self-determination and personal accountability. Within the Group we actively work with various collaborations, networks and opportunities to share experiences between the companies. Our business school offers all employees various types of skills development.

Acquisitions during the year

In 2019 AddLife conducted five strategic acquisitions, which are expected to add a total of about SEK 278 million to annual sales, as well as about 43 employees. In addition, a contract was signed for the acquisition of EuroClone, which went into force in early January 2020.

Wellspect Health Care

In December 2018 a contract was signed for the acquisition of Wellspect Health Care's operations in the surgery and respiration product areas, and the agreement went into effect on 30 April 2019. As a result, AddLife acquired an array of market-leading niche products with associated rights and customer agreements on several geographic markets. The product portfolio complements our previously existing product line. The deal also provided further inroads into new geographic markets. The business has net sales of around SEK 170 million, with eight markets in Europe and Australia accounting for more than 90 percent of sales. The business was primarily integrated into the subsidiaries Mediplast and Biomedica. The expanded product portfolio, as well as more and new sales channels, entailed changes in several distribution and logistics procedures. We did not receive registration with the regulatory authority as the product owner of the entire acquired product portfolio in 2019. This matter entailed extra work and especially extra costs in the operation in relation to the previous owner Wellspect Health Care.

ACQUISITION	TIME	NET SALES SEKM*	EMPLOYEES	BUSINESS AREA
Operations from Wellspect HealthCare, Sweden	April 2019	170	14	Medtech
Lab-Vent Controls A/S and Koldt & Ryø El A/S, Denmark	August 2019	52	20	Labtech
Fysionord i Sollefteå AB, Sweden	September 2019	6	2	Medtech
Funksjonsutstyr AS, Norway	December 2019	50	7	Medtech
Euroclone S.p.A., Italy	January 2020	280	58	Labtech

*Refers to the situation on a full-year basis at the time of acquisition.

Lab-Vent Controls and Koldt & Ryø

In August the Danish companies Lab-Vent Controls A/S and Koldt & Ryø El A/S were acquired. The companies have successfully established themselves as leading providers in the Danish market in specialised ventilation solutions for laboratories and cleanrooms where high demands are placed on air flow control and monitoring. They provide solutions based on innovative proprietary products as well as technical know-how and service. The companies are a complement to AddLife's operations in the subsidiary Holm & Halby A/S, currently a leading laboratory equipment provider specialising in cleanrooms on the Danish market.

Fysionord

In August Fysionord in Sollefteå was acquired in the Medtech business area. The company sells assistive devices for children and young people with special needs and is a distributor for Krabat's products in Sweden. The business has been integrated into SvanCare.

Funksjonsutstyr

In December, 76% of the shares in Funksjonsutstyr AS were acquired, with an option to acquire the remaining 24% of the company's shares after five years. Funksjonsutstyr markets and sells custom and accessible bathrooms in collaboration with leading suppliers, as well as their own home care products in Norway. The company primarily sells its products to the public sector and to plumbing installers.

Contract for acquisition of EuroClone

In November, AddLife signed an agreement to acquire all shares in the Italian company EuroClone S.p.A., which will be included in the Labtech business area. EuroClone markets and sells a broad portfolio of both market-leading brands and proprietary brands in the field of cell and molecular biology. The company also has a small operation in niche products in the Medtech business area. EuroClone has distribution rights in Italy for a few of AddLife's current suppliers in the Nordic countries, which further strengthens AddLife's position on the European market. The company has 58 employees and sales of about SEK 280 million. The acquisition was completed in January 2020.

AddLife from a sustainability perspective

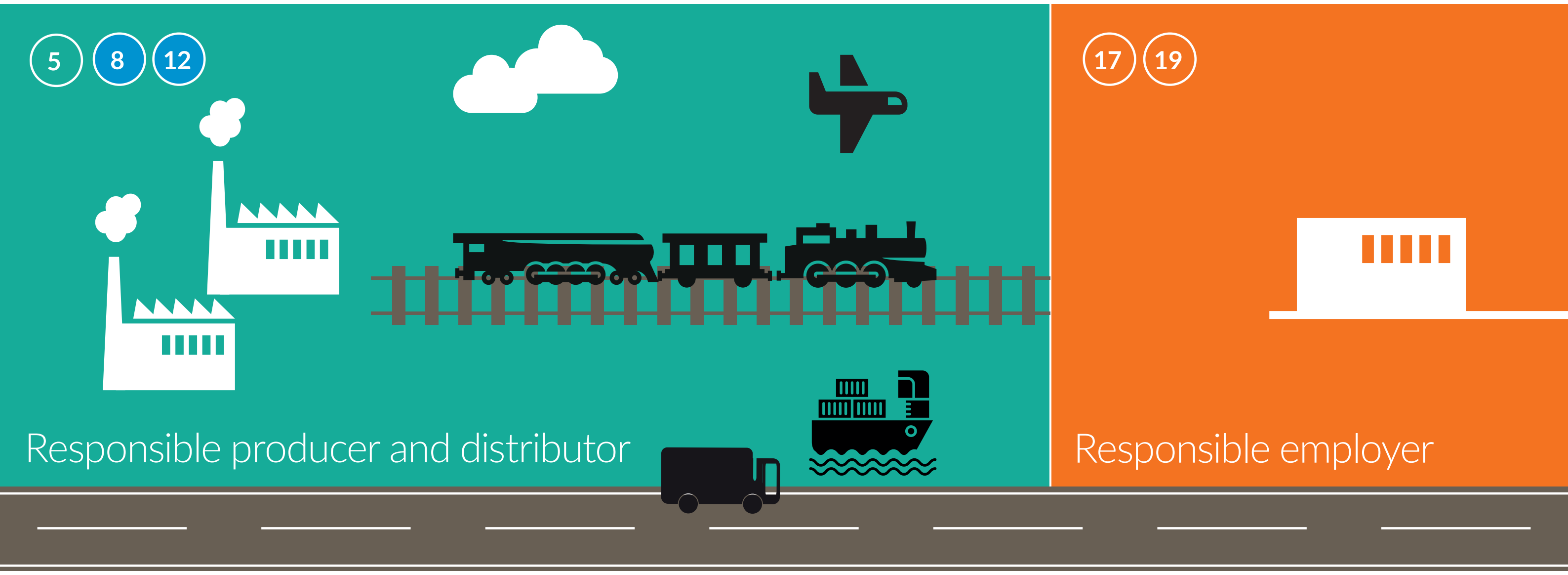
AddLife's vision is to improve people's lives by being a leading, value-creating player in Life Science. We embrace corporate social responsibility, where sustainability is an integral part of our business value. We accept our responsibility for sustainability throughout the entire supply chain as an employer, producer and distributor, as well as in our role as a market participant.

The Life Science industry is characterised by high demands for product safety and regulatory compliance. In Europe, medical device products are regulated by EU directives and regulations. Products must be CE-certified before they can be marketed in Europe. For AddLife, sustainability is an obvious and natural part of business value. Sustainability efforts ensure the Group's long-term earning capacity, growth, social responsibility and competitiveness. Ultimately, the Group Board is responsible, through Group management, for AddLife's long-term, overall sustainability goals. The subsidiaries focus on business value and are responsible for carrying out the sustainability efforts. These activities are carried out in accordance with the Group's fundamental requirements for growth, profitability and sustainable development. The Code of Conduct and the core values simplicity, responsibility, commitment and innovative form the foundation based on which AddLife employees act in their daily work. The Group's strong corporate culture is a contributing factor to the perception of sustainability as a natural part of the job.

In addition to financial requirements and guidelines, business is also conducted with high standards regarding ethics, morality and integrity. At AddLife we believe that business is generated by people and good relationships.

Sustainable supply chain

We work with global suppliers whose production facilities are located all over the world. Our ambition is to take responsibility for the entire supply chain from production to end customer. As a distributor, we only have an indirect impact on the environment, hence, it is important to us to set clear requirements that our suppliers must meet. Thanks to our lengthy and well-established relationships with our suppliers, we have the opportunity to require high standards on materials and sustainable production at every level. When we act as producer we can control the supply chain in greater detail. The subsidiaries are responsible for obtaining and delivering the products they sell. Consequently, efficient logistics and warehouse management are essential, which contribute both to reduce environmental impact and increase profitability.



The dedication of each employee makes AddLife's successes possible. We place great emphasis on offering all employees the opportunity to grow, to thrive and to be challenged. As employer, we take responsibility for creating a safe and pleasant work environment. We want to attract and retain employees who support our core values and our Code of Conduct, and who have the right skills to grow our business. Our employees are continually trained in our corporate culture and have the opportunity to improve their business skills through the courses offered at AddLife Academy.

As a market player, it is important for us to take ethical responsibility for our business. All of our employees should know our Code of Conduct and we expect our suppliers to respect internationally recognised principles regarding anti-corruption, workplace health and safety and human rights. Compliance with the Code of Conduct is evaluated in ongoing contractual relationships.

SUSTAINABILITY REPORT 2019

AddLife has prepared a sustainability report for the 2019 financial year that covers the parent company AddLife AB (publ) company ID no. 556995-8126 and its 46 subsidiaries. The Board of Directors approved the sustainability report at the same time as they signed the 2019 annual report. No standard template for sustainability reporting has been applied in full. The purpose of the sustainability report is to provide an overarching description of AddLife's business from the perspective of sustainability and to inform about the sustainability aspects that are necessary to understand the company's development, position, and performance, as well as the consequences of its operations. AddLife's sustainability report is integrated in part into the annual report. AddLife's business model and strategy for sustainable growth can be found on pages 4-7. Pages 4-7 and 16-23 comprise AddLife's statutory sustainability report.

Stakeholder dialogues

AddLife's most important stakeholders are customers, employees, suppliers and shareholders. We pursue ongoing dialogues with these parties, which provide important information that we use for both business and sustainable development purposes.

AddLife strives to maintain long-term transparent dialogues with our most important stakeholders. Our stakeholders are groups close to us who directly or indirectly affect or are affected by our business. Pursuing continual constructive dialogues with them is therefore an important element in our sustainability efforts. Stakeholders have different expectations and requirements with respect to sustainability. The stakeholder dialogues provide important information when we identify the most important sustainability issues for AddLife and how the Group should prioritise its work.

In 2017 AddLife conducted stakeholder dialogues with subsequent materiality analysis. The purpose of the study was to develop the company's sustainability efforts and to create a basis for sustainability reporting. An analysis of stakeholder expectations and requirements, combined with the importance of the areas for the business, including the actual ability to have an influence, helped us to identify eight important issues related to sustainability. Based on these issues we have identified six of the 17 UN global sustainable development goals that we actively work with; Goal 5 – Gender equality, Goal 8 – Decent work and economic growth, Goal 9 – Industry, innovation and infrastructure, Goal 10 – Reduced inequalities, Goal 12 – Responsible consumption and production and Goal 16 – Peace, justice and strong institutions. We have divided these goals into three focus areas: responsible employer, responsible distributor and producer, as well as responsible market participant.

These focus areas serve as the basis of our sustainability efforts and are shared by the entire Group. In addition to these aspects, the individual subsidiaries can also set and implement their own targets.

FOCUS AREAS AND PRIORITIES

ENVIRONMENT

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

SOCIAL CONDITIONS

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

PERSONNEL

16. Skills development
17. **Work environment (safety, health and well-being)**
18. Diversity and equality

19 Discrimination and harassment

HUMAN RIGHTS

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

ANTI-CORRUPTION

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

OUTLOOK FOR 2020

- During the year we will conduct new stakeholder dialogues.

SUSTAINABLE DEVELOPMENT GOALS

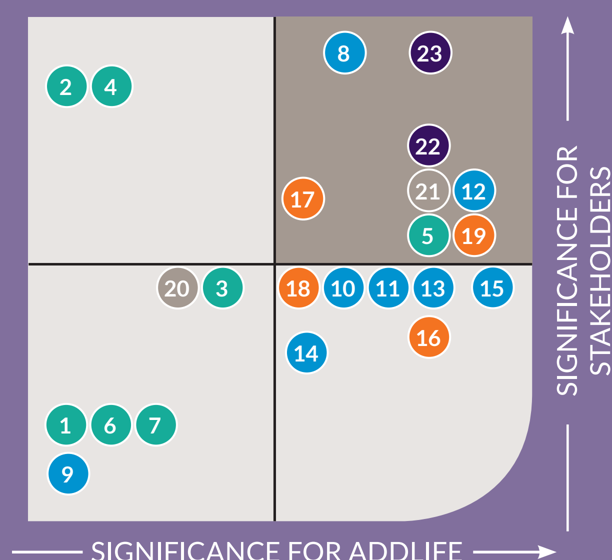
5 GENDER EQUALITY | 8 DECENT WORK AND ECONOMIC GROWTH | 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE | 10 REDUCED INEQUALITIES | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

1 **Responsible employer** 17 19

2 **Responsible producer and distributor** 5 8 12

3 **Responsible market participant** 21 22 23

PRIORITISED ASPECTS



PRIORITISED STAKEHOLDERS

The stakeholder dialogues are ongoing and contribute to our sustainability efforts.

• The ongoing dialogue with customers is conducted through meetings, daily contact, support, training, advisory services, procurement requirements, seminars, trade fairs and customer questionnaires.

• The dialogue with suppliers takes place through procurement processes, supplier evaluations and meetings.

• The dialogue with employees takes place through daily contact in projects and collaborative initiatives, staff meetings, manager meetings and internal training, as well as on a more structured basis through performance appraisals and employee surveys.

• The shareholders ultimately decide on governance within AddLife through the Annual General Meeting (AGM). Individual shareholders also have the opportunity to ask questions to the Board and management at the AGM. Shareholders also receive information through the website, annual report, interim reports, investor meetings and analyst meetings.

Responsible employer

The AddLife Group is characterized by strong entrepreneurial energy with dedicated employees who are driven to improve both themselves and the company they work for. Employees are our most important resource and AddLife emphasis secure forms of employment, a good work environment and individual growth opportunities.

AddLife's decentralised business model with our strong corporate culture places great responsibility on our employees. Their commitment and high level of expertise create long and successful supplier and customer relationships, which are the foundation of our sustainability efforts and our ability to achieve our business objectives.

Work environment is a priority area and we have a zero vision regarding work-related accidents and illnesses. We conduct an employee survey to identify areas for improvement at the Group level, in the subsidiaries and in work groups. A review is carried out at each company to prioritise activities by workplace. The survey also follows up the employee index, which is an important sustainability goal that measures the work environment with respect to safety, health and well-being.

AddLife has high business ethics standards and of course we have zero tolerance for discrimination. Employees will be given equal opportunities regardless of gender, age, ethnic or national affiliation, religion, sexual orientation, or disability. The employee survey is used to ensure that any discrimination is revealed and remedied.

Activities completed during the year

- Completed employee survey
- New employees have completed the course Vision and Corporate Philosophy
- Implementation of measures identified in this year's employee survey

Outlook for 2020

- New public procurement course at AddLife Academy
- Common IT platform

1

RESPONSIBLE EMPLOYER

17 WORKPLACE
(safety, health and well-being)

4.08

EMPLOYEE INDEX
Maximum outcome 5.0

Target	2019	2018
4.30	**4.08**	**3.94**

19 DISCRIMINATION AND HARASSMENT

20

EMPLOYEES EXPERIENCED DISCRIMINATION AT WORK

Target	2019	2018
0	**20**	**12**

	RISK AREA	RISK DESCRIPTION AND POTENTIAL IMPACT	MANAGEMENT
17	Work environment – safety, health and well-being	Risk that employees are injured in an accident at work in the production environment, or that injury arises due to the psychosocial work environment.	Clear occupational health and safety procedures carried out for preventive purposes. Regular evaluation of risks to allow protective measures to be taken to minimise them. Employee surveys conducted annually. A whistleblower function has been set up.
19	Discrimination and harassment	Risk of offensive treatment. Employees or suppliers who do not comply with current laws related to equal treatment, work groups that do not work. Risk of damaging relationships, internally in the company as well as with customers and suppliers.	Discrimination, harassment, abuse and threats are not permitted. A well-established corporate culture with a shared value system is a preventive measure that serves as a compass for all employees. A common Code of Conduct is supported through courses at AddLife Academy. We require that suppliers comply with the ILO Declaration on Fundamental Principles and Rights at Work.

AddLife Academy

Corporate culture and business skills

Our own business school, AddLife Academy is a key to success and central to the development of the employees and thus for the development of the entire Group. This is where we build our shared values and ensure that the AddLife Group has a supply of the skills it needs. AddLife Academy provides a forum where we can build internal networks that are important for growth. It increases our competitiveness, which then increases the profitability of the Group. In the course Vision and Corporate Philosophy, participants develop a solid foundation in our corporate culture and fundamental business skills. For example, we carefully go through our core values and our Code of Conduct. The course clarifies how we do business and how we conduct ourselves in daily life. In addition, employees learn how AddLife views economic sustainability and we talk about our fundamental requirements for growth, profitability and sustainable development.

AddLife Academy is intended for all employees. We have had 1,680 course participants since its inception in 2016. In conjunction with acquisitions and hiring, all new employees take the Vision and Corporate Philosophy course. In 2019, all personnel, from all 13 countries, from the newly acquired company Biomedica completed the Vision and Corporate Philosophy course.

We also offer courses in sales, negotiation techniques and leadership as well as customised courses in marketing, service and finance. The course selection is developed and expanded every year as the Group grows and new skills are added to the companies to take advantage of and expand the talent and commitment within the Group.

Responsible producer and distributor

Sustainability efforts are ongoing throughout the entire product supply chain, both for our own products or through close cooperation with suppliers.

The majority of AddLife's product range is produced by leading manufacturers around the world. Because we are a distributor, we mainly have an indirect impact on matters such as choice of materials, raw materials, packaging and terms of employment. AddLife aims to work closely with the suppliers to achieve long-term and sustainable development. The goal is for all suppliers to live up to AddLife's Code of Conduct and environmental policy. Moreover, AddLife requires suppliers to respect fundamental human rights and to treat employees in accordance with the ILO Declaration on Fundamental Principles and Rights at Work. Sustainability issues are now more in focus during public procurement proceedings. In 2019, one of our customers conducted an audit of working conditions at a suppliers' manufacturing of gloves, which are used in Swedish health care. The audit revealed some deficiencies related to human rights on the part of the producer in Malaysia. Our subsidiary and the supplier worked together to improve the working conditions for the employees. Our subsidiaries continually work to assess new and existing suppliers, clarifying requirements regarding sustainability and the environment, to ensure that we live up to our responsibility as distributor.

Examples of activities completed during the year

- Formulation of guidelines for supplier agreements

Outlook for 2020

- Develop procedure for evaluation and approval of new suppliers
- Project to address shipping aimed at reducing costs and environmental impact
- Geographic mapping of supplier chain

2

RESPONSIBLE PRODUCER AND DISTRIBUTOR

8 ENVIRONMENT AND SOCIAL CONDITIONS

33

CORRECTIVE MEASURES FOR PRODUCTS

Number of notices (FSN and FSCA) from suppliers that entailed corrective actions for products

Target	2019	2018
0	**33**	**32**

12

63%

SUPPLIER EVALUATION NEW SUPPLIERS

Target	2019	2018
100%	**63%**	**61%**

	RISK AREA	RISK DESCRIPTION AND POTENTIAL IMPACT	MANAGEMENT
5	**Product lifecycle management**	Customers set requirements for material choices, transport methods and packaging. If the products do not meet customer requirements when a tender is followed up, there is a risk of losing the contract.	The subsidiaries have procedures in their production regarding informed choices of raw materials, packaging and transport methods. Similar requirements are placed on suppliers' products. AddLife's subsidiaries have recycling procedures. Through support and maintenance of instruments, AddLife helps to maximise their life span. Contaminated products and instruments are destroyed by the customer.
8	**Product safety**	Product risk mainly consists of incorrect results from an instrument, or incorrect handling of a product, which could result in injury to patients or staff.	Systems for monitoring products ensure reporting to customers, suppliers and authorities, which in turn entail corrective measures. Relevant product information to prevent risks from reaching the customer through a system of Field Safety Notices (FSN) and Field Safety Corrective Actions (FSCA).
12	**Production and supply chain management**	Risk that products that are not CE or IVD approved come out on the market, or that a supplier does not comply with AddLife's Code of Conduct.	Supplier evaluations are carried out before a new supplier is approved. These evaluations ensure that the supplier follows AddLife's Code of Conduct or has its own equivalent. Supplier evaluations are carried out on an ongoing basis to ensure sustainable production.

Responsible market participant

AddLife has set high standards for how we should act and be good citizens with high business ethics standards. Consequently, we attach great importance to ensuring employee awareness and knowledge of our Code of Conduct.

As a serious participant in the market, AddLife takes responsibility for the entire transaction. In this way we create a sustainable delivery chain by ensuring compliance with ethical guidelines, national and international laws and regulations. AddLife wants to serve as a role model, therefor we are also active in various industry organizations to ensure a high standard of ethics throughout the market on the regional, national and European levels. We belong to many different types of networks to learn from, contribute to and influence developments in Life Science.

Human rights a matter of course

For AddLife, protecting human rights is a matter of course. We do not accept corruption, bribery or unfair anti-competitive actions. Our Code of Conduct supports the UN Global Compact, ILO core conventions and OECD guidelines for multinational companies, which are integrated in our business. The Code of Conduct, which applies to all AddLife subsidiaries and employees, can be read in its entirety on the AddLife website www.add.life. AddLifes goal is that 100% of all employees shall be aware of AddLife's Code of Conduct. We also have a whistleblower function, so any inappropriate conditions can be reported anonymously.

Activities completed during the year

- We will continue working on integration of the Code of Conduct into courses at AddLife Academy
- One report was made in the whistleblower function, which was handeled in 2019

Outlook for 2020

- All new employees will receive training to learn about the Code of Conduct

3

RESPONSIBLE MARKET PARTICIPANT

21 22

CODE OF CONDUCT

86%

EMPLOYEES AWARE OF ADDLIFE'S CODE OF CONDUCT

Target	2019	2018
100%	**86%**	**82%**

0

INCIDENTS OF CORRUPTION

22 23

Target	2019	2018
0	**0**	**0**

	RISK AREA	RISK DESCRIPTION AND POTENTIAL IMPACT	MANAGEMENT
21 22	Work with Code of Conduct	Risk that employees and suppliers do not comply with AddLife's Code of Conduct, including sustainability working conditions, human rights and anti-corruption.	Efforts to ensure that the business is characterised by responsible behaviour towards employees, customers, owners, suppliers, authorities and the community are constantly underway. The Code of Conduct is supported daily internally in relationships and leadership, through employee appraisals, etc. The Code of Conduct is also anchored through courses at AddLife Academy. AddLife partners are required to follow internationally recognised principles for anti-corruption, the work environment, sustainability and human rights. Compliance with the Code of Conduct is evaluated in ongoing contractual relationships.
23	Anti-corruption and bribery	Risk of occurrence of corruption and bribery, people with inappropriate or criminal behaviour aimed at achieving financial or personal gain.	AddLife has zero tolerance for bribery and corruption, as is clearly stated in the Code of Conduct and which is communicated to and followed by all employees in the Group. Employees learn about the corporate philosophy and business skills through AddLife Academy. A corporate culture is thereby created in which all employees have a common approach with high ethical and moral standards. The whistleblower function that has been established can be used by both by employees and externally through the company's website.

The share

The AddLife share was listed on NASDAQ Stockholm, Nordic Mid Cap list, on 16 March 2016. The Company's market capitalisation on 31 December 2019 was SEK 8,273 million (4,677).

Market performance of the share and turnover

AddLife increased 77 percent in value during the financial year. The OMX Stockholm index on the Stockholm Stock Exchange changed 30 percent in the corresponding period. The highest price paid during the year was SEK 301.00 and was quoted on 13 December 2019. The lowest was SEK 191.32 on 2 January 2019. The final price paid before the end of the financial year was SEK 289.00. During the financial year from 1 January to 31 December 2019, 5.5 million (4.0) shares were traded with an aggregate value of approximately SEK 1,439.4 million (737.8). Broken down by trading day, an average of 22,195 (16,016)) AddLife shares were traded at an average value of about SEK 5.8 million (2.9).

Share capital

On 31 December 2019 share capital in AddLife AB amounted to SEK 58,309,340. There were a total of 28,624,573 shares in the Company, including 1,156,304 Class A shares and 27,468,269 Class B shares. The nominal value of each share was SEK 2,037. Each Class A share carries ten votes and each Class B share carries one vote. All shares give the same right to dividends. Only the Class B share is listed on Nasdaq Stockholm.

Dividend policy

The Board of Directors of AddLife aims to propose a dividend equivalent to 30-50 percent of profit after tax. When determining dividends, the Company's Board considers investment needs and other factors that it deems relevant.

Rights issue

Last year, AddLife AB raised about SEK 501 million before deduction of issuance costs in a rights issue. The issuance was oversubscribed by approximately 68 percent. As a result of the rights issue AddLife's share capital increased by SEK 7,184,142 to SEK 58,309,340. The total number of shares increased by 144,538 Class A shares and 3,382,221 Class B shares, for a total of 28,624,573 shares, including 1,156,304 Class A shares and 27,468,269 Class B shares.

Key financial indicators per share

Data in key financial indicators per share relate to 12 months.	2019	2018
Earnings per share, SEK	5.12	5.15
Equity per share, SEK	52.27	36.30
P/E ratio	56.4	36.2
Highest price during the financial year, SEK	301.00	217.97
Lowest price during the financial year, SEK	190.37	148.01
Last price paid, SEK	289.00	194.20
Market capitalisation, SEKm	8,273	4,677
The weighted average number of shares during the year, basic , 000s	27,771	25,115
Number of shares outstanding at year-end, '000	28,059	24,629
Number of shares at year-end	4,431	3,849

			Percentage	
Share class	**Number of shares**	**Number of votes**	**of capital**	**of votes**
Class A share, 10 votes per share	1,156,304	11,563,040	4.0	29.6
Class B share, 1 vote per share	27,468,269	27,468,269	96.0	70.4
Total number of shares before repurchases	**28,624,573**	**39,031,309**	**100.0**	**100.0**
Of which repurchased class B shares	-565,252		2.0	1.4
Average number of shares after repurchases, '000s	**28,059,323**			

Largest shareholders in AddLife 31 Dec. 2019

Shareholders	Number of Class A shares	Number of Class B shares	Share in % of capital	Share in % of votes
RoosGruppen AB	538,135	1,972,641	8.77	18.84
Tom Hedelius	516,643	5,785	1.83	13.25
SEB Fonder	0	2,116,822	7.40	5.42
Swedbank Fonder	0	2,106,173	7.36	5.40
Verdipapirfonde Odin Sverige	0	2,019,084	7.05	5.17
State Street Bank & Trust Company	0	1,619,511	5.66	4.15
Lannebo Fonder	0	1,592,867	5.56	4.08
J.P. Morgan Chase & Co	0	1,208,984	4.22	3.10
State Street Bank & Trust Company Boston	0	1,154,377	4.03	2.96
Livförsäkringsbolaget Skandia	0	1,148,809	4.01	2.94
Sandrew AB	0	711,267	2.48	1.82
HSBC TRINKHAUS AND BURKHARDT AG	0	700,000	2.45	1.79
Per Säve	21,683	407,227	1.50	1.60
NTC FIDELITY FUNDS NORTHERN TRUST	0	464,237	1.62	1.19
Skandia fonder	0	420,283	1.47	1.08
Total 15 largest owners	**1,076,461**	**17,648,067**	**65.41**	**72.79**

Class sizes

Number of shares	% of share capital	Number of holders	% of number of shareholders
1–500	1	3,442	77.7
501-1,000	1	392	8.8
1,001-5,000	3	409	9.2
5,001-10,000	1	55	1.2
10,001-15,000	1	25	0.6
15,001-100,000	10	63	1.4
100,001-	82	45	1.0

Holdings by category 2019	Number of shareholders	Capital share, %
Swedish owners	4,157	52.58
Foreign owners	274	47.42
Total	**4,431**	**100**
Legal persons	456	84.48
Natural persons	3,975	15.52
Total	**4,431**	**100**

Multi-year review

Data in multi-year review relate to 12 months

SEKm, unless stated otherwise	2019	2018	2017	2016	2015/ 2016[1]	2014/ 2015[1]	2013/ 2014[1]	2012/ 2013[1]
Net sales	3,479	2,482	2,333	1,938	1,562	1,057	984	907
Operating profit	196	168	166	148	106	107	104	99
Financial income and expenses	-14	-10	-8	-6	-6	-2	-2	-1
Profit after financial items	182	158	158	142	100	105	102	98
Profit for the year	142	129	120	112	78	80	78	74
Intangible non-current assets	1,761	1,465	1,153	870	735	193	202	211
Property, plant and equipment	353	110	75	68	59	31	26	27
Financial assets	24	48	13	11	10	8	87	68
Inventories	452	408	271	252	213	83	81	70
Current receivables	586	575	368	361	248	245	140	121
Cash equivalents	99	61	11	15	12	83	77	112
Total assets	**3,274**	**2,668**	**1,891**	**1,577**	**1,277**	**643**	**613**	**609**
Equity attributable to the shareholders	1,467	931	748	717	347	263	271	292
Non-controlling interests	9	1	–	–	–	0	1	1
Interest-bearing liabilities and provisions.	1,001	943	600	381	549	101	90	85
Non-interest-bearing liabilities and provisions.	798	794	543	479	381	279	251	231
Total equity and liabilities	**3,274**	**2,668**	**1,891**	**1,577**	**1,277**	**643**	**613**	**609**
EBITA,	305	245	234	189	135	120	116	110
EBITA margin, %	8.8	9.9	10.0	9.7	8.7	11.3	11.8	12.1
Earnings growth EBITA, %	24.7	4.7	24	47	13	4	5	16
Capital employed	2,477	1,874	1,347	1,098	896	364	362	378
Working capital, yearly average	598	397	369	304	211	127	119	106
Financial net liabilities	902	882	588	366	538	19	13	-27
Operating margin, %	5.6	6.8	7.1	7.6	6.8	10.2	10.6	10.9
Profit margin, %	5.2	6.4	6.8	7.3	6.4	9.9	10.4	10.8
Return on equity, %	10	16	17	21	25	30	28	25
Return on capital employed, %	9	11	13	15	14	28	28	27
Return on working capital (P/WC)	51	62	63	62	64	94	97	103
Equity ratio, %	45	35	40	45	27	41	44	48
Debt/equity ratio, times	0.7	1.0	0.8	0.5	1.6	0.4	0.3	0.3
Net debt/equity ratio, times	0.6	0.9	0.8	0.5	1.6	0.1	0.0	-0.1
Interest coverage ratio, times	16	23	33	17	16	35	40	33
Interest-bearing net debt/EBITDA, times	1.6	3.3	2.3	1.8	3.6	0.1	0.1	0.2
Earnings per share before dilution, SEK	5.12	5.15	4.76	4.68	3.10	4.50	4.36	4.13
Cash flow per share, SEK	14.4	7.05	8.21	5.56	5.57	6.74	5.07	6.63
Equity per share, SEK	52.27	36.30	29.72	28.23	15.65	14.71	15.10	16.36
Average number of shares, 000	27,771	25,115	25,326	24,116	21,088	17,875	17,875	17,875
Share price as at 31 December (31 March), SEK	289.00	194.20	170.50	137.75	108.00	–	–	–
Cash flow from operating activities	400	178	208	133	118	120	92	119
Cash flow from investing activities	-407	-381	-338	-198	-272	-15	-12	-20
Cash flow from financing activities	42	249	125	-55	87	-100	-116	-76
Cash flow for the year	36	45	-5	-120	-67	5	-36	-23
Average number of employees	903	620	579	459	370	284	276	259
Number of employees at year-end	932	873	592	545	427	286	280	276

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

Four reasons to own AddLife

1 Attractive non-cyclical market

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

2 Cash flow finances growth

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

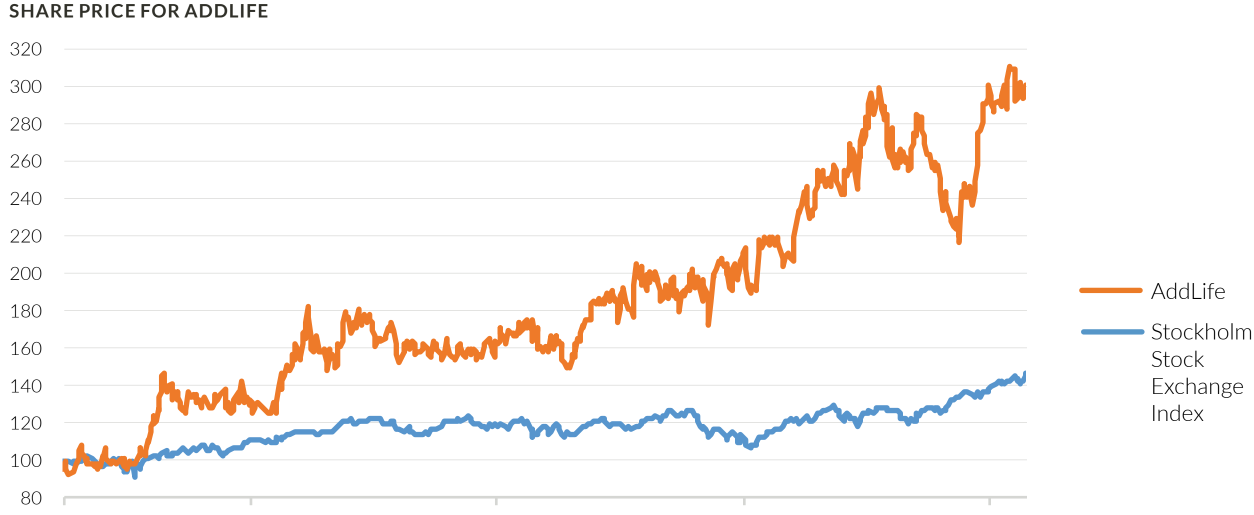
3 Clear strategy to create additional growth

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

4 Strong market position and long contract terms

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

SHARE PRICE FOR ADDLIFE



Contents

Administration Report

1 January 2019 – 31 December 2019

The Board of Directors and Chief Executive Officer for AddLife AB (publ), Company Registration No. 556995-8126, hereby present the annual report for the 2019 financial year. The Corporate Governance report is part of the administration report and are presented on pages 40-45. The Company's sustainability report is incorporated into the annual report and Consolidated Financial Statements on pages 4-7 and 16-23.

Operations

AddLife is a Swedish-listed medical technology company operating in the European market and consisting of 46 operating subsidiaries in the Labtech and Medtech business areas. The Group has 932 employees in 24 countries and offers high-quality, cost-effective solutions and products. The product portfolio consists of products from other manufacturers as well as their own. The service portfolio includes advice, service and education. Its customers are primarily active in the healthcare sector – from research to medical care. AddLife currently has a presence in over 25 countries, mainly in the Nordic region, as well as in Central and Eastern Europe. AddLife shares have been listed on NASDAQ Stockholm since March 2016.

Market trend during the year

Demand in the Life Science market continued to develop favourably in 2019. The underlying growth is mainly driven by the demographic trend with a growing and aging population, as well as technological developments that facilitate new treatment methods and various digital solutions. One effect of the demographic trend is the growing need for elderly care, which is causing the home care segment to grow as healthcare providers streamline services. For the patient, home care provides the opportunity to live at home longer, which is expected to provide a higher quality of life for the individual. The diagnostics market is growing in several areas because of technological developments that have made testing methodology both less expensive and easier to use. There is a also clear digitalisation trend in the market, including connected patient monitoring, connected laboratory instruments, web-based analysis services and development of digital measurement methods that are replacing manual methods.

AddLife's offering to healthcare services is attractive on the market and can make a difference through its contribution to both patient and social benefit by offering new treatment options, proactive diagnostics, technical aids and digital solutions for both institutional care and care at home.

Highlights of the year

In 2019, AddLife became well established on the European market. The acquisition of Biomedica and the product portfolio from Wellspect HealthCare opened the gateway to Europe. The European expansion has entailed major differences for the entire Group. We have created growth, attracted additional acquisition candidates and increased distribution opportunities for our entire offering. A total of five acquisitions were completed with estimated annual sales of about SEK 278 million. In 2019, sales increased by a total of 40 percent to SEK 3,479 million, including 5 percent organic sales growth. EBITA rose by 25 percent to SEK 305 million, corresponding to an EBITA margin of 8.8 percent.

Performance by quarter

First quarter

Net sales in the first quarter increased by 41 percent to SEK 845 million (597). Organic growth was 4 percent and acquired growth was 35 percent. Exchange rate fluctuations had a favourable impact on net sales of 2 percent, corresponding with SEK 15 million. EBITA increased by 22 percent to SEK 70 million (57) and EBITA margin amounted to 8.3 percent (9.6). Exchange rate fluctuations had a favourable impact on EBITA of 2 percent, corresponding to SEK 1 million.

The business situation in the Nordic markets was essentially stable during the quarter, with an increase in underlying demand in health care and for products used by researchers in Life Science. The Swedish market was robust with increased sales in our business areas aimed at both health services and laboratories. In Denmark we saw a turnaround in the quarter, including among pharmaceutical companies, many of which announced increased initiatives at both production units and research centres. In Finland, the controversial health care reform that had been under discussion for many years was put on hold following a parliamentary election. The uncertainty, which had affected the market prior to the election, returned following this decision to scrap the reform. We saw delays in various projects and our Finnish businesses had a weaker first quarter than the previous year. The business situation in the Norwegian market is perceived as favourable in many areas. The business situation in home care in the Norwegian market reversed to positive growth in the first quarter, primarily with respect to various solutions in welfare technology aimed at institutional facilities and senior housing.

Our new markets in Central and Eastern Europe reported stable growth in line with our expectations. The business situation in Poland and Hungary in particular was favourable in the quarter, while other large markets increased on a par with general growth in this market.

The business situation in other markets where we mainly sell our own products, including China and the Benelux countries, was favourable with growth exceeding the level on the Nordic markets.

Second quarter

Net sales in the second quarter increased by 36 percent to SEK 844 million (622). Organic growth was 2 percent and acquired growth was 32 percent. Exchange rate fluctuations had a favourable impact on net sales of 2 percent, corresponding with SEK 8 million. EBITA increased by 8 percent to SEK 68 million (63) and EBITA margin amounted to 8.1 percent (10.1). Exchange rate fluctuations had a favourable impact on EBITA of 1 percent, corresponding to SEK 1 million.

Growth in the Nordic markets was stable with an increase in underlying demand in health care and home care, as well as for products used by researchers in the entire Life Science industry. In Sweden the business situation was favourable and the Group's sales on the Swedish market increased in our business areas in both health services and laboratories. The improved situation we saw in Denmark the previous quarter held steady and in the second quarter the sales trend was stable for our Danish companies in several segments. The Finnish market continued to be cautious and the new government announced a somewhat modified healthcare reform initiative. As a consequence of the uncertainty related to the new reform, our Finnish companies had a weaker trend once again in the second quarter. In Norway, the business climate was more varied with somewhat weaker instrument sales to laboratories, while the trend for sales to both health services and home care was favourable, especially regarding welfare technology, a field in which the Group's Norwegian companies are on the leading edge.

On the Group's new markets in Europe growth continued to be stable with sales on a par with our expectations. The trend for demand was favourable in Romania and the Czech Republic in the second quarter, while it was somewhat weaker in Austria because of delays in project sales of clinical IT solutions. Considerable effort to integrate Biomedica into the Group continued to ensure operational and geographic growth.

Demand for our own products in other markets, including the US, China and the Benelux countries, was favourable with growth exceeding the level in our other markets.

Third quarter

Net sales in the third quarter increased by 39 percent to SEK 802 million (578). Organic growth was 4 percent and acquired growth was 34 percent. Exchange rate fluctuations had a favourable impact on net sales of 1 percent, corresponding with SEK 5 million. EBITA increased by 27 percent to SEK 65 million (51) and EBITA margin amounted to 8.1 percent (8.8). Exchange rate fluctuations had a favourable impact on EBITA of 1 percent.

On the Swedish market the business situation was favourable in most segments. Sales in the Danish market continued to develop positively in the third quarter, with continued investments from the pharmaceutical industry and academia. The Finnish market remains cautious, which is mainly challenging for our companies in Medtech and caused continued weak growth in the third quarter. In Norway, the business climate was more varied with somewhat weaker instrument sales to laboratories, while the trend for sales to both health services and home care was favourable. Our welfare technology solutions were favourably received in Norway by both public and private customers. Demand developed steadily in our new markets in Europe, with growth in line with both market growth and our expectations. In Austria, our largest market, sales of both instruments and consumables showed good growth during the quarter.

Sales of our own products in other markets, including the US, China and the Benelux countries, was favourable with growth continuing to exceed the level in the other markets.

Fourth quarter

Netsales in the fourth quarter increased by 44 percent to SEK 988 million (685). Organic growth was 8 percent and acquired growth was 35 percent. Exchange rate fluctuations had a favourable impact on net sales of 1 percent, corresponding with SEK 7 million. EBITA increased by 39 percent to SEK 102 million (74) and EBITA margin amounted to 10.4 percent (10.8). Exchange rate fluctuations had a favourable impact on EBITA of 1 percent, corresponding to SEK 1 million.

Demand from both health services and our research customers in the pharmaceutical industry and academia continued to show good growth in both Sweden and Denmark. Our Norwegian companies ended the year on a strong note with high growth, especially in diagnostics and home care. Demand for welfare technology was high in Norway and during the quarter Oslo Municipality awarded our Norwegian subsidiary Hepro a large contract in welfare technology, with an order value of about NOK 120 million, with delivery beginning in the second half of 2020. Demand from health services in Finland stabilised somewhat during the quarter, while growth was somewhat lower for our Finnish diagnostics companies because of postponed customer projects.

Our operations in Central and Eastern Europe, through the Biomedica Group, had strong sales in the fourth quarter, especially in Austria, Poland and Hungary. EBITA margins continued to be lower compared with the Nordic operations. Integration initiatives aimed at increasing sales of our own products in more countries, as well as attracting new suppliers in new markets, began to bear fruit.

Sales of our own products in other markets, including the US, China and the Benelux countries, were favourable with growth continuing to exceed the level in the other markets.

Acquisitions

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

The main reasons underpin our philosophy for 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 year:

- Wellspect HealthCare's portfolio: On 19 December 2018 an agreement was signed on the acquisition of Wellspect HealthCare's business in the surgery and respiration product areas. The acquisition was completed and closed on 30 April 2019. The business annual net sales of around EUR 17 million, with eight markets in Europe and Australia accounting for more than 90 percent of sales. The business was primarily integrated into Mediplast and Biomedica, within the Medtech business area.
- Lab-Vent Controls A/S and Koldt & Ryø El A/S: On 13 August 2019, all shares in Lab-Vent Controls A/S and Koldt & Ryø El A/S were acquired for the Labtech business area. The companies have 20 employees and sales of about DKK 36 million annually. With these acquisitions, AddLife becomes more clearly established as a full-service provider of advanced solutions in cleanroom technology on the Danish market.
- Fysionord i Sollefteå AB: On 31 August 2019 all shares in Fysionord i Sollefteå AB were acquired for the Medtech business area. The companies have two employees and annual net sales of approximately SEK 6 million. The company markets assistive devices for children and young people with special needs and the acquisition enables AddLife to broaden its product offering in home care on the Swedish market. Fysionord has been integrated into SvanCare AB.
- Funksjonsutstyr AS: On 2 December 2019 AddLife signed an agreement to acquire 76 percent of shares in the Norwegian company Funksjonsutstyr AS to join the Medtech business area. The agreement includes an option to acquire the remaining 24 percent of the company's shares after a five-year period. The company is a supplier of hygiene products and assistive equipment for use in home care, including some in-house designed products. The company has seven employees and annual net sales of about NOK 50 million.
- The total purchase price for this year's acquisitions is SEK 353 million. Had the acquisitions, excluding Wellspect, been completed on 1 January 2019, their impact would have been approximately SEK 93 million on consolidated net sales, SEK 24 million on EBITA, SEK 21 million on operating profit, and SEK 16 million on profit after tax.During the year a total of 43 (305) employees joined AddLife through acquisitions.

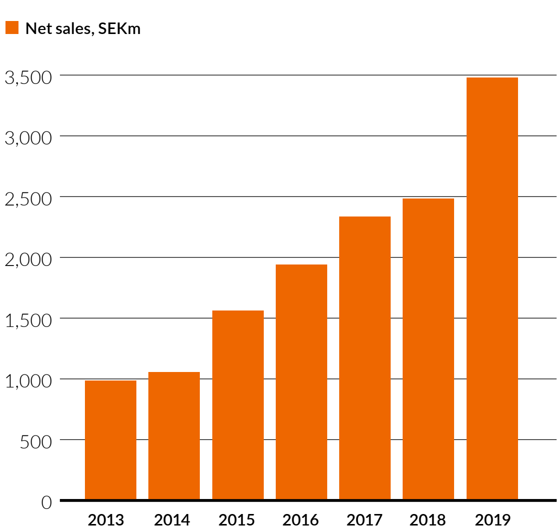
Financial development during the year

Net sales and profit

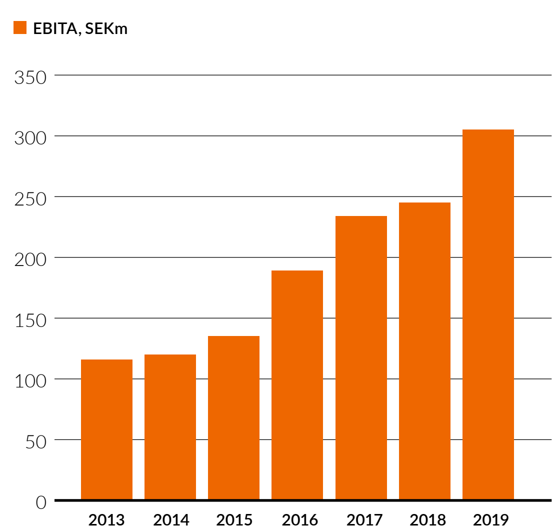
The AddLife Group's net sales increased by 40 percent (6) and totalled SEK 3,479 million (2,482). Organic growth was 5 percent (0), acquired growth was 34 percent (3) and exchange rate fluctuations had a positive impact of 1 percent (3), corresponding to SEK 36 million (72). During the financial year, EBITA increased by 25 percent (5) to SEK 305 million (245) and the EBITA margin reached 8.8 percent (9.9). The EBITA margin is generally lower in the markets in Central and Eastern Europe. EBITA includes acquisitions costs of a total of SEK 4 million (8) and currency fluctuations had a positive impact on EBITA of 1 percent (3), corresponding to SEK 3 million (7). As a result of the implementation of IFRS 16 Leases, depreciation of property, plant and equipment increased by SEK 87 million and interest expense increased by about SEK 3 million; previously, lease expense was recognised under external operating expenses. Implementation of IFRS 16 had a positive impact on EBITA of SEK 1 million.

Net interest income was SEK -14 million (-10) and profit after financial items increased by 15 percent to SEK 182 million (158). Profit after tax rose by 10 percent (7) for the financial year to SEK 142 million (129) and the effective tax rate was 22 percent (18). The higher effective tax rate is due to a change in the previously capitalised loss carryforward. Earnings per share for the financial year amounted to SEK 5.12 (5.15).

NET SALES



EBITA



Profitability, financial position and cash flow

Return on equity at the end of the financial year was 10 percent (16). Return on capital employed totalled 8 percent (11). The equity ratio at the close of the financial year was 45 percent (35). Equity per share, excluding non-controlling interests, totalled SEK 52.27 (36.30).

Return on working capital (P/WC) totalled 51 percent (62). 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 667 million (397) at the close of the financial year.

The Group's financial net liabilities increased as a result of last year's acquisitions and at the end of the financial year totalled SEK 902 million (882), including pension liabilities of SEK 80 million (77) and lease liability related to IFRS 16 Leases of SEK 216 million (0). The net debt/equity ratio, calculated on the basis of financial net liabilities including provisions for pensions and IFRS 16 Leases, totalled 0.6 (0.9).

Cash and cash equivalents, consisting of cash and bank balances together with approved but non-utilised credit facilities, totalled SEK 439 million (561) on 31 December 2019. The Group's available credit facilities stood at SEK 1,102 million (1,397) as of 31 December 2019.

Cash flow from operating activities reached SEK 400 million (177) during the financial year. The improved cash flow is attributable to the improved financial performance, lower taxes paid and more efficient management of working capital. As a result of implementation of IFRS 16 Leases, cash flow from operating activities increased by SEK 87 million, while cash flow from financing activities decreased by the same amount, since the amortisation portion of lease payments is recognised as payments in financing activities. Acquisitions of companies amounted to SEK 325 million (334). Investments in non-current assets for the financial year totalled SEK 85 million (49); the increase is mainly attributable to investments in equipment for rentals within Biomedica. Disposals of non-current assets totalled SEK 3 million (4). Repurchase of treasury shares amounted to SEK 43 million (35). Issued and exercised call options totalled SEK 12 million (24). A dividend of SEK 64 million (53) was paid.

Business areas

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

Labtech

Net sales rose by 37 percent during the financial year (4) to SEK 1,981 million (1,451). Organic growth was 4 percent (1), acquired growth was 33 percent (0) and exchange rate fluctuations 1 percent (3). EBITA rose by 22 percent (10) to SEK 202 million (165) and EBITA margin amounted to 10.2 percent (11.4).

Operations in the Labtech business area continued to develop favourably essentially in all markets. The sales increase during the year are largely the result of the Biomedica acquisition. During the year, 60 percent of Biomedica's sales and profit were included in Labtech business area. The organic sales growth is somewhat higher than the growth that we believe is inherent to the market. Several companies have worked on strengthening their margins during the year, while further streamlining their operations, which is positively reflected in the improved performance for the year.

Medtech

During the financial year net sales totalled SEK 1,498 million (1,031), an increase of 45 percent (10). Organic growth was 7 percent (-1), acquired growth was 37 percent (9) and exchange rate fluctuations 1 percent (2). EBITA amounted to SEK 116 million (94), representing an EBITA margin of 7.7 percent (9.2).

The Medtech operation has performed well during the year and organic growth continued to improve during the fourth quarter. Sales growth for the year is largely the result of the Group's most recently completed acquisition. During the year, 40 percent of Biomedica's sales and profit were included in the Medtech Business Area.

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 operate 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 the agreements regarding matters such as volume, quality and delivery date. Incorrect, delayed or missing deliveries could in turn cause AddLife's deliveries to be delayed or incorrect. This may result in reduced distribution of the Company's products, and potentially increased costs. Moreover, AddLife could be adversely affected if the

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

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

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

In a longer perspective, AddLife does not depend on any individual supplier to conduct business, but AddLife may depend on a single supplier in the short term. The Company's largest supplier amounts to approximately 7 (9) percent of net sales for 2019. There is a risk that incorrect, delayed deliveries, or the loss of one or several suppliers, could have negative consequences for the business, financial condition and results of operations of the relevant subsidiary, which in turn could have a negative impact on AddLife's business, financial condition and results of operations. Moreover, the industry is undergoing consolidation in this market and the number of suppliers is decreasing. Thus there is a risk that AddLife will lose suppliers that are important for the Company.

Reputation

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

Acquisitions and divestments

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

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

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

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

Goodwill

Goodwill arises in business combinations, where the consideration transferred, any non-controlling interest and the fair value of previously held interest (in stepwise acquisitions) exceeds the fair value of acquired assets and assumed liabilities that are recognised separately, the difference is recognised as goodwill. Goodwill risk arises when a business under-performs in relation to the assumptions that applied at the time of the goodwill valuation. If AddLife's valuation of the acquired business should prove to be incorrect the Company would be required to recognise an impairment loss relating to the value of goodwill, which could have a negative impact on AddLife's financial statement and results of operations. Goodwill is assessed annually, and if goodwill is not deemed to have been correctly valued in such an assessment, this may result in an impairment being recognised.

Organisational risk

AddLife applies a decentralised organisational model, which means that subsidiaries in the Group are largely responsible for and conduct business independently. Group Management controls, checks and monitors the business in the subsidiaries, primarily by having an executive from AddLife AB as Chairman of the Board of the Company and by continually monitoring developments. Corporate governance in a decentralised organisation like the type at AddLife places high demands on financial reporting and monitoring and deficiencies in reporting and monitoring entail a risk of inadequate operational control.

Currency exposure is handled at the subsidiary level through forward exchange contracts, currency clauses or similar, and must comply with the Group's internal guidelines. If a subsidiary fails to have adequate procedures to handle such currency exposure, for example by deviating from the Group's guidelines, it could have a negative impact on the financial condition and results of operations of the subsidiary and AddLife. The decentralised organisational model has historically been an advantage for the Group. However, there is a risk that the organisational model will prove to be less suitable for meeting any future market challenges that should arise. AddLife's market position and competitiveness could weaken as a result. Moreover, the lack of specialist expertise in the various subsidiaries, such as regarding financial knowledge, could result in incorrect business decisions and slow decision making. Taken together, these factors could have a negative impact on AddLife's business, financial statements and results of operations.

Ability to recruit and retain staff

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

Own production

Both business segments, Labtech and Medtech, include a small operation for their own production of analytical instruments, equipment for microbiological analyses, home care products and medical device consumables. The risks associated with own production are limited for the Group, but this production is associated with risks related to product liability (see the subsection "Product liability" for more details on product liability), interruptions or disruptions in production and environmental risks (see the subsection "Environmental risks" for details on environmental risks), which could have a negative impact on the Company's business, financial statements 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 statements and results of operations.

Environmental risk

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

Employees

At the end of the financial year AddLife had 932 employees, compared to 873 at the beginning of the financial year. Completed acquisitions increased the number of employees by 43 (305). The average number of employees in 2019 was 903 (620).

	2019	2018
Average number of employees	903	620
- percentage men	50%	52%
- percentage women	50%	48%
Distribution by age		
- up to 29 years	10%	9%
30-49 years	56%	55%
- 50 years and up	34%	36%
Average age	45 years	45 years

AddLife's own business school – AddLife Academy – provides a growth opportunity for our employees, builds a shared value system and ensures the supply of leaders in the Group. In 2019 Addlife held courses in entrepreneurial skills, providing an important platform from which to raise the level of professionalism among employees. AddLife also held the "Vision and corporate philosophy" programme to provide basic training for new employees and employees at acquired companies. AddLife Academy also arranged courses in public procurement procedures and leadership, as well as customised courses in marketing and finance.

Research and development

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

Environment

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

Remuneration to senior executives

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

The guidelines shall apply for remuneration to the CEO and other members of AddLife's Group Management.
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. Employees who give notice to terminate employment are not entitled to severance pay.

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.

The Board of Directors of AddLife AB's (publ) proposal for guidelines for remuneration to senior executives

The Board of Directors proposes guidelines for remuneration to the CEO and other senior executives. The guidelines also encompass any remuneration to Board members, other than Directors' fees.

The guidelines apply to remuneration agreed after the Annual General Meeting 2020 and amendments to agreed remuneration made thereafter The guidelines do not apply to remuneration resolved by the general meeting. For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines. The provisions regarding the Company also apply to the Group where appropriate.

The guidelines' promotion of the Company's business strategy, long-term interests and sustainability

A prerequisite for the successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the Company is able to recruit and retain qualified personnel. To this end, it is necessary that AddLife offers competitive remuneration. Total remuneration should be on market terms and competitive and relate to responsibility and authority.

Types of remuneration, etc.

Remuneration shall be on market terms and may consist of the following components: fixed salary, any variable salary according to separate agreements, pension and other benefits. The general meeting can also, irrespective of these guidelines, resolve on, among other things, share and share price-related remuneration.

Fixed salary

The fixed salary shall consist of fixed cash salary and be reviewed annually. The fixed salary shall be competitive and reflect the position requirements with respect to qualifications, responsibilities, complexity and the manner in which it serves to reach the business objectives. The fixed salary shall also reflect the performance of the senior executive and thus be individual and differentiated.

Variable salary

In addition to fixed salary, the CEO and other senior executives may, according to separate agreements, receive variable salary when fulfilling agreed performance criteria. Any variable salary shall consist of an annual variable cash salary and may amount to a maximum of 40 percent of the fixed annual salary.

The variable salary shall be linked to one or several predetermined and measurable criteria, which
can be financial, such as consolidated earnings growth, profitability and cash flow, or non-financial, such as individual goals designed to promote the Company's business strategy and long-term interests. Because the goals link the senior executives' remuneration to the Company's earnings, they promote implementation of the Company's business strategy, long-term interests and competitiveness. The terms and bases of calculation for variable remuneration shall be determined annually. The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year.

The extent to which the criteria for awarding variable cash remuneration has been satisfied shall be determined when the measurement period has ended. The Board is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other senior executives, the CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the Company.

The terms for variable remuneration shall be designed so that the Board of Directors, under exceptional financial conditions, may limit or refuse to pay variable remuneration if such a measure is deemed reasonable.

Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 50 percent of the fixed annual cash salary and may not be paid more than once each year per individual. Any resolution on such remuneration shall be made by the Board of Directors based on a proposal from the Remuneration Committee.

Pension

For the CEO, pension benefits, including health insurance, shall be defined contribution with premiums not exceeding 30 percent of the fixed annual salary. For other senior executives, pension benefits, including health insurance (Swedish *sjukförsäkring)*, shall be defined contribution unless the senior executive is subject to defined benefit pension under mandatory collective agreement provisions. Premiums for defined contribution pensions are to be in the form of the Swedish alternative ITP plan, according to a "premium ladder" as stated in AddLife's pension policy, or premiums are not to exceed 30 percent of the fixed annual salary.

Variable remuneration shall qualify for pension benefits to the extent required by mandatory collective agreement provisions applicable to the senior executive (applies to Sweden and defined contribution pension).

Other benefits

Other benefits, which may include, for example, company car, travel benefits, cleaning benefits and health insurance, shall be on market terms and only constitute a limited part of the total remuneration. Premiums and other costs associated with such benefits may amount to a maximum of 10 percent of the fixed annual salary.

Termination of employment

For the CEO and other members of Group Management, the notice period shall be six months in case of termination by the senior executive. In case of termination by the Company the maximum notice period shall be 12 months. In case of termination by the Company, severance pay may be payable in an amount corresponding to a maximum of twelve months' fixed salary less any remuneration received from new employments or assignments. Employees who give notice to terminate employment are not entitled to severance pay.

Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed executive is not entitled to severance pay. The remuneration shall be based on the fixed salary at the time of termination of employment and amount to not more than 60 percent of the fixed salary at the time of termination of employment, unless otherwise provided by mandatory collective agreement provisions, and be paid during the time the non-compete undertaking applies, however not for more than 24 months following termination of employment.

Fees to Board members

AddLife's members elected by the general meeting may, in specific cases and for limited time, be remunerated for services beyond Board work within their respective areas of expertise. A fee on market terms for these services (including services rendered by a Company wholly owned by a Board member) shall be paid, provided that such services contribute to the implementation of AddLife's business strategy and long-term interests, including its sustainability. Such consultant's fee may, for each Board member, in no case exceed twice the annual Directors' fee.

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the Company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Remuneration Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

Preparation and decision-making process

The Board of Directors has established a Remuneration Committee. The Committee's duties include preparing principles for remuneration to Group Management and the Board of Directors' decision to propose guidelines for remuneration to senior executives. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting for resolution.

The guidelines shall be in force until new guidelines have been adopted by the general meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration to Group Management, the application of the guidelines to senior executives as well as the current remuneration structures and compensation levels in the Company. Remuneration to the CEO shall be decided by the Board of Directors in line with approved policies following preparation and recommendation by the Remuneration Committee. Remuneration to other senior executives shall be decided by the CEO in line with approved policies and after consultation with the Remuneration Committee. The CEO and other members of Group Management do not participate in the Board of Directors' discussions and decisions on remuneration-related matters that pertain to them.

Derogation from these guidelines

The Board of Directors may decide to derogate from these guidelines, in whole or in part, if in a specific case there is special cause and such a derogation is necessary to safeguard the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. As stated above, the Remuneration Committee's duties include preparing the Board of Directors' decisions on remuneration matters, including decisions to derogate from these guidelines.

Information on previously decided long term variable remuneration that has not yet become due for payment

On 10 June 2019, new rules were introduced in the Swedish Companies Act, including regarding the formulation of the remuneration guidelines. According to the transitional provisions to the new rules, the proposal for compensation guidelines must contain information on previously decided benefits that have not yet been paid. In addition to the commitments to pay ongoing remuneration such as salary, pension and other benefits, there are no previously decided remuneration to any senior executives who have not been due for payment. For further information on remuneration to senior executives, see Note 7 in the annual report.

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 41 million (38) and the loss after financial items was SEK 6 million (loss: 1). Balance-sheet appropriations include Group contributions received of SEK 78 million (86) and Group contributions paid of SEK -21 million (-17). Net investment in noncurrent assets totalled SEK 218 million (329) 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 660 million (831).

On 31 December 2019 the number of shareholders was 4,431 (3,855). The Company's Class B shares are listed on Nasdaq Stockholm. Two owners each control 10 percent or more of the voting rights. They are Roosgruppen AB (Håkan Roos through companies) with an ownership stake corresponding to 18.8 percent of votes, and Tom Hedelius, who owns shares corresponding to 13.3 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 an overdraft facility at Handelsbanken of SEK 700 million may be terminated.

Share capital, share repurchases, incentive programmes and dividends

On 31 December 2019, the Parent Company's share capital amounted to SEK 58,309,340 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	1,156,304	11,563,040	4.0	29.6
B	27,468,269	27,468,269	96.0	70.4
Total	**28,624,573**	**39,031,309**	**100.0**	**100.0**

Repurchase of treasury shares and incentive programs

In May 2019 the AGM authorised the Board of Directors during the period up until the 2020 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, 160,000 (170 000) Class B treasury shares were repurchased. The average number of Class B treasury shares held during the financial year was 475,761 (513,129). At year-end the number of Class B treasury shares was 565,250 (468 450) with an average purchase price of SEK 199.74 (179.30). The shares account for 2.0 percent(1.9) of shares issued and 1.4 percent (1.4) of votes.

At year-end AddLife had three outstanding call option programs. Outstanding call options during the year resulted in an estimated dilutive effect based on the period's average share price of approximately 0.2 percent (0.1).

The Board intends to propose to the Annual General Meeting in May 2020 an incentive program based on the same, or substantially similar, model as was approved at the AGM in 2019.

Dividend

AddLife's dividend policy is to pay a dividend equivalent to 30-50 percent of average consolidated profit after tax over a business cycle. The Board has resolved to propose that the AGM in May 2020 do not pay any dividend for the 2019 financial year (2.20).

Outlook and events after the end of the financial year

Outlook

The market on which AddLife operates is extremely interesting both globally and nationally. Health services today address national interests, but face global and common challenges. Consequently, in many cases the need for products and services is similar regardless of geography. We also see a macro trend that points to larger and increasingly older population groups, new disease patterns and a stronger need for care in the home. This places high societal demands on research, development, health care and social services. AddLife's companies have great potential to contribute in these areas. AddLife's subsidiaries actively maintain a local presence and awareness, but with the total global reach of the Group. This is a strength that few players can offer today. Historically, the combination of organic growth in existing companies and acquisitions has provided substantial growth opportunities for the Group. This has resulted in a strong cash flow and, teamed with a robust financial position, we expect continued good future opportunities. The Group is well-equipped for the opportunities that may arise relating to both organic development and acquisitions. The Group's objective is long-term earnings growth of at least 15 percent annually combined with profitability.

Events after the close of the financial year

Acquisitions

On 8 January 2020, all shares in EuroClone S.p.A. were acquired to the Labtech business area. The company is a leading supplier of instruments and consumables in the field of cell and molecular biology in Italy. The company has around 58 employees and sales of about EUR 27 million.

Covid-19

In several of our companies, activity is high in order to best supply products to healthcare facilities, from diagnostic tests to personal protective equipment such as face masks. We believe that over the next few months we will be able to deliver a large part of what our current healthcare customers are demanding. On the research side, however, we are experiencing postponed deliveries because customers are largely working from home. Uncertainty is high in the world around us, but at this time our assessment is that AddLife will experience stable growth. On the other hand, if deliveries of medical supplies and instruments are delayed, however, we expect that growth will decline over a period of time. In the long term, we believe that demand for our offering will continue to develop positively.

Financing

In February 2020 AddLife extended the overdraft facility of SEK 700 million at Handelsbanken which matures on 31 December 2020.

In March AddLife signed a new agreement with Danske Bank for a credit facility of SEK 500 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.

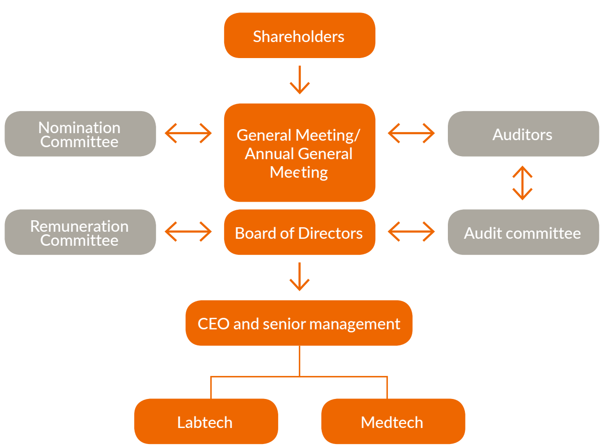
Proposal for profit distribution

For more information see Note 36 page 82.

Corporate governance

Corporate Governance Principles

AddLife is a public limited liability Company whose class B shares were listed on Nasdaq Stockholm on 16 March 2016, for which reason the Company complies with the Swedish Code of Corporate Governance (the "Code"). The Code applies to all Swedish companies whose shares are listed on a regulated market in Sweden. The Code is part of self-regulation by the Swedish business community and is based on the principle of "comply or explain". This means that companies are not obliged to apply every rule in the Code, but are allowed the freedom to choose alternative solutions provided that the reasons for any deviation is explained. AddLife has two deviations from the code to report for the 2019 financial year. The deviations and related explanations are presented in the section on the Nomination Committee. This corporate governance report has been reviewed by the auditor. The corporate governance report is available on the Company's website under Investors, www.add.life/investerare/bolagsstyrning.



Compliance with applicable rules for trading

No violations of any applicable stock exchange rules occurred in 2019 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 2019 share capital in AddLife AB amounted to SEK 58,309,340. There were a total of 28,624,573 shares in the Company, including 1,156,304 Class A shares and 27,468,269 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 2019, the Company had 4,431 shareholders, the 15 largest of whom controlled 65.41 percent of the share capital and 72.79 percent of the votes. At the end of the financial year, Swedish investors accounted for 52.58 percent of shareholders, and foreign investors owned 47.42 percent of the share capital. The proportion of legal entities was 84.48 percent, while natural persons accounted for 15.52 percent of the share capital. Roosgruppen AB (Håkan Roos through companies) and Tom Hedelius are the only shareholders with a direct or indirect shareholding in the Company representing at least one tenth of the voting rights for all shares in the Company.

Articles of Association

According to the Articles of Association, the Company's name is AddLife AB and it is a public Company. The Company's most recent financial year extended from 1 January – 31 December.

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

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

General Meeting

The Annual General Meeting is the highest decision-making body in which shareholders exercise their voting rights. The Annual General Meeting resolves on the annual report, dividends, appointments to the Board of Directors, election of auditor, compensation to the Board of Directors and remuneration to the auditor, as well as other issues in accordance with the Swedish Companies Act and the Articles of Association. Further information about the Annual General Meeting and minutes from the meetings are available on the Company's website. The Company does not apply any special arrangement in relation to the functions of the General Meeting due to any article in the Articles of Association, or as far as the Company is aware of, any shareholders' agreement.

Information about the 2020 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. Every shareholder that submits a request within the required time has the right to have the issue brought before the General Meeting.

Annual General Meeting 2019

AddLife's Annual General Meeting was held on Thursday, 9 May 2019 in Stockholm. In all, 87 shareholders were present at the Meeting, in person or by proxy, representing 65.97 percent of the votes and 56.31 percent of capital. Chairman of the Board Johan Sjö was elected to serve as chairman of the AGM. The meeting was attended by all members of the Board and Group Management. Authorised public accountant Håkan Olsson Reising, auditor for AddLife, was also present at the meeting as AddLife's elected auditor from KPMG.

The 2019 Annual General Meeting resolved:

- To adopt the financial statements for 2018
- To pay shareholders a dividend of SEK 2.20 per share, regardless of share class
- To discharge the Board of Directors and Chief Executive Officer from liability for the past financial year
- To re-elect board members Johan Sjö, Håkan Roos, Birgit Stattin Norinder, Eva Nilsagård, Stefan Hedelius and Andreas Göthberg
- To re-elect Johan Sjö to serve as chairman of the Board
- To elect the audit firm KPMG AB to serve as auditor
- To implement a long-term incentive scheme under which the participants will have the opportunity to acquire call options at market prices for shares repurchased by AddLife AB
- To authorise the Board of Directors to acquire, prior to the next AGM, a maximum number of Class B shares so that the Company's own holdings of shares in AddLife does not exceed 10 percent of all shares in the Company at any time.
- To authorise the Board of Directors to resolve on a new issue of up to 10 percent of the number of Class B shares for use as payment in acquisitions.

The AGM's other resolutions are presented in the complete minutes from the AGM, which together with other information about the 2019 AGM can be found at www.add.life/investerarer/bolagsstyrning/bolagsstämma.

Annual General Meeting 2020

AddLife's 2020 Annual General Meeting will be held on Thursday 7 May at Näringslivets hus in Stockholm. For additional information about the 2020 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 2020 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 appoints a Chairman from among its members. The composition of the Nomination Committee shall be announced not later than six months before the Annual General Meeting.

In accordance with the above, the Nomination Committee comprises these appointed members: Johan Sjö, Chairman of the Board, Stefan Hedelius, Håkan Roos (appointed by RoosGruppen AB), Vegard Søraunet (appointed by Odin Fonder), Monica Åsmyr (appointed by Swedbank Robur Fonder) and Kristofer Flack (appointed by SEB Investment Management). The composition of the Nomination Committee was announced in conjunction with the presentation of the interim report for the third quarter on 7 November 2019.

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

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

Deviations

The Company has two deviations from rule 2.4 of the Code regarding the composition of the Nomination Committee. According to the Code, a Board member should not serve as the chair of the Nomination Committee and at most one Board member should be dependent in relation to the company's major shareholders.
Explanation: The Nomination Committee has determined that it is appropriate that the Chairman of the Nomination Committee is the member who represents the largest group of shareholders. The Nomination Committee has also deemed it appropriate that two Board members, who are dependent in relation to major shareholders, are included in the Nomination Committee as they have good knowledge of both the company and other shareholders..

Diversity policy

The Nomination Committee uses 4.1 in the Code as its diversity policy. This means that AddLife's Board of Directors shall consist of a well-balanced mix of skills, experience and background that is important for responsibly and successfully managing AddLife's strategic work. To achieve this, knowledge of Life Science, corporate governance, compliance with rules and regulations, financing and financial analysis and remuneration issues is desirable. In addition, diversity regarding age, gender, education and other professional backgrounds is taken into account.
The goal is to have a Board with good diversity and gender equality. No Board member shall be discriminated against based on religion, ethnic background, age, gender, sexual orientation, disability or for other reasons.

The Board of Directors

According to AddLife's Articles of Association, the Board of Directors must consist of four to six members. Members are elected annually at the AGM for the period extending until the end of the next AGM. There is no limitation on how long a member may serve on the Board of Directors. AddLife's Board of Directors consists of the members Johan Sjö, Håkan Roos, Stefan Hedelius, Andreas Göthberg, Birgit Stattin Norinder and Eva Nilsagård. Johan Sjö is Chairman of the Board. Information about the Board members can be found in the section "Board and Management".

Responsibility and work of the Board of Directors

The duties of the Board of Directors are set forth in the Swedish Companies Act, AddLife's Articles of Association and the Code. In addition to this, the work of the Board of Directors is guided by the Rules of Procedure for the Board of Directors, which is 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 moni-

Board member	Elected	Board meetings	Remunerations Committee	Audit Committee	Independent in relation to the Company	Independent in relation to major shareholders
Total number of meetings		*14*	*1*	*4*		
Johan Sjö (Chairman of the Board)	2015	14	1	4	Yes	Yes
Birgit Stattin Norinder	2015	14		4	Yes	Yes
Eva Nilsagård	2015	13		4	Yes	Yes
Anders Göthberg	2019	14		4	Yes	Yes
Håkan Roos	2015	14	1	4	Yes	No
Stefan Hedelius	2015	14		4	Yes	No

toring of operations over the year and is responsible for the organisation, management and guidelines of the management of the Company's affairs being suitably designed and for the Company maintaining good internal control and effective systems for the monitoring and control of the Company's operations, as well as compliance with the legislation and regulations applicable to the Company's operations. The Board of Directors is also responsible for establishing, developing and monitoring the Company's targets and strategies, decisions on acquisitions and divestments of operations, major investments and appointments and remuneration to Group Management. The Board of Directors and the CEO present the annual accounts to the Annual General Meeting.

An annual evaluation of the work of the Board of Directors shall be performed under the leadership of the Chairman of the Board and the Nomination Committee shall be informed of the outcome of the evaluation. The Board of Directors shall continuously evaluate the work of the CEO. This matter shall be addressed individually each year with no member of Company management being in attendance. Moreover, the Board of Directors shall evaluate and assess any significant appointments which the CEO may have outside of the Company. Under the leadership of the Chairman of the Board, the annual evaluation of the work of the Board was carried out in November 2019, and the Nomination Committee was informed of the outcome of the evaluation.

The Board of Directors' Rules of Procedure

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

The Board of Directors shall hold regular meetings in accordance with a program specified in the Rules of Procedures and such program shall include predetermined decision points and other points if necessary. During the financial year, the Board of Directors held 14 minuted meetings, 8 of which were held before the 2019 AGM and 6 after the AGM. The Board members' attendance is shown in the above table.
At its regular meetings, the Board of Directors addressed the predetermined points on the table at each Board meeting in accordance with the Board's rules (such as the CEO's report on operations, financial reporting, investments and projects).

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 one meeting during the financial year. All Committee members were present at the meeting.

Audit committee

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

The Audit Committee has had four meetings in 2019 in connection with publication of the interim reports. In addition, AddLife's risk matrix was discussed and the Company's external auditors reported on the interim review.
In connection with the adoption of the annual accounts for 2019 at the Board meeting in February 2020, the Board received a review and a report from the Company's external auditors.

Remuneration to the Board of Directors

Fees to the Chairman and directors shall be resolved on by the General Meeting. In accordance with a decision by the Annual General Meeting on 9 May 2019, the full-year fees to each of the elected Board members amounts to SEK 275,000, and SEK 575,000 to the Chairman. The chairman of the Audit Committee is paid a fee of SEK 50,000 for the full year. In accordance with the decision, the total full-year fees payable amount to SEK 2,000,000.

Chief Executive Officer

Kristina Willgård is the CEO of the Company. A presentation of Kristina Willgård can be found in the section "Board and senior management" and on the Company's website.

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

The CEO shall lead the work of the Group Management and make decisions in consultation with the other members of the Group Management. In addition to Kristina Willgård, Group Management also includes Martin Almgren, CFO, Peter Simonsbacka, Business Area Manager Labtech, Lars-Erik Rydell, Business Area Manager, Medtech, and Ove Sandin (additional member), Business Unit Manager for Diagnostics.

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 the Nordic region, Central and Eastern Europe, Australia 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 division manager or business area manager, who, in turn reports to the CEO for AddLife AB.

Financial reporting

The Board of Directors has established operating procedures with instructions on internal financial reporting. All interim reports and press releases are published on AddLife's website, www.add.life, directly adjacent to the announcement.

Internal control of financial reporting

Internal control

The Board of Directors' and the CEO's responsibility for internal control is regulated by the Companies Act. The Board of Directors' responsibilities are also regulated in the Code and the Annual Accounts Act. The Board of Directors has overall responsibility for ensuring that the Group has an effective system for management and internal control. This responsibility includes annually evaluating the financial reporting the Board receives and stipulating the content and format of these reports to ensure their quality. This requirement means that the financial reporting must fulfil its purpose and comply with applicable accounting rules and other requirements incumbent on listed companies. The Chief Financial Oficer (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 over 45 operating companies, entail significant risk diversification. The risk assessment shall be based on the Group's income statement and balance sheet to identify the risk of significant errors. For the AddLife Group as a whole, the greatest risks are linked to the reported value of intangible assets in relation to acquisitions, inventories and revenue.

Control activities

Control activities include transaction-related controls such as spending authorisation and investments, as well as clear disbursement procedures, but can also be analytical controls performed by the Group's controllers and central finance and accounting function. Controllers and financial managers at all levels of the Group play a key role in creating the right environment for transparent and accurate financial reporting. The key roles place high demands on integrity, competence and abilities of individuals.

In order to ensure an efficient exchange of knowledge and experience between the financial functions, regular financial conferences will be held where current issues will be 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 result of the self-evaluations will be taken into account in the planning of the following year’s self-evaluations and external auditing.

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

The companies’ key processes and their control points have been identified and tested. The external auditors have read the records of the internal control in connection with their audit of the companies. The process is expected to provide a good basis to identify and assess the internal controls within the Group. KPMG provided the Board with a review and accounted for its assessment of the Group’s internal control process

Review, information and communication

The Board has received monthly comments from the CEO regarding the business situation and the development of the operations. The Board has discussed the quarterly financial statements before these have been published. The Board has received updates on the work on internal controls and its outcome. The Board has also read the assessment made by KPMG of the Group’s internal control processes. The outcome of the internal control has been analysed by the Group’s CFO together with the business controller. An assessment has been made of the improvement measures to be implemented in the various companies. The boards of the various Group companies have been informed of the outcome of the internal control in each company and the improvement measures that should be implemented. The business controller will then continuously follow up the work during the following year together with the Boards of Directors of the Group companies.

Governing guidelines, policies and instructions are available on the Group’s intranet. The documents are regularly updated as needed. Changes are communicated separately via email and at meetings for controllers and financial managers.

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

Internal audit

In light of the risk assessment described above and the structure of control activities, including the process of the “self-evaluation” and the in-depth analysis of the internal control, the Board of Directors has chosen to not have a dedicated internal audit function.

Auditors

In accordance with the Articles of Association, a registered auditing firm shall be elected as auditor. KPMG was re-elected as the Company’s auditor at the Annual General Meeting on 9 May 2019 for the period until the 2020 Annual General Meeting. The auditor in charge is Håkan Olsson, aided by Jonas Eriksson. KPMG audits AddLife AB and the majority 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 regularly assesses its independence in relation to the Company and delivers annual written statements to the Board of Directors that the audit firm is independent of AddLife. During the current financial year, KPMG has performed advisory assignments concerning corporate acquisitions. The total fee for KPMG's services in addition to auditing for the 2019 financial year was SEK 0.1 million (2.5).

Quarterly review by auditors

AddLife’s nine-month report was reviewed by the Company’s auditors during the 2019 financial year.

Financial statements

Consolidated Income Statement

SEKm	Note	2019	2018
Net sales	5, 6	3,479.4	2,481.6
Cost of goods sold		-2,281.2	-1,591.8
Gross profit		**1,198.2**	**889.8**
Selling expenses		-777.1	-557.1
Administrative expenses	29	-232.5	-157.0
Research and development		-24.3	-19.5
Other operating income	10, 29	34.4	16.0
Other operating expenses	10	-2.5	-4.5
Operating profit	4–11, 17, 29	**196.2**	**167.7**
Financial income	12, 29	0.9	0.4
Finance costs	12, 29	-14.8	-10.1
Net financial items		**-13.9**	**-9.7**
Profit/loss before taxes		**182.3**	**158.0**
Income tax expense	14	-40.0	-28.7
PROFIT FOR THE YEAR		**142.3**	**129.3**
Attributable to:			
Equity holders of the Parent Company		140.6	129.3
Non-controlling interests		1.7	–
Earnings per share (SEK)	33	5.12	5.15
Diluted EPS (SEK)		5.11	5.14

Consolidated statement of comprehensive income

SEKm	2019	2018
Profit for the year	**142.3**	**129.3**
Components that will be reclassified to profit for the year		
Foreign currency translation differences for the year	20.6	17.3
Components that will not be reclassified to profit for the year		
Revaluations of defined benefit pension plans	-11.8	-2.3
Tax attributable to items not to be reversed in profit or loss	2.7	0.5
Other comprehensive income	**11.5**	**15.5**
Total comprehensive income for the year	**153.8**	**144.8**
Attributable to:		
Equity holders of the Parent Company	152.0	144.8
Non-controlling interests	1.8	–

Consolidated Balance Sheet

SEKm	Note	31 Dec. 2019	31 Dec. 2018
ASSETS			
Non-current assets			
Intangible non-current assets	15	1,761.1	1,465.0
Property, plant and equipment	16	352.7	110.2
Financial assets	18	12.0	18.6
Non-current receivables	18	3.7	4.7
Deferred tax assets	14	8.6	25.1
Total non-current assets		**2,138.1**	**1,623.6**
Current assets			
Inventories	20	451.5	408.3
Tax assets		5.5	7.6
Accounts receivable	4	533.7	507.8
Prepaid expenses and accrued income	21	28.5	32.8
Other receivables		18.0	27.1
Cash and cash equivalents		99.1	60.6
Total current assets		**1,136.3**	**1,044.2**
TOTAL ASSETS		**3,274.4**	**2,667.8**
EQUITY AND LIABILITIES			
Shareholder's equity	22		
Share capital		58.3	51.1
Other contributed capital		1,134.3	651.5
Reserves		31.9	11.4
Retained earnings including profit for the year		242.4	216.7
Equity attributable to shareholders of the Parent		1, 466.9	930.7
Non-controlling interests		9.3	1.0
Total equity		**1,476.2**	**931.7**
LIABILITIES			
Non-current liabilities			
Non-current interest-bearing liabilities	18, 26	23.0	9.7
Non-current lease liability	17, 18	126.4	–
Non-current non-interest-bearing liabilities	18	1.0	0.8
Provisions for pensions	24	80.3	76.9
Non-current provisions	25	24.0	19.9
Deferred tax liabilities	14	127.3	107.9
Total non-current liabilities		**382.0**	**215.2**
Current liabilities			
Current interest-bearing liabilities	18, 27	657.6	835.9
Current lease liability	17, 18	89.3	–
Accounts payable	18, 29	346.5	333.9
Tax liabilities		25.0	19.6
Other liabilities		133.2	189.5
Accrued expenses and deferred income	28	161.2	138.8
Current provisions	25	3.4	3.2
Total short-term liabilities		**1,416.2**	**1,520.9**
Total liabilities		**1,798.2**	**1,736.1**
TOTAL EQUITY AND LIABILITIES		**3,274.4**	**2,667.8**

Consolidated statement of changes in equity

SEKm	Share capital	Other contri-buted capital	Reserves	Retained earnings in-cluding profit for the year	Equity attri-butable to shareholders of the Parent	Non-con-trolling interests	Total equity
EQUITY, OPENING BALANCE 1 Jan. 2018	50.1	550.6	-5.9	153.2	748.0	–	748.0
Non-cash issue under registration	1.0	100.9	–	–	101.9	–	101.9
Profit for the year	–	–	–	129.3	129.3	–	129.3
Foreign currency translation differences for the period	–	–	17.3	–	17.3	–	17.3
Actuarial effects of the pension obligation	–	–	–	-2.3	-2.3	–	-2.3
Tax attributable to other comprehensive income	–	–	–	0.5	0.5	–	0.5
Other comprehensive income	–	–	17.3	-1.8	15.5	–	15.5
Total comprehensive income for the year	**–**	**–**	**17.3**	**127.5**	**144.8**	**–**	**144.8**
Dividend	–	–	–	-53.2	-53.2	–	-53.2
Call options	–	–	–	24.3	24.3	–	24.3
Repurchase of treasury shares	–	–	–	-35.1	-35.1	–	-35.1
Non-controlling interests	–	–	–	–	–	1.0	1.0
EQUITY, CLOSING BALANCE 31 Dec. 2018	51.1	651.5	11.4	216.7	930.7	1.0	931.7

SEKm	Share capital	Other contri-buted capital	Reserves	Retained earnings in-cluding profit for the year	Equity attri-butable to shareholders of the Parent	Non-con-trolling interests	Total equity
EQUITY, OPENING BALANCE 1 Jan. 2019	51.1	651.5	11.4	216.7	930.7	1.0	931.7
Rights issue	7.2	493.6	–	–	500.8	–	500.8
Issue expenses	–	-10.8	–	–	-10.8	–	-10.8
Profit for the year	–	–	–	140.6	140.6	1.7	142.3
Foreign currency translation differences for the period	–	–	20.5	–	20.5	0.1	20.6
Actuarial effects of the pension obligation	–	–	–	-11.8	-11.8	–	-11.8
Tax attributable to other comprehensive income	–	–	–	2.7	2.7	–	2.7
Other comprehensive income	–	–	20.5	-9.1	11.4	0.1	11.5
Total comprehensive income for the year	**–**	**–**	**20.5**	**131.5**	**152.0**	**1.8**	**153.8**
Dividend	–	–	–	-62.1	-62.1	-2.1	-64.2
Call options	–	–	–	12.4	12.4	–	12.4
Repurchase of treasury shares	–	–	–	-43.3	-43.3	–	-43.3
Acquisition of non-controlling interests	–	–	–	-12.8	-12.8	8.6	-4.2
EQUITY, CLOSING BALANCE 31 Dec. 2019	58.3	1,134.3	31.9	242.4	1,466.9	9.3	1,476.2

1) The purchase price allocation for the acquisition of Biomedica group has been completed during the year, which had an impact on non-controlling interests. Furthermore, an acquisition of previous minority share in EuroMed Swiss AG has been completed.

Consolidated Statement of Cash Flows

SEKm	Note	2019	2018
OPERATING ACTIVITIES			
Profit after financial items		182.3	158.0
Adjustment for items not included in cash flow	31	239.1	94.4
Income tax paid		-52.1	-68.7
Cash flow from operating activities before change in working capital		**369.3**	**183.7**
Cash flow from changes in working capital			
Changes in inventories		-7.4	-6.7
Changes in operating receivables		15.8	15.4
Changes in operating liabilities		22.7	-14.9
Cash flow from operating activities		**400.4**	**177.5**
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		-65.7	-30.5
Disposal of property, plant and equipment		3.9	3.9
Acquisition of intangible assets		-19.8	-18.5
Acquisition of operations	32	-324.6	-334.4
Divestment of operations		-0.8	-1.6
Cash flow from investing activities		**-407.0**	**-381.1**
FINANCING ACTIVITIES			
Borrowings	31	532.7	483.7
Repayments on loans	31	-788.6	-171.6
Rights issue		500.8	–
Issue expenses		-10.8	–
Repurchase of treasury shares		-43.3	-35.1
Call options		12.4	24.3
Other financing		-96.8	0.5
Dividend paid to shareholders of the Parent Company		-62.1	-53.2
Dividend paid to non-controlling interests		-2.1	–
Cash flow from financing activities		**42.2**	**248.6**
Cash flow for the year		**35.6**	**45.0**
Cash and cash equivalents at beginning of year		60.6	11.0
Exchange differences on cash and cash equivalents		2.9	4.6
Cash and cash equivalents at year-end		99.1	60.6

Parent Company Income Statement

SEKm	Note	2019	2018
Net sales	5	40.9	37.5
Administrative expenses	7-9, 11	-49.4	-43.1
Operating profit		**-8.5**	**-5.6**
Interest income and similar items	12	12.2	10.8
Interest expense and similar items	12	-9.5	-6.4
Profit after financial items		**-5.8**	**-1.2**
Appropriations	13	48.2	51.9
Profit/loss before taxes		**42.4**	**50.7**
Income tax expense	14	-6.1	-11.2
Profit for the year		**36.3**	**39.5**

Parent Company Statement of comprehensive income

SEKm	2019	2018
Profit for the year	36.3	39.5
Other comprehensive income	–	–
Total comprehensive income for the year	36.3	39.5

Parent Company Balance Sheet

SEKm	Note	31 Dec. 2019	31 Dec. 2018
ASSETS			
Intangible non-current assets	15	0.2	0.1
Property, plant and equipment	16	0.1	0.1
Non-current financial assets			
Interests in Group companies	19	805.6	797.6
Receivables from Group companies	19	1,278.0	1,027.9
Other non-current securities		–	1.7
Total non-current financial assets		**2,083.6**	**1,827.2**
Total non-current assets		**2,083.9**	**1,827.4**
Current assets			
Current receivables from Group companies		105.5	91.0
Other current receivables		2.9	96
Prepaid expenses and accrued income	21	1.2	2.3
Total current assets		**109.6**	**98.3**
TOTAL ASSETS		**2,193.5**	**1,925.7**
EQUITY AND LIABILITIES			
Shareholder's equity	22		
Restricted equity			
Share capital		58.3	51.1
Unrestricted equity			
Share premium reserve		1,134.3	651.5
Retained earnings		-76.8	-23.3
Profit for the year		36.3	39.5
Total equity		**1,152.1**	**718.8**
Untaxed reserves	23	55.9	46.9
Liabilities			
Liabilities to Group companies		47.8	76.2
Total non-current liabilities		**47.8**	**76.2**
Current interest-bearing liabilities	27	659.8	830.6
Current liabilities to Group companies		260.0	232.8
Accounts payable		2.2	2.1
Tax liabilities		–	2.4
Other liabilities		2.1	4.0
Accrued expenses and deferred income	28	13.6	11.9
Total short-term liabilities		**937.7**	**1,083.8**
Total liabilities		**1,041.4**	**1,206.9**
TOTAL EQUITY AND LIABILITIES		**2,193.5**	**1,925.7**

Parent Company Statement of Changes in Equity

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

SEKm	Restricted equity Share capital	Unrestricted equity Share premium reserve	Unrestricted equity Retained earnings including profit for the year	Total
EQUITY, OPENING BALANCE 1 JAN. 2019	51.1	651.5	16.2	718.8
Profit for the year	–	–	36.3	36.3
Total comprehensive income for the year	**–**	**–**	**36.3**	**36.3**
Rights issue	7.2	493.6	–	500.8
Issue expenses	–	-10.8	–	-10.8
Dividend	–	–	-62.1	-62.1
Repurchase of treasury shares	–	–	-43.3	-43.3
Call options issued	–	–	12.4	12.4
EQUITY, CLOSING BALANCE 31 DEC. 2019	58.3	1,134.3	-40.5	1,152.1

Parent Company Statement of Cash Flows

SEKm	Note	2019	2018
Profit after financial items		-5.8	-1.2
Adjustments for items not included in cash flow	31	0.3	2.9
Income tax paid		-11.3	-20.5
Cash flow from operating activities before changes in working capital		**-16.8**	**-18.8**
Cash flow from changes in working capital			
Increase/decrease other current receivables		-8.4	3.8
Increase/decrease accounts payable		-7.3	7.9
Increase/decrease other current operating liabilities		24.2	-15.2
Cash flow from operating activities		**-8.3**	**-22.3**
INVESTING ACTIVITIES			
Investments in intangible non-current assets		-0.2	–
Acquisition of operations		-8.0	-408.5
Investments in other non-current financial assets		-209.7	79.4
Cash flow from investing activities		**-217.9**	**-329.1**
FINANCING ACTIVITIES			
Non-cash issue under registration		–	101.9
Rights issue		500.8	–
Issue expenses		-10.8	–
Call options		12.4	24.3
Change in overdraft	31	333.3	-187.4
Repurchase of treasury shares		-43.3	-35.1
Borrowings	31	196.8	671.1
Repayments on loans	31	-700.9	-170.2
Dividend to shareholders of the Parent Company		-62.1	-53.2
Increase/decrease current financial liabilities		–	–
Cash flow from financing activities		**226.2**	**351.4**
Cash flow for the year		**0.0**	**0.0**
Cash and cash equivalents at beginning of year		0.0	0.0
Exchange differences on cash and cash equivalents		0.0	0.0
Cash and cash equivalents at year-end		0.0	0.0

Notes to the financial statements

NOTE 1 | GENERAL INFORMATION

AddLife AB (Parent Company) and its subsidiaries form the AddLife Group. The Group consists of 56 companies, 45 of which are operational and active mainly in the Nordic countries and Central and Eastern Europe.

The Group is a leading independent supplier of equipment, instruments and reagents from leading global suppliers to customers primarily in medical care, research, colleges and universities, as well as the food and pharmaceutical industries.

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

NOTE 2 | SUMMARY OF IMPORTANT ACCOUNTING POLICIES

The Parent Company's and the Group's accounting policies are consistent with each other, except in the case of reporting pensions, leasing, 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 March 2019. The Parent Company's and Group's respective income statements and balance sheets will be submitted for adoption to the Annual General Meeting on 7 May 2020.

ACCOUNTING POLICIES OF THE PARENT COMPANY

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

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

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

Dividends received are recognised as income.

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

Group contributions are recognised in the Parent Company in accordance with the alternative rule. Group contributions received and paid are recognised as appropriations. Shareholder contributions are Group contributions received and paid are recognised as appropriations.

Reporting of leases in the Parent Company has not changed with respect to the new IFRS 16 Leases standard, since the Parent Company has chosen to apply the option in RFR 2 not to apply the new standard. Since the Parent Company is the lessee in operating leases, where the risk and benefits are borne by the lessor, lease payments are expensed on a straight-line basis over the lease term.

THE GROUP'S ACCOUNTING POLICIES

General accounting policies

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

Presentation of the annual report

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

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

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

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

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

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

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

New or revised IFRSs that apply in financial year 2019

IFRS 16 "Leases"

On 1 January 2019 the Group began to apply the new IFRS 16 Leases standard, which replaces the previous standard, IAS 17 Leases. For lessees, classification of leases as operating or finance leases, as was done under IAS 17, was replaced by a model in which right- of-use assets and lease liabilities are recognised in the balance sheet for all leases.
The new standard entails expanded disclosure requirements that are found in Note 17 Leases. Note 16 Property, plant and equipment, Note 18 Financial assets and liabilities and Note 31 Statement of cash flows are also affected by the disclosure requirements.

IFRS 16 came into force on 1 January 2019. AddLife has chosen to apply the modified retrospective transition method, which entails application without restatement of comparative figures. At the transition on 1 January 2019, lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate for all leases. On initial recognition the right-of-use asset corresponds to the lease liability plus prepaid lease payments.

The carrying amount of the lease liability then increases with interest expense on the lease liability and decreases with paid leasing payments after initial recognition. The right-of-use asset is depreciated over the useful life. Lease payments are discounted at the incremental borrowing rate of 1%.

Short-term and low value leases are excluded and are recognised as an expense in profit or loss.

The effect of the transition meant that assets and liabilities increased by approximately SEK 230 million, including a short-term liability of SEK 78 million and long-term liability of SEK 152 million. The Group's EBITA for 2019 increased by SEK 1 million, since part of the lease expense is now recognised as interest expense. Cash flow from operating activities increased by SEK 86 million and while cash flow from financing activities decreased by the same amount, since the amortisation portion of lease payments is recognised as payments in financing activities.

In cases where the Group is lessor, no changes were made regarding accounting, since the requirements are largely unchanged.

For information on leases at AddLife, see Note 17 Leases.

Consolidated financial statements

The acquisition method is applied in the financial statements. In brief means that identifiable assets, liabilities and contingent liabilities in the company acquired are measured and recognised in the consolidated financial statements as if they had been acquired directly by purchase and not indirectly by acquisition of the company's shares. The valuation is based on fair value. If the value of the net assets is less than the acquisition price, consolidated goodwill arises. If the opposite occurs, the difference is recognised directly in profit or loss. Goodwill is determined in local currency and is recognised at cost, less any impairment losses.

Companies acquired or disposed of are consolidated or deconsolidated, respectively, from the date of acquisition or disposal.

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

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

Exchange rate effects

Translation of the financial statements of foreign Group companies

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

Transactions denominated in foreign currencies

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

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

Financial assets and liabilities, recognition and derecognition

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

Financial assets and liabilities, measurement and classification
Financial assets are classified based on the business model in which the asset is managed and the nature of the cash flows that the asset generates. Instruments are classified as:
– Amortised cost
– Fair value through profit or loss, and
– Fair value through other comprehensive income

Financial assets are not reclassified after initial recognition, unless the Company changes the business model for management of the financial assets.

The asset is classified at amortised cost if the financial asset is held within the framework of a business model whose aim is to collect contractual cash flows and the contractual terms of the financial asset at set points in time give rise to cash flows comprising only payments of the principal and interest on the outstanding principal.

Assets that do not meet the criteria for amortised cost are measured at fair value through profit or loss. Gains or losses on a debt instrument after initial recognition are measured at fair value through profit or loss.

The Group applies a business model that aims to collect contractual cash flows for intra-group receivables, accounts receivable, cash and cash equivalents, receivables from Group companies, accrued income and other receivables. The Group's financial assets are recognised at amortised cost. The carrying amount of these assets is adjusted by any expected credit losses that have been recognised (see Impairment p. 71).

Financial assets and liabilities, measurement and classification
Financial liabilities are measured at fair value through profit or loss if they are a contingent consideration to which IFRS 3 has been applied, held for trading, or if they were initially identified as a liability at fair value through profit or loss. Other financial liabilities are measured at amortised cost. Accounts payable are measured at amortised cost. However, the expected maturity of the accounts payable is short, for which reason the liability is recognised at the nominal amount with no discount. Interest-bearing bank loans and liabilities to subsidiaries are measured at amortised cost according to the effective interest rate method. Any differences between loan amounts received (net after transaction costs) and repayment or amortisation of loans is recognised over the term of the loan.

Calculation of fair value on financial instruments
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. The Group has no financial instruments classified at level 1 at this time.

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.

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

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

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

Equity instruments carried at amortised 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.

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

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

Hedging of the Group's net investment in foreign operations
The Group has taken out loans denominated in foreign currency relating to the acquisition of foreign subsidiaries in order to manage the exposure in net investment. The Group applies the hedge accounting requirements of IFRS 9. The Group documents, at the inception of the hedge, the relationship between hedged items (net investments) and hedging instruments (loan in foreign currency), as well as its risk management objective and strategy for undertaking various hedge transactions. Hedge effectiveness is also documented on an ongoing basis regarding the financial relationship between the two items and the hedging ratio. Any gain

or loss on the effective portion of the hedge (100%) is reported in equity through other comprehensive income. Gains and losses that have been accumulated in equity are taken to profit or loss when the foreign operation is divested as a portion of the gain or loss on disposal.

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. Impairment losses, see the section Impairment losses.

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

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

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

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

Leases through 31 December 2018

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.

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.

Leases from 1 January 2019

Leases that are longer than 12 months and of material value are initially recognised as a right-of-use asset and a lease liability in the balance sheet.

Right-of-use assets are initially recognised at cost,i.e. the original value of the lease liability as well as other prepaid expenses. After initial recognition, the right-of-use assets are recognized on current account at cost less depreciation.

Leasing liabilities are initially recognised at the present value of future unpaid leasing payments. Lease payments are discounted at the incremental borrowing rate. The carrying amount is then increased by interest expense and decreased by paid lease payments.

Depreciation of right-to-use assets and interest on lease liabilities are recognised through profit or loss. Payments attributable to amortisation of lease liabilities are recognised in cash flow in financing activities and payments in respect of interest as cash flow from operating activities.

The lease liability for the Group's premises with indexation is calculated on the rent that applies at the end of the reporting period. The liability is adjusted in relation to the right-to-use asset. The same approach applies in the case of reassessment such as a lease term (when, for example, the earlier termination date has been passed) or in other significant events within the Group's control.

Short-term and low value leases are excluded and are recognised as an expense in profit or loss.

Intangible non-current assets

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

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 non-current assets	Useful life
Supplier relationships	10 years
Software for IT operations	3-5 years
Technology	13 years
Research and development	5-10 years
Goodwill and trademarks	indeterminable

Impairment losses

Property, plant, and equipment and intangible assets

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

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

Financial assets

At each reporting date, the Group reports the change in expected credit losses since initial recognition. For financial instruments for which there have been significant increases in the credit risk since the first accounting date, a reserve based on loan losses for the entire duration of the asset (the general model) is reported. The purpose of the credit impairment requirements is to report lifetime expected credit losses for all financial instruments for which the credit risk has increased significantly since initial recognition. The assessment is made either individually or collectively and considers all reasonable and supportable information, including forward-looking information.

Reserve for expected credit losses – financial instruments using simplified approach

Receivables mainly consist of accounts receivable, for which the Group applies the simplified method of accounting for expected credit losses. This entails making credit loss provisions for the remaining lifetime, which is expected to be less than one year for all receivables. The Group's counterparties consist mainly of actors in the public sector, where the majority of sales are made through public procurement for which credit risk is considered very low. The expected loan losses for accounts receivables are calculated using a commission matrix which is based on past events, current conditions and forecasts for future economic conditions and the time value of the money if applicable. The Group defines defaults as being considered unlikely that the counterparty will meet its obligations due to indicators such as financial difficulties and missed payments. Notwithstanding the above, default is deemed to have taken place when the payment is 90 days past due. The Group writes off a receivable when no opportunities for additional cash flows are deemed to exist.

For cash and cash equivalents, the exception for low credit risk is applied and therefore no impairment is recognised.

Inventories

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

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

Capital

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

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

Shareholder’s equity

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

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

Employee benefits

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

Employee benefits after termination of employment, pension obligations

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

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

The Group's net obligation to defined benefit plans is calculated individually for each plan by estimating future benefits that employees have earned through employment in current and previous periods. This benefit is discounted to a present value. Any unreported costs related to service in previous periods are recognised directly in profit or loss.

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

A surplus in one plan relate to only offset by a deficit in another plan if the Company is entitled to utilise a surplus in one plan to settle a deficit in another plan, or if the obligations are intended to be settled on a net basis.

The pension cost and pension obligation for defined benefit pension plans are calculated using the Projected Unit Credit Method. This method distributes the cost of pensions at the rate at which employees perform services for the Company that increase their rights to future benefits. The aim is to expense expected future pension payouts in a manner that provides an even cost over the employee's period of employment. This calculation takes into account anticipated future salary increases and anticipated inflation. The Company's obligation is calculated annually by independent actuaries. The discount rate used is equivalent to the interest rate on high-quality corporate bonds or mortgage-backed bonds with a maturity equivalent to the average maturity of the obligation and currency. For Swedish pension liabilities, the interest rate for Swedish housing bonds is used as a basis and for Norwegian pension liabilities, the interest rate for Norwegian corporate bonds is used.

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

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

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

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

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

Benefits upon termination of employment

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

Short-term benefits

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

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

Share-based incentive programmes

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

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

Provisions and contingent liabilities

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

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

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

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

Revenue recognition

The fair value of what has been received, or what will be received, is recognised as sales revenue. Deductions are made for value added tax, returns, discounts and price reductions. Revenue from sales of goods and instruments 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 and services 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. Services are performed for a limited period of time and are reported in the period when the service has been delivered to the counterparty.

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

Finance income and costs

Interest income on receivables and interest expense on liabilities are computed using the effective interest method. The effective rate is the interest rate that makes the present value of all future receipts and payments during the period of fixed interest equal to the carrying amount of the receivable or liability. Interest expenses and income include accrued amounts of any transaction costs, rebates, premiums and other differences between the original value of the item and the amount paid/received upon maturity.

Tax on income

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

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

Segment reporting

Assets and liabilities as well as income and expenses are attributed to the segment where they are used, earned and consumed, respectively. The operating segment's earnings are monitored by the Group's highest executive decision-maker, i.e. the CEO of AddLife.
The division into operating segments is based on the business area organisation in AddLife, which are Labtech and Medtech. The division into business areas reflects AddLife's internal organisation and reporting system. The business grouping in AddLife reflects a natural division of markets within the Life Science market. Operations that do not belong to these areas of operation are included under the heading Group items.

Cash flow statement

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

Events after the reporting period

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

Personnel information

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

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

NOTE 3 | CRITICAL ESTIMATES AND ASSUMPTIONS

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

Tests are performed each year to determine if goodwill is impaired. The recoverable amount for cash generating units has been determined by calculating values in use. For these calculations, certain estimates must be made.

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

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

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

NOTE 4 | FINANCIAL RISKS AND RISK MANAGEMENT

Goals and policy for risk management

AddLife strives for structured and efficient management of the financial risks that arise in operations, which is manifest in the financial policy adopted by the Board of Directors. Financial operations are not conducted as a separate line of business, instead they are merely intended to constitute support for the business and reduce risks in financial operations. The policy stipulates goals and risks in the financial operations, and how they are to be managed. The financial policy expresses the goal of minimising and controlling financial risks. The policy defines and identifies the financial risks that arise at AddLife and how responsibility for managing these risks is distributed in the organisation. The financial risks defined in the financial policy are currency risk, interest rate risk, liquidity, financing and issuer/borrower risk. Operational risks, that is, financial risks related to operating activities, are managed by each subsidiary's management according to principles in the financial policy and subordinate process descriptions approved by the Group's Board of Directors and management. The subsidiaries within AddLife include financial derivatives with an external counterparty. Risks such as translation exposure, refinancing risk and interest rate risk are managed by the Parent Company, AddLife AB.

Currency risks

The AddLife Group conducts extensive trading in foreign countries and as such the Group has a material currency exposure, which shall be managed in a way which minimises impact on profit from exchange rate fluctuations.

The AddLife Group practices a decentralised responsibility for currency risk management, which among other things means that risk identification and risk hedging either through matching of currency flows, via currency accounts, or via forward exchange contracts is conducted at the subsidiary level.

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

To minimise currency risks, matching of inflows and outflows in the same currency shall be prioritised. Currency clauses may be used if the company finds it to be advantageous from a risk and commercial point of view. The main principle for the currency clause is 80 percent compensation for an exchange rate fluctuation of+/-2 percent. If the company determines that currency risk could have a significant impact on profits after the exposure has been reduced through matching and/or currency clauses, the company must hedge its net commercial flows using forward exchange contracts on a monthly basis.

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

Transaction exposure

Transaction exposure comprises all future contracted and forecast ingoing and outgoing payments in foreign currency. The Group's currency flows usually pertain to flows in foreign currency from purchases, sales and dividends. Transaction exposure also comprises financial transactions and balances. During financial years 2019 and 2018, the Group's payment flows in foreign currencies were distributed as follows:

2019	Currency flows, gross		Currency flows
SEKm	Inflows	Outflows	net
EUR	330.8	784.0	-453.2
DKK	95.0	14.2	80.8
PLN	82.9	1.2	81.7
NOK	77.8	0.6	77.2
USD	38.9	246.5	-207.6
JPY	0.4	5.2	-4.8
GBP	33.1	14.5	14.6
CHF	1.0	7.4	-6.4

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

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 2019, currency clauses cover about 23 (25) percent and sales in the purchasing currency make up about 23 (19) 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 2019 financial year, there were outstanding forward foreign exchange contracts in a gross amount of SEK 59.9 million (59.0), of which EUR equalled SEK 39.6 million (26.0), USD SEK 19.4 million (33.8), GBP SEK 0.0 million (0.1) and CHF SEK 0.0 million (0.0). All futures refer to currency purchases.

Of the total contracts of SEK 59.0 million (59.9), SEK 52.5 million (41.9) mature within six months. Hedge accounting does not apply to forward foreign exchange contracts; instead, they are classified as a financial asset/liability measured at fair value through profit or loss Currency flows in the Parent Company are mainly in Swedish kronor (SEK). To the extent that internal and external loans and investments in the Parent Company are in foreign currency, 100 percent of the capital amount is hedged.

Note 4 cont'd.

Translation exposure

AddLife's translation exposure is not hedged at this time, with the exception of some foreign operations denominated in EUR (see hedging of the Group's net investment in foreign operations). AddLife's net assets are distributed among foreign currencies as shown below.

	2019		2018	
Net investments	SEKm	Sensitivity analysis[1)]	SEKm	Sensitivity analysis[1)]
NOK	134.4	6.7	116.4	5.8
EUR	257.6	12.9	239.8	12.0
DKK	94.5	4.7	87.3	4.4
USD	0.0	0.0	6.8	0.3

1) +/– 5 percent in the exchange rate has the following effect on Group equity.

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

SEKm	2019	2018
Net sales	29.3	16.4
EBITA	2.5	1.8

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

	Average rate		Closing day rate	
Exchange rate	2019	2018	31 Dec. 2019	31 Dec. 2018
CNY 1	1.3690	1.3135	1.3333	1.3068
DKK 1	1.4180	1.3762	1.3968	1.3760
EUR 1	10.5870	10.2567	10.4336	10.2753
GBP 1	12.0720	11.5928	12.2145	11.3482
NOK 1	1.0745	1.0687	1.0579	1.0245
USD 1	9.4573	8.6921	9.3171	8.9710

Financing and liquidity

The overall objective of AddLife's financing and debt management is to secure both long term and short term financing for the operations, and to minimise borrowing costs. Capital requirements must be secured through active and professional borrowing procedures involving overdraft and credit facilities. Raising of external financing is centralised to AddLife AB. Satisfactory payment capacity shall be achieved through contractual credit facilities. Excess liquidity is primarily used to pay down outstanding loans. Temporary surpluses of liquid funds are invested with as good a return as possible. Credit, interest rate and liquidity risks should be minimised when investing liquid funds. The fixed interest term and the period during which capital is tied up may not exceed six months. Only counterparties with high credit ratings are permitted. AddLife AB provides an internal bank which lends to and borrows from the subsidiaries. AddLife's current interest-bearing liabilities are shown in Note 27.

At the end of 2015 the AddLife Group established a common cash pool for the countries in which the Group has significant operations. Subsidiaries in these countries have been 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 does not exist within the cash pool, the subsidiary shall 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 account at a bank with the right to immediate withdrawal, minimum credit rating of A.
iii) Deposits in Swedish banks with a minimum credit rating of A.
iv) Money market instruments (<1 year) such as treasury bills and commercial paper with credit ratings corresponding to A-1, K-1, P-1 (very high creditworthiness).

Refinancing risk

Refinancing risk is the risk of AddLife not having access to sufficient financing at any given time. 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 percentage of the debt portfolio falls due at one or more individual occasions it could result in the extension or refinancing of a large percentage of the loan volume having to be made on unfavourable interest and loan terms. In order to limit refinancing risk, procurement of long-term credit facilities is initiated no later than nine months before the credit facility matures.

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

			Matures			
Maturity date	Carrying amount	Future liquid amount	within 3 months	after 3 months within 1 year	after 1 year within 5 years	after 5 years
Interest-bearing financial liabilities	662.7	667.3	193.6	468.6	5.1	–
Additional purchase consideration	17.9	19.7		–	–	19.7
Accounts payable	346.5	346.5	346.5	–	–	
Forward foreign exchange contracts	1.0	1.0	0.4	0.6	–	–

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

Interest rate risk

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

AddLife's financial net debt as at 31 December 2019 was SEK 902 million (882). AddLife's net financial debt as at 31 December 2019

Note 4 cont'd.

affects net financial items by about SEK +/- 9 million (+/–6) 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, i.e. in investing its surplus liquidity and executing forward foreign exchange transactions, and in its commercial operations in connection with accounts receivable and advance payments to suppliers. Credit risk exposure consists of the carrying amount of the financial assets.

To utilise its companies' detailed knowledge of AddLife's customers and suppliers, each company assesses the credit risk in its commercial transactions. New customers are assessed before credit is granted, and credit limits set are strictly enforced. Short credit periods are pursued and the absence of excessive concentration of business with individual customers and specific sectors contributes to minimising the risks. No individual customer accounts for more than 2 (4) percent of total credit exposure over a one-year period. The equivalent figure for the ten largest customers is approximately 12 (18) percent. Exposure by customer segment and geographic market is shown in the table in Note 6.

Credit losses amounted to SEK 3.0 million (0.4) during the year, equal to 0.1 percent (0.0) of net sales.

Accounts receivable, SEK million	31 Dec. 2019	31 Dec. 2018
Cost	544.1	514.7
Impairment losses	-10.4	-6.9
Carrying amount	533.7	507.8

Change in impaired accounts receivable	31 Dec. 2019	31 Dec. 2018
Amount at start of year	**-6.9**	**-0.8**
Corporate acquisitions	-0.5	-6.1
Year's impairment losses/reversals of impairment	-3.0	0.0
Total	**-10.4**	**-6.9**

Time analysis of accounts receivable that are overdue but not impaired	31 Dec. 2019	31 Dec. 2018
Not overdue	412.4	432.0
< = 30 days	53.1	52.5
31–60 days	14.3	10.7
> 60 days	64.3	19.5
of which reserved	-10.4	-6.9
Total	**533.7**	**507.8**

NOTE 5 | NET SALES BY REVENUE TYPE AND BUSINESS AREA

Medtech	2019	2018
Products	1,310.0	915.8
Instruments	157.3	114.7
Services	31.1	–
Total	**1,498.4**	**1,030.5**

Labtech	2019	2018
Products	1,368.5	944.2
Instruments	430.8	381.3
Services	181.7	125.6
Total	**1,981.0**	**1,451.1**

2019	Labtech	Medtech	Total
Sweden	403.2	366.2	769.5
Denmark	331.9	137.0	468.9
Finland	368.6	206.6	575.2
Norway	291.4	297.3	588.6
Other countries	585.9	491.3	1,077.2
Total	**1,981.0**	**1,498.4**	**3,479.4**

2018	Labtech	Medtech	Total
Sweden	409.5	370.2	779.7
Denmark	290.0	148.5	438.5
Finland	362.3	191.9	554.2
Norway	263.3	233.6	496.9
Other countries	126.0	86.3	212.3
Total	**1,451.1**	**1,030.5**	**2,481.6**

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

Parent Company

Of the Parent Company's net sales of SEK 40.9 million (37.5), 100 percent (100) relate to intra-group sales. Of administrative expenses in the Parent Company of SEK 49.4 million (43.1), 0 percent (1) relates to purchases from Group companies.

NOTE 6 | SEGMENT REPORTING

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

Labtech

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

Medtech

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

Data by operating segment

During the financial years 2019 and 2018, no internal invoicing occurred between the business areas.

Note 6 cont'd.

	2019	2018
Net sales	**Externally**	**Externally**
Medtech	1,498.4	1,030.5
Labtech	1,981.0	1,451.1
Total	**3,479.4**	**2,481.6**

EBITA	2019		2018	
	EBITA	EBITA margin, %	EBITA	EBITA margin, %
Medtech	115.6	7.7	94.4	9.2
Labtech	201.9	10.2	165.4	11.4

	2019		
Operating profit/loss, assets and liabilities	**Operating profit**	**Assets[1)]**	**Liabilities[1)]**
Medtech	43.5	1,923.6	374.5
Labtech	167.6	1,321.5	460.6
Group items	-14.9	29.3	963.1
Total	**196.2**	**3,274.4**	**1,798.2**
Finance income and costs	-13.9		
Profit after financial items	**182.3**		

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

	2018		
Operating profit/loss, assets and liabilities	**Operating profit**	**Assets[1)]**	**Liabilities[1)]**
Medtech	39.6	1,545.0	241.0
Labtech	145.9	1,012.2	421.0
Group items	-17.8	110.6	1,074.1
Total	**167.7**	**2,667.8**	**1,736.1**
Finance income and costs	-9.7		
Profit after financial items	**158.0**		

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

Investments in non-current assets

	2019			2018		
Investments in non-current assets	**Intangible[1)]**	**Property, plant and equipment[1,2)]**	**Total**	**Intangible[1)]**	**Property, plant and equipment[1)]**	**Total**
Medtech	168.0	54.6	222.6	106.1	11.1	117.2
Labtech	78.6	79.8	158.4	101.5	19.4	120.9
Group items	0.2	0.9	1.1	–	–	0.0
Total	**246.8**	**135.3**	**382.1**	**207.6**	**30.5**	**238.1**

1) The amounts do not include the effects of corporate acquisitions.
2) Investments in 2019 include right- of-use assets.

	2019			2018		
Depreciation/amortisation of non-current assets	**Intangible**	**Property, plant and equipment[1)]**	**Total**	**Intangible**	**Property, plant and equipment**	**Total**
Medtech	-58.2	-49.3	-132.0	-54.8	-6.3	-61.1
Labtech	-48.1	-73.8	-97.4	-19.5	-15.6	-35.1
Group items	-2.7	-1.2	-3.9	-2.8	-0.1	-2.9
Total	**-109.0**	**-124.3**	**-233.3**	**-77.1**	**-22.0**	**-99.1**

1) Depreciation/amortisation of property, plant and equipment for 2019 include depreciation/amortisation of right- of-use assets.

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

	2019				2018			
	Capital gains	**Change in pension liability**	**Other items**	**Total**	**Capital gains**	**Change in pension liability**	**Other items**	**Total**
Medtech	-0.2	-2.8	3.2	0.2	-0.5	–	-8.1	-8.6
Labtech	-0.4	3.6	0.8	4.0	0.0	0.7	0.3	1.0
Group items	–	–	0.6	0.6	–	–	3.0	3.0
Total	**-0.6**	**0.8**	**4.6**	**4.8**	**-0.5**	**0.7**	**-4.8**	**-4.6**

Data by country

	2019			2018		
Data by country	**Net sales external**	**Assets[1)]**	**Of which non-current as-sets**	**Net sales external**	**Assets[1)]**	**Of which non-current assets**
Sweden	769.5	1,532.1	1,088.3	779.7	1,146.3	831.0
Denmark	468.9	333.9	183.0	438.5	150.3	31.5
Finland	575.2	274.7	136.1	554.2	286.0	131.8
Norway	588.6	499.6	329.6	496.9	358.7	254.5
Other countries	1,077.2	926.8	376.2	212.3	825.1	325.9
Group items and unallocated assets	–	-292.7	24.9	–	-98.6	48.9
Total	**3,479.4**	**3,274.4**	**2,138.1**	**2,481.6**	**2,667.8**	**1,623.6**

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

Investments in non-current assets	2019 Intangible	2019 Property, plant and equipment [1]	2019 Total	2018 Intangible	2018 Property, plant and equipment	2018 Total
Sweden	125.6	42.2	167.8	26.5	22.3	48.8
Denmark	79.5	15.7	95.2	2.0	3.9	5.9
Finland	0.4	6.5	6.9	29.0	1.7	30.7
Norway	37.8	8.0	45.8	7.1	2.3	9.4
Other countries	3.5	62.9	66.4	143.0	0.3	143.3
Total	**246.8**	**135.3**	**382.1**	**207.6**	**30.5**	**238.1**

The Group has no single customer whose revenues account for 10 percent of total revenue, for which reason there is no related reporting.
1) Investments in 2019 include right- of-use assets.

NOTE 7 | EMPLOYEES AND EMPLOYEE BENEFITS EXPENSE

Average number of employees	2019 Men	2019 Women	2019 Total	2018 Men	2018 Women	2018 Total
Sweden						
Parent Company	5	5	10	5	5	10
Other companies	108	94	202	106	94	200
Denmark	76	59	135	58	60	118
Finland	56	77	133	60	70	130
Norway	69	47	116	70	43	113
Other countries	139	168	307	21	28	49
Total	**453**	**450**	**903**	**320**	**300**	**620**

Salaries and remuneration	2019 Senior management	2019 of which profit-related	2019 Other employees	2018 Senior management	2018 of which profit-related	2018 Other employees
Sweden						
Parent Company	12.8	2.9	5.5	13.2	1.8	7.8
Other companies	10.8	0.3	120.6	10.9	0.0	102.6
Denmark	6.5	1.0	90.5	5.5	0.9	83.1
Finland	6.6	0.6	75.8	6.1	0.9	69.8
Norway	5.5	0.7	90.1	5.1	0.5	77.1
Other countries	15.6	1.3	49.8	–	–	21.8
Total	**57.2**	**6.8**	**432.3**	**40.8**	**4.1**	**362.2**

Salaries, remuneration and social security costs	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Salaries and other remuneration	483.5	402.9	18.3	21.0
Contractually agreed pensions for senior management	6.2	7.0	2.5	2.4
Contractual pensions to other	51.5	47.3	1.1	0.8
Other social security costs	82.4	66.8	6.9	5.8
Total	**623.6**	**524.0**	**28.8**	**30.0**

Percentage women	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
Board of Directors	12%	10%	33%	33%
Other members of senior management	38%	34%	22%	25%

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

Remuneration to the Board of Directors and senior management

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

The guidelines applied in the 2019 financial year for remuneration to senior management were decided by the Nomination Committee and correspond to those in the proposal for the coming year included in the administration report. The principle for remuneration to the Board of Directors, Chief Executive Officer (CEO) and Group Management is that remuneration should be competitive. The Nomination Committee proposes Board fees to the Annual General Meeting (AGM). Board fees are paid based on a resolution of the AGM. For committee work, remuneration is paid to the Chairman of the audit committee according to the decision of the AGM, to other members no fee is paid for committee work.

For remuneration to the CEO, members of Group Management and other members of senior management in the Group, the Board of Directors has appointed a remuneration committee consisting of the Chairman of the Board and one Board member, with the CEO as the report-

Note 7 cont'd.

ing member. A fixed salary, variable remuneration and conventional employment benefits as well as pension benefits are paid to the CEO, Group Management and other members of senior management. In addition, incentive programmes apply as described below. The remuneration committee adheres to the guidelines for remuneration to senior management approved by AddLife AB's AGM.

Call options for senior executives

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

The programme includes a subsidy so that the employee receives the

Outstanding programmes	Number of warrants	Corresponding number of shares	Percentage of total number of shares	Exercise price	Original exercise price	Exercise period
2019/2023	215,000	215,000	0.8%	306.20	–	20 June 2022-28 Feb. 2023
2018/2022	170,000	178,500	0.6%	224.10	234.40	16 June 2021-28 Feb. 2022
2017/2021	215,000	225,750	0.8%	212.70	222.50	16 June 2020-28 Feb. 2021
Total	**600,000**	**619,250**				

Remuneration and other benefits in 2019	Basic salary/ Board fees	Variable remuneration[1]	Other benefits	Pension costs	Total
Chairman of the Board	0.5	–	–	–	0.5
Other members of the board	1.5	–	–	–	1.5
Chief Executive Officer	3.7	1.3	0.2	1.0	6.2
Other senior executives[2]	7.0	1.8	0.4	1.8	11.0
Total	**12.7**	**3.1**	**0.6**	**2.8**	**19.2**

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

Remuneration and other benefits in 2018	Basic salary/ Board fees	Variable remuneration[1]	Other benefits	Pension costs	Total
Chairman of the Board	0.5	–	–	–	0.5
Other members of the board	1.3	–	–	–	1.3
Chief Executive Officer	4.6	0.5	0.1	1.0	6.2
Other senior executives[2]	6.8	1.4	0.4	1.4	10.0
Total	**13.2**	**1.9**	**0.5**	**2.4**	**18.0**

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

Board fees for 2019, SEK 000	Position	Fee
Johan Sjö	Chairman of the Board	0.5
Håkan Roos	Board member	0.3
Stefan Hedelius	Board member	0.3
Andreas Göthberg	Board member	0.3
Birgit Stattin Norinder	Board member	0.3
Eva Nilsagård	Board member	0.3
Total		**2.0**

Board fees for 2018, SEK 000	Position	Fee
Johan Sjö	Chairman of the Board	0.5
Birgit Stattin Norinder	Board member	0.3
Eva Nilsagård	Board member	0.3
Andreas Göthberg	Board member	0.3
Håkan Roos	Board member	0.3
Stefan Hedelius	Board member	0.3
Total		**2.0**

Note 7 cont'd.

same sum as the option premium paid in the form of cash payment, 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 no obligation to repurchase the options when an employee terminates employment. The holder may exercise the options regardless of continued employment in the Group.

AddLife has a total of three outstanding programmes corresponding to a total of 619,250 shares. Outstanding call options during the financial year resulted in an estimated dilutive effect based on the year's average share price of approximately 0.2 percent (0.1).

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

The Board of Directors

The Board fees of SEK 1,950 thousand set by the Nomination Committee are distributed, as per the AGM 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 3,698 thousand (4,552) and SEK 1,343 thousand (478) in variable pay. Variable remuneration includes SEK 52 thousand regarding the year's cost for a subsidy for participation in the Group's incentive programme. Taxable benefits for the CEO totalling SEK 207 thousand (139) are additional. From age 65, the CEO is covered by a defined contribution pension, the size of which depends on the outcome of pension insurance agreements. In 2019, a total of SEK 1,038 thousand (1,034) 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 7,026 thousand (6,799) in fixed salaries and SEK 1,793 thousand (1,358) in variable remuneration. Variable remuneration includes SEK 516 thousand regarding the year's cost for a subsidy for participation in the Group's incentive programme. This variable remuneration was expensed during the 2019 financial year and will be paid in 2020. Taxable benefits for the CEO totalling SEK 439 thousand (352) 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 2019, a total of SEK 1,797 thousand (1,380) 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.

NOTE 8 | REMUNERATION TO THE AUDITORS

	Group		Parent Company	
	2019	2018	2019	2018
KPMG				
Audit assignment	2.4	2.5	0.9	0.8
Tax consultation	–	–	–	–
Other assignments	0.1	2.5	0.1	2.5
Total remuneration to KPMG	**2.5**	**5.0**	**1.0**	**3.3**
Other auditors				
Audit assignment	1.1	0.1	–	–
Tax consultation	0.4	0.1	–	–
Other assignments	0.4	0.3	–	–
Total remuneration to other auditors	**1.9**	**0.5**	–	**–**
Total remuneration to auditors	**4.4**	**5.5**	**1.0**	**3.3**

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

NOTE 9 | DEPRECIATION AND AMORTISATION

	Group		Parent Company	
	2019	2018	2019	2018
Depreciation and amortisation, by function				
Cost of goods sold	-35.4	-13.9	–	–
Selling expenses	-160.4	-75.6	–	–
Administrative expenses	-37.3	-9.6	-0.1	-0.1
Total	**-233.3**	**-99.1**	**-0.1**	**-0.1**

	2019	2018	2019	2018
Depreciation and amortisation, by asset class				
Intangible assets	-109.0	-77.1	-0.1	-0.1
Buildings and land	-0.4	-0.4	–	–
Leasehold improvements	-1.1	-1.0	–	–
Machinery	-2.4	-2.7	–	–
Equipment	-33.8	-17.9	0.0	0.0
Right-of-use assets for leased premises	-49.9	–	–	–
Right-of-use assets for other	-36.7	–	–	–
Total	**-233.3**	**-99.1**	**-0.1**	**-0.1**

NOTE 10 | OTHER OPERATING INCOME AND EXPENSES

Group	2019	2018
Other operating income		
External services	5.6	–
Gain on sale of operations and non-current assets	1.2	1.1
Exchange gains, net	–	0.5
Change in loans for contingent considerations	8.3	7.6
Remuneration for terminated agency	6.8	–
Other	12.5	6.8
Total	34.4	16.0
Other operating expenses		
Loss on sale of operations and non-current assets	-0.6	-0.6
Exchange losses, net	-1.3	–
Other	-0.6	-3.9
Total	-2.5	-4.5

NOTE 11 | OPERATING EXPENSES

Group	2019	2018
Inventories, raw materials and consumables	2,028.3	1,413.1
Employee benefits expense	580.8	428.7
Depreciation and amortisation	233.3	99.1
Impairment of inventories	5.1	6.0
Impairment of doubtful accounts receivable	-3.0	0.4
Other operating expenses	470.7	378.0
Total	3,315.2	2,325.3

Parent Company	2019	2018
Employee benefits expense	32.8	28.0
Depreciation and amortisation	0.1	0.1
Other operating expenses	16.5	15.0
Total	49.4	43.1

NOTE 12 | FINANCE INCOME AND COSTS

Group	2019	2018
Interest income on bank balances	0.9	0.4
Exchange rate fluctuations, net	–	–
Financial income	0.9	0.4
Interest expense on financial liabilities measured at amortised cost.	-8.0	-5.5
Interest expense on financial liabilities measured at fair value	–	–
Interest expense on pension liability	-1.6	-1.7
Interest expense on lease liability	-2.8	–
Exchange rate fluctuations, net	-0.8	-1.2
Other finance costs	-1.6	-1.7
Finance costs	-14.8	-10.1
Net financial items	-13.9	-9.7

Parent Company	2019	2018
Dividend income	–	–
Profit/loss from group companies	–	–
Interest income etc.:		
Interest income from Group companies	12.2	10.4
Exchange rate fluctuations, net	–	0.4
Other interest income and change in value of derivatives	–	–
Interest income and similar items	12.2	10.8
Interest expense, etc.		
Interest expense from Group companies	-0.3	0.0
Exchange rate fluctuations, net	-1.7	–
Other interest expense and change in value of derivatives	-7.5	-6.4
Interest expense and similar items	-9.5	-6.4

NOTE 13 | YEAR-END APPROPRIATIONS, PARENT COMPANY

	2019	2018
Provision made to tax allocation reserve	-9.0	-17.0
Group contribution paid	-21.0	-17.0
Group contribution received	78.2	85.9
Total	48.2	51.9

NOTE 14 | TAXES

Group	2019	2018
Current tax for the period	-52.1	-44.1
Adjustment from previous years	–	-0.1
Total current tax expense	**-52.1**	**-44.2**
Deferred tax	12.1	15.5
Total recognised tax expense	**-40.0**	**-28.7**

Group	2019	%	2018	%
Profit/loss before taxes	182.3		158.0	
Weighted average tax based on national tax rates	-36.3	19.9	-33.7	21.3
Tax effects of non-deductible costs/non-taxable income	-1.6	0.9	-1.7	1.1
Changed tax rate	1.0	-0.5	1.9	-1.2
Adjustments from previous years	-4.7	2.6	3.9	-2.5
Other	1.6	0.9	0.9	-0.6
Recognised tax expense	**-40.0**	**21.7**	**-28.7**	**18.1**

Deferred tax

Deferred taxes, net, at year-end	31 Dec. 2019			31 Dec. 2018		
Group	Receivables	Liabilities	Net	Receivables	Liabilities	Net
Non-current assets	8.2	-167.2	-159.0	6.9	-135.2	-128.3
Pension provisions	8.2	-0.7	7.5	6.9	0.0	6.9
Tax loss carryforwards	40.2	-1.3	38.9	42.9	-0.5	42.4
Other	7.1	-13.2	-6.1	8.7	-12.4	-3.7
Net recognised	-55.1	55.1	0.0	-40.3	40.3	0.0
Deferred taxes, net, at year-end	**8.6**	**-127.3**	**-118.7**	**25.1**	**-107.9**	**-82.8**

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

	31 Dec. 2019	31 Dec. 2018
Tax deficits	25.2	22.6
Potential tax benefit	4.9	5.0
Expiry dates of tax loss carryforwards:		
0 > 10 years	25.2	22.6

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	2019	2018
Current tax for the period	-6.1	-11.2
Total current tax expense	-6.1	-11.2
Total recognised tax expense	**-6.1**	**-11.2**

Parent Company	2019	%	2018	%
Profit/loss before taxes	42.4		50.7	
Tax based on current tax rate for Parent Company	-9.1	21.4	-11.2	22.0
Tax effects of non-deductible costs/non-taxable income	-0.2	0.5	0.0	0.0
Other	3.2	-7.8	–	–
Recognised tax expense	**-6.1**	**14.1**	**-11.2**	**22.0**

NOTE 15 | INTANGIBLE NON-CURRENT ASSETS

31 Dec. 2019

Acquired intangible assets Group	Goodwill	Supplier relationships, customer relationships & technology	Trademarks	Research and development	Software	Rights of tenancy and similar rights	Total
Accumulated cost							
Opening balance	832.7	802.0	0.9	99.9	58.8	–	1,794.3
Corporate acquisitions	143.0	227.0	–	–	0.3	1.6	371.9
Investments	–	–	–	10.3	7.6	–	17.9
Reclassifications	–	–	–	0.0	-0.2	–	-0.2
Divestments and disposals	–	–	–	-1.2	-3.2	–	-4.4
Translation effect for the year	6.5	8.9	–	1.2	0.5	0.2	17.3
Closing balance	**982.2**	**1,037.9**	**0.9**	**110.2**	**63.8**	**1.8**	**2,196.8**
Accumulated depreciation and impairment losses							
Opening balance	-10.1	-234.2	-0.8	-46.6	-37.6	–	-329.3
Corporate acquisitions	–	–	–	–	-0.3	–	-0.3
Depreciation and amortisation	0.0	-91.4	-0.1	-8.9	-8.4	-0.2	-109.0
Reclassifications	–	–	0.0	0.1	0.0	–	0.1
Divestments and disposals	–	–	–	1.2	3.2	–	4.4
Translation effect for the year	0.0	-0.8	–	-0.4	-0.2	-0.2	-1.6
Closing balance	**-10.1**	**-326.4**	**-0.9**	**-54.6**	**-43.4**	**-0.4**	**-435.7**
Carrying amount at year-end	**972.1**	**711.5**	**0.0**	**55.6**	**20.5**	**1.4**	**1,761.1**
Carrying amount at start of year	**822.6**	**567.8**	**0.1**	**53.3**	**21.2**	**–**	**1,465.0**

31 Dec. 2018

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

Goodwill distributed by business area	31 Dec. 2019	31 Dec. 2018
Labtech	274.8	225.6
Medtech	697.3	597.0
Total	**972.1**	**822.6**

Note 15 cont'd.

Parent Company	31 Dec. 2019 Software	31 Dec. 2019 Total	31 Dec. 2018 Software	31 Dec. 2018 Total
Accumulated cost				
Opening balance	0.4	0.4	0.4	0.4
Investments	0.2	0.2	–	–
At year-end	**0.6**	**0.6**	**0.4**	**0.4**
Accumulated amortisation				
Opening balance	-0.3	-0.3	-0.2	-0.2
Depreciation and amortisation	-0.1	-0.1	-0.1	-0.1
Closing balance	-0.4	-0.4	-0.3	-0.3
Carrying amount at year-end	**0.2**	**0.2**	**0.1**	**0.1**
Carrying amount at start of year	**0.1**	**0.1**	**0.2**	**0.2**

Impairment testing of goodwill

AddLife's recognised goodwill amounts to SEK 972.1 million (822.6). Under IFRS, goodwill is not amortised; instead, goodwill is tested annually or more frequently to determine whether impairment indicators are present.

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

The recoverable amount was calculated based on value in use. Assumptions were made concerning net sales, gross margin, overhead costs, working capital required and investments required based on previous experiences. The parameters have been set based on the Group's budget for the upcoming financial year 2020, which is based on the companies' budget. An annual growth rate of 2 percent (2) was assumed for cash flows beyond the budget period. Cash flows were discounted using a weighted cost of capital corresponding to 8.8 percent (8.9) before tax. These calculations show that value in use significantly exceeds the carrying amount. Consequently, impairment testing indicated no impairment. No reasonable possible changes in key assumptions are expected to lead to impairment. The sensitivity of these calculations means that the value of goodwill will continue to be justified even if the discount rate increases by 2 percent, or if the long-term growth rate were to be lowered by 2 percentage points.

Other impairment testing

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

NOTE 16 | PROPERTY, PLANT AND EQUIPMENT

31 Dec. 2019 Group	Buildings & land	Investments in property belonging to third party	Machinery	Equipment	Right-of-use assets for leased premises	Right-of-use assets, other	Total
Accumulated cost							
Opening balance	12.6	10.8	41.4	289.2	–	–	354.1
Change in accounting policy, IFRS 16	–	–	–	–	172.4	57.2	229.6
Corporate acquisitions	–	–	–	4.9	–	0.4	5.3
Investments	3.1	1.4	5.2	55.9	23.1	46.6	135.3
Divestments and disposals	–	–	–	-33.4	–	-1.2	-34.6
Reclassifications	–	0.1	-1.0	7.6	–	–	6.7
Translation effect for the year	0.1	0.2	0.4	3.0	1.0	0.6	5.3
Closing balance	**15.8**	**12.5**	**46.0**	**327.2**	**196.5**	**103.6**	**701.5**
Accumulated depreciation and impairment losses							
Opening balance	-6.1	-8.3	-24.6	-204.9	–	–	-243.9
Corporate acquisitions	–	–	–	-2.9	–	–	-2.9
Depreciation and amortisation	-0.4	-1.1	-2.4	-33.8	-49.9	-36.7	-124.3
Divestments and disposals	–	–	–	30.6	–	0.4	31.0
Reclassifications	–	0.3	-0.8	-6.3	–	–	-6.8
Translation effect for the year	0.0	-0.1	-0.3	-2.1	0.2	0.4	-1.9
Closing balance	**-6.5**	**-9.2**	**-28.1**	**-219.4**	**-49.7**	**-35.9**	**-348.8**
Carrying amount at year-end	**9.3**	**3.3**	**17.9**	**107.8**	**146.8**	**67.6**	**352.7**
Carrying amount at start of year	**6.5**	**2.5**	**16.8**	**84.3**	**–**	**–**	**110.2**

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

	31 Dec. 2019		31 Dec. 2018	
Parent Company	Equipment	Total	Equipment	Total
Accumulated cost				
Opening balance	0.2	0.2	0.2	0.2
Investments	–	–	–	–
At year-end	**0.2**	**0.2**	**0.2**	**0.2**
Accumulated amortisation				
Opening balance	-0.1	-0.1	0.0	0.0
Depreciation and amortisation	0.0	0.0	-0.1	-0.1
Closing balance	**-0.1**	**-0.1**	**-0.1**	**-0.1**
Carrying amount at year-end	**0.1**	**0.1**	**0.1**	**0.1**
Carrying amount at start of year	**0.1**	**0.1**	**0.2**	**0.2**

NOTE 17 | LEASING

Note 2 Summary of important accounting policies describes the effect on the Group of transition to IFRS 16 Leases. The method that the Group has chosen to apply for the transition to IFRS 16 does not require translation of comparative figures.

The transition effect from the previous accounting standard to IFRS 16 is shown in the tables below. Future minimum lease payments totalling SEK 232.0 million at the end of 2018 have been discounted at the incremental borrowing rate of 1%. Low-value leases and short-term leases term have been settled and extension options have been added in the calculation. Opening leases liability according to IFRS 16 at the beginning of 2019 was SEK 229.6 million. At the end of 2019 the lease liability was SEK 215.7 million, of which SEK 89.3 was short-term and SEK 126.4 was long-term.

The Group's right- of-use assets primarily relate to rented premises and cars, but also to IT equipment and similar. These are reported in Note 16 Property, plant and equipment. Depreciation and amortisation of right-of-use assets are specified in Note 9 Depreciation and amortisation.

Operating leases 2018

	Group
AddLife as lessee	**2018**
Lease payments	
Lease payments made during the financial year	78.0
Future minimum lease payments under non-cancellable contracts fall due as follows:	
Within one year	69.8
Later than one year but within five years	138.0
5 years or later	24.2
Total future minimum lease payments 31 Dec. 2018	**232.0**

Transition from IAS 17 to IFRS 16

	Group
	2019
Total future minimum lease payments 31 Dec. 2018	232.0
Discount at incremental borrowing rate 1%	-4.8
Less leases shorter than 12 months	-4.9
Less low-value leases	-1.8
Add extension option	9.1
Add lease liability 1 Jan. 2019	**229.6**

	Group
Maturity structure lease liabilities 31 Dec. 2019	**2019**
Within one year	89.7
1-2 years	53.3
2-5 years	64.4
Later than 5 years	13.0
Total undiscounted lease payments	**220.4**
Reported amount	**215.7**

Costs from lease agreements	**2019**
Depreciation of right-of-use assets	86.6
Interest on lease liabilities	2.8
Cost for short-term leasing	6.1
Cost for leases of low-value	1.1
Costs for leases	**96.6**

AddLife as lessor

A total of SEK 1.4 million (1.2) was received in lease revenue during the financial year. SEK 1.6 million (1.4) remains to be received within one year, and thereafter a total of SEK 1.6 million (1.3) is receivable within two to five years.

	Group	
AddLife as lessor	**2019**	**2018**
Lease payments		
Lease payments received during the financial year	1.4	1.2
Future minimum lease income under non-cancellable contracts fall due as follows:		
Within one year	1.6	1.4
Later than one year but within five years	1.6	1.3
5 years or later	0.0	–
Total future minimum lease payments	**3.2**	**2.7**

Leases for which AddLife's companies are lessors primarily relate to technical equipment to customers.

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

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

SEKm, 31 Dec. 2019	Financial assets/ liabilities measured at fair value through profit or loss	Financial assets/ liabilities measured at amortised cost	Total carrying amount
Financial assets	–	12.0	12.0
Non-current receivables	–	3.7	3.7
Accounts receivable	–	533.7	533.7
Cash and cash equivalents	–	99.1	99.1
Other receivables[1)]	0.3[3)]	–	0.3
Total	**0.3**	**648.5**	**648.8**
Non-current interest-bearing liabilities	17.9	5.1	23.0
Current interest-bearing liabilities	–	657.6	657.6
Accounts payable	–	346.5	346.5
Other liabilities[2)]	1.0[3)]	1.0	2.0
Total	**18.9**	**1,010.2**	**1,029.1**

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

SEKm, 31 Dec. 2018	Financial assets/ liabilities measured at fair value through profit or loss	Financial assets/ liabilities measured at amortised cost	Total carrying amount
Financial assets	–	18.6	18.6
Non-current receivables	–	4.7	4.7
Accounts receivable	–	507.8	507.8
Cash and cash equivalents	–	60.6	60.6
Other receivables[1)]	0.8[3)]	–	0.8
Total	**0.8**	**591.7**	**592.5**
Non-current interest-bearing liabilities	8.8	3.9	12.7
Current interest-bearing liabilities	0.6	832.3	832.9
Accounts payable	–	333.9	333.9
Other liabilities[2)]	0.3[3)]	0.8	1.1
Total	**9.7**	**1,170.9**	**1,180.6**

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

For currency contracts, the fair value is determined on the basis of observable 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.

Note 18 cont'd.

Impact of financial instruments on net earnings	31 Dec. 2019	31 Dec. 2018
Accounts receivable	3.0	-0.4
Interest-bearing liabilities	-8.0	-5.6
Total	**-5.0**	**-6.0**

	31 Dec. 2019			31 Dec. 2018		
	Carrying amount	Level 2	Level 3	Carrying amount	Level 2	Level 3
Derivatives measured at fair value through profit or loss	0.3	0.3	–	0.8	0.8	–
Total financial assets at fair value per level	**0.3**	**0.3**	**–**	**0.8**	**0.8**	**–**
Derivatives measured at fair value through profit or loss	1.0	1.0	–	0.3	0.3	–
Contingent considerations	17.9	–	17.9	9.4	–	9.4
Total financial liabilities at fair value per level	**18.9**	**1.0**	**17.9**	**9.7**	**0.3**	**9.4**

The fair value and carrying amount are recognized in the balance sheet as shown in the table above. For currency contracts and embedded derivatives, the fair value is determined on the basis of observable market data, level 2. For conditional purchase considerations, cash flow analyses, which are not based on observable market data, are carried out, level 3. For the Group's other financial assets and liabilities fair value is estimated to be the same as the carrying amount.

Contingent considerations	12 months through 31 Dec. 19	12 months through 31 Dec. 18
Opening carrying amount	9.4	13.8
Acquisitions during the year	17.9	9.1
Consideration paid	–	-6.5
Reversed through profit or loss	-9.4	-7.6
Interest expenses	–	-0.2
Exchange differences	–	0.8
Closing carrying amount	**17.9**	**9.4**

NOTE 19 | NON-CURRENT FINANCIAL ASSETS

Receivables from Group companies	Parent Company 31 Dec. 2019	Parent Company 31 Dec. 2018
Opening balance	1,027.9	1,131.4
Increase during the year	419.5	199.4
Decrease during the year	-169.4	-302.9
Carrying amount at year-end	**1,278.0**	**1,027.9**

Specification of interests in Group companies	Country	Number of shares	Quotient value	Holding %	Carrying amount 31 Dec. 2019	Carrying amount 31 Dec. 2018
AddLife Development AB	Sweden	1,000	100	100%	389.1	389.1
Biomedica Holding GmbH	Austria	37,500	1	100%	416.5	408.5

Interests in Group companies

Accumulated cost	Parent Company 2019	Parent Company 2018
Opening balance	797.6	389.1
Acquisitions for the year	8.0	408.5
Closing balance	**805.6**	**797.6**

Indirect ownership

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

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

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

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

NOTE 20 | INVENTORIES

Group	31 Dec. 2019	31 Dec. 2018
Raw materials and consumables	50.5	35.0
Work in progress	11.7	3.7
Finished goods	389.3	369.6
Total	**451.5**	**408.3**

Cost of sales for the Group includes impairment losses for inventories of SEK 5.1 million (6.0). No significant reversals of prior impairment losses were made in 2019 or 2018.

NOTE 21 | PREPAID EXPENSES AND ACCRUED INCOME

	Group 31 Dec. 2019	Group 31 Dec. 2018	Parent Company 31 Dec. 2019	Parent Company 31 Dec. 2018
Rent	5.4	6.4	0.0	0.0
Insurance premiums	2.8	2.7	0.7	0.4
Pension costs	1.5	1.8	–	–
Lease payments	4.0	4.9	0.1	0.1
License fees	3.2	2.0	0.3	0.2
Other prepaid expenses	8.2	10.8	0.1	1.6
Other accrued income	3.4	4.2	–	–
Total	**28.5**	**32.8**	**1.2**	**2.3**

NOTE 22 | SHAREHOLDER'S EQUITY

Translation reserve

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

Reserves	31 Dec. 2019	31 Dec. 2018
Translation reserve		
Opening translation reserve	11.4	-5.9
Translation effect for the year	20.5	17.3
Closing translation reserve	**31.9**	**11.4**

Number of shares outstanding 31 Dec. 2019	Class A shares	Class B shares	All share classes
Opening balance	1,011,766	23,617,598	24,629,364
Rights issue	144,538	3,382,221	3,526,759
Redemption of warrants		63,200	63,200
Repurchase of treasury shares	–	-160,000	-160,000
Closing balance	**1,156,304**	**26,903,019**	**28,059,323**

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

Parent Company

Restricted reserves

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

Share premium reserve

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

Retained earnings

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

Number of shares

The number of shares at 31 December 2019 consisted of 1,156,304 Class A shares, entitling the holders to 10 votes per share, and 27,468,269 Class B shares, entitling the holders to one vote per share. The quotient value of the share is SEK 2.037. The Company has repurchased 565,250 Class B shares, in the framework of the Company's ongoing repurchase programme. After subtracting repurchased shares, the number of Class B shares is 26,903,019 net.

NOTE 23 | UNTAXED RESERVES

Parent Company	31 Dec. 2019	31 Dec. 2018
Tax allocation reserve, allocation for tax assessment 2016	5.2	5.2
Tax allocation reserve, allocation for tax assessment 2017	13.4	13.4
Tax allocation reserve, allocation for tax assessment 2018	11.3	11.3
Tax allocation reserve, allocation for tax assessment 2019	17.0	17.0
Tax allocation reserve, allocation for tax assessment 2020	9.0	–
Closing balance	**55.9**	**46.9**

NOTE 24 | PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

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

Defined contribution 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 2019 financial year, the Company did not have access to information enabling it to report this plan as a defined benefit plan. Thus the pension plan according to ITP and secured by insurance in Alecta is recognised as a defined-contribution plan. The year's fees for pension insurance with Alecta totalled SEK 10.5 million (10.5). 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 2019 was 148 percent (142).

Defined benefit plans

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

The discount rate used is equivalent to the interest rate on high-quality corporate bonds or mortgage-backed bonds with a maturity equivalent to the average maturity of the obligation and currency. The interest rate for Swedish housing bonds is used as a basis for Swedish pension liabilities. Future increases in pensions are based on inflation assumptions. Remaining period of employment (life expectancy) is based on statistical tables prepared by Finansinspektionen (Sweden's Financial Supervisory Authority) and the Insurance Society, in Sweden DUS 14.

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

Note 24 cont'd.

Obligations for employee benefits, defined benefit pension plans

Pension liability as per balance sheet	31 Dec. 2019	31 Dec. 2018
Pension liability PRI	77.0	69.3
Other pension obligations	3.3	7.6
Total defined benefit pension plans	**80.3**	**76.9**

Obligations for defined benefits and the value of plan assets	31 Dec. 2019	31 Dec. 2018
Funded obligations:		
Present value of funded defined benefit obligations	–	–
Fair value of plan assets	–	–
Net debt, funded obligations:	–	–
Present value of unfunded defined benefit obligations	80.3	76.9
Net amount in the balance sheet (obligation +, asset –)	**80.3**	**76.9**
Pension obligations and plan assets by country:		
Sweden		
Pension obligations	77.3	69.6
Net amount in Sweden	**77.3**	**69.6**
Austria		
Pension obligations	3.0	7.3
Net amount in Austria	**3.0**	**7.3**
Net amount in the balance sheet (obligation +, asset –)	**80.3**	**76.9**

Reconciliation of net amount for pensions in the balance sheet	31 Dec. 2019	31 Dec. 2018
Opening balance	**76.9**	**66.8**
Corporate acquisitions	–	7.3
Change in accounting for pensions	2.9	2.5
Payment of pension benefits	-2.1	-2.0
Funds contributed by employer	–	–
Translation effects	–	–
Revaluations	–	–
Gains and losses from settlements	2.6	2.3
Net amount in the balance sheet (obligation +, asset –)	**80.3**	**76.9**

Changes in the obligation for defined benefit plans recognised in the balance sheet	31 Dec. 2019	31 Dec. 2018
Opening balance	76.9	66.8
Corporate acquisitions	–	7.3
Pensions earned during the period	1.1	0.8
Interest on obligations	1.8	1.7
Benefits paid	-2.1	-2.0
Benefits earned during previous periods, vested	–	–
Transferred benefits	–	–
Revaluations:		
Gain (–)/loss (+) resulting from demographic assumptions	–	–
Gain (–)/loss (+) resulting from financial assumptions	11.1	2.5
Experienced-based gains (–)/losses (+)	-1.0	-0.2
Translation effects	–	–
Gains and losses from settlements	-7.5	–
Present value of pension obligations	**80.3**	**76.9**

Pension costs	2019	2018
Defined benefit plans		
Cost for pensions earned during the year	4.1	4.7
Interest on obligations	4.8	1.7
Total cost of defined benefit plans	8.9	6.4
Total cost of defined contribution plans	51.9	49.6
Social security costs on pension costs	6.5	4.9
Total cost of benefits after termination of employment	**67.3**	**60.9**

Allocation of pension costs in the income statement	2019	2018
Cost of goods sold	15.0	14.4
Selling and administrative expenses	47.5	44.8
Net financial items	4.8	1.7
Total pension costs	**67.3**	**60.9**

	2019	2018
Actuarial assumptions	**Sweden**	**Sweden**
The following material actuarial assumptions were applied in calculating obligations:		
Discount rate 1 January, %	2.3	2.5
Discount rate 31 December, %	1.5	2.3
Future salary increases, %	2.8	3.0
Future increases in pensions (change in income base amount), %	2.3	2.5
Employee turnover, %	10	10
Mortality table	DUS 14	DUS 14

	2019	2018
Actuarial assumptions	**Sweden**	**Sweden**
Defined benefit pension obligations at 31 December 2019		
Discount rate increases by 0.5%	-7.0	-6.2
Discount rate decreases by 0.5%	8.0	7.0
Expected life expectancy increases by 1 year	3.8	3.2

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

Comprising	31 Dec. 2019	31 Dec. 2018
Active	11	21
Disability pensioners	0	1
Paid-up policyholders	99	98
Pensioners	78	70
The total number of commitments included in pension liabilities	**188**	**190**

NOTE 25 | PROVISIONS

Group 31 Dec. 2019	Personnel	Warranties	Other	Total
Non-current provisions				
Carrying amount at start of period	19.9	–	–	19.9
Provisions for the year	4.1	–	–	4.1
Carrying amount at end of period	**24.0**	**–**	**–**	**24.0**

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

Group 31 Dec. 2019	Personnel	Warranties	Other	Total
Current provisions				
Carrying amount at start of period	–	1.2	2.0	3.2
Provisions made during the period	–	–	2.2	2.2
Amounts utilised during the period	–	–	-2.0	-2.0
Unutilised amounts reversed	–	-0.1	–	-0.1
Translation effects	–	0.1	–	0.1
Other	–	–	–	–
Carrying amount at end of period	–	**1.2**	**2.2**	**3.4**

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

Personnel

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

Warranties

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

NOTE 26 | NON-CURRENT INTEREST-BEARING LIABILITIES

	Group	
	31 Dec. 2019	31 Dec. 2018
Liabilities to credit institutions:		
Maturing within 2 years	3.1	2.8
Maturing within 3 years	1.5	0.8
Maturing within 4 years	0.5	0.3
Maturing within 5 years	–	–
Total non-current liabilities to credit institutions	**5.1**	**3.9**
Other interest-bearing liabilities:		
Maturing within 2 years	–	2.9
Maturing within 3 years	–	2.9
Maturing within 4 years	–	–
Maturing within 5 years	17.9	–
Total non-current other interest-bearing liabilities	**17.9**	**5.8**
Total	**23.0**	**9.7**

Other interest-bearing liabilities largely consist of additional contingent considerations with estimated interest of 5.0 percent.
For more information about the Group's liabilities to credit institutions, see Note 27 Current interest-bearing liabilities.

NOTE 27 | CURRENT INTEREST-BEARING LIABILITIES

	Group		Parent Company	
Bank overdraft facility	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
Approved credit limit	1,000.0	450.0	1,000.0	450.0
Unutilised portion	-536.8	-320.1	-536.8	-320.1
Credit amount unutilised	**463.2**	**129.9**	**463.2**	**129.9**
Other liabilities to credit institutions	194.4	702.4	196.6	700.7
Other interest-bearing liabilities	0.0	3.6	–	–
Total	**657.6**	**835.9**	**659.8**	**830.6**

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

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

	31 Dec. 2019		31 Dec. 2018	
Currency	Local currency	SEKm	Local currency	SEKm
EUR	18.5	193.3	0.0	0.1
SEK	–	–	700.7	700.7
NOK	0.1	0.1	0.2	0.2
PLZ	0.4	1.0	0.4	0.9
BGN	–	–	0.1	0.5
Total		**194.4**		**702.4**

The Group's financing is primarily managed by the Parent Company AddLife AB. The Parent Company's bank overdraft facility carried 0.4 percent interest per 31 Dec. 2019.

NOTE 28 | ACCRUED EXPENSES AND DEFERRED INCOME

	Group		Parent Company	
	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
Other deferred income	1.3	1.3	–	–
Salaries and holiday pay	107.3	96.6	10.7	10.1
Social security costs and pensions	18.7	18.8	1.5	0.9
Other accrued expenses[1)]	33.9	22.2	1.4	0.9
Total	**161.2**	**138.9**	**13.6**	**11.9**

1) Other accrued expenses mainly consist of overhead accruals.

NOTE 29 | RELATED-PARTY TRANSACTIONS

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

NOTE 30 | PLEDGED ASSETS AND CONTINGENT LIABILITIES FOR PARENT COMPANY

	Group		Parent Company	
Group	31 Dec. 2019	31 Dec. 2018	31 Dec. 2019	31 Dec. 2018
Pledged assets	0.0	0.0	–	–
Total	**0.0**	**0.0**	–	–
Contingent liabilities				
Guarantees	6.5	2.7	–	–
Guarantee for subsidiaries [1)]	–	–	41.9	41.5
Total	**6.5**	**2.7**	**41.9**	**41.5**

1) Relates to PRI liabilities.

NOTE 31 | CASH FLOW STATEMENT

	Group		Parent Company	
Adjustment for items not included in cash flow	2019	2018	2019	2018
Depreciation and amortisation	233.3	99.1	0.1	0.1
Gain/loss on sale of operations and non-current assets	-0.6	-0.5	–	–
Change in pension liability	0.8	0.7	–	–
Change in other provisions and accrued items	4.3	–	–	–
Group contributions/ dividends not paid	–	–	–	0.0
Other	1.3	-4.8	0.2	2.8
Total	**239.1**	**94.5**	**0.3**	**2.9**

For the Group, interest received during the year totalled SEK 0.9 million (0.4), and interest paid was SEK 8.0 million (5.5).

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

	2019	2018
Non-current assets	229.5	254.0
Inventories	27.4	127.9
Receivables	28.5	213.5
Cash and cash equivalents	17.0	61.9
Total	**302.4**	**657.3**
Interest-bearing liabilities and provisions.	–	27.3
Non-interest-bearing liabilities and provisions.	46.0	256.1
Total	**46.0**	**283.4**
Consideration paid	-335.3	-396.3
Cash and cash equivalents in acquired companies	17.0	61.9
Effect on the Group's cash and cash equivalents	318.3	334.4

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

Cash and cash equivalents in the cash flow statement consist of cash and bank balances.The same definition applied to determine cash and cash equivalents in the balance sheet was applied in the cash flow statement. During the year, dividends to former owners of the Biomedica Group were settled with SEK 96.8 million. These are recognised as other financing.

Reconciliation of debts arising from financing activities

			Changes that do not affect cash flow			
Group	Opening balance 1 Jan. 2019	Cash flow	Acquisition of subsidiaries	Exchange rate changes	Leases[1)]	Closing balance 31 Dec. 2019
Bank overdraft facility	129.9	333.3	–	–	–	463.2
Liabilities to credit institutions	706.2	-502.8	-8.5	-0.5	–	194.4
Other interest-bearing liabilities	9.4	–	8.5	–	–	17.9
Lease liability	–	-86.4	–	–	302.1	215.7
Total liabilities arising from financing activities	**845.6**	**-255.9**	**0.0**	**-0.6**	**302.1**	**891.1**

1) Of which 229.6 relates to the effect of the new accounting standard and the remainder relates to new investments.

Reconciliation of debts arising from financing activities

Parent Company	Opening balance 1 Jan. 2019	Cash flow	Closing balance 31 Dec. 2019
Bank overdraft facility	129.9	333.3	463.2
Current liabilities to credit institutions	700.7	-504.1	196.6
Total liabilities arising from financing activities	**830.6**	**-170.8**	**659.8**

Note 31 cont'd.

Reconciliation of debts arising from financing activities

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

Reconciliation of debts arising from financing activities

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

NOTE 32 | ACQUISITIONS WITHIN BUSINESS AREAS

Acquisitions	Country	Date of acquisition	Net sales, SEKm	Number of employees[1)]	Business area
Ossano Scandinavia AB	Sweden	February, 2018	20	5	Medtech
Food Diagnostics FDAB AB	Sweden	March,2018	10	3	Labtech
Väinö Korpinen Oy	Finland	July, 2018	80	15	Medtech
Laboren ApS	Denmark	December, 2018	10	2	Labtech
Biomedica Medzinprodukte GmbH	Austria	December, 2018	635	280	Medtech/Labtech
Operations from Wellspect HealthCare	Sweden	April, 2019	170	14	Medtech
Lab-Vent Controls A/S and Koldt & Ryø El A/S	Denmark	August 2019	52	20	Labtech
Fysionord i Sollefteå AB	Sweden	September, 2019	6	2	Medtech
Funksjonsutstyr AS	Norway	December, 2019	50	7	Medtech
EuroClone S.p.A.	Italy	January 2020	280	58	Labtech

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

According to the acquisition analyses, the acquisitions carried out during financial year 2019 were as follows:

	Fair value	of which Wellspect
Intangible non-current assets	224.6	113.0
Other non-current assets	5.0	3.1
Inventories	27.4	17.0
Other current assets	44.4	18.4
Deferred tax liability/tax asset	-48.7	-24.2
Other liabilities	-46.0	-26.9
Acquired net assets	206.7	100.4
Goodwill	145.8	74.7
Consideration[1)]	352.5	175.0
Less: cash and cash equivalents in acquired businesses	-17.0	-9.3
Contingent consideration not yet paid	-17.6	–
Effect on the Group's cash and cash equivalents	**317.9**	**165.7**

1) The consideration is stated excluding acquisition expenses.

According to the preliminary acquisition analyses, the acquisitions carried out during financial year 2018 were as follows:

	Fair value	of which Biomedica
Intangible non-current assets	189.9	143.1
Other non-current assets	64.1	63.8
Inventories	127.9	107.7
Other current assets	275.4	236.5
Deferred tax liability/tax asset	-47.1	-36.1
Other liabilities	-283.4	-267.3
Acquired net assets	326.8	247.7
Goodwill	172.0	152.9
Consideration[1)]	498.8	400.6
Less: cash and cash equivalents in acquired businesses	-61.9	-45.6
Less: consideration via non-cash issue	-101.9	-101.9
Contingent consideration not yet paid	-0.6	–
Effect on the Group's cash and cash equivalents	**334.4**	**253.1**

1) The consideration is stated excluding acquisition expenses.

The combined consideration for the acquisitions was SEK 352.5 million (498.8), of which SEK 145.8 million (172.0) was allocated to goodwill and SEK 224.6 million (189.9) to other intangible assets. The consideration consists only of cash payment. The transaction costs for acquisitions with a takeover date during the 2019 financial year totalled SEK 3.8 million (8.1) and are recognised in selling expenses

The outcome of additional contingent considerations depends on the results achieved in the companies and has a set maximum level. The fair value of not yet paid contingent consideration for acquisitions made during the financial year is calculated to SEK 0,3 million. which is approximately 89 percent of the maximum outcome. Other relates to the option to acquire the remaining shares.

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, excluding Wellspect, on consolidated net sales was SEK 20 million(48), while the combined effect on EBITA was SEK 7 million (5), operating profit was SEK 3 million (3) and after-tax profit for the year was SEK 2 million (2).

Had the acquisitions, excluding Wellspect, been completed on 1 January 2019, their impact would have been approximately SEK 93 million (114) on consolidated net sales, SEK 24 million (11) on EBITA, about SEK 21 million (7) on operating profit, and about SEK 16 million (5) on profit after-tax. The acquisitions were completed at an average EV/EBIT multiple of about 6 (6).

In January 2020 the shares in EuroClone S.p.A. were acquired. The acquisition analyses are still ongoing and the preliminary impact on the Group's financial position and earnings will be presented in the report for the first quarter of 2020.

NOTE 33 | EARNINGS PER SHARE (EPS)

	2019	2018
Earnings per share (SEK)	5.12	5.15
Diluted EPS (SEK)	5.11	5.14

The numerators and denominators used to calculate the above EPS are derived as stated below.

Earnings per share (EPS)

Basic earnings per share is calculated by dividing the income for the period attributable to the equity holders of the Parent Company with the average number of shares. The average number of shares is the weighted average number of shares outstanding during the year, after repurchase of own shares. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding with the estimated number of shares from the share programmes. Share programmes are included in the dilutive potential ordinary shares as from the start of each programme. The dilution in the Group is a consequence of its long-term incentive programmes.

The two components are as follows:

	2019	2018
Profit for the year (SEKm)	142.3	129.3

Weighted average number of shares during the year in thousands of shares	2019	2018
Weighted average number of shares during the year, basic	27,771	25,115
The weighted average number of shares during the year, diluted	27,824	25,134

The number of shares from a historical perspective has been restated to take the bonus issue into account (i.e. the value of the subscription right) in the completed new share issue, and has been used in all calculations of metrics for SEK per share. The conversion factor is 1.041.

NOTE 34 | INFORMATION ABOUT THE PARENT COMPANY

AddLife AB, corporate ID number 556995-8126, is the Parent Company of the Group. The Company's registered office is in Stockholm, Stockholm County, and according to Swedish law AddLife AB is a limited liability company. Head office address:
AddLife AB (publ.)
Box 3145, 103 62 Stockholm, Sweden
www.add.life

NOTE 35 | EVENTS AFTER THE REPORTING PERIOD

Acquisitions

On 8 January 2020, all shares in were acquired in EuroClone S.p.A., which joined the Labtech business area. The company is a leading supplier of instruments and consumables in the field of cell and molecular biology in Italy. The company has 58 employees and sales of about EUR 27 million.

Financing

In March 2020 AddLife signed a new agreement with Danske Bank regarding a revolving loan. An agreement was also signed with Handelsbanken to extend the overdraft facility through 31 December 2020.

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

Covid-19

In several of our companies, activity is high in order to best supply products to healthcare facilities, from diagnostic tests to personal protective equipment such as face masks. We believe that over the next few months we will be able to deliver a large part of what our current healthcare customers are demanding. On the research side, however, we are experiencing postponed deliveries because customers are largely working from home. Uncertainty is high in the world around us, but at this time our assessment is that AddLife will experience stable growth. On the other hand, if deliveries of medical supplies and instruments are delayed, however, we expect that growth will decline over a period of time. In the long term, we believe that demand for our offering will continue to develop positively.

NOTE 36 | PROPOSAL FOR PROFIT DISTRIBUTION

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

Share premium reserve	1,134.3
Retained earnings	-76.8
Profit for the year	36.3
Total earnings	**1,093.8**

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

To be carried forward	1,093.8
	1,093.8

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 6 April 2020

Johan Sjö
Chairman of the Board

Birgit Stattin Norinder
Board member

Eva Nilsagård
Board member

Andreas Göthberg
Board member

Håkan Roos
Board member

Stefan Hedelius
Board member

Kristina Willgård
Chief Executive Officer

We submitted our audit report on 6 April 2020

KPMG AB

Håkan Olsson Reising
Authorised Public Accountant
Auditor in charge

Jonas Eriksson
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of AddLife AB, corp. ID no. 556995-8126

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of AddLife AB (publ) for the year 2019, except for the corporate governance report on pages 40-45 and the sustainability report on pages 4-7 and 16-23. The annual accounts and consolidated accounts of the company are included on pages 29-83 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 2019 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 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance report on pages 40-45 or the sustainability report on pages 4-7 and 16-23. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the Parent Company and the Group.

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

Basis for opinions

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

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

Key audit matters

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

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

See Notes 15 and 19 and accounting principles on pages 57-58 in the annual accounts and consolidated accounts for detailed information and description of the matter.

Description of the area

The carrying value of goodwill in the Group is SEK 972 per 31 December 2019, which represents 30% of total assets.

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

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

The carrying amount of participation in Group companies in the Parent Company is SEK 806 million as at 31 December 2019, which represents 37% of total assets. In the event that the participations' equity is less than the value of the participation, an impairment test is performed.

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

Response in the audit

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

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

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

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 1-28 and 88-96. The Board of Directors and the CEO are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Chief Executive Officer

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

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

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

Auditor's responsibility

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

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

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

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

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

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Chief Executive Officer of AddLife AB for the year 2019 and the proposed appropriations of the Company's profit or loss.

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

Basis for opinions

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

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

Responsibilities of the Board of Directors and the Chief Executive Officer

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

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

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

Auditor's responsibility

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

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

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

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

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

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 40-45 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for that the sustainability report on pages 4-7 and 16-23 has been prepared in accordance with the Annual Accounts Act. Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A sustainability report has been prepared.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of AddLife AB by the general meeting of shareholders on 9 May 2019. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2015/2016.

Stockholm 6 April 2020

KPMG AB

Håkan Olsson Reising
Authorised Public Accountant
Auditor in charge

KPMG AB

Jonas Eriksson
Authorised Public Accountant

Board of Directors

From left: Stefan Hedelius, Birgit Stattin Norinder, Håkan Roos, Johan Sjö, Eva Nilsagård and Andreas Göthberg.
Information regarding shareholdings as of 28 February 2020.

JOHAN SJÖ

Chairman of the Board since 2015.
Born in: 1967.
Education: M.Sc. Econ.
Professional experience: Previously Chief Executive
Officer of Addtech AB, senior management at Bergman & Beving AB and Alfred Berg ABN AMRO.
Other appointments: Director for OptiGroup AB and Momentum AB. Director for Addtech AB, Camfil AB, Bufab AB and M2 Asset Management AB.
Independent in relation to AddLife and its senior executives: Yes
Independent in relation to major shareholders: Yes
Holdings of shares in AddLife: 3,600 Class A shares and 40,000 Class B shares.

HÅKAN ROOS

Board member since 2015.
Born in: 1955.
Education: M.Sc. Econ.
Professional experience: Previously Chief Executive Officer of Hallbergs Guld AB and Procurator AB.
Other appointments: Chairman of the Board of RoosGruppen AB and Sandå Sverige AB. Director for OptiGroup AB and Nordic Kitchen Group AB.
Independent in relation to AddLife and its senior executives: Yes
Independent in relation to major shareholders: No
Holdings of shares in AddLife: 538,135 Class A shares and 1,772,641 Class B shares.

STEFAN HEDELIUS

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

ANDREAS GÖTHBERG
Board member since 2019.
Born in: 1967.
Education: M.Sc. Econ.
Professional experience: Chief Executive Officer of Akademikliniken, and previously Chief Executive Officer for Memira Holding AB, Menigo Foodservice AB, Onemed Lab Sweden AB and SATS Group.
Independent in relation to AddLife and its senior executives: Yes
Independent in relation to major shareholders: Yes
Holdings of shares in AddLife: –

BIRGIT STATTIN NORINDER
Board member since 2015.
Born in: 1948.
Education: MPharm.
Professional experience: Previously Chief Executive Officer of Prolifix Ltd, Senior Vice President Worldwide Product Development at Pharmacia Upjohn, Ltd. Leading positions in eg Glaxo and the Astra Group as well as the chairman and board member of several international Biotech companies.
Other appointments: Director for Hansa Medical AB and Jettesta AB.
Independent in relation to AddLife and its senior executives: Yes
Independent in relation to major shareholders: Yes
Holdings of shares in AddLife: 2,284 Class B shares (including related-party holdings).

EVA NILSAGÅRD
Board member since 2015.
Born in: 1964.
Education: M.Sc. Econ.
Professional experience: CFO Plastal AB and Vitrolife AB. Senior positions at the Volvo Group, AstraZeneca Group and SKF.
Other appointments: Director for Bufab AB, Irras AB, Xbrane AB, Hansa Biopharma AB and Aktiebolaget Svensk Exportkredit.
Independent in relation to AddLife and its senior executives: Yes
Independent in relation to major shareholders: Yes
Holdings of shares in AddLife: 1,142 Class B shares.

Auditor

Auditor in charge:
Håkan Olsson Reising, since January 2018, Authorised Public Accountant, Stockholm.
Born in: 1961.
Other assignments: Bergman & Beving, Lagercrantz Group, Momentum Group, Actic Group, ABB and Preem.

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

Senior management

From left: Martin Almgren, Ove Sandin, Kristina Willgård, Peter Simonsbacka and Lars-Erik Rydell.
Information regarding shareholdings as of 28 February 2020.

KRISTINA WILLGÅRD

CEO since 2015.
Born in: 1965
Member of Group Management since: 2015
Education: M.Sc. Econ.
Professional experience: CFO of Addtech AB, finance director at Ericsson AB, CFO i Netwise, CFO of Frontec, Business controller Spendrups and Auditor Arthur Andersen.
Other appointments: Director for Nordic Waterproofing Holding A/S.
Holdings of shares in AddLife: 1,152 Class A shares and 90,779 Class B shares (including related-party holdings), as well as call options corresponding with 102,550 Class B shares.

MARTIN ALMGREN

CFO since 2015.
Born in: 1976
Member of Group Management since: 2015
Education: M.Sc. Econ.
Professional experience: Group Financial Controller for Addtech AB,Group Accounting Manager at Nefab AB and accountant EY
Holdings of shares in AddLife: 44,885 Class B shares and call options corresponding with 71,097 Class B shares.

PETER SIMONSBACKA

Business Area Manager Labtech since 2015.
Born in: 1960
Member of Group Management since: 2018
Education: Engineer.
Professional experience: Business division manager at Addtech Nordic AB, Chief Executive Officer for BergmanLabora AB and Business division manager at Mettler-Toledo AB.
Other appointments: Chairman of the Board Swedish Labtech.
Holdings of shares in AddLife: 18,864 Class B shares and call options corresponding with 71,097 Class B shares.

OVE SANDIN

Business Unit Manager Diagnostics since 2018.
Born in: 1958
Additional member of Group Management since: 2019
Education: M.Sc. in Engineering
Professional experience: VD Triolab AB, Nordisk Business Manager GN ReSound, CEO GN ReSound AB, Product Manager 3M, Eng. Thoracic medicine, Sahlgrenska.
Holdings of shares in AddLife: 2,628 Class B shares and call options corresponding with 32,672 Class B shares.

LARS-ERIK RYDELL

Business Development Manager Medtech since 2019.
Born in: 1955
Member of Group Management since: 2018
Education: –
Professional experience: Business Area Manager Medtech, Chief Executive Officer for Mediplast AB, Director of Sales at Althin Medical AB and Area Manager at Gambro AB.
Holdings of shares in AddLife : 13,317 Class B shares and call options corresponding with 71,097 Class B shares.

Definitions

Return on equity

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

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

	2019	2018
Profit/loss for the period	142.3	129.3
Average equity	1,361.7	814.1
Return on equity	142.3/1,361.7 = 10.4%	129.3/814.1 = 15.9%

Return on working capital (P/WC)

EBITA in relation to average working capital.

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

	2019	2018
Operating profit before amortization of intangible assets EBITA. P	305.2	244.8
Average working capital (WC)	597.6	396.8
P/WC	305.2/597.6 = 51.1%	244.8/396.8 = 61.7%

Return on capital employed

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

	2019	2018
Profit/loss before taxes according to the income statement	182.3	158.0
Interest expenses (+)	12.4	7.2
Exchange rate fluctuations, net	0.8	1.2
Profit after net financial items plus exchange rate fluctuations	195.5	166.4
Capital employed yearly average	2,280.8	1,495.3
Return on capital employed	195.5/2,280.8 = 8.6%	166.4/1,495.3 = 11.1%

EBITDA

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

EBITDA is used to analyse profitability generated by operational activities.

	2019	2018
Profit/loss according to the income statement	196.2	167.7
Depreciation/amortisation property, plant and equipment according to Note 16 (+)	124.2	22.0
Amortisation intangible assets according to Note 15 (+)	109.0	77.1
Operating profit before depreciation and amortisation, EBITDA	429.4	266.8

EBITA
Operating profit before amortization of intangible assets.

EBITA is used to analyse profitability generated by operational activities.

	2019	2018
Profit/loss according to the income statement	196.2	167.7
Amortisation intangible assets according to Note 15 (+)	109.0	77.1
Operating profit before amortization of intangible assets	305.2	244.8

EBITA margin
EBITA in percentage of net sales.

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

	2019	2018
Operating profit before amortization of intangible assets	305.2	244.8
Net sales according to the income statement	3,479.4	2,481.6
EBITA margin	305.2/3,479.4 = 8.8%	244.8/2,481.6 = 9.9%

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

	2019	2018
Shareholders' proportion of equity according to the balance sheet	1,466.9	930.7
Number of shares outstanding at the end of the reporting period, 000	28,059	25,646
Equity per share	1,466.9/28,059 = 52.27	930.7/25,646 = 36.30

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

	2019	2018
Cash flow from operating activities	400.4	177.5
Average number of shares	27,771	25,115
Cash flow per share	400.4/27,771 = 14.42	177.5/25,115 = 7.07

Net debt/equity ratio
Financial net liabilities in relation to shareholders' equity.

Net debt/equity ratio is used to analyse financial risk.

	2019	2018
Financial net liabilities	901.5	881.8
Equity according to balance sheet	1,476.2	931.7
Net debt/equity ratio	901.5/1,476.2 = 0.6	881.8/931.7 = 0.9

Earnings per share (EPS)

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

	2019	2018
Shareholders' proportion of profit for the year according to the income statement	142.3	129.3
Average number of shares	27,771	25,115
Earnings per share (EPS)	142.3/27,771 = 5.12	129.3/25,115 = 5.15

Profit growth EBITA

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

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

	2019	2018
Operating profit before amortisation of intangible assets, EBITA (+)	305.2	244.8
Previous year's operating profit before amortization of intangible assets, EBITA (-)	-244.8	-233.7
Earnings growth EBITA	60.4	11.1
Profit growth EBITA	60.4/244.8 = 24.7%	11.1/233.7 = 4.7%

Financial net liabilities

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

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

According to balance sheet	2019	2018
Non-current interest-bearing liabilities	149.4	12.7
Provisions for pensions	80.3	76.9
Interest-bearing provisions	24.0	19.9
Current interest-bearing liabilities	746.9	832.9
Interest-bearing liabilities and provisions.	1,000.6	942.4
Cash and equivalents (–)	-99.1	-60.6
Financial net liabilities	901.5	881.8

Financial net liabilities/EBITDA

Financial net liabilities divided by EBITDA.

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

	2019	2018
Financial net liabilities	901.5	881.8
Operating profit before depreciation and amortisation, EBITDA	429.4	266.8
Financial net liabilities/EBITDA	901.5/429.4 = 2.1	881.8/266.8 = 3.3

Interest coverage ratio

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

	2019	2018
Profit/loss before taxes according to the income statement	182.3	158.0
Interest expenses (+)	12.4	7.2
Exchange rate fluctuations, net	0.8	1.2
Profit after net financial items excluding interest expense and exchange rate fluctuations	195.5	166.4
Interest coverage ratio	195.5/12.4 = 15.8	166.4/7.2 = 23.1

Working capital

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

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

	2019	2018
Inventories yearly average (+)	438.1	308.2
Accounts receivable yearly average (+)	484.6	306.0
Accounts payable yearly average (-)	-325.1	-217.4
Working capital, average (WC)	597.6	396.8

Operating margin

Operating profit/loss as a percentage of net sales.

	2019	2018
Profit/loss according to the income statement	196.2	167.7
Net sales according to the income statement	3,479.4	2,481.6
Operating margin	196.2/3,479.4 = 5.6%	167.7/2,481.6 = 6.8%

Equity ratio

Equity as a percentage of total assets

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

	2019	2018
Equity according to balance sheet	1,476.2	931.7
Total assets according to balance sheet	3,274.4	2,667.8
Equity ratio	1,476.2/3,274.4 = 45.1%	931.7/2,667.8 = 34.9%

Debt/equity ratio
Interest-bearing liabilities and interest-bearing provisions in relation to equity.

According to balance sheet	2019	2018
Non-current interest-bearing liabilities	149.4	12.7
Provisions for pensions	80.3	76.9
Interest-bearing provisions	24.0	19.9
Current interest-bearing liabilities	746.9	832.9
Interest-bearing liabilities and provisions.	1,000.6	942.4
Equity according to balance sheet	1,476.2	931.7
Debt/equity ratio	1,000.6/1,476.2 = 0.7	942.4/931.7=1.0

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

According to balance sheet	2019	2018
Deferred tax liabilities	127.3	107.9
Accounts payable	346.5	333.9
Tax liabilities	25.0	19.6
Other liabilities	134.2	190.3
Accrued expenses and deferred income	161.2	138.8
Provisions	3.4	3.2
Non-interest-bearing liabilities and provisions.	797.6	793.7
Total assets according to balance sheet	3,274.4	2,667.8
Capital employed	3,274.4-797.6 = 2,476.8	2,667.8-793.7 = 1,874.1

Profit margin
Profit before taxes in percentage of net sales.

	2019	2018
Profit/loss before taxes according to the income statement	182.3	158.0
Net sales according to the income statement	3,479.4	2,481.6
Profit margin	182.3/3,479.4 = 5.2%	158.0/2,481.6 = 6.4%

The key figures presented above are central to understand and evaluate AddLifes business and financial position.
The key figures are presented in the multi-year review, with comments provided in the administration report. The key figures that comprise the financial targets can be found with comments in the section "Our financial targets".

Welcome to the Annual General Meeting

The Annual General Meeting for AddLife AB (publ) will be held at 4:00 p.m. on Thursday 7 May 2020 at Näringslivets hus, Storgatan 19, Stockholm.

Notice of participation

Shareholders who wish to participate in the proceedings of the Annual General Meeting must:

- be entered in the shareholders' register kept on behalf of the Company by Euroclear Sweden AB, as of Thursday 30 April 2020; and
- notify the Company's head office at AddLife AB (publ.), Box 3145, SE-103 62 Stockholm, Sweden,via the Company's website www.add.life/investerare or by e-mail info@add.life no later than Thursday 30 April 2020. The notification must include the shareholder's name, personal or company registration number, address, telephone number, number of shares and information on the number of assistants (maximum two) that will be attending, if any. The data received will be computerized and used solely for the purpose of the 2020 AGM.

Shareholders whose shares are registered under a trustee must temporarily register their shares in their own name in order to exercise their voting rights at the Annual General Meeting. Such changes in registration must be completed as of Thursday 30 April 2020.

Where participation will be by proxy by virtue of power of attorney, the shareholder shall issue a written power of attorney which shall be dated and signed and attach any documents verifying authority well in advance of the AGM. When notifying the Company of their participation, representatives of legal entities must also submit a certified copy of the entity`s certificate of incorporation or corresponding authorisation documents showing that they are authorised to represent the legal entity. The Company will provide shareholders with a power of attorney form, which will be available from the Company`s head office or online at the Company's website www.add.life/investerare no later than 16 April 2020.

Proposal to the Annual General Meeting 7 May 2020

The Board of Directors proposes that the Company do not pay any dividend for the financial year 2019.

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

- Incentive scheme aimed at senior management.
- A mandate for the Board of Directors to resolve on a new issue of up to 10 percent of the number of B-shares as means of payment during acquisitions.
- A mandate for the Board of Directors to decide on the purchase and transfer of own shares.
- Share split and related amendment to the Article of Association.

www.add.life • Birger Jarlsgatan 43 • Box 3145 • 103 62 Stockholm