

W  
R  
D  
M

**BURE**  
Annual Report 2018



---

## AGM ON 7 MAY 2018

The Annual General Meeting will be held at 4:00 p.m. at IVA Conference Centre, Wallenbergsalen, Grev Turegatan 16, in Stockholm.

Doors open at 3pm. Further details in Shareholder Information, or see our website: [bure.se](http://bure.se).

## FINANCIAL CALENDAR

Interim report January – March 2019	25 April
Interim report January – June 2019	16 August
Interim report January – September 2019	7 November

## FOR INFORMATION, CONTACT

Henrik Blomquist, CEO +46 (0)8 614 00 20

Max Jonson, CFO +46 (0)8 614 00 20

---

## CONTENT

3	The year in brief	
4	Bure's portfolio companies	
5	Comments from the Chairman and CEO	
9	Bure's operations	
12	Sustainability at Bure	
18	Bure's holdings	
20	Bure's net asset value	
21	Bure's listed holdings	
24	Bure's unlisted holdings	
26	The Bure share	
28	Corporate governance	
32	Board of Directors	
34	Employees	
35	Five-year overview	
36	Bure 25 years	
38	Administration report	
43	Group	Statement of comprehensive income
44	Group	Balance sheets
46	Parent Company	Income statements
47	Parent Company	Balance sheets
48	Group	Statement of changes in equity
49	Parent Company	Statement of changes in equity
50	Cash flow statement	
51	Notes	
71	Auditor's report	
76	GRI Index	
78	Definitions	
79	Shareholder information	

Bure is an investment company based in Stockholm, and has been listed on the Nasdaq Stockholm since 1993. Bure's investments, valued at SEK 9.5 billion, consist of 10 portfolio companies – many of which are technology-based with a strong focus on international markets.

Bure is a good owner that, in close co-operation with its portfolio companies, strives to identify, develop and realise the potential of each respective company.

Investments are made for the long term, with strong commitment, extensive knowledge, a richness of ideas and active participation to create sustainable value and successful companies.

The aim of Bure's operations is to create long-term total returns for Bure shareholders and to be a competitive investment alternative on the stock market.



## Net asset value increased SEK 1.7 billion to SEK 9.5 billion.

**Net asset value per share increased 22.7 per cent.**

Bure net asset value has increased for seven consecutive years, primarily due to the strong performance of its listed portfolio companies.

**Listed portfolio companies' sales increased 12.6 per cent and operating profit increased 24.2 per cent.**

Compared to the SIX Return Index, which fell 4.4 per cent, total return on the Bure share increased. One of Bure's key goals is to create strong sustainable total returns for Bure's shareholders.

**Total return was 12.7 per cent in 2018.**

### THE YEAR IN BRIEF

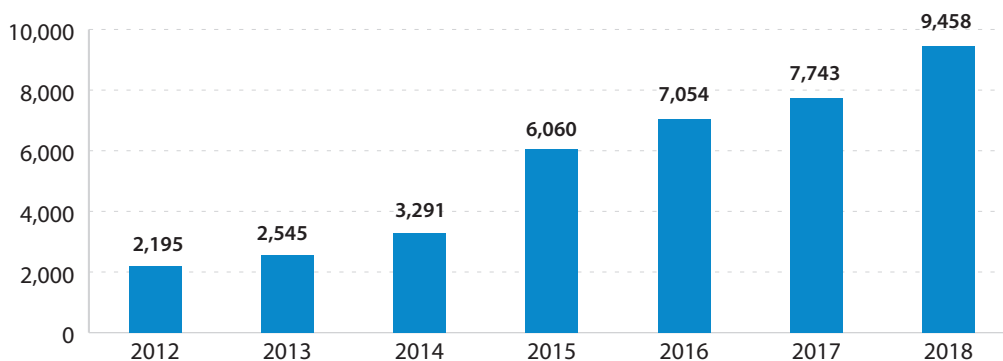
#### Shareholder value

- Net asset value increased 22.7 per cent to SEK 137.1 per share (111.7). Net asset value per share including dividends paid of SEK 2.0 per share increased 24.5 per cent in 2018.
- Total return on the Bure share was 12.7 per cent.
- Consolidated profit after tax amounted to SEK 1,821M (834). Earnings per share amounted to SEK 26.3 (12.0).
- The Board proposes that the 2019 AGM approves an ordinary dividend of SEK 2.00 (1.50) and an extraordinary dividend of SEK 0.00 (0.50) per share.

#### Investment activities

- Bure acquired shares in Cavotec for SEK 104M, and increased its holding to 25.4 per cent.
- Bure acquired 12.0 per cent of Ovzon for SEK 71M.
- Bure acquired additional shares in Yubico for SEK 33M.
- Bure acquired shares in Alcur Fonder and My Driving Academy.
- Bure divested 0.6 million shares in Xvivo Perfusion for SEK 57M, resulting in an exit gain of SEK 45M.

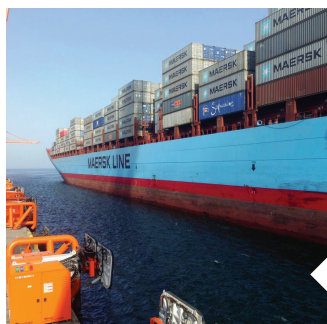
Net asset value 2012 – 2018, SEK M



# Bure's portfolio companies

## BURE IS PASSIONATE ABOUT AND FOCUSED ON BUILDING COMPANIES

Bure has 10 portfolio companies, of which six are listed. Most of the portfolio companies are technology-based with a strong focus on international markets. Bure invests for the long term in listed and unlisted companies.



### CAVOTEC

is a leading engineering group that designs and manufactures automated connection and electrification systems for ports, airports and industrial applications worldwide.



### MEDCAP

owns and develops market-leading niche Life Science companies.

### MYCRONIC

develops and manufactures world-class production equipment for electronics and display manufacture.



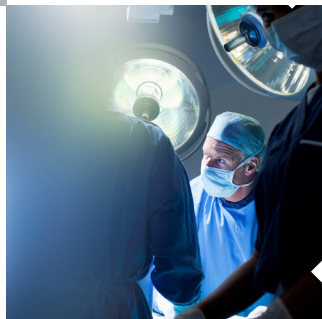
### OVZON

offers a revolutionary mobile broadband service via satellite that combines high data speeds with a high degree of mobility.



### VITROLIFE

is an internationally active medtech group. Vitrolife develops, produces and markets products for fertility treatment.



### XVIVO PERFUSION

is an international medtech business that specialises in developing optimised solutions for organs, tissues and cells for use in transplantations.

### BURE FINANCIAL SERVICES

is a wholly owned subsidiary that invests in financial operations and assets.



### BURE GROWTH

is a wholly owned subsidiary that invests in development companies.



### INVESTMENT AB BURE

is a wholly owned subsidiary that owns and manages leasing of locomotives.



### MERCURI INTERNATIONAL

is a leading international sales and leadership consultancy and training company.

# Comments from the Chairman and CEO



Henrik Blomquist, CEO and Patrik Tigerschiöld, Chairman look back, reflect, and discuss the future.

## Anniversary year and record value growth

**Henrik:** 2018 was a really good year. Net asset value per share increased 22.7 per cent, which saw the total value of the company increase to SEK 9,454M by the end of the year. This is a record for Bure's net asset value, which has increased for the seventh consecutive year.

**Patrik:** It's fantastic that net asset value per share increased so much, especially in a year when the stock market fell 4 per cent. We like to think that our unrelenting ambition to make our companies even better and stronger has contributed to these results and growth in value. It was especially encouraging that this amount of growth was achieved in 2018 – the year Bure marked its 25th anniversary.

### SO 2018 WAS A REALLY GOOD YEAR; WHAT WERE YOU MOST HAPPY ABOUT?

**Henrik:** In general, the portfolio companies continued to impress, and we saw record results for Mycronic, Vitrolife, Xvivo and Medcap. The value growth in the two largest holdings, Mycronic and Vitrolife, is extraordinary, and primarily driven by the companies' strong earnings performance.

Mycronic achieved a sales record of SEK 3.8 billion and reported operating profit of more than SEK 1 billion. Developments in the Assembly Solution business area were perhaps especially encouraging. After several years of negative results, the unit reported a positive underlying operating profit of SEK 125M. Overall, a fantastic performance by the company and all employees under the leadership of CEO Lena Olving. I would like to take this opportunity to extend a warm thank-you to Lena for everything she has done for Mycronic in the past seven years as she now prepares for retirement.

Vitrolife's growth journey continued in 2018, although the company's primary focus during the year was substantial investment in the future. For example, in the autumn, Vitrolife entered into a licensing and commercialisation agreement with US-based Illumina. This gave Vitrolife control of Illumina's pre-implant IVF genetic testing activities, which is now a new business area known as Genomics. It was especially satisfying that Bure was able to support this process as Fredrik Mattsson, who had worked at Bure for nine years, went to Vitrolife to take responsibility for this new business area.

BURE  
från  
STATEN  
till  
KAPITALET

### BURE 25 YEARS, 1993 – 2018

#### "Bure från staten till kapitalet (from State to Capital)"

A story about the company's dramatic formation and compelling journey.

See more on pages 36–37.



### ANY PARTICULAR CHALLENGES?

**Patrik:** It was a difficult year for Cavotec. Large one-off items affected performance. This was partly due to a major cost-saving programme, and partly due to the conclusion of a long court case in the US that, despite winning the main case, resulted in Cavotec having to pay 8 million dollars to the other party. The generational shift and raft of changes that were launched in 2017 continued. When a company moves from one development phase to another, it is often a highly sensitive and challenging period. This is especially so when you go from a highly entrepreneurial-driven culture to a more formally-controlled organisational structure. I hope and believe that in the near future we will be able to demonstrate better profitability and return to the growth curve the company achieved in the past.

### AT THE START OF 2019, BURE HAD A NET ASSET VALUE OF MORE THAN SEK 10 BILLION, DOES THIS AFFECT YOUR APPROACH?

**Henrik:** In essence, I don't think that the increase in net asset value changes a great deal for us. Bure's ownership philosophy, with its long-term horizon, remains in place, and our internal routines are only

marginally affected by it. In purely mathematical terms, however, the increase in net asset value does have an impact. The higher yields that we have managed to produce historically are now greater and larger in Swedish kronor as underlying returns have grown. Assuming that we want to continue to have a mixed portfolio with a variety of assets, this means that our underlying assets will presumably need to become larger, in kronor, or greater in number. A consequence of this is that the company needs to grow in one dimension or another. This is nothing we perceive as necessarily challenging – change is something we consider positive.

**Patrik:** In five years, our two largest holdings, Mycronic and Vitrolife, have grown from being 39 per cent of total portfolio value to being 72 per cent at the end of the year. We've stubbornly stood by these two excellent companies, despite their considerable increase in their representation in the portfolio. There are those who think that we've taken too great a risk, but thanks to our participations, Bure's net asset value has enjoyed strong growth. Bure has sold a number of shares, but this is not because we don't believe in the future of the companies, rather because we want to have the opportunity through new investments to build more star performers in our portfolio.

### DOES THE INTRODUCTION OF IFRS 9 AFFECT THE BALANCE BETWEEN LISTED AND UNLISTED COMPANIES?

**Henrik:** Bure's unlisted holdings were reported in terms of market value in the net asset value calculation for the first time in 2018. This was due to a change in accountancy rules. Historically, Bure has always used purchase value of unlisted assets, but in line with the introduction of IFRS 9, unlisted assets are assigned a market value. The method for doing this is based on the International Private Equity and Venture Capital valuation guidelines.

Total effect for the year amounted to SEK+321M. The holding in Yubico accounted for the largest proportion of this increase. This in turn was due to a transaction made in the spring when, among others, a US venture fund increased its holding in the company. Bure also took part in this transaction and we thus defended our holding. In addition, we also reversed a previous write-down of the Mercuri subsidiary by a total of SEK 50M. In the past two years, Mercuri has returned to stable profit levels and drastically improved its financial position.

Overall, this means that the share of unlisted holdings in fact increased during 2018 to end the year at just under 10 per cent of total net asset value.

### WHAT DO YOU SEE AS THE ROLE AND FUTURE OF INVESTMENT COMPANIES?

**Patrik:** I strongly believe that active management over time results in better returns. So it's pleasing to



**"I strongly believe that active management over time results in better returns."**

*Patrik Tigerschiöld*

note how well investment companies in Sweden have performed as a category in the past five years. Today, there are even funds that specialise in only investing in investment companies both in Sweden and internationally, and these have also performed well.

**Henrik:** I think that investment companies have every opportunity to be really good owners. It takes time to build companies and a long-term ownership perspective offers scope to move away from the quarterly focus and similar distractions. Furthermore, I believe that the transparency and openness that stock market-listed investment companies are forced to or voluntarily adopt bodes well for the future.

#### HOW DO YOU SEE MARKET CONDITIONS DEVELOPING IN 2019?

**Henrik:** The relatively dramatic stock market fall we witnessed at the end of 2018 and the recovery early in 2019 accurately reflect the state of the market. Uncertainty has intensified. Investor risk appetite is inversely proportional to uncertainty related to underlying economic conditions. Despite this, as I wrote in the year-end report for 2018, we've seen only isolated indications of reduced demand in our portfolio companies. However, certain sectors are more exposed than others, for example the automotive industry that is exposed to cyclical downturns and rapid technological change. It is safe to assume that we are now towards the latter part of the economic cycle. The market's interpretation of central bank policy can, once again, be crucial. Fewer or smaller rate rises and continued stimulus can alter conditions on the share market in 2019.

**Patrik:** In the 20 years Henrik and I have worked together, we've always been worried about stock market performance and have seen problems as they emerge. We've experienced three severe stock market crashes in 2000, 2008 and 2011, and presumably we're soon due another. The conclusion is that where we can actually offer value is not by taming the markets, but by being involved in growing companies – this creates value – considerable value. And we intend to continue doing this.

#### HOW WILL THIS AFFECT YOUR PRIORITIES IN 2019?

**Henrik:** An economic downturn would of course affect most of our portfolio companies. A natural priority in such a situation would be for boards and management teams to have a clear plan in place for if or when this happens. The switch from being offensive to a little more defensive needs to be well



prepared and swiftly implemented. At the same time, interesting opportunities can also emerge in the wake of market falls. For some of our companies, this could then mean suddenly switching to being more offensive than defensive.

On the investment side, I believe that we need to create the necessary conditions to act. Historically, Bure has made major changes in challenging conditions.

Stockholm, March 2019

Henrik Blomquist  
CEO

Patrik Tigerschiöld  
Chairman



**“Bure is passionate about building companies. Bure’s focus is on identifying companies that generate profitability and sustainable growth. Bure’s goal is to be a good owner while also creating good returns for Bure shareholders.”**





# Bure's operations

## BUSINESS CONCEPT AND GOALS

Bure is an investment company and a good owner. By actively building successful companies and operations for the long term, Bure generates strong returns for its shareholders.

### Bure's vision;

- to create long-term total returns for Bure shareholders, and to be an attractive investment alternative on the stock market.

## BUSINESS MODEL

Bure's business model is based on active involvement in the development of wholly- or partly-owned businesses and operations to increase the value of these assets over time. The approach starts with an investment analysis and transaction work. Investment analysis evaluates company strategy, future outlook and an overall set of targets. These targets or ambition level solidifies with Bure in what is known as an ownership agenda. Following a transaction, it is the task of the company board in question to meet these targets. Activities in portfolio company boards follow the Swedish Corporate Governance Code.

It is the success of Bure's portfolio companies that underpins Bure's value growth and returns.

## ORGANISATION

Bure consists of two separate entities: investment and business support. To enhance efficiency, competitive advantage and focus on relevant tasks, clear processes have been defined for both entities. In addition to documented processes, Bure has also produced a code of conduct. The code is based on three core values;

\* professionalism \* determination \* respect \*

The purpose of the code of conduct is to clarify Bure's core values and communicate what Bure stands for in the long term.

Bure's investment arm works on key issues related to Bure's business model. This work may be described as falling into two separate roles;

### As an owner:

- create, evaluate and carry out owner agendas, board representation, evaluation of senior executives, nomination committees, owner meetings, etc.

### As an investor:

- sourcing/deal-flow, company analysis, market monitoring, transaction processes, valuation etc.

Bure's role as an owner includes work with portfolio company boards and general corporate governance or company management. Bure's overall goal is to be a good owner. This means that the majority of time and energy spent in the investment entity is focused on supporting and developing the portfolio companies. Supporting and developing portfolio companies constitutes the foundation of Bure's business philosophy, which the company has produced and documented for more than 25 years.

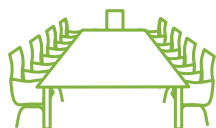
The role as an investor centres on company transactions and portfolio composition. Bure's ambition is to have an interesting portfolio of assets with a diversified risk and yield profile. The investment entity proposes new investments or divestments to the Bure Board, which has ultimate responsibility for the composition of the Bure portfolio. All changes to the portfolio are evaluated and decided upon by the Bure Board that can be compared to a conventional investment committee.

Business Support is responsible for the management and administration of Bure. This includes accounting, financial reporting, IR, etc.



1

Bure invests in businesses based on a considered set of targets.



2

Bure takes a seat on the board.



3

Portfolio company becomes successful in the way it does business.



4

Bure's net asset value increases.

# Bure – a good owner

Bure's business model is based on an ownership philosophy that has developed throughout the company's 25-year history. The ownership philosophy is built on a deep commitment and high degree of presence in portfolio companies. In this way, Bure is able to assimilate broad competence in those branches where portfolio companies are active. The portfolio currently has several companies in which Bure has been involved for considerable periods and has contributed to successful growth. Bure's ownership philosophy is based on the following underlying foundations:

## Building for the long term

A long-term approach is a vital ingredient in building successful companies. Short-term speculation can lead to decisions that undermine the long-term prospects of portfolio companies. The courage to invest, have patience and show respect creates the right conditions for building industrially successful companies, and thereby substantial value. However, building for the long-term should not be equated with acting slowly. On the contrary, a long-term approach places greater demands on procedural work and business evaluation that builds structural capital and competitive advantage

## Involvement and responsibility

As a main owner, Bure works according to a clear agenda focusing on respective holdings' long-term business strategy and value drivers. This requires a high-degree of presence in portfolio companies, primarily through active board involvement. With ownership comes responsibility. Bure's Code of Conduct describes what Bure considers to be responsible behaviour and ownership, which portfolio companies are encouraged to respect. The Code of

Conduct contains clear commitments regarding, inter alia, ethics, human rights, employment issues, and environmental impact.

## Adapted leadership

Various stages of company maturity require different types of leadership to create success over time. It is unlikely that a single type of leadership is appropriate for all situations. This puts demands on Bure as a main owner in terms of continuous awareness and readiness for change through continually evaluating what sort of leadership portfolio companies require. Understanding the type of leadership specific companies have in their specific set of circumstances is critical to success.

## Financial strength

A good owner possesses the financial strength and capacity to always support and assist its portfolio companies achieve their established objectives.



Bure's involvement in portfolio companies	Bure's ownership	Bure as the largest single shareholder	Number of board members from Bure	Chairman from Bure	Year of original investment
<b>Listed portfolio companies</b>					
Cavotec	25.4%	Yes	1	Yes	2014
MedCap	22.9%	No	1	No	2013
Mycronic	29.9%	Yes	1	Yes	1986/2009 <sup>1)</sup>
Ovzon	12.0 %	No	1	No	2018
Vitrolife	20.8%	No	1	No	1984/2000 <sup>2)</sup>
Xvivo Perfusion	16.3%	Yes	1	Yes	2000/2012 <sup>3)</sup>
<b>Unlisted portfolio companies</b>					
Bure Financial Services	100.0%	Yes	3	Yes	2014
Bure Growth	100.0%	Yes	2	Yes	2015
Investment AB Bure	100.0%	Yes	2	Yes	2012 <sup>4)</sup>
Mercuri International	99.1%	Yes	1	Yes	1998

1) Date of original investment in Mydata and its merger with Micronic.

2) Date of original investment in Fermentech Medical and its merger with Vitrolife.

3) Date of investment and Lex Asea dividend from Vitrolife.

4) Date of locomotive investment.



# Bure – a responsible investor

## SITUATION-BASED INVESTMENTS

Bure identifies and monitors interesting sectors and businesses and evaluates potential investment as opportunities arise. Among other things, Bure looks for special situations that fall outside conventional investment models, in different sectors, asset classes, cycles and growth phases. The ambition is to find unorthodox approaches to profitable investments and to evaluate potential companies based on the unique situations in which companies find themselves.

To succeed, long-term work is required in terms of relationships and networks. This is necessary to reach the "right moment" when the time is right to make a sound investment. As an investor, the company needs to be agile and have a capacity for pro-active decision-making to take advantage of opportunities when the right moment comes.

When evaluating businesses and potential investments, Bure analyses business potential from the point of view of structure, market, business model, financial position, and management team and board. It is also important to clearly identify which role Bure is to play in the short- and long-term.

## OVERALL INVESTMENT CRITERIA

In new and existing investments, Bure uses a structured approach that includes the clear identification of different value drivers.

### Bure's overall investment criteria are:

- Each investment shall generate an annual Internal Rate of Return (IRR) of more than 12 per cent.
- The holding shall be significant and have sufficient potential to contribute to Bure's long-term growth.

- Bure shall be a sufficiently large owner with a clearly defined role to actively influence the short and long term.

## ACTIVE AND LONG-TERM OWNERSHIP WITH NO ESTABLISHED EXIT STRATEGY

Bure assess each investment and business opportunity over a period of three to five years, although the investment horizon can be longer. If interesting new business opportunities arise over time for a given company, Bure can prolong its ownership of the company. The current portfolio contains several operations where Bure has been involved for many years and has contributed to building successful companies.

Bure has no established exit strategy, and is not under any obligation to divest portfolio companies within a certain period of time. Exits can take place, for example, when a new owner can contribute to a company's development. As an owner, it is critical that Bure has a long-term strategy and an owner agenda, i.e. clear objectives and action plans for respective portfolio companies. Bure evaluates these on an on-going basis, with an emphasis on value, potential, and risk.

## TARGET SCENARIO FOR THE PORTFOLIO

Within the framework of Bure's business model, a set of targets has been identified relating to the composition of the portfolio. These targets are established primarily from a yield perspective and portfolio companies' yield profile. The image shows schematically how Bure's portfolio of companies could look. The three categories include:



### ■ Companies with considerable potential returns:

IRR > 20%, considerable growth potential  
High growth  
Often smaller companies  
New technologies  
Entrepreneur-led structures

### ■ Cash-generating companies:

Relatively mature companies  
Historically stable immediate yield  
Bure controls cash flow

### ■ Target-returning companies

IRR of 12%  
Proven business models  
Stable cash flow, immediate yield  
Lower growth

# Active ownership creates the foundations for a long-term sustainability approach

**Bure seeks to be recognised on the investment markets as a good owner, one that takes on the key responsibilities of building companies for the long term.**

Bure believes that there is a strong link between sustainability and long-term value creation. Contributing to sustainable development is part of Bure’s investment philosophy, and the company strives to create awareness of sustainability issues in its portfolio companies and in its own operations.

### BURE’S OPERATIONS AND THE OPPORTUNITY TO INFLUENCE

The cornerstones of Bure’s business model are strong commitment and presence in its portfolio companies. The current portfolio includes several companies in which Bure has been involved for many years and has contributed to successful performance.

As an owner, Bure has considerable influence on portfolio companies, and works actively through board representation to support the establishment of relevant policies for respective companies and ensure that operations are conducted responsibly and ethically. Bure’s own direct sustainability work is important, but with a small number of employees and only one office, this is less meaningful from an actuating perspective.

This is Bure’s second sustainability report that meets GRI Standards (see page 76 for GRI Index). Work on following-up and establish targets in this area is ongoing.

### GUIDELINES, POLICIES AND MANAGEMENT

The Bure Board of Directors has drawn up an internal framework that defines guidelines for how Bure shall act as a responsible company and reflects the 10 principles of the UN Global Compact\*.

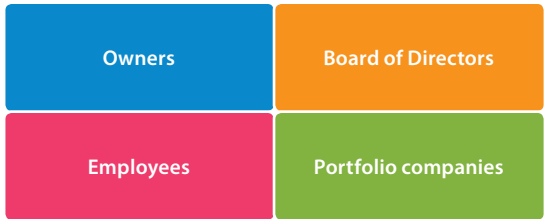
Bure’s guidelines and policies are described in the *Code of Conduct*. Together with Bure’s *policies for responsible ownership and responsible investment, environmental policy and whistle-blower policy*, the Code sets out guidelines for how Bure shall act as a responsible company, owner and employer. The document is available on Bure’s website: [www.bure.se/en/sustainability](http://www.bure.se/en/sustainability).

Employees and other Bure representatives are responsible for following these policies and guidelines, and what they entail in relevant contexts. The internal framework is reviewed annually and updated when necessary. Bure’s CFO is responsible for the co-ordination and development of the company’s sustainability activities.

### MATERIAL ANALYSIS

In the spring of 2017, an in-depth material analysis was conducted involving the Bure Board, employees and external stakeholders including shareholders, portfolio companies and others.

#### Bure’s stakeholders



The analysis focused partly on aspects of Bure’s direct operations, and partly on Bure as an owner and investor. The purpose of the material analysis was to ensure that Bure has the right focus in its sustainability efforts and incorporate stakeholders’ views.

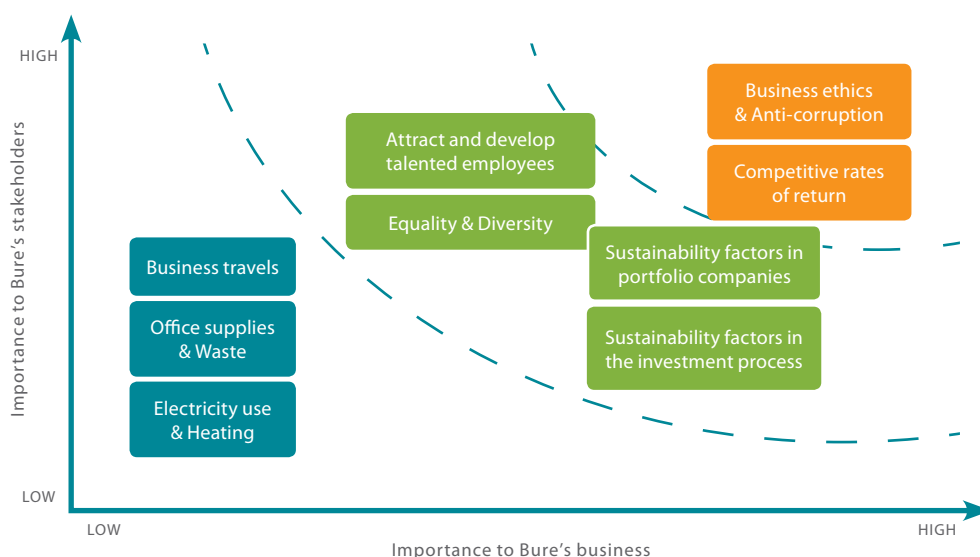
The analysis resulted in a matrix in which Bure’s most significant sustainability issues are shown internally and externally.

\* Global Compact 10 Principles

HUMAN RIGHTS		LABOUR STANDARDS		
Principle 1 : Businesses should support and respect the protection of internationally proclaimed human rights; and	Principle 2 : make sure that they are not complicit in human rights abuses.	Principle 3 : Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Principle 4 : the elimination of all forms of forced and compulsory labour;	Principle 5 : the effective abolition of child labour; and

Source: [www.unglobalcompact.org](http://www.unglobalcompact.org)

Bures prioritized sustainability issues based on the material analysis  
 Bure's stakeholders include owners, the Board of Directors, portfolio companies and employees (y-axis).  
 The material group for Bure's business operations is made up of the CEO and CFO (x-axis)



## RESPONSIBLE OWNERSHIP AND RESPONSIBLE INVESTMENT

### Sustainability considerations in the investment process

Bure's ambition is to create long-term value by owning and developing companies with strong market positions. Risk analysis and opportunities linked to sustainability are a key aspect of the Bure's investment process and are crucial to its continued success, above all from a risk minimisation perspective. Expectations of Bure's owners are also included in how Bure positions itself. Environmental, Social and Governance (ESG) factors are therefore a natural element in Bure's process for the analysis of new investment opportunities.

All investment objects are evaluated in relation to the 10 principles of the Global Compact and Bure's policies for responsible ownership and responsible investment have been developed to support this work. Bure's investment policy describes, *inter alia*, its investment criteria.

Bure does not invest in companies:

- with not insignificant operations in the development of weapons and the production of weapons
- that contribute to severe environmental damage
- with global supply chains with considerable risk in terms of working environments and working conditions (primarily the textile sector and basic mechanical machining)
- that produce or distribute pornography
- in the tobacco sector

Bure's guidelines for new investments are included as a part of its annual strategy review. This review includes these guidelines as part of Bure's overall business monitoring activities that incorporate the analysis of global trends and market conditions.

### Indicators and results for 2018

- All investments made in 2018 were subject to an ESG screening.

#### ENVIRONMENT

Principle 6 : the elimination of discrimination in respect of employment and occupation.

Principle 7 : Businesses should support a precautionary approach to environmental challenges;

Principle 8 : undertake initiatives to promote greater environmental responsibility; and

Principle 9 : encourage the development and diffusion of environmentally friendly technologies

#### ANTI-CORRUPTION

Principle 10 : Businesses should work against all forms of corruption, including extortion and bribery.

### Sustainability factors in portfolio companies

Bure builds companies for the long term and stands for responsible ownership. A clear link exists between long-term value creation and sustainable business models. Bure's goal is to promote sustainable development in the business, and in the companies that Bure co-owns. Bure is a responsible owner and works to ensure that applicable laws and regulations are followed. Sustainability work is of paramount importance, and potential mistakes may result in lower returns for Bure, and ultimately damage reputation and credibility, which can negatively impact Bure's business opportunities. At the same time, the reverse is true – sustainability in portfolio companies can create competitive advantage, and by extension, higher returns for Bure shareholders.

Bure influences portfolio companies through its corporate governance. Bure has board representatives in all its portfolio companies, often including board chairman positions. Bure promotes transparent company culture in portfolio companies. The active pursuit of ESG issues is included in the tasks of board members representing Bure. Portfolio companies' environmental and other sustainability work shall, in line with Bure policy, be included in respective boards' agendas and be subject to ongoing evaluation. Issues that are pursued by different companies are determined by specific situations and business orientation, i.e. focusing on respective companies' material sustainability issues. There is greater scope to influence day-to-day activities in wholly-owned companies.

Bure's *Code of Contact*, *policy for responsible investment*, *environmental policy* and *whistle-blower policy* were communicated to portfolio companies during the year. Bure also sees an opportunity for regular activities to enable management issues, including sustainability, to be discussed and experiences exchanged.

Activities of portfolio companies are reviewed by board representation and in Bure's regular meetings with company management teams.

Bure will present the status of portfolio companies' sustainability activities according to the criteria outlined below.

### Indicators and results 2018

- In 2018, Bure interacted with all portfolio companies regarding sustainability (100%).
- Portfolio companies actively conducting sustainability work<sup>1)</sup>

### Portfolio companies actively conducting sustainability work in 2018

	<25%	25–50%	50–75%	>75%
Active sustainability work				
Responsible/dedicated person for sustainability activities				
ESG goals and review				
Management structure (incl. ISO certifications)				

<sup>1)</sup> Portfolio companies were reviewed on an individual basis, and results were subsequently aggregated. Companies reviewed were Cavotec, MedCap, Mycronic, Ovzon, Vitrolife, Xvivo Perfusion and Mercuri. Portfolio companies not included were smaller businesses or companies with relatively recently established operations.

## SUSTAINABILITY IN THE PARENT COMPANY BURE EQUITY

### Business ethics and anti-corruption

Work on sound business ethics and anti-corruption are the most important areas of Bure's operations for its internal and external stakeholders (see Material Analysis). Upholding good business ethics and zero tolerance of corruption are key factors for Bure's continued success. Abuse of insider information is included in this area, and is an area where the greatest risk lies, as Bure's business makes extremely limited purchases and limited ongoing business relationships.

The Board of Directors of Bure Equity introduced a new code of conduct and whistle-blower policy. New employees are informed of the policies and sign both policies when they join the company, together with an insider policy that regulates employee trading in financial instruments. Independent lawyers provide Bure employees with training in laws and regulations related to capital markets, including market abuse, on an ongoing basis. Bure employees are subject to additional restrictions over and above existing legislation related to the trading of listed financial instruments, which is regulated by Bure's insider policy, and which in some cases requires the approval of the CEO. Furthermore, in 2017, Bure put in place an anonymous whistle-blower function with the help of an outside law firm.

Work in this area is evaluated continuously and all suspected cases of corruption and unethical behaviour are taken extremely seriously. Bure's leadership team also conducts evaluations in this area on an annual basis, which include policy documents, internal work done, and processes that are reviewed and updated when necessary.

### Indicators and results (GRI 205-2, 205-3)

- During 2018, all employees have been informed about the board's established policies, and are advised about changes to applicable laws (100%).
- In 2018, no incidents of corruption have occurred. During the year, Bure's whistleblower function did not receive any notifications.

### Competitive returns

According to the material analysis, Bure's capacity to achieve competitive returns is its second most important area of activity. Bure's goal is to create a long-term total return for Bure shareholders and to be a competitive investment option on the stock market. Returns are a result of Bure's operations and create opportunities for Bure to continue its work on developing portfolio companies and make new investments. Good returns are necessary for Bure to pursue its agenda as a "good owner". According to Bure, a good owner has the financial strength and capacity to always be able to support and help portfolio companies achieve their stated aims. According to Bure's business model, a good owner should be long-term, show commitment and responsibility, ensure that portfolio companies have leadership adapted to respective companies' development phase, and have financial strength.

Bure's strategy to achieve competitive returns is to invest in a balanced portfolio of companies with an overall minimum return of 12 per cent for each company. Bure has no exit strategy. Rather, it evaluates ownership priorities for respective companies in its annual strategy work. It is Bure's aim to establish ownership priorities for each company and focus on the most pressing issues in the three to five years ahead. Through an active board presence, Bure attempts to promote the ownership agenda in respective companies.

Bure has board representatives in all its portfolio companies, often including board chairman positions. Bure takes an active role in board work, and regularly follows-up activities in portfolio companies, and acts where deemed necessary. Bure reports to the Bure Board about work carried out in portfolio companies on a monthly basis. These public companies also have a good level of transparency due to quarterly reporting.

### Indicators and results 2018

Bure highlights two measures that the company deems relevant to gauge competitive returns – growth in net asset value and total return. Growth in net asset value indicates how successful Bure have been in the management of Bure's assets. The market's judgement of Bure's work is measured in turn by total return for the Bure share. Total return is share price development including reinvested dividends. See: The Bure Share and Five-Year Overview.

### Attract and develop talented employees

Bure's current and future success is determined by its employees. It is therefore of the utmost importance to be able to attract people with the right skill sets and provide employees with opportunities to grow and develop.

Bure is a small organisation with seven employees and senior investment advisors. Currently, Bure has no formal structures or guidelines in place in terms of training and additional skill set development. Rather, employees are given the opportunity to, on their own initiative, research training courses on an ongoing basis. For example, employees have taken the Executive Education Program, a course in board work and have regularly attended seminars. All employees have annual career development discussions that primarily focus on employees' development and remuneration.

In 2018, Bure introduced a training requirement as an element of the annual review of operations and as a standing point in development dialogue. As part of this initiative, Bure has developed guidelines for further training and follow-up of these efforts.

#### Indicators and results 2018 (GRI 404-3)

- During 2018, all employees (100%) have received an evaluation and review of their performance and career development.

### Equality and diversity

Bure's stakeholders raised equality and diversity in the material analysis as an important aspect of sustainability activities. Respect is one of Bure's core values, and Bure's Code of Conduct stipulates that the Bure company shall be a workplace that offers all individuals the same opportunities in a company culture free from discrimination and abuse.

Bure is aware of the risk of having an overly homogeneous staff can lead to a one-sided perspective on opportunity and risk. Bure strives to increase the number of women it employs. The Bure Board of Directors and organisation is currently comprised of men and women, with a majority of men. The proportion of women on the boards have increased to 40 per cent in 2018 compared with 36 per cent the prior year.

#### Indicators and results 2018 (GRI 405-1, 102-7)

Equality	Women	Men
The Bure Equity Board of Directors	2	4
Bure Equity Employees	1	6
<b>Listed portfolio companies</b>		
Cavotec	2	4
MedCap	1	4
Mycronic	3	5
Ovzon	0	6
Vitrolife	2	3
Xvivo Perfusion	2	4

### Environment

Bure's influence in the environmental sphere can be described as non-material in relation to the influence the company has in other areas through its ownership management. The company and its seven employees' immediate environmental impact is limited to impact from office operations and business travel. Furthermore, the material analysis suggests that the company's environmental impact cannot be considered as material.

### Human rights

Bure supports the UN Global Compact and pursues issues related to human rights in its subsidiaries and portfolio companies through its ownership management and board representation. Bure's immediate operations are conducted in Sweden and according to applicable requirements and rules that result from that, it has been judged that human rights are not an area of material focus.

#### THE AUDITOR'S OPINION ON THE STATUTORY SUSTAINABILITY REPORT

To the AGM of Bure Equity AB (publ.), corporate identity number 556454-8781

#### Assignment and division of responsibility

The Board of Directors is responsible for the 2018 Sustainability Report pages 12–16 and because the report is prepared in accordance with the Annual Accounts Act.

#### Focus and scope of the audit

Our audit was conducted in accordance with FAR recommendation RevR12

Auditor's opinion on the statutory sustainability report. This means that my (our) review of the Sustainability Report has a different focus and considerably narrower scope compared to the focus and scope of an auditor bound by the International Standards on Auditing and sound auditing practice in Sweden. We believe that this review provides us with sufficient basis for our opinion.

#### Opinion

A sustainability report has been prepared.

Stockholm, 28 March 2019

Öhrlings PricewaterhouseCoopers AB

Michael Bengtsson  
Authorised Accountant



“We firmly believe in the potential of our companies and their abilities. With our commitment, we create the right conditions for successful and responsible companies.”





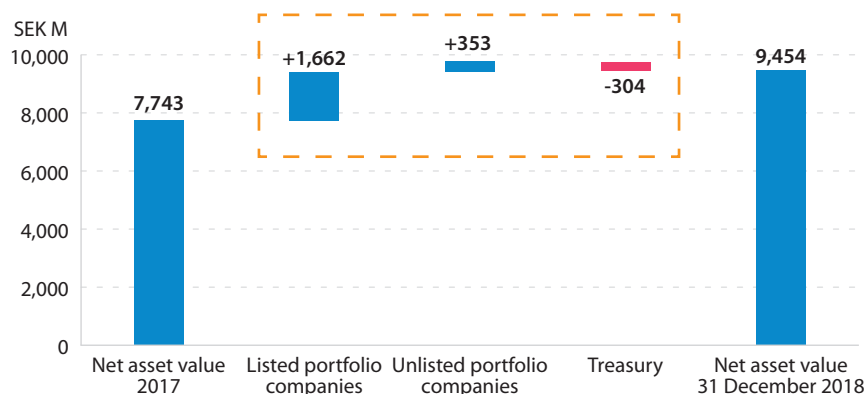
# The holdings development in 2018

## Net asset value, 12 months 2018

Net asset value was SEK 9,454 M, an increase of SEK 1,711M on the year.

Net asset value per share amounted to SEK 137.1, equivalent to an increase of 22.7 per cent since year-end.

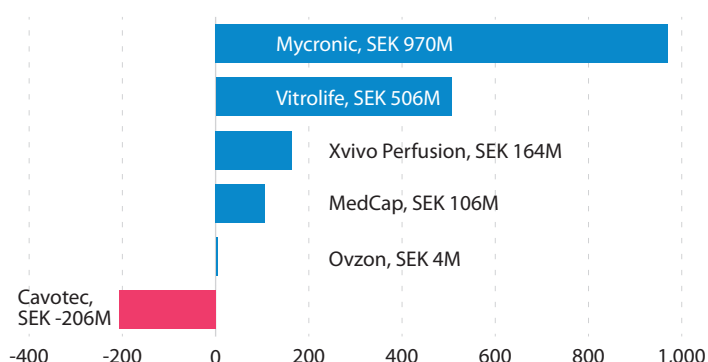
Net asset value per share increased 24.5 per cent including repaid dividends.



## LISTED PORTFOLIO COMPANIES, 12 MONTHS 2018

The value of listed portfolio companies increased during the year by SEK 1,662M to SEK 7,933M. Of this value growth, value changes and exit gains accounted for SEK 1,545M, acquisitions for SEK 175M and divestments SEK 57M.

### Listed portfolio companies value development and exit gains/losses, 12 months 2018



The value of the holding in Mycronic increased SEK 970M to SEK 3,462M at the end of the year. The share price increased 38.9 per cent during the year.

Vitrolife increased in value by SEK 506M, totalling SEK 3,321M at year-end. The share price increased 18.0 per cent during the year.

The value of the holding in Xvivo Perfusion rose by SEK 107M to SEK 566M at the end of the year. During the year, 0.6 million shares were divested for SEK 57M with an exit result of SEK 45M. The share price increased 40.4 per cent during the year.

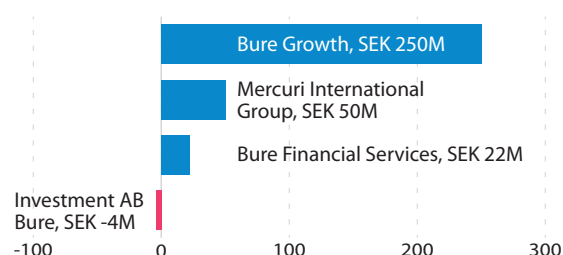
The value of the holding in MedCap increased by SEK 106M to SEK 245M. The share price increased 76.4 per cent during the year.

The value of the holding in Ovzon amounted to SEK 75M at year-end. The share price increased 5.7 per cent since its stock market listing in May 2018.

The value of the holding in Cavotec decreased by SEK 102M to SEK 264M. During the year, shares were acquired in Cavotec for SEK 104M. The share price fell by 39.8 per cent during the year.

Listed portfolio companies amounted to 83.9 per cent of net asset value compared to 81.0 per cent at the end of 2017.

### Unlisted portfolio companies value development and exit gains/losses, 12 months 2018



## UNLISTED PORTFOLIO COMPANIES, 12 MONTHS 2018

The value of unlisted portfolio companies increased by SEK 353M to SEK 892M compared to SEK 539M at the end of 2017. The increase in value was primarily due to revaluations of financial assets to estimated market value.



Bure Financial Services' net asset value increased by SEK 37M to SEK 89M due to a revaluation of financial assets to estimated market value of SEK 22M and acquisitions of shares in Alcur Fonder and Atle Investment Services for SEK 16M. Bure Financial Services received dividends of SEK 12M from Fondita in the second half of 2017 and the first half of 2018.

Bure Growth's net asset value increased by SEK 291M to SEK 490M due to a revaluation of financial assets to estimated market value of SEK 250M and acquisitions of shares in Yubico for SEK 33M, My Driving Academy for SEK 9M and BioLamina for SEK 0.1M. Most of the revaluation relates to the holding in Yubico that was valued upwards based on that most recent transaction in accordance with IFRS 9.

Investment AB Bure's net asset value increased by SEK 3M to SEK 178M. In 2018 the parent company Bure Equity increased its loan to Investment AB Bure by SEK 7M.

During the first quarter, shares in Mercuri were revalued from SEK 55M to SEK 105M through a reversal of previous write-downs of SEK 50M. Mercuri amortized SEK 29M to the parent company Bure Equity during the year. The value of shares and the parent company's interest-bearing receivables in Mercuri amounted to SEK 135M at the end of the year.

Unlisted portfolio companies amounted to 9.4 per cent of net asset value compared to 7.0 per cent at the end of 2017.

### TREASURY, 12 MONTHS 2018

The value of assets in Treasury decreased by SEK 304M to SEK 630M. During the year Bure received dividends of SEK 106M and divested financial assets for SEK 99M. Bure also acquired financial assets for SEK 290M, paid dividends of SEK 139M and repurchased of its own equity for SEK 38M. Other items including administrative costs amounted to SEK -42M.

Assets in Treasury amounted to 6.7 per cent of net asset value compared to 12.1 per cent at the end of 2017.

### THE BURE SHARE

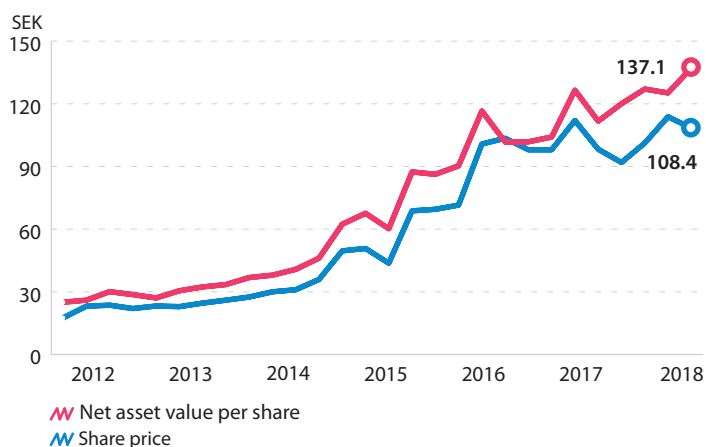
The number of shares outstanding in Bure amounts to 69,332,710. The 2018 AGM authorised Bure's Board of Directors to decide on the buyback of up to 10 per cent of the total number of shares outstanding. As at 31 December 2018 360,789 shares had been repurchased.

Bure's share price on 31 December 2018 was SEK 108.4, which is equal to a total return of 12.7 per cent since year-end.

	31 Dec 2018	31 Dec 2017	31 Dec 2016
Share price, SEK	108.4	98.3	103.5
Dividend per share, SEK	2.0	2.0	2.0
Total return since year-end <sup>1)</sup>	12.7%	-3.3%	54.7%
Net asset value per share, SEK	137.1	111.7	101.7
Development of NAV per share	22.7%	9.8%	16.4%
SIX Return Index	-4.4%	9.5%	9.6%

1) Including dividends of SEK 2.00 per share for 2018, 2017 and 2016.

### Increase in Bure's net asset value and market price per share



# Bure's net asset value

Net asset value per share amounted to SEK 137.1 (111.7) at year-end, corresponding to an increase of 22.7 per cent. In addition, shareholders have also received an ordinary dividend of SEK 1.50 per share, and an extraordinary dividend of SEK 0.50 per share.

Net asset value increased SEK 1,711M to SEK 9,454M in 2018. In addition, Bure paid dividends of SEK 138M. Value increases including dividends paid of SEK 138M amounted to SEK 1,850M.

		31 Dec 2017				31 Dec 2018			
SEK M		% of capita	Net asset value	Value change, (+/-) <sup>1)</sup>	Investment	Disposal/ Reclassification	Net asset value	% of net asset value	Net asset value per share, SEK
2) LISTED	Cavotec	25.4%	366	-206	104	–	264	2.8%	3.8
	MedCap	22.9%	139	106	–	–	245	2.6%	3.5
	Mycronic	29.9%	2,492	970	–	–	3,462	36.6%	50.2
	Ovzon	12.0%	–	4	71	–	75	0.8%	1.1
	Vitrolife	20.8%	2,815	506	–	–	3,321	35.1%	48.1
	Xvivo Perfusion <sup>3)</sup>	16.3%	460	164	–	-57	566	6.0%	8.2
	Total listed holdings		6,271	1,545	175	-57	7,933	83.9%	115.0
UNLISTED	Bure Financial Services <sup>4)</sup>	100.0%	51	22	16	–	89	0.9%	1.3
	Bure Growth <sup>5)</sup>	100.0%	199	250	42	–	490	5.2%	7.1
	Investment AB Bure <sup>6)</sup>	100.0%	175	-4	7	–	178	1.9%	2.6
	Mercuri International Group <sup>7)</sup>	99.1%	114	50	-29	–	135	1.4%	2.0
	Total unlisted holdings		539	318	35	0	892	9.4%	12.9
Total holdings		6,809	1,862	210	-57	8,824	93.3%	127.9	
TREASURY	Cash and cash equivalents and short-term/financial investments <sup>8)</sup>		934		-304		630	6.7%	9.1
	Total treasury		934		-304		630	6.7%	9.1
	Total treasury		7,743	1,862	-94	-57	9,454	100.0%	137.1

1) Value change including exit gains/losses.

2) Number of shares per 31 December, Cavotec 19,914,837, MedCap 3,081,017, Mycronic 29,317,163, Ovzon 1,007,568, Vitrolife 22,589,285 and Xvivo Perfusion 4,291,483.

3) During the first half of 2018, 600,000 shares in Xvivo Perfusion were divested for SEK 57.4M. The entry value of the shares was SEK 12.1M resulting in an exit gain of SEK 45.4M. The divestment resulted in a previously booked fair value change of SEK +41.9M related to the divestment of Xvivo Perfusion shares being written-down.

4) Bure Financial Services net asset value increased by SEK 37.5M to SEK 88.6M due to a revaluation of financial assets to estimated market value and acquisitions of shares in Alcur Fonder, Atle Investment Services and Teknik Innovation Norden Fonder. The value of the associated companies, Alcur Fonder, Fondbolaget Fondita, Idevall & Partners Holding and Teknik Innovation Norden Fonder, presented in the consolidated balance sheet of Bure Financial Services, amounts to SEK 64.2M according to the equity method.

5) Bure Growth's net asset value increased by SEK 291.2M to SEK 490.3M due to a revaluation of financial assets to estimated market value by SEK 249.6M and acquisitions of shares in Yubico for SEK 32.5M, My Driving Academy for SEK 9.0M and BioLamina for SEK 0.1M. Of the estimated market value of SEK 490.3M, associate companies in Bure Growth amount to SEK 63.1M. The value of the associated companies, BioLamina, Life Genomics and My Driving Academy, presented in the consolidated balance sheet of Bure Growth, amounts to SEK 55.0M according to the equity method.

6) Refers to net assets. In 2018, the Bure Equity parent company increased its loan to Investment AB Bure by SEK 6.9M to SEK 113.9M.

7) Refers to book value of equity and interest-bearing assets. During the first quarter, the holding in Mercuri was revalued which resulted in a reversal of previous write-downs of SEK 50.1M. Interest-bearing receivables decreased by SEK 29.0M.

8) Cash and cash equivalents, participations in funds, short-term investments in market-listed assets, other unlisted companies, interest-bearing assets and other net assets.

# Listed portfolio companies



www.cavotec.com

Share of Bure's  
net asset value **2.8%**

Cavotec is a leading engineering group that designs and manufactures automated connection and electrification systems for ports, airports and industrial applications worldwide.

## Key figures

EUR m	2018	2017	2016
Net sales	197	212	212
Operating expenses	-211	-230	-199
EBIT	-13.9	-18.0	12.3
EBIT margin	-7.1%	-8.5%	5.8%
Net financial items	-1.4	-4.9	-1.0
Profit/loss before tax	-15.3	-23.1	11.3
Income tax expense	-3.1	-8.7	-4.8
Profit/loss for the period	-18.5	-31.8	6.5
Net loan debt (-)/receivable (+)	-32	-20	-23
Total assets	230	211	244
Equity	100	104	145
Cash flow from operating activities	1	13	10
Average no. of employees	896	970	942

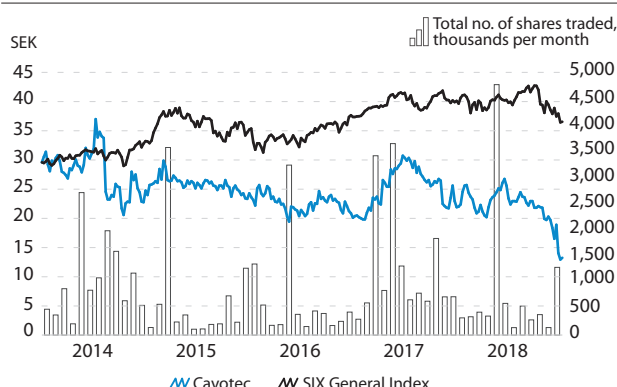
## Facts at 31 December 2018

	Largest shareholders
<b>Book value:</b> SEK 264M	<b>Bure Equity</b> 25.4%
<b>Acquisition date:</b> 2014	<b>Fjärde AP-fonden</b> 9.8%
<b>Board member from Bure:</b>	<b>Catella Fonder</b> 5.3%
Patrik Tigerschiöld, chairman	<b>Others</b> 59.5%

## THE YEAR IN BRIEF

- Order intake increased 9 per cent to EUR 212m (195).
- Net sales decreased 7 per cent to EUR 197m (212).
- Operating profit amounted to EUR -13.9m (-18.0). Operating profit excluding items affecting comparability was EUR 3.9m (9.6).
- The share price fell 39.8 per cent in 2018.
- Cavotec conducted a rights issue of SEK 204M in January 2019. Bure subscribed for shares worth SEK 76M. Bure's holding amounted to 27.1 per cent after the rights issue.

## Cavotec share price performance, 5 years



MEDCAP

www.medcap.se

Share of Bure's  
net asset value **2.6%**

MedCap owns and develops companies with significant expansion potential in the Life Science sector.

## Key figures

SEK M	2018	2017	2016 <sup>1)</sup>
Net sales	709	596	n/a
Operating expenses	-665	-574	n/a
EBIT	44.4	21.4	n/a
EBIT margin	6.3%	3.6%	n/a
Net financial items	-4.2	-2.0	n/a
Profit/loss before tax	40.2	19.4	n/a
Income tax expense	-13.8	-4.3	n/a
Profit/loss for the period continuing operations	26.4	15.1	n/a
Profit/loss for the period discontinued operations	-23.8	-7.5	n/a
Profit/loss for the period	2.7	7.6	n/a
Net loan debt (-)/receivable (+)	-145	-105	-132
Total assets	669	600	581
Equity	274	267	289
Cash flow from operating activities	90	93	n/a
Average no. of employees	270	324	296

1) Recalculated data for the full year 2016 are unavailable.

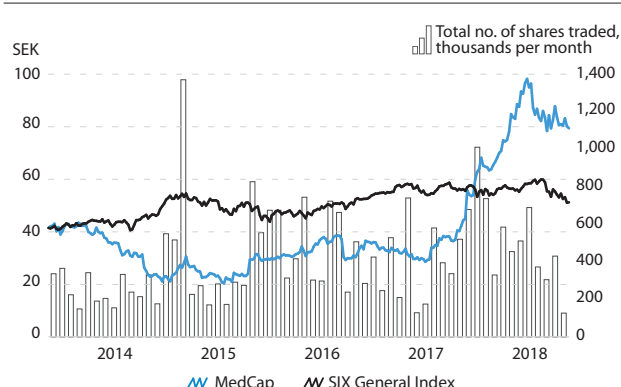
## Facts at 31 December 2018

	Largest shareholders
<b>Book value:</b> SEK 245M	<b>Bengt Julander</b> 23.6%
<b>Acquisition date:</b> 2012	<b>Bure Equity</b> 22.9%
<b>Board member from Bure:</b>	<b>Karl Tobieson</b> 4.3%
Henrik Blomquist, board member	<b>Others</b> 49.2%

## THE YEAR IN BRIEF

- Net sales for 2018 increased 19 per cent to SEK 709M (596).
- Operating profit was SEK 44.4M (21.4).
- The share price rose 76.4 per cent in 2018.

## MedCap share price performance, 5 years



## MYCRONIC

Share of Bure's  
net asset value

36.6%

www.mycronic.com

Mycronic creates world-leading production equipment for electronics and display manufacturing.

## Key figures

SEK M	2018	2017	2016
Net sales	3,781	3,000	2,319
Operating expenses	-2,761	-2,156	-1,628
EBIT	1,020.0	844.2	691.0
EBIT margin	27.0%	28.1%	29.8%
Net financial items	-8.9	-8.6	-1.6
Profit/loss before tax	1,011.1	835.6	689.4
Income tax expense	-218.6	-212.3	-163.1
Profit/loss for the period	792.5	623.4	526.3
Net loan debt (-)/receivable (+)	827	800	198
Total assets	4,199	3,244	2,755
Equity	2,379	1,780	1,412
Cash flow from operating activities	702	984	462
Average no. of employees	1,175	962	577

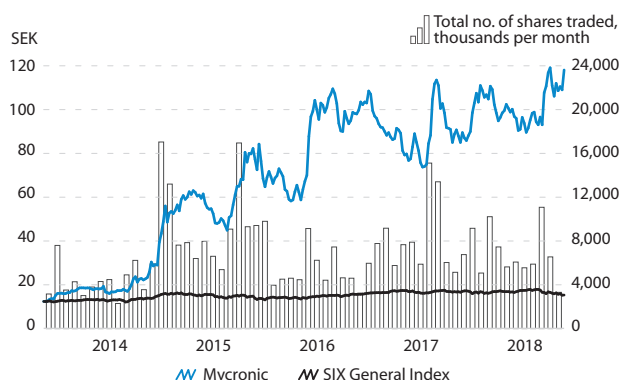
## Facts at 31 December 2018

<b>Book value:</b> SEK 3,462M	<b>Bure Equity</b>	29.9%
<b>Acquisition date:</b> 2010 via Skanditek	<b>Fjärde AP-fonden</b>	9.6%
	<b>Oppenheimer</b>	6.1%
<b>Board member from Bure:</b> Patrik Tigerschiöld, chairman	<b>Others</b>	54.4%

## THE YEAR IN BRIEF

- Order intake in 2018 was SEK 3,642M (3,567). Total order book at year-end was SEK 1,904M (1,963).
- Net sales in 2018 were SEK 3,781M (3,000), an increase of 26 per cent.
- Operating profit amounted to SEK 1,020.0M (844.2), which corresponds with an operating margin of 27.0 per cent (28.1).
- The share price rose 38.9 per cent in 2018.
- Bure divested 2 million shares in Mycronic for SEK 262M, which generated an exit result of SEK 237M in February 2019. Bure's holding amounted to 27.9 per cent following the transaction.

## Mycronic share price performance, 5 years



## Ovzon

Share of Bure's  
net asset value

0.8%

www.ovzon.com

Ovzon offers a revolutionary mobile broadband service via satellite that combines high data speeds with high degrees of mobility.

Key figures<sup>1)</sup>

SEK M	2018	2017	2016
Net sales	208	201	n/a
Operating expenses	-225	-177	n/a
EBIT	-17.5	24.0	n/a
EBIT margin	-8.4%	11.9%	n/a
Net financial items	-7.1	-16.2	n/a
Profit/loss before tax	-24.6	7.8	n/a
Income tax expense	-1.0	-1.7	n/a
Profit/loss for the period	-25.6	6.1	n/a
Net loan debt (-)/receivable (+)	40	-119	n/a
Total assets	131	95	n/a
Equity	73	-121	n/a
Cash flow from operating activities	-60	35	n/a
Average no. of employees	19	14	n/a

## Facts at 31 December 2018

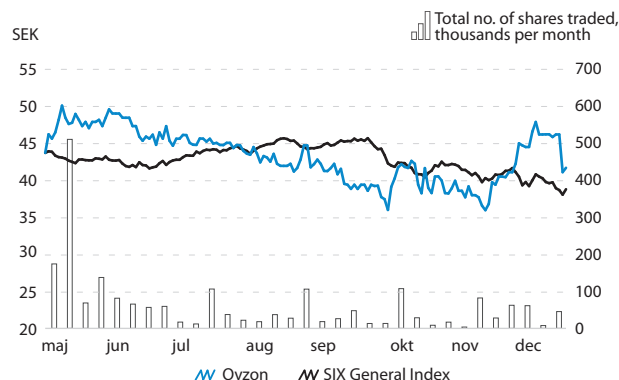
<b>Book value:</b> SEK 75M	<b>OverHorizon (Cyprus) PLC</b>	36.4%
<b>Acquisition date:</b> 2018	<b>Investment AB Öresund</b>	12.6%
<b>Board member from Bure:</b> Patrik Tigerschiöld, board member	<b>Bure Equity</b>	12.0%
	<b>Others</b>	39.0%

<sup>1)</sup> The capital structure as at 31 December 2017 corresponds to the situation prior to listing in May 2018.

## THE YEAR IN BRIEF

- Ovzon was listed on the Nasdaq First North in May 2018.
- Ovzon signed an agreement with SSL and SpaceX for the manufacture and launch of the company's first satellite.
- The share price climbed 5.7 per cent following the listing in May 2018.
- Ovzon conducted a rights issue of SEK 748M in January 2019. Bure subscribed for shares worth SEK 113M. Bure's holding amounted to 14.3 per cent after the rights issue.

## Ovzon, share price performance, May 2018





www.vitrolife.com

Share of Bure's  
net asset value

35.1%

Vitrolife is an international medtech group that develops, produces and markets fertility treatment products.

#### Key figures

SEK M	2018	2017	2016
Net sales	1,151	1,046	856
Operating expenses	-757	-705	-607
EBIT	393.9	340.9	248.8
EBIT margin	34.2%	32.6%	29.1%
Net financial items	4.7	0.1	0.1
Profit/loss before tax	398.6	340.9	248.9
Income tax expense	-87.9	-76.3	-57.7
Profit/loss for the period	310.7	264.6	191.2
Net loan debt (-)/receivable (+)	491	396	151
Total assets	1,697	1,422	1,250
Equity	1,496	1,229	1,020
Cash flow from operating activities	349	312	181
Average no. of employees	363	355	328

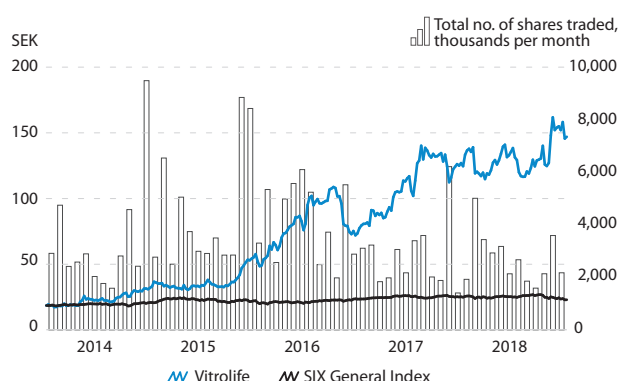
#### Facts at 31 December 2018

<b>Book value:</b> SEK 3,321M	<b>Largest shareholders</b>	
<b>Acquisition date:</b> 2010 via Skanditek	<b>William Demant</b>	22.6%
<b>Board member from Bure:</b> Henrik Blomquist, adj. board member	<b>Invest A/S</b>	
	<b>Bure Equity</b>	20.8%
	<b>Capital Group</b>	4.6%
	<b>Others</b>	52.0%

#### THE YEAR IN BRIEF

- Net sales in 2018 increased 10 per cent to SEK 1,151M (1,046). In local currencies, sales increased 5 per cent.
- Operating profit amounted to SEK 393.9M (340.9), corresponding to an operating margin of 34.2 per cent (32.6). Operating profit before depreciation (EBITDA) amounted to SEK 479M (408), amounting to a margin of 42 per cent (39).
- The share price increased 18.0 per cent during 2018.
- Bure divested 2 million shares in Vitrolife for SEK 384M, which generated an exit result of SEK 370M in February 2019. Bure's holding amounted to 19.0 per cent after the transaction.

#### Vitrolife share price performance, 5 years



www.xvivoperfusion.com

Share of Bure's  
net asset value

6.0%

Xvivo Perfusion is an international medtech company that develops solutions for organ, tissue and cells during transplantation procedures.

#### Key figures

SEK M	2018	2017	2016
Net sales	188	148	138
Operating expenses	-174	-141	-135
EBIT	14.0	7.1	2.7
EBIT margin	7.5%	4.8%	2.0%
Net financial items	3.5	0.3	0.3
Profit/loss before tax	17.5	7.5	3.0
Income tax expense	-4.8	-1.2	-1.5
Profit/loss for the period	12.7	6.3	1.5
Net loan debt (-)/receivable (+)	187	195	25
Total assets	587	539	349
Equity	540	504	316
Cash flow from operating activities	24	22	13
Average no. of employees	37	30	28

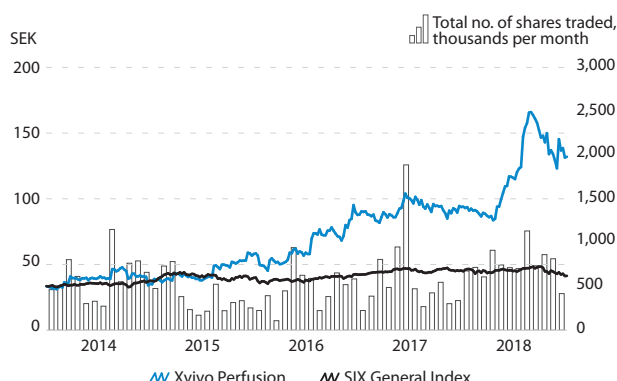
#### Facts at 31 December 2018

<b>Book value:</b> SEK 566M	<b>Largest shareholders</b>	
<b>Acquisition date:</b> Lex Asea distribution from Vitrolife 2012	<b>Bure Equity</b>	16.3%
<b>Board member from Bure:</b> Gösta Johannesson, chairman	<b>Robur Fonder</b>	6.2%
	<b>Eccenovo AB</b>	5.7%
	<b>Others</b>	71.8%

#### THE YEAR IN BRIEF

- Net sales in 2018 amounted to SEK 188M (148), an increase of 27 per cent. In local currencies, sales increased 23 per cent.
- Operating profit was SEK 14.0M (7.1), corresponding to a margin of 7.5 per cent (4.8). Operating profit adjusted for depreciation (EBITDA) amounted to SEK 30.9M (24.8), equivalent to a margin of 16 per cent.
- The share price increased 40.4 per cent in 2018.

#### Xvivo Perfusion share price performance, 5 years



# Unlisted portfolio companies

## BURE FINANCIAL SERVICES

www.bure.se

Share of Bure's  
net asset value **0.9%**

Bure Financial Services is a wholly owned subsidiary that invests in financial operations and assets. The company owns 32.5 per cent of Alcur Fonder, 100 per cent of Atle Investment Services, 20.1 per cent of Fondbolaget Fondita, 33.0 per cent of Idevall & Partners Holding and 33.8 per cent in Teknik Innovation Norden Fonder.

### Key figures – Bure Financial Services Group

SEK M	2018	2017	2016
Revenue/value adjustments	14.3	11.0	26.9
Operating expenses	-4.7	0.0	0.0
EBIT	9.7	11.0	26.9
EBIT margin	67.6%	100.0%	100.0%
Net financial items	0.0	0.0	0.0
Profit/loss before tax	9.7	11.0	26.9
Income tax expense	-0.1	0.0	0.0
Profit/loss for the period	9.6	11.0	26.9
Net loan debt (-)/receivable (+)	133	135	-75
Total assets	201	187	250
Equity	199	187	175
Cash flow from operating activities	12	17	14
Average no. of employees	4	0	0

1) Of which, SEK 0.2M is liable to the Parent Company as at 31 December 2018.

### Facts at 31 December 2018

### Largest shareholders

**Book value:** SEK 89M **Bure Equity** 100.0%

**Acquisition date:** Established 2014

### Board member from Bure:

Patrik Tigerschiöld, chairman  
Henrik Blomquist, board member  
Max Jonson, board member

### THE YEAR IN BRIEF

- Revenues/value change of SEK 14.3M relates to participations in Alcur Fonder, Fondbolaget Fondita and Idevall & Partners Holding and revenue from the Atle Investment Services subsidiary.
- In 2018, Bure Financial Services acquired 32.5 per cent of Alcur Fonder, 100 per cent of Atle Investment Services and 33.8 per cent of Teknik Innovation Norden Fonder for SEK 15.8M.

## BURE GROWTH

www.bure.se

Share of Bure's  
net asset value **5.2%**

Bure Growth is a wholly owned company that invests in growth companies. The company owns 28.9 per cent of BioLamina, 23.7 per cent of Life Genomics, 32.0 per cent of My Driving Academy Sweden and 18.8 per cent of Yubico.

### Key figures – Bure Growth Group

SEK M	2018	2017	2016
Revenue/value adjustments	235.4	1.0	-15.4
Operating expenses	0.0	0.0	0.0
EBIT	235.4	1.0	-15.4
EBIT margin	100.0%	100.0%	n/m
Net financial items	0.0	0.5	0.0
Group contributions	–	-0.5	–
Profit/loss before tax	235.4	1.0	-15.4
Income tax expense	0.0	0.0	0.0
Profit/loss for the period	235.4	1.0	-15.4
Net loan debt (-)/receivable (+) <sup>1)</sup>	-218	-177	-35
Total assets	482	197	33
Equity	264	20	-2
Cash flow from operating activities	0	0	0
Average no. of employees	0	0	0

1) Of which, SEK 218.4M is liable to the Parent Company as at 31 December 2018.

### Facts at 31 December 2018

### Largest shareholders

**Book value:** SEK 490M **Bure Equity** 100.0%

**Acquisition date:** Established 2015

### Board member from Bure:

Henrik Blomquist, chairman  
Max Jonson, board member

### THE YEAR IN BRIEF

- Revenues/value change of SEK 235.4M relates to participations in BioLamina, Life Genomics and My Driving Academy and revaluation of financial assets at estimated market value.
- In 2018, Bure Growth acquired shares in Yubico for SEK 33M, My Driving Academy for SEK 9M and BioLamina for SEK 0.1M.

## Investment AB Bure

www.bure.se

Investment AB Bure is a wholly owned subsidiary that owns and manages the lease of locomotives. The business was established in 2012.

Share of Bure's  
net asset value **1.9%**



www.mercuri.se

Mercuri International is Europe's leading sales and management training consultancy and is present worldwide.

Share of Bure's  
net asset value **1.4%**

### Key figures

SEK M	2018	2017	2016
Net sales	16.2	11.2	31.0
Operating expenses	-17.5	-22.1	-23.8
EBIT	-1.3	-10.9	7.2
EBIT margin	-8.1%	neg	23.4%
Net financial items	-2.9	-2.9	-3.5
Profit/loss before tax	–	–	64.1
Income tax expense	-4.2	-13.8	67.8
Profit/loss for the period	0.0	0.0	0.0
Profit/loss for the period	-4.2	-13.8	67.8
Net loan debt (-)/receivable (+) <sup>1)</sup>	-103	-102	-90
Total assets	183	186	231
Equity	63	68	81
Cash flow from operating activities	1	-9	23
Average no. of employees	0	0	0

1) Of which, SEK 113.9M is liable to the Parent Company as at 31 December 2018.

### Facts at 31 December 2018

### Largest shareholders

**Book value:** SEK 178M<sup>1)</sup> **Bure Equity** 100.0%

**Acquisition date:** Established 2012

### Board member from Bure:

Henrik Blomquist, chairman  
Philip Nyblaeus, board member

1) Refers to net assets in Investment AB Bure.

### THE YEAR IN BRIEF

- Net sales amounted to SEK 16.2M (11.2) and comprised of revenues from the leasing of locomotives to RailCare and insurance payments.
- Operating profit was SEK -1.3M (-10.9), of which SEK 6.9M related to depreciation of book value of the company's locomotives.

### Key figures

SEK M	2018	2017	2016
Net sales	402	443	424
Operating expenses	-376	-411	-387
EBITA	26.5	31.9	36.7
EBITA margin	6.6%	7.2%	8.7%
Impairment of intangible fixed assets	–	-11.4	–
EBIT	26.5	20.5	36.7
EBIT margin	6.6%	4.6%	8.7%
Net financial items	-1.4	-13.6	1.5
Profit/loss before tax	25.1	6.9	38.2
Income tax expense	-4.1	-5.8	-8.3
Profit/loss for the period	21.0	1.1	29.9
Net loan debt (-)/receivable (+) <sup>1)</sup>	-2	-35	-41
Total assets	315	338	335
Equity	156	130	127
Cash flow from operating activities	20	14	38
Average no. of employees	225	265	256

1) Of which, SEK 29.8M is liable to the Parent Company as at 31 December 2018.

### Facts at 31 December 2018

### Largest shareholders

**Book value:** SEK 135M<sup>1)</sup> **Bure Equity** 99.1%

**Acquisition date:** 1998 **Others** 0.9%

### Board member from Bure:

Henrik Blomquist, chairman

1) Relates to book value of equity and interest-bearing receivables.

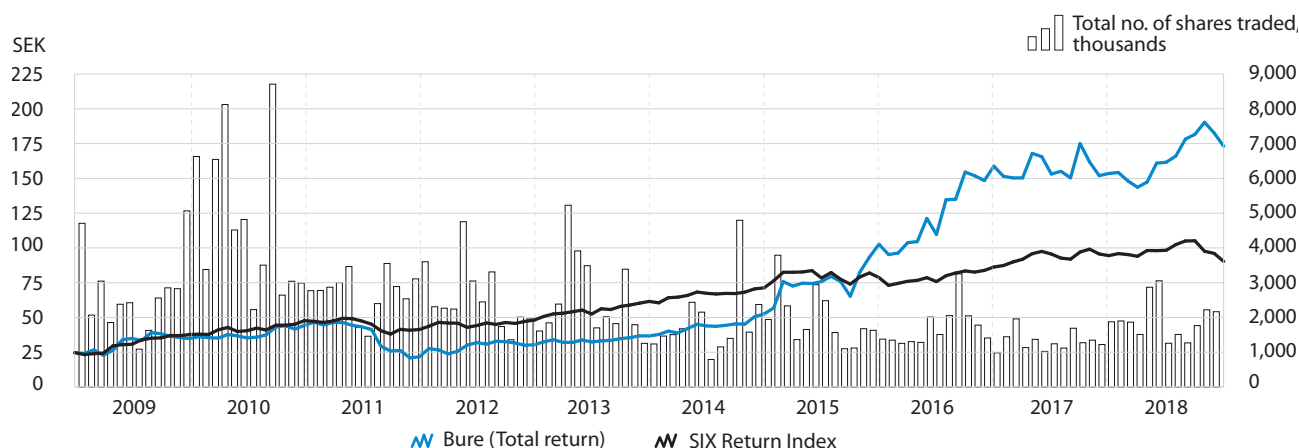
### THE YEAR IN BRIEF

- Net sales were SEK 402M (443) in 2018. The subsidiary Celemi, which was divested in May, contributed SEK 25M to sales in 2018 and SEK 62M in 2017.
- EBITA was SEK 26.5M (31.9) and the EBITA margin was 6.6 per cent (7.2).
- Cash flow in 2018 was SEK 20M and net debt decreased by SEK 33M to SEK 2M.
- In March, the subsidiary Celemi was divested, which resulted in an exit loss of SEK 0.3M.



# The Bure share

## 10-year total return performance



One of Bure's foremost goals is to generate a high and sustainable total return for Bure's shareholders.

Total return is a measure of how the stock market values Bure's share and net asset value, as well as distributions of assets to Bure's shareholders. These distributions can take the form of cash dividends and shares in companies or the redemption and buyback of shares.

## GROWTH IN NET ASSET VALUE

Net asset value is the sum of Bure's net assets and can be described as the result of the long-term development of the holdings. Net asset value includes listed and unlisted assets that are measured at fair market value.

## SHAREHOLDER-FRIENDLY MEASURES

Bure uses several shareholder-friendly measures that enable shareholders to benefit from the value of Bure's assets over and above the stock market's valuation of the Bure share.

Cash dividends, for example, involve the distribution of cash, while company distributions involve the distribution of shares in specific companies to shareholders. Since 1993, Bure has distributed SEK 3.4Bn in cash as well as shares in Capio, Observer, (later Cision), and AcadeMedia to the value of SEK 5.2Bn on the distribution date – a total of SEK 8.6Bn.

Other types of distribution include share redemptions and share buybacks. In simple terms, this increases the value of remaining shares. Over the years, Bure has conducted redemptions and buybacks of share and warrants for SEK 3.6Bn.

Since its inception, Bure has paid out a total of SEK 12.2 billion to its shareholders. This compares to Bure's stock market value on 31 December 2018 of SEK 7.5 billion.

The Bure share is listed on the Nasdaq Stockholm in the Mid Cap segment.

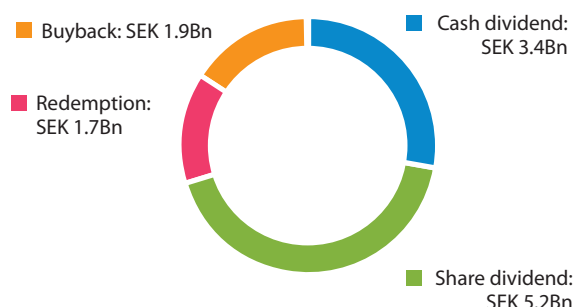
## SHARE CAPITAL

Bure's share capital at 31 December 2018 amounted to SEK 535.5M, divided between 69,332,710 ordinary shares. Each share has a quota value of SEK 7.72. All shares grant equal voting rights to the company's assets and profits.

## Total return at 31 December 2018

	Bure Equity,%	SIX RX index,%
1 year	12.7%	-4.4%
3 years	68.6%	14.7%
5 years	371.1%	46.7%
10 years	600.8%	265.5%

## Total distribution to Bure's shareholders 1993–2018: SEK 12.2Bn



## TOTAL RETURN

Bure defines total return including distribution of companies as Bure's share price performance, cash dividends, and the market value of companies that have been distributed. The method is based on the reinvestment of dividends in Bure shares.



## SHAREHOLDERS

The number of Bure shareholders at 31 December 2018 was 26,623 (22,445), according to Euroclear Sweden. Of Bure's shareholders, 80.0 per cent (75.5) held fewer than 500 shares each. Foreign investors accounted for 27.0 per cent (31.1) of all shareholders. At year-end, the ten largest shareholders held 60.0 per cent (57.0) of share capital and votes in Bure.

## SHARE PRICE PERFORMANCE

During 2018, the share price increased 10.3 per cent. Bure's share price at the end of the year was SEK 108.40 (98.25). At its highest, the Bure share reached SEK 138.00, and its lowest price was SEK 86.80.

In 2018, the Bure share produced a total return of 12.7 per cent. Total return is a measure of total share price performance including reinvested dividends.

The total return of Bure's share can be compared to the total return of the SIX Return Index that amounted to -4.4 per cent. At year-end 2018, Bure had a market capitalisation of SEK 7,516M.

## TRADING VOLUME

In 2018, a total of 23,561,247 shares (16,009,630) were traded on the Nasdaq Stockholm for a combined value of SEK 2,453M (1,632), equivalent to a turnover of 34 per cent (23) of Bure's shares. The average trading volume per trading day was 94,245 shares (63,783). A total of 136,532 trades (117,530) of the Bure share were cleared during the year.

## DIVIDENDS

In 2018, Bure paid an ordinary dividend of SEK 1.50 per share, and an extraordinary dividend of SEK 0.50 per share for the financial year 2017. The Board of Directors proposes that the 2019 AGM approve an ordinary dividend of SEK 2.00 per share (1.50), and an extraordinary dividend of SEK 0.00 per share for the financial year 2018.

## SHARE BUYBACKS

The 2018 AGM authorised the Board, during the period until the next AGM, to acquire treasury shares corresponding to a maximum of 10 per cent of all shares outstanding in the company.

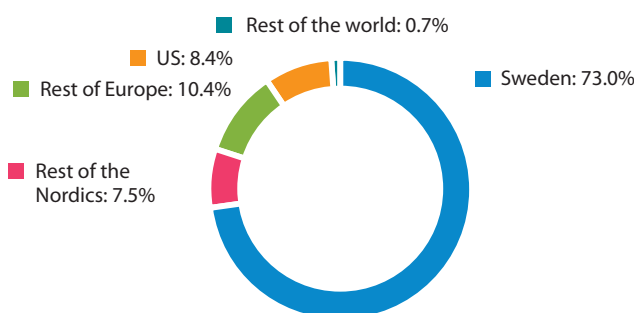
After the AGM, 360,789 shares were acquired, which meant that at the end of the year Bure owned shares amounting to 0.52 per cent of voting rights and capital. At the 2019 AGM, the Board intends to propose that these shares be annulled.

## EMPLOYEE SHARE OWNERSHIP

Bures encourages an alignment of interests between employees and the company's shareholders. Within the framework of the long-term incentive plan, all employees have the opportunity to invest an amount equal to 8.0 per cent of their basic salary, (before tax),

in Bure shares. All employees participated in the programme in 2018 with an aggregate investment of SEK 0.75M that was matched by Bure. The personal investment means that the plan has an up- and downside potential that equates the interests of the employees with those of other shareholders. At 31 December 2018, employee ownership amounted to 89,127 shares. For more information on employee shareholdings, please see the "Employees" section of this report.

### Ownership structure



Shareholder	No. of shares	Holding
Patrik Tigerschiöld	7,933,405	11.4%
Nordea Investment Funds	7,023,247	10.1%
Björkman family incl. foundations	6,226,012	9.0%
Fjärde AP-fonden	4,579,268	6.6%
Ted Tigerschiöld	3,746,052	5.4%
Stephanie Tigerschiöld	3,712,073	5.4%
SEB Fonder	3,520,607	5.1%
Dimensional Fund Advisors	2,115,246	3.1%
Vanguard	1,376,299	2.0%
Norges Bank	1,354,903	2.0%
<b>Total 10 largest shareholders</b>	<b>41,587,112</b>	<b>60.0%</b>
Others	27,745,598	40.0%
<b>Total</b>	<b>69,332,710</b>	<b>100%</b>

### Distribution of shareholdings at 31 December 2018

Size of holding	No. of shareholders	Holding	No. of shares
1 – 500	21,286	80.0%	2,255,443
501 – 1,000	2,575	9.7%	2,065,866
1,001 – 5,000	2,192	8.2%	4,735,088
5,001 – 10,000	289	1.1%	2,143,769
10,001 – 15,000	91	0.3%	1,164,544
15,001 – 20,000	36	0.1%	656,279
20,001 –	154	0.6%	56,311,721
<b>Total</b>	<b>26,623</b>	<b>100%</b>	<b>69,332,710</b>

# Corporate governance

## CORPORATE GOVERNANCE REPORT 2018

Corporate governance in Bure Equity AB is regulated by Swedish law, primarily the Swedish Companies Act, and the Nasdaq Stockholm's Rules for Issuers. Bure also applies the revised rules of the Swedish Code of Governance ("the Code") from 1 December 2016. These rules are applied successively to the extent prescribed by the Code, and in line with statements and recommendations issued by advisory organisations, (such as the Swedish Corporate Governance Board), on specific issues related to the Code. Bure applied the Code and reports no deviations from the Code for the financial year 2018, aside from that regarding the company's special audit function, (see "Deviations from the Code" below). For more information about corporate governance issues that are not covered in this corporate governance report, please go to [www.bure.se](http://www.bure.se).

## SHARE CAPITAL

Bure has been listed on the Nasdaq Stockholm since 1993. At year-end, Bure's share capital amounted to SEK 535.5M, divided between 69,332,710 ordinary shares. The company's ordinary shares grant the right to one vote per share. All shares grant entitlement to an equal share of the company's assets and dividends.

At the end of 2018, Bure had 26,623 shareholders according to Euroclear Sweden. The ten largest shareholders accounted for 60.0 per cent of the shares. Patrik Tigerschiöld was Bure's single largest shareholder with 11.4 per cent of the shares. The percentage of shares held by physical persons or legal entities outside Sweden was 27.0. The 2018 AGM authorised the Board, during the period until the next AGM, to acquire up to 10 per cent of the outstanding shares in the company. In 2018, Bure repurchased 360,789 shares for SEK 37.7M equivalent to an average price of SEK 104.4 per share.

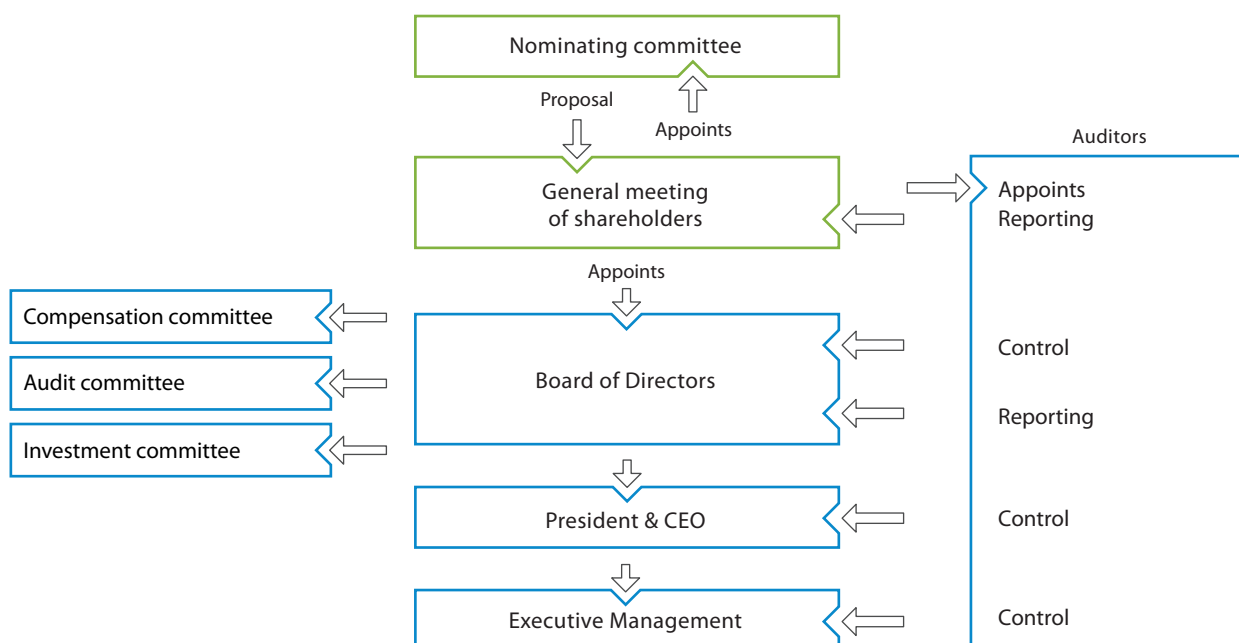
## GENERAL MEETING OF SHAREHOLDERS

The general meeting of shareholders is Bure's highest decision-making body, and shall be held in Stockholm or Gothenburg once a year before the end of June. According to the company's Articles of Association, notice of the general meeting shall be published no more than six weeks, and no fewer than four weeks prior to the meeting, and no more than six weeks, and no fewer than three weeks prior to an extraordinary general meeting. Notice shall always be given through an announcement in Sweden's official gazette, Post- and Inrikes Tidningar, and in Swedish daily Svenska Dagbladet.

To have a matter addressed at an AGM, shareholders shall submit a written request to the Board in good time so that the matter can be included in the notice to attend the meeting. Bure's Articles of Association contain no restrictions regarding the number of votes each shareholder may exercise at the meeting. All shareholders who are registered on Euroclear Sweden's shareholder register, and who have notified the company of their intention to attend the meeting by the specified date have the right to participate in the meeting and exercise the votes for their total shareholdings. Shareholders may be accompanied by assistants at the meeting if shareholders notify the company in advance.

## THE 2018 ANNUAL GENERAL MEETING

The 2018 AGM was held on 3 May in Stockholm. The meeting was attended by 134 shareholders, proxies and assistants, representing 40.9 per cent of votes and share capital. Bure's Board of Directors, management and auditor were present. The CEO's address was published in full on the Bure website the day after the AGM. During the AGM, the auditor was appointed for a mandate period of one year.



## NOMINATION COMMITTEE

The composition of the nomination committee was announced on 26 September 2018. The committee was appointed in accordance with the instructions that were approved by Bure's 2018 AGM. These require the Chairman of the Board, no later than the end of the third quarter, to ensure that the company's three largest shareholders are given the opportunity to each appoint one member to the nomination committee. Should any of these three shareholders waive their right to appoint a member to the committee, the shareholder next in order of voting power will be contacted and asked whether they wish to appoint a member to the committee.

The mandate period is one year. Furthermore, the Chairman of the Board shall be a member of the nomination committee. No compensation is paid for work done on the nomination committee.

The nomination committee consists of:

- Per Björkman representing the Björkman family. The committee appointed Per Björkman as its chairman.
- Erik Durhan, representing Nordea Investment Funds
- Patrik Tigerschiöld representing the Tigerschiöld family

The nomination committee shall prepare and submit proposals to the AGM regarding:

- Election of a meeting chairman
- Election of and fees for the Chairman of the Board and other board members
- Election of and fees for the auditor and deputy auditor (as applicable)
- Principles for the appointment of the next nomination committee.

Ahead of the 2018 AGM, the nomination committee held three minuted meetings. To evaluate those requirements that will be made of the board due to the company's current position and future direction, the nomination committee has discussed the size and composition of the board in terms of, for example, industry experience, competence, international experience, and diversity. A key starting point for this work has been the principle that the composition of the board shall reflect and provide scope for the different skill sets needed to support Bure's long-term operations. In addition, the nomination committee has considered the board's gender balance.

The nomination committee strives to achieve an even gender balance in the composition of the board. The committee's proposal means that the number of women on the board, corresponding to 33 per cent. Its proposals, its report on its work prior to the AGM, and other information regarding proposed members will be published on the company's website at the same time as the notice to attend the AGM.

## THE BOARD OF DIRECTORS

All members of the Board are appointed by shareholders at the AGM to serve a period of one year from the AGM until the end of the next AGM. According to the Articles of Association, Bure's Board of Directors shall consist of no fewer than five and no more than nine members.

The Board is responsible for the company's organisation and management of the company's affairs, but not for its operational activities. The Board's tasks include the assessment of the company's financial situation, the adoption of a procedural plan, the appointment of a CEO, and to define the separation of duties.

The AGM on 3 May 2018 elected Patrik Tigerschiöld (re-election) as Chairman, and elected Carl Björkman (re-election), Bengt Engström (re-election), Charlotta Falvin (re-election), Sarah McPhee (re-election) and Mathias Uhlén (re-election) as regular Board members. Hans Biörck did not make himself available for re-election. Information about Board members and the CEO is presented at the end of the corporate governance report. CFO Max Jonson has served as Secretary of the Board. The CEO is not a member of the Board. Of the company's six Board members, four are independent in relation to the company, its management and the company's major shareholders; one is independent in relation to the company, its management and the company's major shareholders; and one is dependent in relation to the company, its management and the company's major shareholders. A description of Board members' and the CEO's shareholdings and other assignments is provided in the "Board of Directors and Employees" section of this report.

### Duties of the Board

The duties of the Board include the development of the company's strategy and business plan in such a way that the long-term interests of shareholders are served in the best possible way. The Board's work is governed by a procedural plan that was adopted at a statutory meeting of the Board on 3 May 2018. The work of the Board follows an annual plan containing fixed decision points adopted at statutory meetings of the Board. In brief, the procedural plan states that the Board is responsible for the company's organisation and management of its affairs. The procedural plan includes information regarding the separation of duties between the Board, the Chairman, the CEO, and the Board's committees.

The Board continuously monitors the company's and Group's financial position so that the Board fulfils its monitoring obligations required by law, Nasdaq Stockholm's Rules for Issuers, and sound Board practice. The procedural plan states that it is the responsibility of the Board to decide on matters that fall outside the sphere of operational activities or that are of major significance, such as material financial commitments and agreements and significant changes in the organisation. Bure's Board establishes and documents the company's goals and strategies on an annual basis, along with

marketing, and strategic and budgetary issues. The Board establishes the company's finance policy, authorisation rights, order of delegation and decision-making procedures. The Board has formulated specific instructions regarding the responsibilities and powers of Bure's CEO, and receives reports and updates on operations from management on an on-going basis. Information material and decision data ahead of Board meetings is typically distributed one week prior to Board meetings. The company's auditors attend at least one board meeting a year to report on the annual audit and provide their evaluation of the company's internal control mechanisms. The auditors present their observations from the annual audit directly to the Board. At least once a year, the auditors meet the Board in the absence of management.

#### Work of the Board in 2018

According to the Articles of Association, the Board shall hold at least six meetings a year, and shall meet more frequently if required to do so. In the past financial year, the Board held eleven meetings, consisting of eight ordinary meetings, one statutory meeting, and two additional meetings. See Board attendance in the table below.

Key issues dealt with during the financial year included:

- Financial monitoring of operations
- Discussions and decisions regarding the portfolio
- Preparation of the dividend proposal
- Development of the company's strategic direction
- Authorisation for the repurchase of treasury shares
- Auditing, investments and compensation committee matters, as described in "Board committees" below.

The company's auditor participated in two board meetings, partly without the presence of management representatives.

Total Board fees in Bure Equity AB, as approved by the 2018 AGM, is SEK 3,500,000, of which SEK 2,000,000 is paid the Chairman.

#### Evaluation of the Board

An external, systematic review was conducted in the autumn of 2018. The evaluation provides Board members with an opportunity to give their views on working procedures, Board materials, their own and

other Board members' performance. The aim of this is to develop the work of the Board and provide the Nomination Committee with a relevant basis to take decisions.

#### BOARD COMMITTEES

The Board's procedural plan includes instructions regarding the audit committee, compensation committee, and the investment committee. The work of the audit and compensation committees is performed by all members of the Board.

##### Audit committee

The audit committee is responsible for issues concerning auditing, internal control, and review of interim and financial reports. The committee is also tasked with evaluating the work of the auditors, and preparing the election of new auditors when appropriate. The audit committee met the company's auditors on two occasions during the year.

##### Compensation committee

The compensation committee is responsible for compensation in the shape of salaries, pensions and bonuses, and other terms of employment for the CEO and staff who report directly to the CEO. Decisions regarding compensation principles for the CEO and management were adopted at the AGM 3 May 2018.

##### Investment committee

To actively manage Bure's cash and cash equivalents and short-term investments, the Board has appointed an investment committee. The committee's main task is to continuously evaluate the management of investments in terms of risk and return. The investment committee consists of Patrik Tigerschiöld, Sarah McPhee and CEO Henrik Blomquist. The investment committee functions according to the company's finance policy. In the past financial year, the investment committee held one meeting at which all members were in attendance.

#### PRINCIPLES FOR COMPENSATION TO SENIOR EXECUTIVES

The AGM adopts principles for the compensation of senior executives. Proposals are prepared by the compensation committee. The overarching principle is to offer competitive compensation and terms of employment. Overall compensation packages consist of fixed based salary, variable salary, pension benefits and other benefits. The principles that were applied

Attendance at Board meetings in 2018	Board meetings	Compensation, SEK th	Shareholding
Patrik Tigerschiöld, Chairman	11/11	2,000	7,933,405
Carl Björkman	11/11	300	2,945,412
Bengt Engström	11/11	300	7,000
Charlotta Falvin	10/11	300	0
Sarah McPhee	11/11	300	9,000
Mathias Uhlén	10/11	300	36,500



in 2018 are outlined in the administration report. Information about compensation to the CEO and other senior executives during 2018 is provided in Note 35.

## FINANCIAL REPORTING

Bure's financial reporting is based on applicable laws, regulations, rules, agreements and recommendations for companies listed on the Nasdaq Stockholm. A more detailed description of applicable accounting principles is provided in Note 1 of this report. The auditor's report for the financial year 2018 is also included in the annual report. The Board ensures that the company's financial and accounting structures are correctly dimensioned and have sufficient resources.

Every year, the Parent Company issues instructions regarding the financial information to be reported by the subsidiaries and other portfolio companies. This information includes income statements, balance sheets, cash flow statements and other key figures. The subsidiaries are required to submit a more extensive reporting package at year-end. This reporting takes place in the group-wide accounting system.

According to the requirements of the listing agreement with Nasdaq Stockholm, Bure provides financial information in the form of interim reports, a year-end report, an annual report, and press releases regarding significant events.

## DEVIATIONS FROM THE CODE OF CORPORATE GOVERNANCE

According to section 7.3 of the Code, the Board of Directors is required to evaluate the need for a special audit function, (internal audit) on an annual basis. The Board's assessment is that Bure currently has no need for this function. Relevant instructions are in place, and the Board continuously ensures that responsible individuals in the organisation have the requisite expertise and resources to fulfil their duties in the preparation of financial reports. Bure holds seats on the boards of its portfolio companies via a representative for its respective holdings. Depending on the holding, it is also possible to appoint more than one member to represent Bure.

Bure's holdings are currently spread across a variety of industrial sectors and geographical areas. It is therefore deemed more appropriate to make this decision for each holding rather than setting up internal audit functions at group level. The need to establish an internal audit function in the Parent Company must therefore be regarded as minor.

## INFORMATION ABOUT THE AUDITORS

Bure has appointed Öhrlings PricewaterhouseCoopers AB ("PwC") as its independent auditor. PwC has appointed Michael Bengtsson, 59, as Auditor in Charge. In addition to Bure Equity AB, Michael is auditor for the Bonnier Group, Indutrade AB, and Sweco AB. For information on compensation to PwC, please see Note 9.

## THE BOARD'S DESCRIPTION OF INTERNAL CONTROL OF FINANCIAL CONTROL FOR THE FINANCIAL YEAR 2018

Under the Swedish Companies Act and the Swedish Code of Corporate Governance, the Board of Directors is responsible for internal control at the company. This description has been prepared in accordance with the Swedish Code of Corporate Governance, section 7.4, and is thereby limited to internal control in relation to financial reporting. This description is not part of the formal annual report.

## CONTROL ENVIRONMENT

The procedural plan for the Board, and instructions for the CEO, ensure clearly delineated roles and responsibilities that promote effective management of the company's risk. Furthermore, the Board has established several normative documents for internal control, which, among other things, emphasise the importance of having clear and documented instructions and policies in the Parent Company and its subsidiaries. Management regularly reports to the Board according to established routines. Management is responsible for the system of internal controls that is necessary for the management of significant risk associated with day-to-day operations. This includes guidelines that promote understanding and awareness among company executives of the importance of their respective roles in maintaining good internal control.

## RISK ASSESSMENT AND CONTROL ACTIVITIES

In assessing the risk for irregularities in the company's financial reporting, Bure has developed a model in which several areas exposed to elevated risk for significant error have been identified. Particular attention has been paid to the development of controls to prevent and detect deficiencies in these areas. Areas where material deficiencies are identified are dealt with immediately.

## INFORMATION AND COMMUNICATION

Significant guidelines, manuals et., pertinent to financial reporting are continuously updated and communicated to relevant employees. Employees can communicate important information to management and the Board via formal and informal channels. For external communication, guidelines are in place to ensure that the company meets the highest standards in complete and accurate reporting to the market.

## MONITORING

The Board continuously monitors and evaluates information provided by company management. This includes ensuring that action is taken in relation to any deficiencies and recommendations identified in internal and external audits.

Stockholm, 28 March 2019

The Board of Directors of Bure Equity AB (publ.)

# Board of Directors



**Patrik Tigerschiöld**, Stockholm, born in 1964, M.Sc. Business and Economics

**Board Chairman** since 2013 (also during 2004–2009) CEO during 2010–April 2013\*

**Chairman** of Cavotec SA, Mycronic AB, the Association for Generally Accepted Principles in the Securities Market, the Swedish Association of Listed Companies and Bure Financial Services AB.

**Board member** of Fondbolaget Fondita Ab, Idevall & Partners Fonder AB and Ovzon AB.

**Member** of the Royal Swedish Academy of Engineering Sciences (IVA).

**Shareholding in Bure, own and held by related parties:** 7,933,405.

Dependent in relation to the company and its management.

Dependent in relation to the company's major shareholders.



**Carl Björkman**, Stockholm, born in 1970, M.Sc. Engineering.

**Board member** since 2010

**Chairman** of Cality Invest AB.

**Board member** of Bällsta Mekaniska AB, FPG Media AB, Hermanders AB, Johan Björkmans Allmännyttiga Stiftelse för Ekonomisk Forskning, Motus Weighing AB and Stäketsholms Förvaltnings AB.

**Shareholding in Bure, own and held by related parties:** 2,945,412.

Independent in relation to the company and its management.

Dependent in relation to the company's major shareholders.



**Bengt Engström**, Stockholm, born in 1953, M.Sc. Engineering.

**Board member** since 2014

**Chairman** of Scandinavian Executive AB, Nordic Flanges Group AB (publ) and Real Holding AB.

**Board member** of ScandiNova Systems AB, Scanfil Oy, Opticos AB, KTH Executive School, BEngström AB and Bengström Förvaltning AB.

**Shareholding in Bure, own and held by related parties:** 7,000.

Independent in relation to the company and its management.

Independent in relation to the company's major shareholders.

\* Employed by Skanditek 1999 – 2010



**Charlotta Falvin**, Genarp, born in 1966, M.Sc. Business and Economics.

**Board member** since 2015

**Chairman** of Lunds Tekniska Högskola (LTH), Malmö Startups and SHB södra regionbank.

**Board member** of Boule Diagnostics AB, Invisio Communications AB, NetInsight AB, Sydsvenska Handelskammaren, Tobii AB and member of the Advisory Board of the SKJ Centre for Entrepreneurship at Lund University.

**Shareholding in Bure, own and held by related parties:** 0.

Independent in relation to the company and its management.  
Independent in relation to the company's major shareholders.



**Sarah McPhee**, Stockholm, born in 1954, BA, MA and M.Sc. Economics from the Stockholm School of Economics.

**Board member** since 2016

**Chairman** of SNS, Fjärde AP-fonden and Houdini Sportswear AB.

**Board member** of Klarna AB and Axel Johnson Inc.

**Member** of the Royal Swedish Academy of Engineering Sciences (IVA).

**Shareholding in Bure, own and held by related parties:** 9,000.

Independent in relation to the company and its management.  
Independent in relation to the company's major shareholders.



**Mathias Uhlén**, Stockholm, born in 1954, Ph.D. Engineering and Professor of Microbiology, KTH Royal Institute of Technology.

**Board member** since 2010

**Chairman** of Antibodypedia AB, ScandiEdge Therapeutics AB and ScandiBio Therapeutics AB.

**Board member** of Affibody Medical AB, Atlas Antibodies AB, Novozymes A/S and Stockholm City Science Foundation.

**Member** of the Royal Swedish Academy of Sciences (KVA), the Royal Swedish Academy of Engineering Sciences (IVA) and the National Academy of Engineering (NAE) in the USA.

**Shareholding in Bure, own and held by related parties:** 36,500.

Independent in relation to the company and its management.  
Independent in relation to the company's major shareholders.

# Employees



From left: Gösta Johannesson, Philip Nyblaeus, Gustav Ohlsson, Oskar Hörnell, Elisabet Hellman, Henrik Blomquist, Max Jonson and Trolle Sahlström.

## Henrik Blomquist

Stockholm, born in 1971, Economic studies

### President and Chief Executive Officer

Employed since 1999\*

Experience of investment operations and corporate development.

**Chairman** of Mercuri International Group AB, Investment AB Bure and Bure Growth AB.

**Board member** of MedCap AB, Bure Financial Services AB, Vitrolife AB (adjunct), et. al.

**Shareholding in Bure, own and held by related parties:** 53,807.

## Gösta Johannesson

Stockholm, born in 1959

### Senior Advisor

Consultant since 2013

**Chairman** of Xvivo Perfusion AB and Idevall & Partners Fonder AB.

**Board member** of Atle Investment Services AB, Axiell Group AB, Interflora AB, Yubico AB and others.

**Shareholding in Bure, own and held by related parties:** 5,000.

## Max Jonson

Stockholm, born in 1968

### Chief Financial Officer

Employed since 2013

**Board member** of Bure Financial Services AB, Bure Growth AB and BioLamina AB.

**Shareholding in Bure, own and held by related parties:** 19,158.

## Philip Nyblaeus

Stockholm, born in 1982

### Investment manager

Employed since 2011

**Board member** of Investment AB Bure.

**Shareholding in Bure, own and held by related parties:** 6,594.

## Elisabet Hellman

Stockholm, born in 1957

### Executive Assistant

Employed since 2016

**Shareholding in Bure, own and held by related parties:** 2,048.

## Oskar Hörnell

Stockholm, born in 1987

### Analyst

Employed since 2015

**Board member** of My Driving Academy Sweden AB.

**Shareholding in Bure, own and held by related parties:** 5,125.

## Trolle Sahlström

Stockholm, born in 1988

### Analyst

Employed since 2017

**Adjunct board member** of Mercuri International Group AB.

**Shareholding in Bure, own and held by related parties:** 2,395.

## Gustav Ohlsson

Stockholm, born in 1985

### Advisor Bure Financial Services

Consultant since 2018

Employed since 2012–2014

**Shareholding in Bure, own and held by related parties:** 0.

\* Employed by Skanditek 1999 – 2010



# Five-year overview

Data per share <sup>1)</sup>	2018	2017	2016	2015	2014
Net asset value, SEK <sup>2)</sup>	137.1	111.7	101.7	87.4	46.1
Share price, SEK	108.4	98.3	103.5	68.8	35.9
Share price as a percentage of net asset value	79%	88%	102%	79%	78%
Parent Company basic equity per share, SEK	129.1	108.4	98.4	82.9	42.3
Parent Company equity per share excl. buybacks, SEK	129.8	108.4	98.4	84.7	45.0
Consolidated basic equity per share, SEK	136.5	112.5	102.4	85.6	43.4
Consolidated equity per share excl. buybacks, SEK	137.2	112.5	102.4	87.5	46.2
Parent Company basic earnings per share, SEK <sup>3)</sup>	23.2	12.0	15.7	40.4	12.7
Consolidated diluted earnings per share, SEK <sup>3)</sup>	26.3	12.0	16.9	42.0	12.8
Number of shares, thousands	69,333	69,333	69,333	70,834	76,082
Number of shares excluding share buybacks, thousands	68,972	69,333	69,333	69,333	71,397
Average basic number of shares, thousands	69,245	69,333	69,333	70,042	74,947
<b>Key figures</b>					
Dividend, SEK per share	2.0	2.0	2.0	1.0	1.0
of which, extraordinary dividend, SEK per share	0.5	0.5	1.0	–	0.5
Direct return	1.8%	2.0%	1.9%	1.5%	2.8%
Total return	12.7%	-3.3%	54.7%	95.4%	43.0%
Market capitalisation, SEK M	7,516	6,812	7,176	4,870	2,731
Net asset value, SEK M	9,454	7,743	7,054	6,060	3,291
Return on equity	19.5%	11.6%	17.1%	62.2%	33.5%
Administrative expenses/Net asset value	0.55%	0.55%	0.66%	0.68%	1.23%
<b>Parent Company profit and financial position</b>					
Exit gains/losses, SEK M	46	117	0	417	132
Profit/loss after tax, SEK M	1,609	834	1,086	2,829	953
Total assets, SEK M	8,976	7,528	6,835	5,895	3,233
Equity, SEK M	8,950	7,517	6,822	5,874	3,216
Equity/assets ratio	100%	100%	100%	100%	99%
Cash and cash equivalents and short-term investments, SEK M	461	799	873	1,040	473
<b>Consolidated profit and financial position</b>					
Net sales, SEK M	416	443	455	486	537
Exit gain/loss, SEK M	45	228	2	416	132
Profit/loss after tax, SEK M	1,821	834	1,173	2,940	961
Total assets, SEK M	9,624	7,971	7,271	6,281	3,545
Equity, SEK M	9,462	7,802	7,101	6,065	3,302
Equity/assets ratio	98%	98%	98%	97%	93%
Net loan debt (-)/receivable (+), SEK M	373	678	669	986	626
Average number of employees	234	272	262	280	336

1) All historical data per share have been adjusted for shares in issue with a time-weighting factor as prescribed by IAS 33.

2) Net asset value consists of the market value of Bure's listed holdings and the Parent Company's book value of unlisted holdings, net assets and cash and cash equivalents.

3) No dilutive effect at 31 December 2018.

# Bure's 25th Anniversary 1993–2018



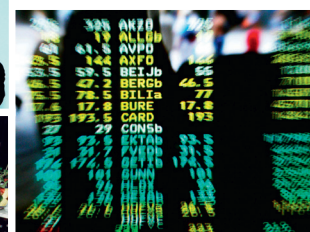
## 1991

Sweden has a new government. In a initial speech on 4 October 1991, Sweden's new prime minister Carl Bildt announces that an election pledge, to disband employee funds, will be honoured. Employee funds\* had been introduced in 1984 despite widespread criticism. The New Democracy political party, led by Ian Wachtmeister, is given a key role in determining how the the funds are ultimately wound-up.



## 2001–2003

Sweden is in recession. The bursting of the IT bubble hits Bure hard. The Stockholm stock exchange loses 70 per cent of its value during this period. Bure faces financial difficulty and is forced to make a SEK 800 million share issue. The share issue is supported by Sjätte AP-fonden and Bure's banks.



## 1993–1998

On 1 October 1993, Bure is listed on the Stockholm stock exchange. Roger Holtback becomes the company's first CEO.

Bure Hälsa and Sjukvård is established and later acquires St. Göran's Hospital in Stockholm. The healthcare company is listed on the stock exchange as Capio. Bure makes its first investments in the education sector. Acquisitions include Vittra Utbildning, a pioneer in the free school sector.

## 2004

Skanditek acquires Sjätte AP-fonden's entire holding in Bure, thereby becoming the company's largest owner.

Mikael Nachemson is appointed CEO before streamlining the business and putting the company back on a firm financial footing.

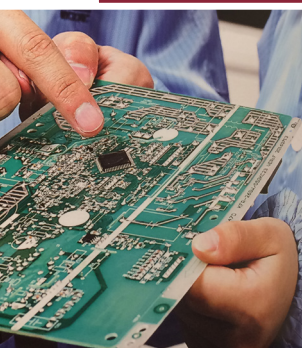
Watch a film (in Swedish only) about the employee funds and about the establishment of Bure on our website at: [Bure.se/Bure 25 Years/](http://Bure.se/Bure%2025%20Years/).

\* Employee funds were introduced in 1984 by the Social Democratic Party.

## 2008–2009

An extensive international financial crisis culminates in the collapse of investment bank Lehman Brothers. Bure is financially sound and has the opportunity to acquire Carnegie Bank from the Swedish National Debt Office together with Altor.

Bure creates a new training entity, AcadeMedia, with the merger of Bure's subsidiary Vittra/Anew Learning and the listed AcadeMedia.



## 2010

January sees the merger of Bure and Skanditek. Patrik Tigerschiöld becomes the new CEO of the merged business. Skanditek's portfolio companies Mycronic, Vitrolife and PartnerTech become part of Bure's new portfolio.

In dramatic circumstances, Carnegie acquires HQ Bank and HQ Fonder.

## 2013–2015

Henrik Blomquist is appointed new CEO.

New portfolio companies are added, including MedCap, Cavotec and Fondita. Meanwhile, the holding in PartnerTech is sold. During the period, Bure also buys back its own shares.



### CEO:s of Bure Equity AB

Roger Holtback, 1993 – 2001  
 Peter Sandberg 2001 – 03  
 Lennart Svantesson 2003 – 05  
 Mikael Nachemson 2005 – 08  
 Martin Henricson 2008 – 09  
 Carl Backman 2009 – 10  
 Patrik Tigerschiöld 2010 – 13  
 Henrik Blomquist 2013 –



## 2018

Bure marks its 25th anniversary. From state ownership via stock market listing and ownership dilution in 1993, the company has given its shareholders a total annual return of 17.6 per cent, including value increases from companies spun off and reinvested dividends. During the same period, the total return index SIX RX has made an annual return of 11.2 per cent.



# Administration report

---

The Board of Directors and the CEO of Bure Equity AB (publ), corporate identity number 556454-8781, domiciled in Stockholm, hereby submit the annual report and consolidated annual report for the 2018 financial year.

## Operations and focus

Bure is a long-term principal owner of operating companies. Bure was established in 1992 and was listed on Nasdaq Stockholm in 1993. By actively developing a diversified portfolio of professionally managed companies and operations, Bure's objective is to create value and returns for its shareholders.

## Key events of 2018

### Acquisitions and divestments

Bure acquired an additional 4.2 million shares in Cavotec for SEK 104M, increasing its holding to 25.4 per cent.

Bure acquired 12.0 per cent of Ovzon for SEK 71M.

Bure Growth acquired additional shares in Yubico for SEK 33M.

Bure Growth invested SEK 9M in My Driving Academy, increasing its holding to 32.0 per cent.

Bure Financial Services acquired 32.5 per cent of Alcur Fonder AB.

Bure divested 0.6 million shares in Xvivo Perfusion for SEK 57M, which resulted in an exit gain of SEK 45M.

### Others

Since the 2018 Annual General Meeting, Bure has repurchased 360,789 shares for SEK 37.7M, which amounts to 0.52 per cent of the total number shares outstanding. Repurchases were made at an average price of SEK 104.40 per share.

## Consolidated profit and financial position

### Results for the full year

Consolidated operating income from operational and investment activities was SEK 2,281M (1,345).

Subsidiaries' net sales amounted to SEK 416M (443).

Dividends amounted to SEK 94M (85), of which Cavotec accounted for SEK 4M, Mycronic SEK 73M and Vitrolife SEK 17M.

Exit gains/losses totalled SEK 45M (228) from the divestment of 0.6 million shares in Xvivo Perfusion.

Capital gains/losses from short-term investments amounted to SEK -49M (11).

Fair value changes amounted to SEK 1,754M (569), of which listed portfolio companies accounted for SEK 1,499M. Of this amount, Cavotec accounted for SEK -206M, MedCap SEK 106M, Mycronic SEK 970M, Ovzon SEK 4M, Vitrolife SEK 506M, and Xvivo Perfusion SEK 119M. Fair value changes also include the revaluation of financial assets at estimated market value which resulted in an increase in the value of the holdings in Bure Growth of SEK 238M and a value change of short-term investments of SEK 17M.

Shares in profit/loss of associated companies amounted to SEK 11M (14).

Consolidated operating profit for the period was SEK 1,826M (852).

Net financial items totalled SEK -1M (-12).

Consolidated profit/loss after financial items was SEK 1,825M (840).

Profit/loss after tax was SEK 1,821M (834).

Other comprehensive income included translation differences of SEK 17M (5)

### Financial position

Consolidated equity at the end of the year amounted to SEK 9,462M (7,802), and the equity/assets ratio was 98 per cent (98). At 31 December 2018, the Group had a reported net loan receivable of SEK 373M (678), which consisted of interest-bearing assets of SEK 403M (706), and interest-bearing liabilities of SEK 30M (28). Consolidated equity per share at the end of the year was SEK 136.48, compared to SEK 112.52 per share at 31 December 2017.



## Parent Company profit and financial position

### Results for the full year

Profit/loss after tax was SEK 1,609M (834).

Dividends amounted to SEK 94M (79), of which Cavotec accounted for SEK 4M, Mycronic SEK 73M, and Vitrolife SEK 17M.

Exit gains/losses totalled SEK 46M (117) from the divestment of 0.6 million shares in Xvivo Perfusion.

Capital gains/losses on short-term investments totalled SEK -49M (-11).

Fair value changes amounted to SEK 1,566M (687), of which listed portfolio companies accounted for SEK 1,499M, of which Cavotec accounted for SEK -206M, MedCap SEK 106M, Mycronic SEK 970M, Ovzon SEK 4M, Vitrolife SEK 506M, and Xvivo Perfusion SEK 199M, reversing a previous write-down of shares in Mercuri of SEK 50M and value changes from short-term investments of SEK 17M.

Administrative expenses amounted to SEK 52M (42). Net financial items totalled SEK 3M (4).

### Financial position

Equity in the Parent Company at the end of the year was SEK 8,950M (7,517), and the equity/assets ratio was 100 per cent (100). At the end of the year, the Parent Company had reported a net loan receivable of SEK 345M (680), which consisted of interest-bearing assets of SEK 345M (680), and interest-bearing liabilities of SEK 0M (0). External interest-bearing receivables amounted to SEK 6M (1). Receivables from subsidiaries totalled SEK 362M (343).

### Employees and salaries

Information about the average number of employees and the salaries and benefits of senior executives is provided in Notes 33 – 35.

### Bure's loss carryforwards

At the end of 2018, the Bure Group had loss carryforwards of SEK 953M, of which SEK 642M related to the Parent Company. In Sweden, losses amounted to SEK 878M, and are perpetual. The deferred tax asset based on loss carryforwards in the Group has been valued at SEK 6M (7).

### Significant risks and uncertainties

In view of rapid changes in the financial markets, particular emphasis is placed on monitoring the effects of these on Bure's investments and their valuations.

Liquidity risk is the risk that the Group will be unable to finance loan payments or other financial obligations as they fall due either with its own funds or with new financing. No significant changes in the Parent Company or Group's risk and uncertainty factors occurred during the year. At the end of the year, the Group had a net loan receivable of SEK 373M (678).

### Financial risk management

The Group is exposed to a number of financial risks, including share price risk, currency risk, interest rate risk and liquidity risk. Bure has a number of basic principles to manage risk. Bure's finance policy states that the Parent Company shall be essentially debt-free. Further-more, each portfolio company shall be financially independent of the Parent Company. This means that the Parent Company is not financially liable for obligations of portfolio companies, and that portfolio companies are responsible for their own financing arrangements. Financing of respective portfolio companies shall be appropriate to each company's specific situation. A more detailed description of the Group's management of financial risk can be found in Note 21, Financial Instruments.

To actively manage Bure's cash and cash equivalents and short-term investments, the Board of Directors has established an investment committee. The committee's main responsibility is to evaluate the management of investments in terms of risk and return. The committee is comprised of Patrik Tigerschiöld, Sarah McPhee, and CEO Henrik Blomquist. The committee's mandate is regulated by the company's finance policy.

Underlying costs are normally generated in the same currency as revenues, limiting transaction exposure. Since the Group has investments outside Sweden through its subsidiaries, the consolidated statement of financial position and statement of comprehensive income are exposed to exchange differences due to the translation of foreign subsidiaries' financial statements.

## Sensitivity analysis for the Group

The Group's results are affected by a variety of factors. Factors described in this report should be considered indicative, and in no way include compensatory measures that can be taken in response to specific developments. Bure's sensitivity to financial factors can be primarily broken down into share price risk, interest rate sensitivity and currency sensitivity. Share price risk relates to the risk that the value of listed shares is subject to change. Based on the market value of listed holdings of SEK 7,933M at 31 December 2018, an average decrease in the price of listed portfolio companies of 1 per cent would have an estimated effect on consolidated profit of SEK 79M. In the short term, a 1 per cent change in the interest rate would affect Group consolidated profit by SEK 4M.

Sensitivity to different currencies is deemed to be relatively limited. The most important currency for the Group, apart from the Swedish krona, is the Euro (EUR). The share of the Group's subsidiaries' net sales in EUR is 62 per cent. A 5 per cent change in the value of the EUR would have an estimated effect on profit of SEK 1M. The estimated effect on profit due to changes in Bure's sales varies depending upon the company to which the change relates. In some companies, the short-term marginal effect of a change in sales is relatively substantial. This depends on the causes of such changes. For example, a considerable difference exists between a volume effect and a price effect. Listed portfolio companies with significant international sales have currency exposure primarily in EUR and USD.

## Financial targets and strategy

Bure's business model is to acquire, develop and divest operating companies in a way that gives Bure's shareholders a good return on invested capital and enables the portfolio companies to continuously develop their respective businesses in a successful manner. The goal is for the potential value growth of each individual investment to clearly contribute to long-term growth in Bure's market capitalisation. Each individual investment shall have an annual internal rate of return (IRR) of more than 12 per cent. The Parent Company shall be essentially debt-free and the portfolio companies shall have a level of debt over time that is adequate in relation to their assessed operational risk.

## Ownership structure and the Bure share

Bure is listed on the Nasdaq Stockholm. At 31 December 2018, Bure's largest shareholders were Patrik Tigerschiöld with 11.4 per cent, Nordea Investment Funds with 10.1 per cent and the Björkman family including foundations with 9.0 per cent. At 31 December 2018, Bure had 26,623 shareholders according to Euroclear Sweden.

## Share capital and number of shares

Bure's share capital at 31 December 2018 amounted to SEK 535.5M, divided between 69,332,710 shares, equal to a quota value of SEK 7.72. The Articles of Association contain no restrictions on the right to transfer shares nor, to the Board of Directors' knowledge, is the company party to any significant agreements that will have any impact, be altered or cease to apply if control over the company changes as a result of a public tender offer.

## Holdings of own shares

Bure's 2018 AGM resolved to authorise Bure's Board of Directors to acquire up to 10 per cent of the total number of shares in Bure Equity AB.

On 31 December 2018, Bure held 360,789 of its own shares, which amounts to 0.52 per cent of the total number of shares outstanding. Repurchases were made at an average price of SEK 104.40 per share. The number of shares outstanding excluding repurchased shares amounted to 68,971,921 as at 31 December 2018.

## Authorisation for the repurchase of treasury shares

The Board of Directors will propose that the AGM give the Board renewed authorisation, until the date of the 2020 AGM, to repurchase treasury shares in a number equal a maximum of 10 per cent of the total number of shares outstanding in the company.

## Principles for compensation and other terms of employment for senior executives

The principles for compensation were adopted by the AGM of Bure on 7 May 2018 and are as follows:

Compensation to the CEO and other senior executives shall consist of basic salary, variable salary and pension. Other senior executives refer to the CFO and one investment manager. The relationship between basic and variable salary (bonus) shall be proportionate to the executive's responsibilities and authorities.

The maximum amount of variable salary for the CEO is equal to 100 per cent of basic annual salary. For other senior executives, the maximum amount of variable salary is equal to between 80 and 100 per cent of basic annual salary.

Variable salary for the CEO and other senior executives is based on the outcome of four quantitative parameters in relation to predetermined targets.

The quantitative parameters are linked to predetermined targets for a selection of the portfolio companies, Bure's share price performance and net asset value development per share.

Other senior executives also have a discretionary parameter where the outcome is evaluated against individually set goals.

Bure also offers a long-term share savings program for all employees. All employees are given the opportunity, within the framework of the long-term incentive plan, to invest an amount equal to 8.0 per cent of fixed basic salary (before tax) in Bure shares. All employees took part in the plan for 2018 with an aggregate invested amount of SEK 0.75M, which was matched by Bure. The personal investment means that the plan has an up- and downside potential that equates the interests of the employees with those of other shareholders.

All pension benefits are of the defined contribution type. For additional information see Note 35, Compensation to senior executives.

## Related party transactions

The Board Chairman provided consulting services to Bure under contract during the period January to the AGM in May 2018. This contractual relationship has subsequently ended.

## Subsequent events

Cavotec conducted a rights issue of SEK 204M in January 2019. Bure subscribed to shares for SEK 76M. Bure's holding amounted to 27.1 per cent following the rights issue.

Ovzon conducted a rights issue valued at SEK 748M in January 2019. Bure subscribed to shares for SEK 113M. Bure's holding amounted to 14.3 per cent following the rights issue.

Bure divested 2 million shares in Mycronic for SEK 262M in February 2019 which resulted in an exit gain of SEK 237M. Bure's holding amounted to 27.9 per cent after the transaction.

Bure divested 2 million shares in Vitrolife for SEK 384M in March 2019 which resulted in an exit gain of SEK 370M. Bure's holding amounted to 19.0 per cent after the transaction.

## Future outlook

Due to the nature of its business, Bure makes no forecasts about future earnings.

## Proposed appropriation of profits

The company's annual report will be submitted for adoption by the Annual General Meeting on 7 May 2019. The following funds are at the disposal of the AGM according to the Parent Company balance sheet:

Retained earnings	SEK 6,804,976,973
Profit for the year	SEK 1,609,260,991
	<b>SEK 8,414,237,964</b>

The Board proposes that the profits be appropriated as follows:

To be paid to the shareholders as an ordinary dividend of SEK 2.00 per share, total SEK 137.9 M<sup>1)</sup>

SEK 137,943,842

**To be carried forward to new account**

**SEK 8,276,294,122**

1) No dividend to be paid for the 360,789 shares that the company owns.

It is the Board's assessment that the proposed dividend is justifiable in view of the demands imposed by the operations' nature, scope and risks on the amount of equity in the Parent Company and the Group, as well as the consolidation requirements, liquidity and financial position in general.

The undersigned hereby certify that the consolidated financial statements and the annual report have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted for use in the European Union and with the application of generally accepted accounting principles, and give a true and fair view of the financial position and results of the Group and the Parent Company, and that the administration report gives a true and fair view of the development of operations, financial position and results of the Group and the Parent Company and describes the significant risks and uncertainties to which the Group companies are exposed.

Stockholm on 28 March 2019

Patrik Tigerschiöld  
Chairman

Carl Björkman

Bengt Engström

Charlotta Falvin

Sarah McPhee

Mathias Uhlén

Henrik Blomquist  
CEO

Our auditor's report was submitted on 28 March 2019  
Öhrlings PricewaterhouseCoopers AB

Michael Bengtsson  
Authorised Public Accountant



## GROUP

## Statement of comprehensive income

Note	SEK M	Group	
		2018	2017
	<b>Operating income</b>		
2	Net sales	415.5	443.3
	Other operating income	10.7	16.0
32	Dividends:		
	Portfolio companies	93.5	77.9
	Other companies	–	7.0
	Short-term investments	–	0.4
3, 14	Exit gains/losses	45.4	227.9
	Capital gains on short-term investments	-49.3	-10.9
5	Fair value:		
	Portfolio companies	1,737.6	692.5
	Other companies	–	-118.4
	Short-term investments	16.9	-4.7
4	Shares of profit/loss of associates	10.7	13.9
	<b>Total operating income</b>	<b>2,281.0</b>	<b>1,345.0</b>
	<b>Operating expenses</b>		
8, 9	Other external expenses	-172.2	-186.6
34, 35	Personnel costs	-266.8	-278.9
10, 12, 13	Depreciation and impairment of property, plant and equipment	-10.5	-12.1
11	Depreciation and impairment of intangible fixed assets	-1.3	-11.4
	Other operating expenses	-4.0	-3.6
	<b>Total operating expenses</b>	<b>-454.8</b>	<b>-492.6</b>
	<b>Operating profit/loss</b>	<b>1,826.2</b>	<b>852.4</b>
6	Interest income and similar profit/loss items	1.5	3.0
6	Interest expenses and similar profit/loss items	-3.0	-15.4
	<b>Profit/loss after financial items</b>	<b>1,824.8</b>	<b>839.9</b>
7	Income tax expense	-4.2	-5.8
	<b>Profit/loss after tax</b>	<b>1,820.6</b>	<b>834.1</b>
	<b>Other comprehensive income</b>		
	<b>Items that may be reclassified subsequently to profit or loss</b>		
	Translation differences	16.6	4.8
	<b>Other comprehensive income for the year, net after tax</b>	<b>16.6</b>	<b>4.8</b>
	<b>Comprehensive income for the year</b>	<b>1,837.2</b>	<b>838.9</b>
	Profit/loss attributable to non-controlling interests	0.2	0.0
	Profit/loss attributable to owners of the Parent Company	1,820.4	834.1
	Comprehensive income attributable to non-controlling interests	0.2	0.0
	Comprehensive income attributable to owners of the Parent Company	1,837.0	838.9
	Average basic number of shares outstanding, thousands <sup>1)</sup>	69,245	69,333
	Attributable to owners of the Parent Company, SEK	26.29	12.03
23	<b>Basic earnings per share, SEK<sup>1)</sup></b>	<b>26.29</b>	<b>12.03</b>

1) No dilutive effect at 31 December 2018 or 2017.

## GROUP

## Balance sheets

Note	SEK M	Group	
		31 Dec 2018	31 Dec 2017
	<b>NON-CURRENT ASSETS</b>		
	<b>Intangible assets</b>		
10	Patents, licenses, etc.	2.6	4.0
11	Goodwill	95.0	92.5
	<b>Total intangible assets</b>	<b>97.6</b>	<b>96.5</b>
	<b>Property, plant and equipment</b>		
12	Buildings, land and land improvements	1.2	1.1
13	Equipment, tools, fixtures and fittings	176.3	184.8
	<b>Total property, plant and equipment</b>	<b>177.5</b>	<b>186.0</b>
	<b>Financial assets</b>		
21, 22, 29	Financial assets at fair value through profit or loss	7,932.6	6,270.6
21, 22, 30	Investments accounted for using the equity method	134.9	114.6
21, 22	Other non-current securities	427.2	149.4
15, 21, 22, 25	Other non-current receivables	11.3	8.3
7	Deferred tax assets	6.4	7.0
	<b>Total financial assets</b>	<b>8,512.5</b>	<b>6,549.9</b>
	<b>Total non-current assets</b>	<b>8,787.6</b>	<b>6,832.4</b>
	<b>CURRENT ASSETS</b>		
	Inventories, etc.	0.1	3.3
21, 22	Trade receivables	79.4	108.7
15, 22, 25	Other current receivables	58.0	1.9
	Current tax assets	6.5	9.5
16	Prepaid expenses and accrued income	29.7	24.5
21, 22	Short-term investments	265.0	286.3
22, 25	Cash and cash equivalents	397.2	704.1
	<b>Total current assets</b>	<b>835.9</b>	<b>1,138.4</b>
	<b>TOTAL ASSETS</b>	<b>9,623.5</b>	<b>7,970.7</b>
	<i>of which, interest-bearing</i>	<i>402.7</i>	<i>705.9</i>

Note	SEK M	Group	
		31 Dec 2018	31 Dec 2017
	<b>EQUITY</b>		
24	Share capital	535.5	535.5
	Other contributed capital	714.6	714.6
	Retained earnings including profit for the year	8,211.0	6,550.4
	<b>Total equity attributable to owners of the Parent Company</b>	<b>9,461.1</b>	<b>7,800.5</b>
	<b>Equity attributable to non-controlling interests</b>	<b>1.3</b>	<b>1.0</b>
	<b>Total equity</b>	<b>9,462.4</b>	<b>7,801.5</b>
	<b>LIABILITIES</b>		
	<b>Non-current liabilities</b>		
7	Deferred tax liability	0.0	0.0
17	Provisions	29.6	30.7
21, 22, 25	Liabilities to credit institutions	0.8	0.8
21, 22	Other non-current liabilities	9.2	0.9
	<b>Total non-current liabilities</b>	<b>39.6</b>	<b>32.4</b>
	<i>of which, interest-bearing</i>	<i>27.4</i>	<i>26.9</i>
	<b>Current liabilities</b>		
21, 22, 25	Liabilities to credit institutions	2.1	1.1
22	Prepayments from customers	6.3	9.8
22	Trade payables	16.3	23.6
7	Current tax liabilities	3.1	4.1
	Other current liabilities	21.8	19.4
18, 22	Accrued expenses and deferred income	71.9	78.9
	<b>Total current liabilities</b>	<b>121.5</b>	<b>136.8</b>
	<i>of which, interest-bearing</i>	<i>2.1</i>	<i>1.1</i>
	<b>TOTAL LIABILITIES</b>	<b>161.1</b>	<b>169.2</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>9,623.5</b>	<b>7,970.7</b>

## PARENT COMPANY

## Income statements

Note	SEK M	Parent Company	
		2018	2017
	<b>OPERATING INCOME</b>		
	<b>Investing activities</b>		
32	Dividends:		
	Portfolio companies	93.5	77.9
	Other companies	–	0.5
	Short-term investments	–	0.4
3	Exit gains/losses	45.6	117.4
	Capital gains/losses on short-term investments	-49.3	-10.9
5	Fair value:		
	Portfolio companies	1,499.2	692.5
	Other companies	50.1	-1.0
	Short-term investments	16.9	-4.7
	Other operating income	2.3	1.0
	<b>Total operating income</b>	<b>1,658.3</b>	<b>873.1</b>
	<b>Operating expenses</b>		
34, 35	Personnel costs	-27.4	-18.7
8, 9	Other external expenses	-24.2	-23.5
13	Depreciation of property, plant and equipment	-0.7	-0.7
	<b>Total expenses</b>	<b>-52.3</b>	<b>-42.9</b>
	<b>Operating profit/loss before financial items</b>	<b>1,606.0</b>	<b>830.2</b>
	<b>Financial income and expenses</b>		
6	Interest income and similar profit/loss items	4.9	5.3
6	Interest expenses and similar profit/loss items	-1.6	-1.8
	<b>Total financial income and expenses</b>	<b>3.3</b>	<b>3.5</b>
	<b>Profit/loss before tax</b>	<b>1,609.3</b>	<b>833.7</b>
	Income tax expense	0.0	0.0
	<b>Profit/loss for the year<sup>1)</sup></b>	<b>1,609.3</b>	<b>833.7</b>
23	Average basic number of shares outstanding, thousands <sup>2)</sup>	69,245	69,333
	Basic earnings per share, SEK <sup>2)</sup>	23.24	12.02
	<b>Average number of employees</b>	<b>7</b>	<b>7</b>

1) Corresponds to comprehensive income.

2) No dilutive effect at 31 December 2018 or 2017.



## PARENT COMPANY

## Balance sheets

Note	SEK M	Parent Company	
		31 Dec 2018	31 Dec 2017
	<b>NON-CURRENT ASSETS</b>		
	<b>Property, plant and equipment</b>		
13	Equipment, tools, fixtures and fittings	2.8	3.5
	<b>Total property, plant and equipment</b>	<b>2.8</b>	<b>3.5</b>
	<b>Financial assets</b>		
14, 22, 27, 28	Investments in group companies	154.4	104.3
14, 22, 29	Financial assets at fair value through profit or loss	7,932.6	6,270.7
14, 30	Investments accounted for using the equity method	0.0	0.0
15, 22, 25	Other non-current receivables	3.9	2.4
	<b>Total financial assets</b>	<b>8,090.9</b>	<b>6,377.4</b>
	<b>Total non-current assets</b>	<b>8,093.6</b>	<b>6,380.9</b>
	<b>CURRENT ASSETS</b>		
	<b>Current receivables</b>		
22, 25	Receivables from group companies	362.3	342.7
15, 22, 25	Other current receivables	54.5	0.5
	Current tax assets	2.2	1.4
16	Pre-paid expenses and accrued income	2.0	3.6
	<b>Total current receivables</b>	<b>420.9</b>	<b>348.2</b>
21, 22, 25	Short-term investments	265.0	286.3
22, 25	Cash and cash equivalents	195.9	512.4
	<b>Total current assets</b>	<b>460.9</b>	<b>1,146.9</b>
	<b>TOTAL ASSETS</b>	<b>8,975.4</b>	<b>7,527.8</b>
	<i>of which, interest-bearing assets</i>	<i>345.1</i>	<i>679.7</i>
	<b>EQUITY</b>		
	<b>Restricted equity</b>		
24	Share capital	535.5	535.5
	<b>Total restricted equity</b>	<b>535.5</b>	<b>535.5</b>
	<b>Non-restricted equity</b>		
	Retained earnings	6,805.0	6,147.6
	Profit/loss for the year	1,609.3	833.7
	<b>Total non-restricted equity</b>	<b>8,414.2</b>	<b>6,981.3</b>
	<b>Total equity</b>	<b>8,949.8</b>	<b>7,516.8</b>
	<b>LIABILITIES</b>		
	<b>Non-current liabilities</b>		
22	Other non-current liabilities	8.5	0.9
	<b>Total non-current liabilities</b>	<b>8.5</b>	<b>0.9</b>
	<b>CURRENT LIABILITIES</b>		
22	Trade payables	0.3	2.2
22	Other current liabilities	5.4	0.4
18, 22	Accrued expenses and deferred income	11.5	7.4
	<b>Total current liabilities</b>	<b>17.2</b>	<b>10.0</b>
	<i>of which, interest-bearing liabilities</i>	<i>–</i>	<i>–</i>
	<b>Total liabilities</b>	<b>25.7</b>	<b>10.9</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>8,975.4</b>	<b>7,527.8</b>

## GROUP

## Statement of changes in equity

SEK M	Share capital	Other contributed capital	Retained earnings incl. profit for the year	Non-controlling interests	Total equity
<b>Equity at 1 January 2017</b>	<b>535.5</b>	<b>714.6</b>	<b>5,850.2</b>	<b>1.1</b>	<b>7,101.3</b>
Profit/loss for the year	–	–	834.1	0.0	834.1
Other comprehensive income	–	–	4.8	–	4.8
Cash dividend	–	–	-138.7	–	-138.7
<b>Equity at 31 December 2017</b>	<b>535.5</b>	<b>714.6</b>	<b>6,550.4</b>	<b>1.1</b>	<b>7,801.5</b>
<b>Equity at 1 January 2018</b>	<b>535.5</b>	<b>714.6</b>	<b>6,550.4</b>	<b>1.1</b>	<b>7,801.5</b>
Profit/loss for the year	–	–	1,820.4	0.2	1,820.6
Other comprehensive income	–	–	16.6	–	16.6
Cash dividend	–	–	-138.7	–	-138.7
Buy-back of own shares	–	–	-37.7	–	-37.7
<b>Equity at 31 December 2018</b>	<b>535.5</b>	<b>714.6</b>	<b>8,211.0</b>	<b>1.3</b>	<b>9,462.4</b>

## PARENT COMPANY

## Statement of changes in equity

SEK M	Share capital	Non-restricted equity	Total equity
<b>Equity at 1 January 2017</b>	<b>535.5</b>	<b>6,286.3</b>	<b>6,821.8</b>
Profit/loss for the year	–	833.7	833.7
Cash dividend	–	-138.7	-138.7
<b>Equity at 31 December 2017</b>	<b>535.5</b>	<b>6,981.3</b>	<b>7,516.8</b>
<b>Equity at 1 January 2018</b>	<b>535.5</b>	<b>6,981.3</b>	<b>7,516.8</b>
Profit/loss for the year	–	1,609.3	1,609.3
Cash dividend	–	-138.7	-138.7
Buy-back of own shares	–	-37.7	-37.7
<b>Equity at 31 December 2018</b>	<b>535.5</b>	<b>8,414.2</b>	<b>8,949.8</b>

# Cash flow statement

Not	SEK M	Group		Parent Company	
		2018	2017	2018	2017
		<b>Operating activities</b>			
		1,824.8	839.9	1,609.3	833.7
10, 11, 12, 13	Profit/loss after financial items				
	Amortisation and depreciation of property, plant and equipment and intangible assets	11.8	23.6	0.7	0.7
	Fair value of portfolio companies	-1,737.6	-692.5	-1,499.2	-692.5
	Fair value of short-term investments	-16.9	123.1	-16.9	4.7
	Revaluation of subsidiaries	–	–	-50.1	1.0
4	Shares of profit/loss of associates	-10.7	-13.9	–	0.0
	Other non-cash items, net	3.3	4.5	0.0	0.0
	Paid tax	-0.9	-5.7	-0.8	-0.2
	<b>Cash flow from operating activities before changes in working capital</b>	<b>73.9</b>	<b>279.1</b>	<b>43.1</b>	<b>147.4</b>
	<b>Cash flow from changes in working capital</b>				
	Change in inventories	3.2	0.1	–	–
	Change in current receivables	-29.5	-22.9	-49.8	0.9
	Change in provisions	-1.6	-1.9	–	–
	Change in current liabilities	-15.3	3.1	7.2	-1.6
	<b>Cash flow from changes in working capital</b>	<b>-43.2</b>	<b>-21.7</b>	<b>-42.7</b>	<b>-0.7</b>
	<b>Cash flow from operating activities</b>	<b>30.7</b>	<b>257.3</b>	<b>0.4</b>	<b>146.7</b>
	<b>Investing activities</b>				
10, 11, 12, 13	Acquisition of other non-current assets	-7.1	-4.5	0.0	0.0
10, 11, 12, 13	Disposal of other non-current assets	6.9	0.3	0.0	0.0
14	Investments in portfolio companies	-232.2	-243.4	-174.8	-93.6
14	Disposal of portfolio companies	12.1	134.1	12.1	43.6
	Loans granted	-5.8	-0.4	-66.4	-169.0
	Amortisation of receivables	0.3	17.4	42.7	141.8
	Investments in short-term investments, net	45.8	-6.6	45.8	-6.6
	<b>Cash flow from investing activities</b>	<b>-180.0</b>	<b>-103.0</b>	<b>-140.6</b>	<b>-83.7</b>
	<b>Financing activities</b>				
	Borrowings	2.4	1.6	0.0	0.0
	Amortisation of liabilities	-0.3	-3.2	0.0	0.0
	Buy-back of own shares	-37.7	–	-37.7	–
	Dividends to shareholders	-138.7	-138.7	-138.7	-138.7
	<b>Cash flow from financing activities</b>	<b>-174.2</b>	<b>-140.2</b>	<b>-176.3</b>	<b>-138.7</b>
	<b>Cash flow for the year</b>	<b>-323.5</b>	<b>14.1</b>	<b>-316.5</b>	<b>-75.7</b>
	Cash and cash equivalents at beginning of year	704.1	685.3	512.4	588.0
	Cash flow for the year	-323.5	14.1	-316.5	-75.7
	Translation differences	16.6	4.8	0.0	0.0
	<b>Cash and cash equivalents at end of year</b>	<b>397.2</b>	<b>704.1</b>	<b>195.9</b>	<b>512.4</b>
	Interest paid	2.8	1.0	1.5	0.9
	Interest received	0.8	2.5	0.8	1.3



# Notes

## Note 1 – Accounting policies

<b>General information</b>	Bure Equity AB (publ), corporate identity number 556454-8781, is domiciled in Stockholm. Its head office visiting address is Nybrogatan 6, Stockholm. The Parent Company is listed on the Nasdaq Stockholm. These consolidated financial statements were approved by the Board of Directors on 28 March 2019.
<b>Basis of presentation</b>	The consolidated financial statements are presented in compliance with the International Financial Reporting Standards (IFRS), as endorsed by the EU. In addition to IFRS, the Swedish Financial Board's recommendations RFR 1, Supplementary Accounting Rules for Groups, and RFR 2, Accounting for Legal Entities, are applied. The consolidated financial statements have been prepared according to the acquisition method of accounting, aside from financial assets measured at fair value through profit for the year. The preparation of financial statements according to IFRS requires management to make estimates and assumptions. Areas involving a high degree of judgement or complexity, or areas where assumptions and estimates affect the reported statement of comprehensive income or the financial position statement are described in Note 11.
<b>Basis of consolidation</b>	The consolidated financial statements are presented according to IAS 27, Consolidated and Separate Financial Statements, with the application of the acquisition method as stated in IFRS 3, Business Combinations. The consolidated financial statements include the Parent Company and all companies in which the Parent Company has a controlling influence, normally comprising companies in which Bure directly or indirectly holds more than 50 per cent of the voting rights. Companies acquired during the year are consolidated from the date of acquisition. Companies sold during the year are consolidated until the date of sale. Associated companies are consolidated according to IAS 28, Investments in Associates, with the help of the equity method, or are measured at fair value through profit for the year in the case of listed companies. Associated companies normally consist of companies in which Bure has a significant influence, i.e. where the share of votes is between 20 and 50 per cent. Under the equity method, the Group's historical cost for the shares, plus the Group's share of profit/loss of the associated company less dividends received, is recognised in the consolidated statement of financial position under "Investments accounted for using the equity method". In the consolidated statement of comprehensive income, "Shares of profit/loss of associates" comprises Bure's share in the net profit/loss of associated companies according to the equity method. Listed holdings are accounted for as financial instruments under the heading "Financial assets at fair value through profit or loss" in the statement of financial position and are measured at fair value through comprehensive income in accordance with IAS 39 and IAS 28, item 1. Long-term holdings in securities are reported as financial instruments under "Other long-term security holdings" in the consolidated balance sheets and are valued at fair value through profit and loss in accordance with IFRS 9.
<b>Share of and transactions with non-controlling interests</b>	Non-controlling interests (NCIs) refer to the portion of profit/loss and net assets in partially owned subsidiaries that is attributable to other owners. The NCI's share in profit or loss is recognised in the consolidated statement of comprehensive income and the NCI's share in net assets is recognised in equity in the consolidated statement of financial position. Information is provided regarding the amount of each item that is attributable to owners of the Parent Company and to NCIs. On the sale of NCIs where the consideration received differs from the carrying amount of the sold share in net assets, the resulting gain or loss is recognised in equity.
<b>Foreign currency translation</b>	Items included in the financial statements of the Group's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates (the functional currency). The consolidated financial statements are presented in Swedish kronor (SEK), which is the functional and presentation currency of the Parent Company. Transactions in foreign currencies are translated to the functional currency at the rate of exchange ruling on the transaction date. Foreign exchange gains/losses arising on translation of monetary assets and liabilities denominated in foreign currency are translated at the closing day rate of exchange and recognised in profit or loss. Goodwill and other intangible assets arising on the acquisition of a foreign operation are treated as assets of such operations and are translated at the closing day rate of exchange. The assets and liabilities of foreign subsidiaries are translated at the closing day rate of exchange and all income and expenses are translated at the average rate during the year. Estimated translation differences are recognised in other comprehensive income. Goodwill and negative goodwill arising from business combinations with respect to assets in foreign currency are translated at the current rate of exchange. Exchange gains or losses on financial assets and liabilities are recognised in financial income or expense. Exchange gains or losses on operating assets and liabilities are recognised in operating profit or loss.
<b>Business combinations</b>	Business combinations are reported according to the acquisition method of accounting, whereby all acquired assets and liabilities are measured at their fair values on the acquisition date. These fair values also include the share in assets and liabilities attributable to non-controlling interests. Identifiable net assets also consist of assets, liabilities, and provisions that are not recognised in the balance sheet of the acquired business. No provisions may be made for planned restructuring measures related to an acquisition, so-called restructuring reserves. The difference between the fair value of consideration given and the fair value of net assets acquired is recorded as goodwill to the extent that no other identifiable and separable intangible assets have been identified. Any goodwill arising from a business combination ultimately consists of the synergies that an acquired business is expected to give rise to in its existing operations.

<b>Business combinations (cont'd)</b>	All intangible assets identified in relation to business combinations, excluding goodwill, are amortised on a straight-line basis. Each individual intangible asset, (except for goodwill), is amortised over its estimated useful life, which is reviewed regularly. If an intangible asset is deemed to have an indefinite life, it is not amortised. An intangible asset is assessed to have an indefinite life when all relevant circumstances have been considered, and there is no foreseeable limit to the period over which the asset is expected to generate net cash flows. The useful life of goodwill is generally assumed to be indefinite. There are no other assets with indefinite lives in the Group.
<b>Goodwill</b>	Goodwill arising from business combinations is recognised as a non-current asset and is tested for impairment at least annually. Since it is not possible to test goodwill for impairment separately from other assets, goodwill must be allocated to cash-generating units in which a separable cash flow can be identified. Other assets and liabilities in the Group may also be allocated to these cash-generating units. The cash-generating units to which goodwill has been allocated correspond to the lowest level of the Group at which goodwill is monitored. The lowest organisational level in accordance with the standard may not be higher than a segment as described in IFRS 8, Operating Segments. An impairment loss is recognised in the consolidated statement of comprehensive income when the recoverable amount of a cash-generating unit falls below its carrying amount. When the recoverable amount of a cash-generating unit is lower than its carrying amount, an impairment loss is first recognised through a reduction in goodwill. If this value is in turn lower than the difference between the recoverable amount and carrying amount, impairment losses should be recognised on other assets on a <i>pro rata</i> basis.
<b>Intangible assets (excl. goodwill)</b>	The intangible assets recognised in the statement of financial position are those that have either been acquired as part of a business combination (see above), separately purchased, or internally generated. Intangible assets are capitalised in the statement of financial position when it is probable that the economic benefits attributable to the asset will accrue to Bure, and the cost of the asset can be reliably measured. The Group currently does not conduct research and development activities, for which reason no internally generated intangible assets are recorded in the statement of financial position.
<b>Property, plant and equipment</b>	Items of property, plant and equipment are recognised at cost less accumulated depreciation and impairment losses. Depreciation is calculated on the depreciable amount, normally comprising historical cost less any estimated residual value at the end of the useful life of an asset. Depreciation is carried out on a straight-line basis over the estimated useful life of an asset. Other intangible assets: 20 – 33 per cent. Other machinery and equipment: 20 – 33 per cent. Computers: 33 per cent. Locomotives: 3.3 per cent.
<b>Leasing</b>	Leases are classified as either financial or operating leases. A lease is classified as a financial lease if it substantially transfers all the risks and rewards incident to ownership of the asset to the lessee. All other leases are classified as operating leases. A financial lease is recorded as a non-current asset and a financial liability in the statement of financial position. Financial lease payments consist of interest and straight-line depreciation. A leased asset is depreciated according to the same principles as separately acquired assets. For operating leases, the lease payments are charged to the consolidated statement of comprehensive income on a straight-line basis over the term of the lease. Certain smaller financial leases for company cars and office equipment are recorded as operating leases.
<b>Financial instruments</b>	Classification of financial assets and liabilities. The fair value of all financial assets and liabilities have been measured in accordance with IFRS 13. Fair value is assessed to be equal to the carrying amounts of trade and other receivables, other current receivables, cash and cash equivalents, trade and other payables and borrowings. Carrying amount less impairment approximates fair value for trade receivables and trade payables. For non-current non-interest-bearing liabilities, fair value has been estimated through discounting of future cash flows using current market interest rates over the term of the liabilities. The Group's financial assets and liabilities are measured according to the following hierarchy: Level 1: Quoted prices in active markets for identical assets or liabilities. Level 2: Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3: Unobservable inputs for the asset or liability.
<b>Impairment of financial assets</b>	At each balance sheet date, management conducts a review to look for objective evidence that a financial asset may be impaired. For available-for-sale financial assets, an impairment loss is recognised if the identified decrease in fair value is significant and permanent.
<b>Financial risk management</b>	The Group is exposed to a variety of financial risks such as share price risk, currency risk, interest rate risk and general liquidity risk. Bure's overall risk objective is regulated in the Parent Company's finance policy. Because the subsidiaries are mutually autonomous, each has adopted its own finance policy. A more detailed description of financial risk management is provided in Note 21, Financial instruments.
<b>Inventories</b>	Inventories are stated at the lower of cost and net realisable value.

<b>Provisions</b>	A provision is recognised when the Group has a present obligation, (legal or constructive), that has risen due to a past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably. In cases where the company expects a provision to be reimbursed by another party, for example within the framework of an insurance agreement, the reimbursement is recognised as a separate asset only when it is virtually certain that the reimbursement will be received. If the cash outflow to settle an obligation is expected to occur after more than 12 months, the future payment should be measured at discounted present value using a discount rate that reflects short-term market expectations with consideration to transaction-specific risks. The cost of the provision is capitalised in comprehensive income. A provision to a restructuring reserve is recognised in the period when the Group has a legal or constructive obligation to carry out the plan and those affected have a valid expectation. A provision is recognised only for direct expenditures that are caused by the restructuring and are an effect of remaining contractual obligations without lasting economic benefits, or that consist of a fine resulting from termination of the obligation.
<b>Revenue recognition</b>	Income is reported according to IFRS 15. Income arises in the Group when a customer obtains control over goods or services sold to them. Customer contracts are analysed and divided into distinct performance obligations. Once a performance obligation is fulfilled, revenue from it is reported in the corresponding part of the total agreed price that accrues from the fulfilment of the contract. License revenue is reported throughout the period that a license is valid. Estimated remuneration for work done but not invoiced for is reported under "Receivables". In those cases where invoiced amounts exceed work done, these shall be reported under "Liabilities" as advances received.
<b>Borrowing costs</b>	Borrowing costs are expensed in the period in which they are incurred. In cases where borrowing costs arise in relation to the acquisition, construction or production of a qualifying asset, these costs are capitalised as part of the cost of the asset.
<b>Pensions</b>	Contributions payable under defined contribution pension plans are recognised as an expense in the period in which they arise.
<b>Non-current assets held for sale and discontinued operations (IFRS 5)</b>	A non-current asset/liability or disposal group for which the carrying amount will be recovered primarily through a sale and not through use is reported in a separate category in the statement of financial position as "Non-current assets held for sale" or "Discontinued operations". A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale according to a coordinated plan and represents a separate line of business or a major business within a geographical area of operations. The application of IFRS 5 has had no other effect on the prior period financial reports than a change in the presentation of the statement of comprehensive income, statement of financial position and cash flow statement. For discontinued operations, this means that profit/loss after tax from discontinued operations is stated on a separate line in the comprehensive income statement.
<b>Operating segments</b>	Bure's operations are monitored and supervised by the group management based on the individual company holdings, which are therefore regarded as operating segments. Buying and selling between the operating segments is limited.
<b>Income taxes</b>	Deferred tax assets and liabilities are recognised when there are temporary differences between the carrying amounts and tax bases of assets and liabilities. Deferred tax assets relating to loss carryforwards are recognised to the extent that it is deemed probable that there will be sufficient taxable profits against which to utilize these loss carryforwards. The year's reported tax expense consists of tax payable on the year's taxable profit, (current tax), and deferred tax. Bure's share in the income tax of associates is included in "Shares of profit/loss of associates".
<b>Cash flow statement</b>	Cash and cash equivalents refer to bank deposits.
<b>Critical accounting estimates and judgments</b>	In preparing the financial statements, the Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely correspond to actual results. The estimates and assumptions that are associated with a significant risk for material adjustments in the carrying amounts of assets and liabilities in the next financial year are described below.
<b>Impairment of property, plant and equipment and intangible assets</b>	Property, plant and equipment and intangible assets, aside from those with indefinite useful lives, are depreciated/amortised over the period when they are expected to generate economic benefits, i.e. their useful working life. If there is an indication of impairment, the asset's recoverable amount is calculated, and consists of the higher of the asset's fair value less costs to sell and its value in use. An impairment loss is recognised when the recoverable amount of an asset is lower than its carrying amount. The recoverable amount is determined on the basis of the management's estimates, for example future cash flows.

<b>Impairment of property, plant and equipment and intangible assets (cont'd)</b>	Goodwill and intangible assets with indefinite useful lives are tested for impairment at least annually or more frequently when is an indication of a decline in value. To test these assets, they must be allocated to cash-generating units and their respective useful lives must be calculated. The necessary calculations require the management to estimate the expected future cash flow attributable to the defined cash-generating units and to choose a suitable discount rate for use in discounting this cash flow. The Group has evaluated the estimates where changes could have a significant impact on the fair value of the assets and would therefore require the recognition of an impairment loss. Among other things, these estimates are related to the expected rate of inflation and the choice of discount rate. The assumptions applied in impairment tests, including a sensitivity analysis, are described in more detail in Note 11.
<b>Deferred tax assets</b>	Deferred tax is calculated on the basis of temporary differences between the tax base and carrying amount of an asset or liability and on unutilised loss carryforwards. Deferred tax assets are recognised only when it is probable that these can be utilised against future profits. The probability that loss carryforwards can be utilised against future profits is assessed through calculation of expected future cash flows. This assessment is made in relation to impairment testing of shares in subsidiaries. In cases where the actual outcome differs from the estimates or when management adjusts these estimates, this can lead to changes in the value of deferred tax assets.
<b>Provisions for doubtful debts</b>	In accordance with IFRS 9, the Group values historical customer losses to allocate a certain percentage in each maturity category to reserves for doubtful debts. This is done for each company in the Group according to a three-step model based on changes in credit quality of assets and provisions made when debts first occur. Actual customer losses or changes in other market factors entail a renewed calculation of doubtful debts provisions. Losses or other changes in reserves are reported in the consolidated income statements under other operating costs.
<b>Valuation of associates</b>	Unlisted associated companies are valued according to the historical cost method. For holdings in unlisted companies, cash flow and market valuations are performed regularly to calculate the recoverable amount. Value changes are determined through impairment testing after the application of the valuation rules established by the Board.
<b>Parent Company accounting policies</b>	Unless otherwise stated, the Parent Company applies the same accounting policies as the Group, with the addition of the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. Any deviations between the policies applied by the Parent Company and the Group are a result of limitations in the scope for IFRS conformity in the Parent Company due to its application of the Swedish Annual Accounts Act.
<b>Financial assets</b>	Shares in subsidiaries and unlisted associated companies are measured in accordance with the acquisition method of accounting. For holdings in subsidiaries and unlisted associated companies, recoverable value is determined through ongoing cash flow and market value analyses. Fair value changes are determined through impairment testing after application of the valuation rules established by the Board. Listed associated companies are accounted for as financial instruments under the heading "Financial assets at fair value through profit or loss" in the Parent Company's balance sheet, and are measured at fair value through the income statement in accordance with IAS 39 and IAS 28, item 1.
<b>Tax</b>	The equity share of untaxed reserves is included in retained earnings. The tax share of untaxed reserves has been recognised as deferred tax liabilities within non-current liabilities.
<b>New accounting principles for the Group that enter force on 1 January 2019</b>	The effect of new accounting principles that enter force on 1 January 2019 can be summarised as follows: the Group will apply IFRS 16 from 1 January 2019. The Group intends to apply the simplified transition method and will not recalculate comparative figures. New issue rights are valued at amounts that correspond to leasing liabilities adjusted for prepaid and accrued leasing fees. When the standard enters into force, the following adjustments are initially expected to be made to Bure's report on its financial position: lease assets are expected to amount to SEK 33M, and leasing liabilities are expected to amount to SEK 33M.



## Note 2 – Segment information

### Reporting by operating segment

Since Bure already previously reported its segments in a similar manner, no changes have been made in the grounds for segmentation or in calculation of profit/loss by segment compared to the previous year's annual report. Consolidation adjustments relating to positive and negative goodwill have been attributed to the respective companies. Transactions between the various segments are insignificant in scope and account for less than 0.1 per cent of total sales. Dormant companies or companies not classified as portfolio companies are reported under the heading "Other companies". No customer accounted for more than 10 per cent of net sales during the periods.

SEK M	Mercuri		Investment AB Bure		Bure Financial Services		Bure Growth		Other companies		Eliminations, etc.		Parent Company		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<b>Net sales</b>																
Total net sales	402	443	11	0	3	0	0	0	0	0	–	–	0	0	416	443
<b>Profit/loss</b>																
Shares of profit/loss	2	1	–	–	12	12	-3	1	–	–	–	–	–	–	11	14
Profit/loss by segment	25	20	-1	-11	-2	–	–	–	–	–	–	–	2	1	24	10
Administrative expenses	–	–	–	–	–	–	–	–	–	–	–	–	-52	-43	-52	-43
Fair value/impairment losses	–	–	–	–	–	-146	238	28	–	–	-50	1	1,566	687	1,754	569
Dividends	–	–	–	–	12	7	–	–	–	–	-12	-1	94	79	94	85
Exit gains/losses/capital gains/ losses on short-term investments	0	–	–	–	–	138	–	-28	–	–	–	–	-4	106	-4	217
<b>Operating profit/loss</b>	<b>27</b>	<b>21</b>	<b>-1</b>	<b>-11</b>	<b>22</b>	<b>11</b>	<b>235</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>-62</b>	<b>1</b>	<b>1,606</b>	<b>830</b>	<b>1,826</b>	<b>852</b>
Net financial items															-1	-12
Income tax expense															-4	-6
<b>Profit/loss after tax</b>															<b>1,821</b>	<b>834</b>

<b>Other disclosures</b>																
SEK M	Mercuri		Investment AB Bure		Bure Financial Services		Bure Growth		Other companies		Eliminations, etc.		Parent Company		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Assets	178	252	155	158	136	135	406	128	0	0	-363	-344	8,975	7,528	9,489	7,856
Equity holdings in associates	16	15	–	–	64	52	55	48	–	–	–	–	–	–	135	115
<b>Total asset</b>	<b>194</b>	<b>267</b>	<b>155</b>	<b>158</b>	<b>201</b>	<b>187</b>	<b>461</b>	<b>176</b>	<b>0</b>	<b>0</b>	<b>-363</b>	<b>-344</b>	<b>8,975</b>	<b>7,528</b>	<b>9,624</b>	<b>7,971</b>
<b>Liabilities</b>																
Unallocated liabilities	159	208	120	118	1	0	218	177	0	0	-363	-344	26	11	161	169
<b>Total liabilities</b>	<b>159</b>	<b>208</b>	<b>120</b>	<b>118</b>	<b>1</b>	<b>0</b>	<b>218</b>	<b>177</b>	<b>0</b>	<b>0</b>	<b>-363</b>	<b>-344</b>	<b>26</b>	<b>11</b>	<b>161</b>	<b>169</b>
Investments	5	4	0	0	3	0	0	0	0	0	–	–	0	0	7	4
Amortisation/depreciation	4	16	7	7	0	0	0	0	0	0	–	–	1	1	12	24

SEK M	Sweden		Rest of Nordics		Europe		North America		Asia		Other markets		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Sales by market	111	98	38	45	222	229	13	19	33	53	0	0	416	443
Assets by market	9,394	7,711	43	42	160	164	7	11	28	43	0	0	9,631	7,971
Investments by market	4	2	0	1	3	2	0	0	0	0	0	0	7	4

IFRS 15 Revenue from Contracts with Customers is a new revenue standard that replaces existing standards and guidance on revenues. The standard does not have any material effect on the Group's net sales, either in terms of amounts or periodicity. From 1 January 2018, the Group classifies revenue in the following classes: consultancy revenue, license revenue and other revenue. The table to the right shows the distribution of net revenue if the classification had been applied in 2017.

SEK	Full year 2018	Full year 2017
Consultancy income	345	355
Licensing income	26	58
Other income	46	31
<b>Net sales</b>	<b>416</b>	<b>443</b>

The table below shows the Group's contracted income.

Contracted income	< 1 year	1–2 years	> 2 years
Consultancy income	59.7	0.2	0.0
Licensing income	2.3	0.0	0.0
Other income	0.3	0.0	0.0
<b>Total</b>	<b>62.2</b>	<b>0.2</b>	<b>0.0</b>

## Note 3 – Exit gains/losses

SEK M	Group		Parent Company	
	2018	2017	2018	2017
Carnegie Holding	–	24.0	–	24.0
Catella	–	138.2	–	–
Vigmed Holding	–	-27.6	–	–
Vitrolife	–	93.4	–	93.4
Xvivo Perfusion	45.4	–	45.4	–
Other holdings	0.0	–	0.3	–
<b>Total</b>	<b>45.4</b>	<b>227.9</b>	<b>45.6</b>	<b>117.4</b>

## Note 4 – Share of profit/loss of associates

Mkr	Group	
	2018	2017
Alcur Fonder	0.9	–
BioLamina	0.2	3.4
Fondbolaget Fondita	11.6	11.4
Idevall & Partners Holding	-0.4	0.8
Life Genomics	-0.5	-1.9
My Driving Academy	-2.7	-0.9
Other holdings	1.6	1.1
<b>Total</b>	<b>10.7</b>	<b>13.9</b>

## Note 5 – Fair value adjustments/changes

SEK M	Group		Parent Company	
	2018	2017	2018	2017
Cavotec	-206.0	13.9	-206.0	13.9
MedCap	106.0	31.8	106.0	31.8
Mycronic	970.4	-381.1	970.4	-381.1
Ovzon	4.0	–	4.0	–
Vitrolife	506.0	998.6	506.0	998.6
Xvivo Perfusion	118.7	29.3	118.7	29.3
Catella	–	-146.4	–	–
Life Genomics	-7.0	–	–	–
Mecuri International Group	–	–	50.1	–
Vigmed Holding	–	28.0	–	–
Yubico	245.4	–	–	–
Bure Growth	–	–	–	-1.0
Short-term investments	16.9	-4.7	16.9	-4.7
<b>Total</b>	<b>1,754.4</b>	<b>569.4</b>	<b>1,566.1</b>	<b>686.8</b>

## Note 6 – Interest and similar profit/loss items

SEK M	Group		Parent Company	
	2018	2017	2018	2017
<b>Income from financial assets measured at fair value through comprehensive income in the Group and through profit or loss in the Parent Company</b>				
Net exchange differences in financial receivables/liabilities	0.3	-0.8	0.0	-0.5
Income from the issue of call options	0.7	0.5	–	–
Impairment of financial receivables	–	-8.2	–	–
Impairment receivables	–	-2.4	–	–
Interest income	0.1	1.0	4.9	5.3
Interest expense	-2.5	-2.5	-1.6	-1.3
<b>Total interest and similar profit/loss items</b>	<b>-1.4</b>	<b>-12.5</b>	<b>3.3</b>	<b>3.5</b>

Operating profit includes no foreign exchange differences relating to current assets.

## Note 7 – Income taxes

At the beginning of 2019, the Bure Group held loss carryforwards of SEK 953M, of which SEK 642M were in the parent company. Loss carryforwards in Sweden amounted to SEK 878M, all of which are perpetual. Deferred tax assets based on loss carryforwards in the Group have been valued at SEK 6M (7).

SEK M	Group	
	2018	2017
<b>Current tax</b>	-3.5	-4.8
<b>Deferred tax</b>	-0.7	-1.0
<b>Total</b>	<b>-4.2</b>	<b>-5.8</b>
<b>Items included in deferred tax</b>		
<b>Deferred tax assets:</b>		
Taxed deficit	6.2	6.6
Temporary differences	0.3	0.4
<b>Total</b>	<b>6.4</b>	<b>7.0</b>
<b>Deferred tax liabilities:</b>		
Untaxed reserves	–	–
Group surplus value	–	–
Temporary differences	–	–
<b>Total</b>	<b>0.0</b>	<b>0.0</b>
<b>Deferred tax, net</b>	<b>6.4</b>	<b>7.0</b>
<b>Composition of tax expense</b>		
Reported profit before tax	1,828.0	836.9
Effect of associated companies, net	-3.2	-3.0
<b>Reported profit before tax</b>	<b>1,824.8</b>	<b>839.9</b>
Tax according to the applicable tax rate, 22.0% (22.0%)	-401.5	-184.8
Other non-deductible expenses	-3.4	-1.3
Non-taxable income	0.2	0.2
Tax deductible items	399.8	181.8
Utilisation of previously uncapitalised loss carryforwards	2.7	1.3
Effect of uncapitalised loss carryforwards	-0.5	-0.4
Effect of different tax rate in foreign country	-0.9	-2.1
Reversal of previously capitalised loss carryforwards	0.0	0.0
Adjustment of taxes for prior years	0.0	0.0
Other	-0.6	-0.7
<b>Total</b>	<b>-4.2</b>	<b>-5.8</b>
<b>Gross change in deferred tax</b>		
At beginning of year	7.0	7.6
Changed tax rate	0.0	0.0
Translation differences	-0.5	-0.6
<b>At end of year</b>	<b>6.4</b>	<b>7.0</b>

## Note 8 – Leases

SEK M	Group		Parent Company	
	2018	2017	2018	2017
<b>Annual lease payments (operating)</b>				
Cars	3.6	3.2	0.0	0.1
Premises	14.8	15.0	2.0	1.9
Other equipment	2.0	2.0	0.0	0.0
<b>Total</b>	<b>20.4</b>	<b>20.2</b>	<b>2.0</b>	<b>2.0</b>

Contracted lease payments

	Group			Parent Company		
	2019	2020–2025	> 2025	2019	2020–2025	> 2025
<b>Operating leases</b>						
Cars	1.9	1.6	–	0.1	0.2	–
Premises	10.4	13.5	–	2.0	1.5	–
Other equipment	1.4	2.5	–	0.0	0.0	–
<b>Total</b>	<b>13.7</b>	<b>17.6</b>	<b>0.0</b>	<b>2.1</b>	<b>1.6</b>	<b>0.0</b>

The Group will apply IFRS 16 from 1 January 2019. The Group intends to apply the simplified transition method and will not recalculate comparative figures. New issue rights are valued at amounts that correspond to leasing liabilities adjusted for prepaid and accrued leasing fees. When the standard enters into force, the following adjustments are initially expected to be made to Bure's report on its financial position: lease assets are expected to amount to SEK 33M, and leasing liabilities are expected to amount to SEK 33M.

## Note 9 – Fees to auditors

SEK M	Group		Parent Company	
	2018	2017	2018	2017
<b>Fees to PwC</b>				
Auditing fees	2.0	1.8	0.4 <sup>1)</sup>	0.4
Other services mandated by law	0.2	0.1	0.1 <sup>1)</sup>	0.1
Tax advisory services	0.1	0.5	0.1 <sup>1)</sup>	0.3
Other services	0.1	–	–	–
<b>Total fees to PwC</b>	<b>2.4</b>	<b>2.4</b>	<b>0.7</b>	<b>0.7</b>
<b>Fees to other auditors</b>				
Auditing fees	0.1	0.2	–	–
Consulting services	0.1	0.2	–	–
<b>Total fees to other auditors</b>	<b>0.2</b>	<b>0.5</b>	<b>0.0</b>	<b>0.0</b>

1) of which auditing fees SEK 0.4M, other services mandated by law SEK 0.1M and tax advisory services SEK 0.1M by Öhrlings PricewaterhouseCoopers AB.

## Not 10 – Patent, licenser, m. m.

SEK M	Group	
	2018	2017
Opening balance	23.2	21.3
The year's acquisitions	1.2	1.7
Disposals/reclassifications	-2.1	0.0
Translation differences	0.4	0.2
<b>Closing balance</b>	<b>22.7</b>	<b>23.2</b>
Opening amortisation	-19.2	-17.8
Disposals/reclassifications	0.7	–
The year's amortisation	-1.3	-1.3
Translation differences	-0.3	-0.2
<b>Closing accumulated amortisation</b>	<b>-20.0</b>	<b>-19.2</b>
<b>Carrying amount</b>	<b>2.6</b>	<b>4.0</b>



## Not 11 – Goodwill

SEK M	Group	
	2018	2017
Opening balance	604.6	582.6
The year's acquisitions	2.2	–
Disposals/reclassifications	-31.0	–
Translation differences	15.2	22.0
<b>Closing balance</b>	<b>591.1</b>	<b>604.6</b>
Opening amortisation	-95.5	-94.7
Translation differences	-1.2	-0.8
<b>Closing accumulated amortisation</b>	<b>-96.6</b>	<b>-95.5</b>
Opening impairment losses	-416.6	-386.7
Disposals/reclassifications	27.4	–
The year's impairment losses	–	-11.4
Translation differences	-10.2	-18.5
<b>Closing accumulated impairment losses</b>	<b>-399.4</b>	<b>-416.6</b>
<b>Carrying amount</b>	<b>95.0</b>	<b>92.5</b>

The recoverable amount of the Group's goodwill items in 2018 has been determined based on calculations of value in use. These calculations are based on estimated future cash flows with consideration to financial budgets approved by management.

1) Refers to the discount rate before tax. The discount rate for the comparison year was 12.0 per cent for Mercuri.

SEK M	Goodwill	Growth forecast period	Terminal growth rate	EBIT forecast period	Discount rate <sup>1)</sup>
Mercuri International Group AB	92.8	4.5%	1.0%	9.0%	12.1%
Atle Investment Services AB	2.2	0.0%	0.0%	7.4%	12.0%

The valuations that have provided the basis for the value testing do not represent fair market value, but are instead estimated in accordance with IAS 36 to determine the recoverable amount of cash-generating units. Based on the above, the goodwill values in the table can be considered well founded. The forecast period is five years. The recoverable amount exceeds the carrying amount. If, for example, the growth or EBIT assumption should change by one percentage point, Bure's goodwill values could be lower than their reported carrying amounts.

A sensitivity analysis of significant variables for goodwill has the following effects on the estimated value:

Mercuri International Group AB		Change, %-points	Effect on value
Variable			
Growth, terminal period		-1%	SEK -11M
Discount rate		1%	SEK -19M
Atle Investment Services AB		Change, %-points	Effect on value
Variable			
Growth, terminal period		-1%	SEK 0M
Discount rate		1%	SEK 0M

The recoverable amount exceeds the carrying amount even with consideration to the above changes. The growth assumption is based on an assessment of general economic development in combination with industry-specific assumptions.

## Note 12 – Buildings, land and land improvements

There are no future commitments for property investments. There are no finance leases connected to properties in the Group.

SEK M	Group	
	2018	2017
Opening balance	1.7	1.6
Sales/reclassifications	0.0	0.0
Translation differences	0.1	0.0
<b>Closing balance</b>	<b>1.7</b>	<b>1.7</b>
Opening depreciation	-0.5	-0.5
The year's depreciation	0.0	0.0
Translation differences	0.0	0.0
<b>Closing accumulated depreciation</b>	<b>-0.6</b>	<b>-0.5</b>
<b>Carrying amount</b>	<b>1.2</b>	<b>1.1</b>

## Note 13 – Equipment, tools, fixtures and fittings

The reported values do not include any equipment financed through lease contracts. There are no contracts outstanding concerning acquisition of equipment.

SEK M	Group		Parent Company	
	2018	2017	2018	2017
Opening balance	280.2	278.3	10.2	10.2
The year's acquisitions	3.7	2.8	–	0.0
Disposals/Reclassifications	-12.5	-1.8	–	–
Translation differences	2.6	0.8	–	0.0
<b>Closing balance</b>	<b>274.0</b>	<b>280.2</b>	<b>10.2</b>	<b>10.2</b>
Opening depreciation	-95.3	-85.7	-6.8	-6.0
Disposals/Reclassifications	10.5	1.5	–	–
The year's depreciation	-10.5	-10.8	-0.7	-0.7
Translation differences	-2.3	-0.3	–	–
<b>Closing accumulated depreciation</b>	<b>-97.6</b>	<b>-95.3</b>	<b>-7.4</b>	<b>-6.8</b>
<b>Carrying amount</b>	<b>176.3</b>	<b>184.8</b>	<b>2.8</b>	<b>3.5</b>

## Note 14 – Acquisitions and divestitures

### Acquisitions in 2018

Bure acquired an additional 4.2 million shares in Cavotec for SEK104M, increasing its holding to 25.4 per cent. Bure acquired 12.0 per cent in Ovzon for SEK 71M. Bure Growth acquired an additional shares in Yubico for SEK 33M. Bure Growth invested SEK 9M in My Driving Academy, increasing its holding to 32.0 per cent. Bure Financial Services acquired 32.5 per cent of Alcur Fonder AB.

### Divestitures in 2018

Bure divested 0.6 million shares in Xvivo Perfusion for SEK 57M, generating an exit gain of SEK45M.

### Acquisitions in 2017

Bure acquired an additional 2.8 million shares in Cavotec for SEK 72M, increasing its holding to 20.1 per cent. Bure acquired an additional 0.04 million shares in MedCap for SEK 1M, increasing its holding to 22.9 per cent. Bure Growth acquired 18.2 per cent of shares in the security company Yubico. Bure Growth acquired 22.5 per cent of My Driving Academy Sweden. Bure acquired an additional 0.15 million shares in BioLamina for SEK 11M, increasing its holding to 29.1 per cent.

### Divestitures in 2017

Bure divested 0.2 million shares in Vitrolife for SEK 100M, generating an exit gain of SEK 93M. Bure Financial Services divested all its shares in Catella for SEK 193M, generating an exit gain of SEK 138M. Bure Growth divested all its shares in Vigmed Holding for SEK 8M, generating an exit loss of SEK 28M.

## Note 15 – Other non-current and current receivables

SEK M	Group		Parent Company	
	2018	2017	2018	2017
<b>Other non-current receivables</b>				
Non-current receivables, interest-bearing	3.0	1.8	3.0	1.5
Non-current receivables, non interest-bearing	8.3	6.6	0.9	0.9
<b>Total other non-current receivables</b>	<b>11.3</b>	<b>8.3</b>	<b>3.9</b>	<b>2.4</b>
<b>Other current receivables</b>				
Current receivables, interest-bearing	2.5	–	2.5	–
Current receivables, non interest-bearing	55.5	1.9	52.0	0.5
<b>Total other current receivables</b>	<b>58.0</b>	<b>1.9</b>	<b>54.5</b>	<b>0.5</b>

#### Note 16 – Prepaid expenses and accrued income

SEK M	Group		Parent Company	
	2018	2017	2018	2017
Accrued interest income	0.1	1.2	1.3	2.7
Accrued income	22.7	9.4	–	–
Other accrued income	0.2	0.0	–	–
Prepaid expenses	6.0	8.9	0.5	0.9
Other items	0.7	4.9	0.3	–
<b>Total</b>	<b>29.7</b>	<b>24.5</b>	<b>2.0</b>	<b>3.6</b>

#### Note 17 – Provisions

	Group		
SEK M	2018	2017	
Opening provisions	30.7	31.0	
Provisions during the year			
Mercuri International Group	1.6	2.4	
Total	1.6	2.4	
Utilised/dissolved during the year			
Mercuri International Group	-4.3	-3.5	
Total	-4.3	-3.5	
Translation differences	1.6	0.8	
Closing provisions	29.6	30.7	
	2019	2020	>2020
Pension provisions	0.0	–	26.6
Other provisions	0.3	–	2.7
Total	0.3	0.0	29.3

#### Note 18 – Accrued expenses and deferred income

SEK M	Group		Parent Company	
	2018	2017	2018	2017
Salary and holiday compensation liability	38.8	8.7	8.3	0.9
Accrued social security expenses	7.3	11.2	1.2	1.2
Deferred income	2.3	2.7	–	–
Other accrued expenses	23.5	56.3	2.1	5.3
<b>Total</b>	<b>71.9</b>	<b>78.9</b>	<b>11.5</b>	<b>7.4</b>

#### Note 19 – Pledged assets

SEK M	Group		Parent Company	
	2018	2017	2018	2017
Shares in subsidiaries and associates	84.8	80.1	–	–
Blocked bank accounts	0.4	0.4	–	–
<b>Total pledged assets</b>	<b>85.3</b>	<b>80.6</b>	<b>–</b>	<b>–</b>

#### Note 20 – Contingent liabilities

Contingent liabilities in the Group amounted to SEK 0.5M (0.4) at 31 December 2018 and pertained to surety and guarantee commitments furnished by the subsidiaries.

There is no contingent consideration in the Group that has not already been capitalised. Bure has no remaining commitments to acquire additional shares in subsidiaries.

## Note 21 – Financial instruments

### Financial risks – objectives and policies

The Group is exposed to a number of different financial risks through its operations. Bure is an investment company with an important overall objective that is regulated in the Parent Company's finance policy. The Parent Company shall be essentially free from debt, and the subsidiaries shall have independent financing to ensure their financial autonomy from the Parent Company and other group companies. Consequently, the subsidiaries shall also be able to independently manage their own liquidity risk. A separate finance policy has been established for each individual subsidiary. The policy document provides guidelines for management of cash, surplus liquidity, debt financing and handling of currency and interest rate risk.

#### Price risk

Price risk on shares refers to the risk for possible changes in the value of shares listed on an exchange. Based on the market value of listed holdings of SEK 7,933M on 31 December 2018, a change of 1 per cent in the price of listed portfolio companies would affect the Group's profit before tax by SEK 79M.

#### Currency risk

Currency risk refers to the risk that the Group's commercial flows (transaction risk) will be affected by exchange rate fluctuations. Transaction risk in the Group is limited, since nearly all income is matched by expenses in the same currency. Because the Bure Group has investments outside Sweden via its subsidiaries, the Group's statements of financial position and comprehensive income are exposed to translation risk arising on the translation of the financial statements of foreign subsidiaries. This risk is normally not hedged. The most significant currency aside from the SEK is the EUR. A change of +/-5 per cent in the EUR rate would have an impact on the subsidiaries' profit before tax of SEK +/-1M.

#### Interest rate risk

The Group is exposed to interest rate risk through changes in the interest rate on assets and liabilities with variable interest due to movements in market interest rates. Fixed interest liabilities are also exposed to interest rate risk, but to a significantly lesser degree since the interest rate changes when the loans mature and are extended on new terms. A change of 1 per cent in the interest rate for the Group would have an estimated short-term impact on consolidated profit before tax of SEK 4M. Interest rate risk in borrowings can be maintained at a desired level through the use of derivatives such as swaps, forwards and options. At present, there are no hedges of interest rate risk.

#### Credit risk

Credit risk is the risk that Bure's counterparties will be unable to meet their payment obligations and that any collateral furnished will not cover the amount due, thereby causing Bure to incur a financial loss. Bure's policy is to carry out a credit assessment of all customers with which it does business. The maximum credit exposure on the balance sheet date was SEK 4M. There are no significant concentrations of credit risk in the Group.

Age structure of trade receivables SEK M	2018				2017			
	Trade receivables	Reserves	Net receivable	Secured by collateral	Trade receivables	Reserves	Net receivable	Secured by collateral
Not yet due	51.0		51.0	–	77.1	–	77.1	–
Past due 1– 30 days	16.5		16.5	–	18.5	–	18.5	–
Past due 31– 60 days	6.2		6.2	–	5.7	–	5.7	–
Past due 61– 90 days	1.5		1.5	–	4.1	–	4.1	–
Past due 91–180 days	5.0		5.0	–	3.9	–	3.9	–
Past due >180 days	-0.5	-0.3	-0.8	–	1.2	-1.9	-0.7	–
<b>Total</b>	<b>79.7</b>	<b>-0.3</b>	<b>79.4</b>	<b>–</b>	<b>110.6</b>	<b>-1.9</b>	<b>108.7</b>	<b>–</b>

#### Specification of reserve for doubtful debts SEK M

	2018	2017
Opening balance	1.9	2.6
Correction IFRS 9	-1.6	0.0
The year's provisions	0.1	2.0
Written-off amount	-0.1	-2.5
Reversal of unutilised reserves	-0.1	-0.1
Foreign exchange effects	0.0	0.0
<b>Total</b>	<b>0.3</b>	<b>1.9</b>

Provisions to the reserve for doubtful debts are made after individual assessment of each customer's ability to pay.

## Note 21 – Financial instruments (cont'd)

Liquidity risk is the risk that the Group will be unable to finance loan payments and other liquidity flows as they fall due either with its own funds or with new financing. In order to maintain sufficient liquidity, Bure maintains a liquidity reserve that is at least adequate to cover one year's forecasted liquidity requirement and other liquidity needs in the existing company structure. The liquidity reserve consists of available cash and cash equivalents and short-term investments. That portion of the liquidity reserve that exceeds the liquidity requirement as defined above may according to Bure's policy be invested over a longer investment horizon, distributed to the shareholders or used in buyback programmes.

### Group maturity structure for external liabilities at 31 December 2018

Interest-bearing liabilities	< 1 mth	< 3 mth	3–12 mth	1–5 year	> 5 year	Total
Short-term loans from institutions	–	–	2.1	–	–	2.1
Long-term loans from institutions	–	–	–	0.8	–	0.8
Long-term pension liabilities	–	–	0.0	–	26.6	26.6
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>2.1</b>	<b>0.8</b>	<b>26.6</b>	<b>29.5</b>
Non interest-bearing liabilities	< 1 mth	< 3 mth	3–12 mth	1–5 year	> 5 year	Total
Trade payables	5.1	11.2	–	–	–	16.3
Other external liabilities	–	20.9	0.8	–	–	21.8
<b>Total</b>	<b>5.1</b>	<b>32.2</b>	<b>0.8</b>	<b>0.0</b>	<b>0.0</b>	<b>38.1</b>

### Fair value and carrying amount of financial assets and liabilities

The fair value of all financial assets and liabilities has been calculated in accordance with IFRS 13. Fair value is assessed to be equal to carrying amount for trade receivables and other receivables, other current receivables, cash and cash equivalents, trade payables and other liabilities, and borrowing. Carrying amount less impairment losses comprises an approximate fair value for trade receivables and payables. For non-current interest-free liabilities, fair value has been calculated by discounting future cash flows by the applicable market interest rates with regard to the maturity of the liability.

The Group's financial assets and liabilities are measured in accordance with the following hierarchy:

Level 1: According to quoted prices in active markets for identical assets and liabilities.

Level 2: According to directly or indirectly observable market inputs for the asset or liability that are not included in Level 1.

Level 3: According to inputs for the asset or liability that are not observable in the market.

For investments in unlisted holdings (level 3), Bure made an active choice in relation to the first available reporting period to use the equity method in accordance with IAS 28 – Investments in Associates and Joint Ventures. The value of Group holdings in unlisted associated companies – Alcur Fonder AB, BioLamina AB, Fondbolaget Fondita AB, Idevall & Partners Holding AB, Life Genomics AB, My Driving Academy Sweden AB and Teknik Innovation Norden Fonder AB – were therefore not revalued in accordance with IFRS 9. The introduction of IFRS 9 means that other financial assets are revalued on an ongoing basis. Atle Investment Services AB is a wholly owned subsidiary of Bure Financial Services and valued at book value.

In Bure's net asset valuation table, Bure has chosen to base all market valuations of financial assets on IPEV – International Private Equity and Venture Capital Valuation Guidelines – that set out a number of methods to determine the fair value for respective holdings. Particular emphasis is placed on recently conducted market-based transactions in the company, for example rights issues or acquisitions of existing shares. Transactions in comparable companies may also be used. Other valuation methods include discounting forecast cash flows with relevant discount rates and the application of valuation multiples such as EV/Sales, EV/EBITDA, EV/EBITA, EV/EBIT and PER that are adjusted to reflect differences in markets, business types and risk. In general, a liquidity discount is also applied to unlisted assets.



**Note 21 – Financial instruments (cont'd)**

**Valuation of unlisted assets at 31 December 2018**

<b>SEK M</b>	<b>Net asset value, valuation model</b>	<b>Book value in the Group, valuation model</b>
<b>Bure Financial Services</b>	<b>88.6</b>	<b>71.1</b>
Alcur Fonder	DCF	Equity method
Teknik Innovation Norden Fonder	Book value	Equity method
Fondbolaget Fondita	EV/EBIT multipel	Equity method
Idevall & Partners Holding	DCF	Equity method
Atle Investment Services	Book value	Book value
<b>Bure Growth</b>	<b>490.3</b>	<b>482.2</b>
BioLamina	Latest transaction, DCF	Equity method
Life Genomics	DCF	Equity method
My Driving Academy Sweden	DCF	Equity method
Yubico	Latest transaction	Latest transaction

<b>Fair value hierarchy</b>	<b>2018</b>				<b>2017</b>			
<b>SEK M</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
<b>Financial assets</b>								
Financial assets at fair value through profit or loss	7,932.6	–	–	<b>7,932.6</b>	6,270.6	–	–	<b>6,270.6</b>
Investments accounted for using the equity method	–	–	134.9	<b>134.9</b>	–	–	114.6	<b>114.6</b>
Other non-current securities	427.2	–	–	<b>427.2</b>	149.4	–	–	<b>149.4</b>
Other non-current receivables	–	–	11.3	<b>11.3</b>	0.9	–	7.4	<b>8.3</b>
Short-term investments	265.0	–	–	<b>265.0</b>	286.3	–	–	<b>286.3</b>
<b>Total financial assets</b>	<b>8,624.8</b>	<b>–</b>	<b>146.3</b>	<b>8,771.0</b>	<b>6,707.2</b>	<b>–</b>	<b>122.0</b>	<b>6,829.2</b>
<b>Financial liabilities</b>								
Liabilities to credit institutions	–	–	2.9	<b>2.9</b>	–	–	1.9	<b>1.9</b>
Other non-current liabilities	9.2	–	–	<b>9.2</b>	0.9	–	–	<b>0.9</b>
Accrued expenses and deferred income	–	–	71.9	<b>71.9</b>	–	–	78.9	<b>78.9</b>
Prepayments from customers	–	–	6.3	<b>6.3</b>	–	–	9.8	<b>9.8</b>
<b>Total financial liabilities</b>	<b>9.2</b>	<b>–</b>	<b>81.1</b>	<b>90.3</b>	<b>0.9</b>	<b>–</b>	<b>90.6</b>	<b>91.5</b>

**Note 22 - Classification  
of financial assets and  
liabilities**

<b>Group, SEK M</b>	<b>At fair value through profit or loss</b>	<b>Loans and receivables</b>	<b>Financial assets held for sale</b>	<b>Other financial liabilities</b>
<b>Financial assets</b>				
Financial assets at fair value through profit or loss	–	–	7,932.6	–
Investments reported according to the equity method	–	–	134.9	–
Other non-current securities	–	–	427.2	–
Other non-current receivables	–	11.3	–	–
Trade receivables	–	79.4	–	–
Other current receivables	–	58.0	–	–
Short-term investments	265.0	–	–	–
Cash and bank	–	397.2	–	–
<b>Total financial assets</b>	<b>265.0</b>	<b>546.0</b>	<b>8,494.7</b>	<b>–</b>
<b>Financial liabilities</b>				
Liabilities to credit institutions	–	–	–	2.9
Other non-current liabilities	–	–	–	9.2
Accrued expenses and deferred income	–	–	–	71.9
Prepayments from customers	–	–	–	6.3
Trade payables	–	–	–	16.3
<b>Total financial liabilities</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>106.6</b>
<b>Parent Company, SEK M</b>				
<b>Financial assets</b>				
Shares in group companies	–	–	154.4	–
Financial assets at fair value through profit or loss	–	–	7,932.6	–
Other non-current receivables	–	3.9	–	–
Receivables from group companies	–	362.3	–	–
Other current receivables	–	54.5	–	–
Short-term investments	265.0	–	–	–
Cash and bank	–	195.9	–	–
<b>Total financial assets</b>	<b>265.0</b>	<b>616.6</b>	<b>8,086.9</b>	<b>0.0</b>
<b>Financial liabilities</b>				
Other non-current liabilities	–	–	–	8.5
Accrued expenses and deferred income	–	–	–	11.6
Other current liabilities	–	–	–	5.2
Trade payables	–	–	–	0.3
<b>Total financial liabilities</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>25.7</b>

**Advance payments from customers and prepaid income as at 31 December 2018**

<b>SEK M</b>	<b>Consultancy services</b>	<b>Licenses</b>	<b>Other</b>
Income recognised during the year	-8.5	-2.9	0.0
Added during the year	7.1	3.2	0.0
Translation differences	0.4	0.1	0.0
<b>Total</b>	<b>8.5</b>	<b>3.2</b>	<b>0.1</b>

## Note 23 – Earnings per share

Bure reports earnings per share in accordance with IAS 33, Earnings Per Share. Earnings per share are reported both before and after dilution.

Earnings per share are calculated by dividing net profit/loss by the weighted average number of shares outstanding during the year. In the Group, profit attributable to owners of the Parent Company is used for calculation of earnings per share.

In the event of a negative result, the net loss is divided only by the weighted average number of shares outstanding.

Specification of applied parameters	2018	2017
Profit for the year in the Parent Company, SEK M	1,609.3	833.7
Consolidated profit for the year, SEK M	1,820.4	834.1
Average number of shares outstanding	69,244,923	69,332,710
Basic earnings per share in the Parent Company, SEK <sup>1)</sup>	23.24	12.02
Basic earnings per share in the Group, SEK <sup>1)</sup>	26.29	12.03

1) No dilutive effect at 31 December 2018 or 31 December 2017.

## Note 24 – Equity

According to the Articles of Association, the share capital shall amount to no less than SEK 300,000,000 and no more than SEK 1,200,000,000. Information about changes in equity is provided below.

	2018			2017		
	No. of shares	Quota value	Share capital	No. of shares	Quota value	Share capital
<b>Number of registered shares</b>						
Registered number at 1 January	69,332,710	7.72	535,518,034	69,332,710	7.72	535,518,034
Registered number at 31 December	69,332,710	7.72	535,518,034	69,332,710	7.72	535,518,034

### Description and reporting of repurchase of treasury shares

Bure's AGM 2018 authorised the Board of Directors to acquire treasury shares to a maximum number of up to 10 per cent of the total number of shares outstanding.

On 31 December 2018, Bure held 360,789 of its own shares, equivalent to 0.52 per cent of the total number of shares. Repurchases were made at an average price of SEK 104.40 per share.

### Share dividend

The 2018 AGM approved an ordinary dividend to shareholders of SEK 1.50 per share and an extraordinary dividend of SEK 0.50 per share. The total amount distributed was SEK 138.7M.

### Restricted and non-restricted equity

According to Swedish law, shareholders' equity must be divided into non-restricted and restricted equity, of which restricted equity is not available for distribution to shareholders. Restricted equity in parent companies consists of share capital, statutory reserves and revaluation reserves. In Bure's case, the statutory reserve consists of capital contributed in relation to the company's formation. The statutory reserve also includes the former share premium reserve, which must be transferred to the statutory reserve in accordance with the new Swedish Companies Act.

Non-restricted equity includes retained earnings and net profit for the year, which are available for distribution to shareholders.

Consolidated equity consists of share capital, other contributed capital and retained earnings including profit for the year.

Other contributed capital in the Group refers to capital contributed by shareholders.

Retained earnings includes translation reserves that in turn include currency differences arising from the translation of financial statements from foreign operations and profit for the year.

## Note 25 – Financial position

Net loan receivables: cash and cash equivalents, interest-bearing investments and short and long-term receivables minus short and long-term interest-bearing liabilities.

SEK M	Group		Parent Company	
	2018	2017	2018	2017
Cash and cash equivalents	397.2	704.1	195.9	512.4
+ Interest-bearing investments	0.0	0.0	0.0	0.0
+ Current interest-bearing receivables	2.5	0.0	145.2	165.8
+ Non-current interest-bearing receivables	3.0	1.8	3.0	1.5
<b>Interest-bearing assets</b>	<b>402.7</b>	<b>705.9</b>	<b>344.1</b>	<b>679.7</b>
- Current interest-bearing liabilities	2.1	1.1	–	–
- Non-current interest-bearing liabilities	27.4	26.9	–	–
<b>Interest-bearing liabilities</b>	<b>29.5</b>	<b>28.0</b>	<b>0.0</b>	<b>0.0</b>

Bure Equity finances operations of its subsidiaries with its own capital and intra-Group loans. The table below shows intra-Group loans.

SEK M	Intra-Group receivables	
	31 Dec 2018	31 Dec 2017
Bure Financial Services AB	0.2	0.0
Bure Growth AB	218.4	176.8
Investment AB Bure	113.9	107.0
Mercuri International Group AB	29.8	58.8
<b>Total</b>	<b>362.3</b>	<b>342.7</b>

## Note 26 – Events after the end of the reporting period

The board proposes an ordinary dividend of SEK 2.00 per share, amounting to SEK 137.9M.

Cavotec conducted a rights issue of SEK 204M in January 2019. Bure subscribed to shares for SEK 76M. Bure's holding amounted to 27.1 per cent following the rights issue.

Ovzon conducted a rights issue valued at SEK 748M in January 2019. Bure subscribed to shares for SEK 113M. Bure's holding amounted to 14.3 per cent following the rights issue.

Bure divested 2 million shares in Mycronic for SEK 262M in February 2019 which resulted in an exit gain of SEK 237M. Bure's holding amounted to 27.9 per cent after the transaction.

Bure divested 2 million shares in Vitrolife for SEK 384M in March 2019 which resulted in an exit gain of SEK 370M. Bure's holding amounted to 19.0 per cent after the transaction.

## Note 27 – Participations in group companies, the year's change

SEK M	Parent Company	
	2018	2017
Opening balance	1,209.3	1,189.3
Acquisitions/additions	–	20.0
Write-up	50.1	–
<b>Closing balance</b>	<b>1,259.4</b>	<b>1,209.3</b>
Opening impairment losses	-1,105.1	-1,104.1
Impairment losses	–	-1.0
<b>Closing accumulated impairment losses</b>	<b>-1,105.1</b>	<b>-1,105.1</b>
<b>Carrying amount</b>	<b>154.4</b>	<b>104.3</b>

Revaluation in 2018 relates to Mercuri International Group. Write-downs in 2017 relate to Bure Growth.

## Note 28 – Shares in group companies

Portfolio company SEK M	No. of shares	% of capital/ votes	Carrying amount	Corporate ID number	Domicile
Bure Financial Services AB	50,000	100.0	0.1	556943-6420	Stockholm
Bure Growth AB	50,000	100.0	21.0	556935-7550	Stockholm
Mercuri International Group AB	998,500	99.1	105.0	556518-9700	Stockholm
Investment AB Bure	1,000	100.0	28.0	556561-0390	Stockholm
Atle Investment Services AB	3,000	100.0	6.8	556690-3968	Stockholm
Skanditek Aktiebolag	8,000	100.0	0.4	556541-9065	Stockholm
<b>Total</b>			<b>161.2</b>		

**Note 29 – Financial assets at fair value through profit or loss**

Values correspond to the Group's net asset value in respective holdings.

SEK M	No. of shares	% of capital/votes	Carrying amount in Parent Company	Carrying amount in Group	Corporate ID number	Domicile
Cavotec SA	19,914,837	25.4	263.9	263.9	CH-501.3.015.724-3	Lugano, Switzerland
MedCap AB	3,081,017	22.9	244.6	244.6	556617-1459	Stockholm
Mycronic AB	29,317,163	29.9	3 462.4	3 462.4	556351-2374	Stockholm
Ovzon AB	1,007,568	12.0	74.6	74.6	559079-2650	Solna
Vitrolife AB	22,589,285	20.8	3 320.6	3 320.6	556354-3452	Göteborg
Xvivo Perfusion AB	4,291,483	16.3	566.5	566.5	556561-0424	Göteborg
<b>Carrying amount</b>			<b>7 932.6</b>	<b>7 932.6</b>		

**Other financial information**

SEK M	Assets	Liabilities excl. equity	Revenue	EBIT
Cavotec SA	2,363	1,336	2,020	-142
MedCap AB	669	395	709	44
Mycronic AB	4,199	1,820	3,781	1,020
Ovzon AB	131	58	208	-18
Vitrolife AB	1,697	201	1,151	394
Xvivo Perfusion AB	587	46	188	14

**Note 30 – Investments accounting for using the equity method**

SEK M	No. of shares	% of capital/votes	Carrying amount in Parent Company	Carrying amount in Group	Corporate ID number	Domicile
Alcur Fonder AB <sup>1)</sup>	4,063	32.5	–	9.8	556703-4870	Stockholm
BioLamina AB <sup>2)</sup>	598,418	28.9	–	36.5	556764-1872	Stockholm
Fondbolaget Fondita Ab <sup>1)</sup>	654	20.1	–	52.2	0899688-5	Helsingfors
Idevall & Partners Holding AB <sup>1)</sup>	660,000	33.0	–	2.1	559018-1193	Stockholm
Life Genomics AB <sup>2)</sup>	106,924	23.7	–	1.1	556993-1891	Göteborg
My Driving Academy Sweden AB <sup>2)</sup>	487	32.0	–	17.5	556943-1587	Stockholm
Teknik Innovation Norden Fonder AB <sup>1)</sup>	3,375	33.8	–	0.0	559190-9600	Stockholm
Mercuri Goldman (India) Pvt Ltd	128,508	40.0	–	15.7	–	Bangalore
<b>Carrying amount</b>			<b>0.0</b>	<b>134.9</b>		

1) Shares are owned by subsidiary Bure Financial Services AB.

2) Shares are owned by subsidiary Bure Growth AB.

**Note 31 – Related party transactions**

Bure's related parties are the members of the Board and companies closely related to them, Bure's subsidiaries, associated companies and the management in the Parent Company.

Until the AGM of May 2018, the Board Chairman providing consultancy services to Bure under contract. This contractual relationship has subsequently ended.

For salaries and compensation to senior executives, see Note 35. Aside from fees from the Parent Company, non-executive Board members in the Parent Company have not received fees from subsidiaries in the Group.

Purchases and sales between the Parent Company and group companies are insignificant in scope. Profit in the Parent Company includes intra-group interest income SEK 4.0M (4.4) and interest expenses of SEK 0.0M (0.0).



### Note 32 – Dividends received

1) The dividend of SEK 0.5M from Bure Growth refers to a group contribution which is booked as a dividend from a subsidiary in the Parent Company.

SEK M	Group		Parent Company	
	2018	2017	2018	2017
Bure Growth <sup>1)</sup>	–	–	–	0.5
Catella	–	7.0	–	–
Cavotec	3.5	7.1	3.5	7.1
Mycronic	73.3	58.6	73.3	58.6
Vitrolife	16.7	12.2	16.7	12.2
Dividends from short-term investments	–	0.4	–	0.4
<b>Total</b>	<b>93.5</b>	<b>85.3</b>	<b>93.5</b>	<b>78.8</b>

### Note 33 – Average number of employees

	2018		2017	
	No. of employees	of whom, women	No. of employees	of whom, women
Parent Company	7	1	7	1
Subsidiaries	227	105	265	133
<b>Total Group</b>	<b>234</b>	<b>106</b>	<b>272</b>	<b>134</b>
<b>Parent Company</b>				
Sweden	7	1	7	1
<b>Subsidiaries</b>				
Sweden	35	20	51	28
United Kingdom	14	6	18	6
Finland	26	8	33	24
Germany	30	10	30	9
France	46	20	50	22
USA	8	4	13	9
China	26	16	29	17
Other countries	42	21	41	18
<b>Total Group</b>	<b>234</b>	<b>106</b>	<b>272</b>	<b>134</b>

### Note 34 – Salary, other compensation and social security expenses

Pension costs are stated including payroll tax.

SEK M	2018			2017		
	Salary and other comp.	Social security expenses	Pension costs	Salary and other comp.	Social security expenses	Pension costs
Parent Company	14.2	4.8	2.5	14.3	4.3	2.6
Subsidiaries	174.6	35.6	8.3	193.9	42.2	13.0
<b>Total Group</b>	<b>188.8</b>	<b>40.4</b>	<b>10.8</b>	<b>208.2</b>	<b>46.5</b>	<b>15.5</b>

### Note 35 – Compensation to senior executives

1) Other benefits refer to company car benefits.

	Basic annual salary/ Board fees		Variable comp./bonus		Other benefits <sup>1)</sup>		Pension costs		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Board Chairman	1.6	0.8	–	–	–	–	–	–	1.6	0.8
Other Board members	1.6	1.7	–	–	–	–	–	–	1.6	1.7
CEO	3.0	2.9	2.6	0.6	0.1	0.1	1.1	1.0	6.8	4.5
Other senior executives	2.8	2.6	1.4	0.8	–	–	0.7	0.7	4.9	4.0
	<b>8.9</b>	<b>7.9</b>	<b>4.0</b>	<b>1.4</b>	<b>0.1</b>	<b>0.1</b>	<b>1.8</b>	<b>1.6</b>	<b>14.8</b>	<b>11.0</b>

### Board of Directors

The 2018 AGM resolved that Board fees would be paid in a total amount of SEK 3,500,000 (2,450,000), of which SEK 2,000,000 (800,000) to be paid to Patrik Tigerschiöld, the Board Chairman, and SEK 300,000 (275,000) to each of the other Board members. Other Board members are Hans Björck (until the AGM in May 2018), Carl Björkman, Bengt Engström, Charlotta Falvin, Sarah McPhee and Mathias Uhlén. The Board consisted of a total of six members during 2018 (7). No special fees have been paid for work on the Board's committees. The Board chairman received consultancy fees of SEK 1.1M for the period January to April 2018.

<b>Chief Executive Officer</b>	CEO Henrik Blomquist had a contractual annual salary of SEK 3.0M. Bonuses have been paid totalling SEK 2.6M, (excluding social security payments), for 2018. Pension premiums are defined contributions, and correspond to 30 per cent of pension-qualifying salary, which consists of basic salary. The CEO's retirement age is 65. Bonuses may be paid up to a maximum of 100 per cent of annual salary. Bonus payments are not pension-qualifying. The CEO has a 12-month notice period in the event of termination by the company, and is required to provide 12 months' notice to the company in the event of his resignation. The CEO is entitled to termination benefits equal to 12 monthly salaries in the event of termination by the company. Termination benefits are not payable in the event of the CEO's retirement. Decisions regarding the salary and benefits of the CEO are made by the Board of Directors.
<b>Other senior executives</b>	Other senior executives include the CFO and one investment manager. Pension premiums attract fixed fees in line with ITP1. Pension costs refer to costs excluding payroll tax that have been charged to this year's profit. The retirement age for these senior executives is 65. Bonus for these senior executives may be paid up to a maximum of between 80 and 100 per cent of annual salary. These senior executives have a notice period of three to six months in the event of termination by the company, and three to six months in the event of their own resignation. Termination benefits are not payable in the event of retirement. Decisions regarding the salary of these senior executives are made by the CEO following consultation with the Board of Directors.
<b>Variable compensation (bonus)</b>	In 2018, Bure had a variable compensation system for all employees in which the maximum variable salary component was 55 – 100 per cent of basic salary. Eighty per cent of bonus payments were based on quantitative targets related to Bure's net asset value and share price performance, and the year's focus regarding portfolio companies. The remaining 20 per cent was based on discretionary assessment. For information about the preparatory and decision-making process applied by the company, please see the administration report. Details of senior executives' share holdings: Henrik Blomquist, CEO, 53,807 shares. Max Jonson, CFO, 19,158 shares. Fredrik Mattsson, Investment Manager, 53,730 shares.

### Note 36 – Gender distribution among senior executives

In the subsidiaries, 11 per cent (20) of the board members, presidents and senior executives are women.

Parent Company	2018	2017
Total no. of women on Board of Directors	2	2
Total no. of women in management	–	–
Total no. of men on Board of Directors	4	5
Total no. of men in management	5	6
Total no. of people on Board of Directors	6	7
Total no. of people in management	6	7

### Note 37 – Appropriation of profits

The company's annual report will be submitted for adoption by the Annual General Meeting on 7 May 2018.

The following funds are at the disposal of the AGM according to the Parent Company balance sheet:

Retained earnings	SEK 6,804,976,973
Profit for the year	SEK 1,609,260,991
	<b>SEK 8,414,237,964</b>

The Board proposes that the profits be appropriated as follows:

Shareholders received an ordinary dividend of SEK 2.00 per shares, totalling SEK 137.9M. <sup>1)</sup>	SEK 137,943,842
<b>To be carried forward to new account</b>	<b>SEK 8,276,294,122</b>

1) No dividend to be paid for the 360,789 shares that the company owns.

It is the Board's assessment that the proposed dividend is justifiable in view of the demands imposed by the operations' nature, scope and risks on the amount of equity in the Parent Company and the Group, as well as the consolidation requirements, liquidity and financial position in general.



## Auditor's report

Unofficial translation

To the general meeting of the shareholders of Bure Equity AB (publ), corporate identity number 556454-8781

---

## Report on the annual accounts and consolidated accounts

### *Opinions*

We have audited the annual accounts and consolidated accounts of Bure Equity AB (publ) for the year 2018. The annual accounts and consolidated accounts of the company are included on pages 38-70 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 parent company and the group as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2018 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. 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 Board of Directors 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.

### *Our audit approach*

#### **Audit scope**

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.



### **Materiality**

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

### **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.

<b>Key audit matter</b>	<b>How our audit addressed the Key audit matter</b>
<b>Valuation of financial instruments</b>	
Bure's assets consist mainly of listed shares. For most financial instruments as Bure is a part of an active market with market prices exists. To a lesser extent there are holdings where the valuation is based on other market data than market prices in the same instrument.	We have tested and evaluated the design and effectiveness of Bures controls regarding pricing and monitoring of the pricing of financial instruments. For those instruments that are listed, we evaluated Bures controls for the collection of prices from external sources and we have conducted testing of prices by reconciliation against external sources.
In a portfolio of financial instruments as Bures there are normally several valuation issues that needs to be established to ensure an proper valuation of listed and unlisted financial instruments in accordance with IFRS.	For those instruments that are not listed, we evaluated the models and the market data Bure used for the valuation. We have also conducted testing of the valuation of unlisted instruments against independent data sources.

### **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 1-37. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

### **Responsibilities of the Board of Director's and the Managing Director**

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



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

### *Auditor's responsibility*

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

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

## **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 Director's and the Managing Director of Bure Equity AB (publ) for the year 2018 and the proposed appropriations of the company's profit or loss.

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

### *Basis for Opinions*

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

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

### *Responsibilities of the Board of Director's and the Managing Director*

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

### *Auditor's responsibility*

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

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or





- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

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

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: [www.revisorsinspektionen.se/revisornsansvar](http://www.revisorsinspektionen.se/revisornsansvar). This description is part of the auditor's report.

Öhrlings PricewaterhouseCoopers AB, was appointed auditor of Bure Equity AB (publ) by the general meeting of the shareholders on the 20180503 and has been the company's auditor since 2012.

Stockholm 28 March 2019

Öhrlings PricewaterhouseCoopers AB

Michael Bengtsson  
Authorized Public Accountant



## Auditor's report on the Corporate Governance Statement

To the general meeting of the shareholders in Bure Equity AB (publ), corporate identity number 556454-8781

---

### *Engagement and responsibility*

It is the board of directors who is responsible for the corporate governance statement for the year 2018 on pages 28-31 and that it has been prepared in accordance with the Annual Accounts Act.

### *The scope of the audit*

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement. 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.

### *Opinions*

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

Stockholm, 28 march 2019  
Öhrlings PricewaterhouseCoopers AB

Michael Bengtsson  
Authorized Public Accountant

# GRI index

Bure's sustainability audit relates to the 2018 calendar year, and is compiled according to Global Reporting Initiative (GRI) Standards for sustainability reporting. It is the second time Bure has compiled a sustainability report according to GRI. The index below indicates where GRI information can be found in the Bure 2018 annual report. The audit includes Bure as an investment company, i.e. the parent company Bure Equity AB. As a company

owner, Bure has significant influence over portfolio companies and actively works through board representation to encourage the establishment of relevant policies in respective companies and that operations are conducted responsibly and ethically. Bure's direct influence is considered very minor in relation to portfolio companies, which is why the auditing of Bure's role as a responsible investor and owner is given the highest priority.

## GRI 102: General Disclosures

Disclosure		Page	Comments, limitations
<b>1. Organizational profile</b>			
102-1	Name of the organization	51, back cover	
102-2	Activities, brands, products, and services	9–11	
102-3	Location of headquarters	51, back cover	
102-4	Location of operations	55, 69	
102-5	Ownership and legal form	26–27, 51	
102-6	Markets served	55, 69	
102-7	Scale of the organization	20, 34, 43, 69–70	
102-8	Information on employees and other workers	34, 69–70	Staff data compiled from Bure's HR platform
102-9	Supply chain		Most of Bure's purchases comprise of goods and services for Bure's offices, as well as purchasing of consultancy services to support investment operations from local suppliers
102-10	Significant changes to the organization and its supply chain		No significant changes occurred during the year
102-11	Precautionary Principle or approach		A precautionary principle is applied and relates to the evaluation and management of sustainability risk related to investments
102-12	External initiatives		The Bure board has decided to introduce an internal framework that defines guidelines for how Bure shall act as a responsible company, owner and employer, one that also reflects the ten principles of the Global Compact (Bure has not signed up to the Global Compact)
102-13	Membership of associations		The Centre for Business and Policy Studies, the Stockholm Chamber of Commerce, the Swedish Academy of Board of Directors (Stockholm), the Swedish Society of Financial Analysts
<b>2. Strategy</b>			
102-14	Statement from senior decision-maker	5–7	
<b>3. Ethics and integrity</b>			
102-16	Values, principles, standards, and norms of behaviour	9–11, 12–16	
<b>4. Governance</b>			
102-18	Governance structure	28–31	
<b>5. Stakeholder engagement</b>			
102-40	List of stakeholder groups	12	
102-41	Collective bargaining agreements		Bure Equity AB has not entered into a collective agreement
102-42	Identifying and selecting stakeholders	12	
102-43	Approach to stakeholder engagement	12	
102-44	Key topics and concerns raised	13	

Disclosure		Page	Comments, limitations
<b>6. Reporting practice</b>			
102-45	Entities included in the consolidated financial statements	67–68	
102-46	Defining report content and topic Boundaries	51–54	
102-47	List of material topics	12–16	
102-48	Restatements of information		This is Bure's second sustainability report compiled according to GRI.
102-49	Changes in reporting		This is Bure's second sustainability report compiled according to GRI.
102-50	Reporting period		Calendar year
102-51	Date of most recent report		This is Bure's second sustainability report compiled according to GRI.
102-52	Reporting cycle		Calendar year
102-53	Contact point for questions regarding the report		Max Jonson, CFO, +46 (0) 8 614 00 20
102-54	Claims of reporting in accordance with the GRI Standards	12, 75–76	
102-55	GRI content index	75–76	
102-56	External assurance		The sustainability report is not externally audited
<b>7. Topic specific disclosures</b>			
<b>Financial indicators</b>			
<i>Competitive returns</i>			
103-1 – 103-3	Sustainability management	9-10, 12, 26, 28–31	Relates to the Bure Group
In-house indicator	Total returns and net asset value	20, 26	
<i>Anti-corruption</i>			
103-1 – 103-3	Sustainability management	12–16, 28–31	Relates to the Bure Equity parent company
205-2	Communication and training in policies and procedures to combat corruption	12–16	
205-3	Confirmed incidents of corruption and measures taken	12–16	
<b>Social indicators</b>			
103-1 – 103-3	Sustainability management	12–16, 34, 69–70	Relates to the Bure Equity parent company
	Training and education		
404-3	Proportion of employees who receive regular evaluation, performance review and career development support	15–16	
<i>Diversity and equality</i>			
102-7	Organisation by age and gender	16, 69–70	Relates to Bure and portfolio companies
405-1	Diversity among the board, management and employees	16, 32–34, 69–70	
<b>Responsible investors and owners</b>			
103-1 – 103-3	Sustainability management	9–11, 12	Relates to Bure and portfolio companies
In-house indicator	Sustainability in the investment process	13	
In-house indicator	Sustainability in portfolio companies	14	

# Definitions

---

<b>Basic earnings per share</b>	Profit/loss after tax divided by the average number of shares outstanding during the year. For the Group, net profit less the non-controlling interests' share in profit for the year.
<b>Diluted earnings per share</b>	Profit after tax divided by the average number of shares outstanding during the year after dilution. For the Group, net profit less non-controlling interests' share in profit for the year. The average number of shares after full dilution is calculated according to the rules in IFRS, IAS 33 Earnings per Share.
<b>Direct return</b>	Dividend proposed to the AGM and extra dividends paid during the year divided by the share price at 31 December.
<b>EBIT</b>	Operating profit before goodwill impairment and amortisation of excess values arising on consolidation plus amortisation/depreciation of non-current assets.
<b>Equity/asset ratio</b>	Equity in relation to total assets. As of the transition to IFRS on 1 January 2005, non-controlling interests are included in total equity.
<b>Equity per share</b>	Equity divided by the number of shares outstanding. As of the transition to IFRS on 1 January 2005, non-controlling interests are included in total equity.
<b>Growth</b>	Increase in net sales in relation to net sales for the previous year. The key figure thus includes both organic and acquisition-driven growth.
<b>IRR</b>	Internal Rate of Return.
<b>Market capitalisation</b>	Share price multiplied by the total number of shares outstanding.
<b>Net asset value</b>	The market value of Bure's listed holdings (valued at fair values) plus the book value of unlisted holdings and cash and cash equivalents.
<b>Net loan liability</b>	Same definition as net loan receivable, but is used when interest-bearing liabilities exceed interest-bearing assets.
<b>Net loan receivable</b>	Financial interest-bearing assets minus interest-bearing liabilities.
<b>Return on equity</b>	Profit/loss after tax divided by average equity.
<b>Share buyback</b>	For several years, Swedish companies have been permitted to repurchase up to 10 per cent of their own outstanding shares, provided that this is approved by the Annual General Meeting within the framework of non-restricted equity.
<b>Total return</b>	The total of the year's share price growth and reinvested dividends divided by the share price at the beginning of the year.



# Shareholder information

---

## Financial calendar 2019

Interim report January – March	25 April
Annual General Meeting	7 May
Interim report January – June	16 August
Interim report January – September	7 November

## Distributionspolicy

Bure's annual report is sent by mail to all persons who so request. Interim reports are distributed only in digital form.

To subscribe, visit <http://www.bure.se/investors/>

## Investor relations / Shareholder contact

Max Jonson, +46 (0)8-614 00 20  
[max.jonson@bure.se](mailto:max.jonson@bure.se)

## Contact Bure Equity AB

Address: Nybrogatan 6, 114 34 Stockholm  
Phone: +46 (0)8 614 00 20  
Fax: +46 (0)8 614 00 38  
E-mail: [info@bure.se](mailto:info@bure.se)  
Website: [www.bure.se](http://www.bure.se)

## Annual General Meeting of Bure Equity AB (publ)

The Annual General Meeting will be held on 7 May 2019, at 4:00 p.m. at IVA Conference Centre, Wallenbergsalen, Grev Turegatan 16, in Stockholm. The doors will open at 3:00 p.m.

## Participation

Shareholders who wish to participate in the AGM must be entered in the register of shareholders maintained by Euroclear Sweden AB no later than 30 April 2019.

In order to participate in the AGM, shareholders whose shares are registered in the name of a nominee must temporarily re-register the shares in their own names with Euroclear Sweden AB. Shareholders must notify their nominees well in advance to ensure that an entry is made in the register of shareholders by 30 April 2019.

## Notification

Notice of participation must be received by Bure no later than 12:00 p.m. on 30 April 2019 via

Mail: Bure Equity AB, Nybrogatan 6, SE-114 34 Stockholm  
E-mail: [arsstamma@bure.se](mailto:arsstamma@bure.se)  
Phone: +46 (0)8 614 00 20  
Fax: +46 (0) 8 614 00 38

The notification should include the shareholder's name, personal/corporate identity number, address, telephone number and special mention if the shareholder wishes to be accompanied by an assistant (no more than two).

Shareholders who wish to be represented by a proxy must submit a dated form of proxy. The original proxy document must be sent to the company at the above address well in advance of the AGM. Persons representing a legal entity must enclose a copy of the registration certificate or other appropriate document.

An entrance card will be sent by mail after 30 April 2019.







## Colophon

**Text and production:** Bure in collaboration with Bullhound AB.

**Translation:** Nick Chipperfield.

**Photographer:** Pär Olsson, fold-out and pages 2, 5, 6, 7, 8, 17, 32, 33 and 34.

Images of portfolio companies on page 4 provided by respective companies.

“For Sweden. Down with funds!” Photo Sven-Erik Sjöberg/TT Bild, page 36.

Aerial photo of protest. Photo Stig A Nilsson/TT Bild, page 36.

Ian Wachtmeister. Photo Tommy Pedersen/TT Bild, page 36.

Vittra’s approach. Photo Christopher Grant/TT Bild/AP, page 36.

St: Görans Sjukhus. Photo Christin Sylvander, page 36.

Stockmarket table. Photo Jessica Gow/TT Bild, page 36.

Portrait image, Patrik Tigerschiöld. Photo Pär Olsson, page 37.

“HQ Bank closed today, Wednesday”. Photo Anders Wiklund/TT Bild, page 37.

Portrait image, Henrik Blomquist. Photo Pär Olsson, page 37.

Bure’s CEOs. Photo Pär Olsson, page 37.

**Share:** SIX Financial Information Nordic.

**Print:** Ätta.45 Tryckeri AB, Stockholm.

**Paper:** Tom&Otto Silk 250g and 130g.





Bure Equity AB (publ)  
Nybrogatan 6, SE-114 34 Stockholm, Sweden  
Phone: +46 8-614 00 20  
Corporate ID number: 556454-8781  
[info@bure.se](mailto:info@bure.se)  
[www.bure.se](http://www.bure.se)