

Consolidated Income Statement

SEKm	Note	2020	2019
Net sales	5,6	5,273.3	3,479.4
Cost of goods sold		-3,454.9	-2,281.2
Gross profit		1,818.4	1,198.2
Selling expenses		-873.6	-777.1
Administrative expenses	30	-272.9	-232.5
Research and development		-23.9	-24.3
Other operating income	10,30	84.3	53.1
Other operating expenses	10	-59.8	-21.2
Operating profit	4-11,17,30	672.5	196.2
Financial income	12,30	0.7	0.9
Finance costs	12,30	-14.2	-14.8
Net financial items		-13.5	-13.9
Profit/loss before taxes		659.0	182.3
Income tax expense	14	-139.3	-40.0
PROFIT FOR THE YEAR		519.7	142.3
Attributable to:			
Equity holders of the Parent Company		517.8	140.6
Non-controlling interests		1.9	1.7
Earnings per share (SEK)	34	4.63	1.28
Diluted EPS (SEK)		4.61	1.28

Consolidated statement of comprehensive income

SEKm	2020	2019
Profit for the year	519.7	142.3
<i>Components that will be reclassified to profit of the year</i>		
Foreign currency translation differences for the year	-81.7	20.6
<i>Components that will not be reclassified to profit of the year</i>		
Revaluations of defined benefit pension plans	-5.0	-11.8
Tax attributable to items not to be reversed in profit or loss	1.1	2.7
Other comprehensive income	-85.6	11.5
Total comprehensive income for the year	434.1	153.8
Attributable to:		
Equity holders of the Parent Company	432.5	152.0
Non-controlling interests	1.6	1.8

Consolidated Balance Sheet

SEKm	Note	2020-12-31	2019-12-31
ASSETS			
Non-current assets			
Intangible non-current assets	15	2,002.8	1,761.1
Property, plant and equipment	16	433.6	352.7
Financial assets	18	8.8	12.0
Non-current receivables	18	7.0	3.7
Deferred tax assets	14	5.0	8.6
Total non-current assets		2,457.2	2,138.1
Current assets			
Inventories	20	640.2	451.5
Tax assets		0.3	5.5
Accounts receivable	21	755.2	533.7
Prepaid expenses and accrued income	22	46.4	28.5
Other receivables		34.3	18.0
Cash and cash equivalents		216.0	99.1
Total current assets		1,692.4	1,136.3
TOTAL ASSETS		4,149.6	3,274.4
EQUITY AND LIABILITIES			
Shareholder's equity			
Share capital	23	58.3	58.3
Other contributed capital		1,134.3	1,134.3
Reserves		-49.5	31.9
Retained earnings, including profit for the year		739.0	242.4
Equity attributable to equity holders of the Parent Company		1,882.1	1,466.9
Non-controlling interests		8.2	9.3
Total equity		1,890.3	1,476.2
Liabilities			
Non-current liabilities			
Non-current interest-bearing liabilities	18,27	99.6	23.0
Non-current lease liability	17,18	142.0	126.4
Non-current non-Interest-bearing liabilities	18	1.2	1.0
Provisions for pensions	25	80.5	80.3
Non-current provisions	26	29.5	24.0
Deferred tax liabilities	14	161.5	127.3
Total non-current liabilities		514.3	382.0
Current liabilities			
Current interest-bearing liabilities	18,28	473.0	657.6
Current lease liability	17,18	91.2	89.3
Accounts payable	18	648.8	346.5
Tax liabilities		81.1	25.0
Other liabilities		231.4	133.2
Accrued expenses and deferred income	29	210.1	161.2
Current provisions	26	9.4	3.4
Total current liabilities		1,745.0	1,416.2
Total liabilities		2,259.3	1,798.2
TOTAL EQUITY AND LIABILITIES		4,149.6	3,274.4

Consolidated statement of cash flows

SEKm	Notes	2020	2019
OPERATING ACTIVITIES			
Profit after financial items		659.0	182.3
Adjustment for items not included in cash flow	32	280.4	239.1
Income tax paid		-97.0	-52.1
Cash flow from operating activities before changes in working capital		842.4	369.3
Cash flow from changes in working capital			
Changes in inventories		-119.1	-7.4
Changes in operating receivables		-170.6	15.8
Changes in operating liabilities		397.4	22.7
Cash flow from operating activities		950.1	400.4
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		-62.7	-65.7
Disposal of property, plant and equipment		7.8	3.9
Acquisition of intangible assets		-29.5	-19.8
Disposal of intangible assets		0.8	-
Acquisition of operations	33	-345.1	-324.6
Divestment of operations		0.0	-0.8
Cash flow from investing activities		-428.7	-407.0
FINANCING ACTIVITIES			
Borrowings	32	265.2	532.7
Repayments on loans	32	-614.4	-788.6
Right issues		-	500.8
Issue expenses		-	-10.8
Repurchase and disposal of treasury shares		-19.3	-43.3
Call options		58.2	12.4
Other financing		-3.3	-96.8
Dividend paid to equity holders of the Parent Company		-56.2	-62.1
Dividend paid to non-controlling interests		-2.7	-2.1
Cash flow from financing activities		-372.5	42.2
Cash flow for the year		148.9	35.6
Cash and cash equivalents at beginning of year		99.1	60.6
Exchange differences on cash and cash equivalents		-32.0	2.9
Cash and cash equivalents at year-end		216.0	99.1

Consolidated statement of changes in equity

SEKm	Share capital	Other contributed capital	Reserves	Retained earnings, including profit for the year	Equity attributable to shareholders of the Parent	Non-controlling interests	Total equity
EQUITY, OPENING BALANCE 2019-01-01	51.1	651.5	11.4	216.7	930.7	1.0	931.7
Right issues	7.2	493.6	-	-	500.8	-	500.8
Issue expenses	-	-10.8	-	-	-10.8	-	-10.8
Profit for the year	-	-	-	140.6	140.6	1.7	142.3
Foreign currency translation differens for the year	-	-	20.5	-	20.5	0.1	20.6
Actuarial effects on defined benefit plan	-	-	-	-11.8	-11.8	-	-11.8
Tax attributable to other comprehensive income	-	-	-	2.7	2.7	-	2.7
Other comprehensive income	-	-	20.5	-9.1	11.4	0.1	11.5
Total comprehensive income	-	-	20.5	131.5	152.0	1.8	153.8
Dividend	-	-	-	-62.1	-62.1	-2.1	-64.2
Call options	-	-	-	12.4	12.4	-	12.4
Repurchase of treasury shares	-	-	-	-43.3	-43.3	-	-43.3
Acquisition of non-controlling interests	-	-	-	-12.8	-12.8	8.6	-4.2
EQUITY, CLOSING BALANCE 2019-12-31	58.3	1,134.3	31.9	242.4	1,466.9	9.3	1,476.2

SEKm	Share capital	Other contributed capital	Reserves	Retained earnings, including profit for the year	Equity attributable to shareholders of the Parent	Non-controlling interests	Total equity
EQUITY, OPENING BALANCE 2020-01-01	58.3	1,134.3	31.9	242.4	1,466.9	9.3	1,476.2
Profit for the year	-	-	-	517.8	517.8	1.9	519.7
Foreign currency translation differens for the year	-	-	-81.4	-	-81.4	-0.3	-81.7
Actuarial effects on defined benefit plan	-	-	-	-5.0	-5.0	-	-5.0
Tax attributable to other comprehensive income	-	-	-	1.1	1.1	-	1.1
Other comprehensive income	-	-	-81.4	-3.9	-85.3	-0.3	-85.6
Total comprehensive income	-	-	-81.4	513.9	432.5	1.6	434.1
Dividend	-	-	-	-56.2	-56.2	-2.7	-58.9
Call options	-	-	-	58.2	58.2	-	58.2
Repurchase of treasury shares	-	-	-	-19.3	-19.3	-	-19.3
Acquisition of non-controlling interests	-	-	-	-	-	-	0.0
EQUITY, CLOSING BALANCE 2020-12-31	58.3	1,134.3	-49.5	739.0	1,882.1	8.2	1,890.3

Parent Company Income Statement

SEKm	Notes	2020	2019
Net sales		40.7	40.9
Administrative expenses	7-9,11	-60.6	-49.4
Operating profit		-19.9	-8.5
Interest income and similar items	12	14.3	12.2
Interest expense and similar items	12	-5.4	-9.5
Profit after financial items		-11.0	-5.8
Year-end appropriations	13	135.4	48.2
Profit before tax		124.4	42.4
Income tax expense	14	-25.8	-6.1
Profit for the year		98.6	36.3

Parent Company Statement of comprehensive income

SEKm	2020	2019
Profit for the year	98.6	36.3
Other comprehensive income	-	-
Comprehensive income for the year	98.6	36.3

Parent Company Balance Sheet

SEKm	Note	2020-12-31	2019-12-31
ASSETS			
Intangible non-current assets	15	0.1	0.2
Property, plant and equipment	16	0.6	0.1
Non-current financial assets			
Interests in Group companies	19	389.1	805.6
Receivables from Group companies	19	1,709.2	1,278.0
Total non-current financial assets		2,098.3	2,083.6
Total non-current assets		2,099.0	2,083.9
Current assets			
Current receivables from Group companies		339.6	105.5
Other current receivables		0.0	2.9
Prepaid expenses and accrued income	22	1.8	1.2
Cash and cash equivalents		1.5	-
Total current assets		342.9	109.6
TOTAL ASSETS		2,441.9	2,193.5
EQUITY AND LIABILITIES			
Shareholder's equity			
Restricted equity			
Share capital		58.3	58.3
Unrestricted equity			
Share premium reserve		1,134.3	1,134.3
Retained earnings		-57.7	-76.8
Profit for the year		98.6	36.3
Total equity		1,233.5	1,152.1
Untaxed reserves	24	95.9	55.9
Liabilities			
Liabilities to Group companies		76.2	47.8
Total non-current liabilities		76.2	47.8
Current interest-bearing liabilities	28	408.8	659.8
Current liabilities to Group companies		583.5	260.0
Accounts payable		2.7	2.2
Tax liabilities		17.3	-
Other liabilities		2.6	2.1
Accrued expenses and deferred income	29	21.4	13.6
Total short-term liabilities		1,036.3	937.7
Total liabilities		1,112.5	985.5
TOTAL EQUITY AND LIABILITIES		2,441.9	2,193.5

Parent Company Statement of Cash Flows

SEKm	Note	2020	2019
Profit after financial items		-11.0	-5.8
Adjustment for items not included in cash flow	32	-21.1	0.3
Income tax paid		-5.7	-11.3
Cash flow from operating activities before changes in working capital		-37.8	-16.8
Cash flow from changes in working capital			
Increase/decrease other current receivables		14.0	-8.4
Increase/decrease accounts payable		0.5	-7.3
Increase/decrease other current operating liabilities		201.1	24.2
Cash flow from operating activities		177.8	-8.3
INVESTING ACTIVITIES			
Investments in intangible non-current assets		0.0	-0.2
Investments in tangible non-current assets		-0.7	0.0
Acquisition of operations		0.0	-8.0
Investments in other non-current financial assets		70.9	-209.7
Cash flow from investing activities		70.2	-217.9
FINANCING ACTIVITIES			
Right issues		-	500.8
Issue expenses		-	-10.8
Call options		58.2	12.4
Change in overdraft	32	-463.1	333.3
Repurchase and disposal of treasury shares		-19.3	-43.3
Borrowings		233.9	196.8
Repayment of loans	32	0.0	-700.9
Dividend to shareholders of the Parent Company		-56.2	-62.1
Cash flow from financing activities		-246.5	226.2
Cash flow for the year		1.5	0.0
Cash and cash equivalents at beginning of year		0.0	0.0
Exchange differences on cash and cash equivalents		0.0	0.0
Cash and cash equivalents at year-end		1.5	0.0

Parent Company Statement of Changes in Equity

SEKm	Restricted equity		Unrestricted equity		Total
	Share capital	Share premium reserve	Retained earnings, including profit for the year		
EQUITY, OPENING BALANCE 2019-01-01	51.1	651.5	16.2	718.8	
Profit for the year	-	-	36.3	36.3	
Total comprehensive income for the year	-	-	36.3	36.3	
Right issues	7.2	493.6	-	500.8	
Issue expenses	-	-10.8	-	-10.8	
Dividend	-	-	-62.1	-62.1	
Repurchase of treasury shares	-	-	-43.3	-43.3	
Call options issued	-	-	12.4	12.4	
EQUITY, CLOSING BALANCE 2019-12-31	58.3	1,134.3	-40.5	1,152.1	

SEKm	Restricted equity		Unrestricted equity		Total
	Share capital	Share premium reserve	Retained earnings, including profit for the year		
EQUITY, OPENING BALANCE 2020-01-01	58.3	1,134.3	-40.5	1,152.1	
Profit for the year	-	-	98.6	98.6	
Total comprehensive income for the year	-	-	98.6	98.6	
Dividend	-	-	-56.2	-56.2	
Repurchase of treasury shares	-	-	-31.0	-31.0	
Disposal of treasury shares	-	-	11.7	11.7	
Call options issued	-	-	58.2	58.2	
EQUITY, CLOSING BALANCE 2020-12-31	58.3	1,134.3	40.8	1,233.4	

Note 1 General information

AddLife AB (Parent Company) and its subsidiaries form the AddLife Group. The Group consists of 63 companies, 52 of which are operational and active mainly in the Nordic countries and Central and Eastern Europe. The Group is a leading independent supplier of equipment, instruments and reagents from leading global suppliers to customers primarily in medical care, research, colleges and universities, as well as the food and pharmaceutical industries.

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

Note 2 Summary of important accounting policies

This section describes the comprehensive basis of preparation which has been applied in preparing the financial statements. Accounting principles for specific accounting areas and individual line items are described in the related notes.

The financial statements for the Group were prepared in compliance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and with interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as approved by the European Union (EU). Recommendation RFR 1 Supplementary Accounting Rules for Groups, issued by the Swedish Financial Reporting Board, was also applied. The Parent Company prepared its annual accounts in accordance with the Swedish Annual Accounts Act (1995:1554) and recommendation RFR 2 Accounting for Legal Entities, from the Swedish Financial Reporting Board. The Parent Company applies the same accounting principles as the Group, except in the cases specified in the section entitled 'Differences between the accounting policies of the Group and the Parent Company'.

Presentation of the annual report

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

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

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

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

Differences between the accounting policies of the Group and the Parent Company

The Parent Company's and the Group's accounting policies are consistent with each other, except for the following areas. The Parent Company has chosen to apply the option in RFR 2 not to apply IFRS 16. In accordance with RFR 2 possible defined benefit plans in the Parent company are reported as defined contribution plans. Tax laws in Sweden allow companies to defer tax payments by making allocations to untaxed reserves in the balance sheet via the income and expense item appropriations. In the consolidated balance sheet these are treated as temporary differences, i.e. a breakdown is made between deferred tax liability and equity. Changes in untaxed reserves are recognised in the consolidated statement of comprehensive income and broken down into deferred tax and profit for the year.

New or amended accounting standards applied in 2020

The new, amended or improved standards did not have any material impact on AddLife's financial statements.

New or amended accounting standards to be applied after 2020

New, amended or improved standards have not yet been endorsed by the EU unless specifically stated above and they are not expected to have any material impact on AddLife's financial statements.

Note 3 Critical estimates and assumptions

The carrying amounts of certain assets and liabilities are based in part on estimates and assumptions. This applies particularly to impairment testing of goodwill ([Note 15](#)) and to defined benefit pension obligations ([Note 25](#)). Assumptions and estimates are continually evaluated and are based on historical experience and expectations regarding future events deemed reasonable under prevailing circumstances. Tests are performed each year to determine if goodwill is impaired. The recoverable amount for cash generating units has been determined by calculating values in use. For these calculations, certain estimates must be made.

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

The present value of pension obligations recognised as defined benefit plans depends on multiple factors determined on an actuarial basis using a number of assumptions. In establishing these assumptions, AddLife consults with actuaries. The assumptions used to determine the present value of the obligation include the discount rate and salary increases. Each change in these assumptions will affect the carrying amount of pension obligations. See also [Note 25](#).

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

Note 4 Financial risk and risk management

Goals and policy for risk management

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

Currency risks

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

The AddLife Group practices a decentralised responsibility for currency risk management, which among other things means that risk identification and risk hedging either through matching of currency flows, via currency accounts, or via forward exchange contracts is conducted at the subsidiary level. The companies are responsible for choosing the most appropriate hedging measure from a commercial and risk point of view. To minimise currency risks, matching of inflows and outflows in the same currency shall be prioritised. Currency clauses may be used if the company finds it to be advantageous from a risk and commercial point of view. The main principle for the currency clause is 80 percent compensation for an exchange rate fluctuation of +/-2 percent. If the company determines that currency risk could have a significant impact on profits after the exposure has been reduced through matching and/or currency clauses, the company must hedge its net commercial flows using forward exchange contracts on a monthly basis. For AddLife, currency risk arises as a result of future payment flows in foreign currency, known as transaction exposure, and also because parts of the Group's equity comprise net assets in foreign subsidiaries, known as translation exposure.

Transaction exposure

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

	2020			2019		
	Currency flows, gross			Currency flows, gross		
	Inflows	Outflows	Net flows	Inflows	Outflows	Net flows
EUR	602.6	1,181.4	-578.8	330.8	784.0	-453.2
DKK	109.8	14.8	95.0	95.0	14.2	80.8
PLN	166.2	0.5	165.7	82.9	1.2	81.7
NOK	120.6	0.9	119.7	77.8	0.6	77.2
USD	44.8	517.8	-473.0	38.9	246.5	-207.6
GBP	38.2	49.2	-11.0	33.1	14.5	18.6
CHF	7.2	57.1	-49.9	1.0	7.4	-6.4

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

Of AddLife's net sales in 2019, currency clauses cover about 23 (25) percent and sales in the purchasing currency make up about 23 (19) percent. In certain transactions, there is a direct link between the customer's order and the associated purchase order, which is a good basis for effective currency risk management. However, in many cases the dates of the orders do not coincide, which may reduce the effectiveness of these measures. The companies within AddLife have reduced their currency exposure by using forward foreign exchange contracts. At the end of the 2020 financial year, there were outstanding forward foreign exchange contracts in a gross amount of SEK 52.9 million (59.9), of which EUR equalled SEK 45.4 million (39.6) and USD SEK 7.5 million (19.4). All futures refer to currency purchases. Of the total contracts of SEK 52.9 million (59.0), SEK 52.9 million (52.5) mature within six months. Hedge accounting does not apply to forward foreign exchange contracts; instead, they are classified as a financial asset/liability measured at fair value through profit or loss. Currency flows in the Parent Company are mainly in Swedish kronor (SEK). To the extent that internal and external loans and investments in the Parent Company are in foreign currency, 100 percent of the capital amount is hedged.

Translation exposure

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

	2020		2019	
	SEKm	Sensitivity analysis ¹	SEKm	Sensitivity analysis ¹
Net investments				
EUR	545.7	27.3	257.6	12.9
DKK	327.4	16.4	94.5	4.7
NOK	166.8	8.3	134.4	6.7
CHF	80.2	4.0	38.0	1.9

¹ Impact of +/-5% in exchange rate on Group equity

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

	2020	2019
Net sales	40.3	29.3
EBITA	5.6	2.5

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

Exchange rate	Average rate		Closing day rate	
	2020	2019	2020-12-31	2019-12-31
AUD	6.34	6.57	6.26	6.51
CHF	9.25	9.52	9.80	9.57
CNY	1.33	1.37	1.25	1.33
DKK	1.41	1.42	1.35	1.40
EUR	10.49	10.59	10.04	10.43
GBP	11.80	12.07	11.09	12.21
NOK	0.98	1.07	0.95	1.06
PLN	2.36	2.46	2.22	2.44
USD	9.20	9.46	8.19	9.32

Financing and liquidity

The overall objective of AddLife's financing and debt management is to secure both long term and short term financing for the operations, and to minimise borrowing costs. Capital requirements must be secured through active and professional borrowing procedures involving overdraft and credit facilities. Raising of external financing is centralised to AddLife AB. Satisfactory payment capacity shall be achieved through contractual credit facilities. Excess liquidity is primarily used to pay down outstanding loans. Temporary surpluses of liquid funds are invested with as good a return as possible. Credit, interest rate and liquidity risks should be minimised when investing liquid funds. The fixed interest term and the period during which capital is tied up may not exceed six months. Only counterparties with high credit ratings are permitted. AddLife AB provides an internal bank which lends to and borrows from the subsidiaries. AddLife's current interest-bearing liabilities are shown in [Note 28](#). AddLife Group provides a common cash pool for the countries in which the Group has significant operations. Subsidiaries in these countries have been connected to the cash pool and manage all liquidity within the framework of the cash pool accounts. In cases where there is no cash pool in the country where the subsidiary operates its business, or if an individual foreign currency account does not exist within the cash pool, the subsidiary shall deposit any excess liquidity with AddLife AB.

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

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

The following investments are permitted:

- Interest-bearing account at a bank with the right to immediate withdrawal, minimum credit rating of A.
- Deposits in Swedish banks with a minimum credit rating of A.
- Money market instruments (< 1 year) such as treasury bills and commercial paper with credit ratings corresponding to A-1, K-1, P-1 (very high creditworthiness).

Refinancing risk

Refinancing risk is the risk of AddLife not having access to sufficient financing at any given time. The refinancing risk increases if AddLife's credit rating deteriorates or if AddLife becomes too dependent on one source of financing. If all or a large percentage of the debt portfolio falls due at one or more individual occasions it could result in the extension or refinancing of a large percentage of the loan volume having to be made on unfavourable interest and loan terms. In order to limit refinancing risk, procurement of long-term credit facilities is initiated no later than nine months before the credit facility matures. The maturity structure, including interest payments, for the Group's financial interest-bearing liabilities, is distributed over the coming years as follows:

	Carrying amount	Future payment amount	Matures			
			within 3 months	after 3 months within 1 year	after 1 year within 5 years	after 5 years
Interest-bearing liabilities	486.8	488.0	410.0	43.6	34.4	-
Additional purchase consideration	85.8	93.2	6.3	14.7	72.1	-
Accounts payable	610.4	610.4	610.4	-	-	-
Forward foreign exchange contracts	2.1	2.1	1.1	1.0	-	-

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

Interest rate risk

Interest rate risk define that the risk of actual value on nor Future cash flows by a financial instrument varies because of restatements of market rates. The interest rate risk is regulated by ensuring that the average fixed interest term of the debt portfolio varies between zero and three years. The debt portfolio consists of bank overdraft facilities with fixed interest terms of three months and outstanding external loans with remaining fixed interest terms of six months. AddLife's financial net debt as at 31 December 2020 was SEK 700 million (902). AddLife's net financial debt as at 31 December 2020 affects net financial items by about SEK +/- 7 million (+/-9) if interest rates change by one percentage point.

Issuer/borrower risk and credit risk

Issuer/borrower risk and credit risk are defined as the risk of AddLife's counterparties failing to fulfil their contractual obligations. AddLife is exposed to credit risk in its financial transactions, i.e. in investing its surplus liquidity and executing forward foreign exchange transactions, and in its commercial operations in connection with accounts receivable and advance payments to suppliers. Credit risk exposure consists of the carrying amount of the financial assets. To utilise its companies' detailed knowledge of AddLife's customers and suppliers, each company assesses the credit risk in its commercial transactions. New customers are assessed before credit is granted, and credit limits set are strictly enforced. Short credit periods are pursued and the absence of excessive concentration of business with individual customers and specific sectors contributes to minimising the risks. No individual customer accounts for more than 4 (2) percent of total credit exposure over a one-year period. The equivalent figure for the ten largest customers is approximately 16 (12) percent. Exposure by customer segment and geographic market is shown in the table in [Note 6](#). Credit losses amounted to SEK 27.2 million (3.0) during the year, equal to 5.1 percent (0.1) of net sales.

Note 5 Net sales by revenue type and business area

Medtech	2020	2019		
Products	1,810.1	1,310.0		
Instruments	226.8	157.3		
Services	24.6	31.1		
Total	2,061.5	1,498.4		
Labtech	2020	2019		
Products	2,324.4	1,368.5		
Instruments	709.1	430.8		
Services	178.3	181.7		
Total	3,211.8	1,981.0		
2020	Labtech	Medtech	Total	
Sweden	521.4	555.2	1,076.6	
Denmark	658.7	161.7	820.4	
Finland	522.5	181.9	704.4	
Norway	360.9	469.2	830.1	
Other countries	1,148.3	693.5	1,841.8	
Total	3,211.8	2,061.5	5,273.3	
2019	Labtech	Medtech	Total	
Sweden	403.2	366.2	769.4	
Denmark	331.9	137.0	468.9	
Finland	368.6	206.6	575.2	
Norway	291.4	297.3	588.7	
Other countries	585.9	491.3	1,077.2	
Total	1,981.0	1,498.4	3,479.4	

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

Parent Company

Of the Parent Company's net sales of SEK 40.7 million (40.9), 100 percent (100) relate to intra-group sales. Of administrative expenses in the Parent Company of SEK 60.6 million (49.4), 0 percent (0) relates to purchases from Group companies.

Accounting principle

The fair value of what has been received, or what will be received, is recognised as sales revenue. Deductions are made for value added tax, returns, discounts and price reductions.

Revenue from sales of goods and instruments

The majority of AddLife's net sales consist of sales of goods and instruments. For these, the revenue recognition takes place at a certain time, which is when control of the products has been transferred to the customer, this is normal upon delivery to the customer. Transfer of control and thus also the revenue recognition normally depends on the delivery terms. The selling company then also has no remaining significant control over the product or involvement in its management.

Rebates

Products may be sold with volume discounts, based on total sales during a certain period of time. Revenues from such agreements are calculated and reported based on experience and probability.

Sales of goods and services combined

The AddLife Group also has certain agreements that cover both goods and services. Revenues from these are reported by distributing the sales value among the various performance commitments. Revenue recognition takes place when the respective performance commitment is fulfilled. For the Group, there are usually two performance commitments at present; products (which includes hardware, installation and training) and licenses. Revenues from products are reported at a certain time. The license provides the licensee a right to access intellectual property throughout the license period and revenue is recognized over time.

Sales of services

Other services form a limited part of AddLife's operations. Services are performed for a limited period of time and are reported in the period when the service has been delivered to the counterparty.

Leasing income

Leasing income is reported on a straight-line basis in the income statement based on the terms of the leasing agreement.

Note 6 Segment reporting

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

Labtech

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

Medtech

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

Data by operating segment

During the financial years 2020 and 2019, no internal invoicing occurred between the business areas.

Net sales	2020	2019
	Externally	Externally
Medtech	2,061.6	1,498.4
Labtech	3,211.7	1,981.0
Total	5,273.3	3,479.4

EBITA	2020		2019	
	EBITA	EBITA margin, %	EBITA	EBITA margin, %
Medtech	252.6	12.3	115.6	7.7
Labtech	565.5	17.6	201.9	10.2
Total	818.1		317.5	

Operating profit/loss, assets and liabilities	2020			2019		
	Operating profit	Assets ¹	Liabilities ¹	Operating profit	Assets ¹	Liabilities ¹
Medtech	170.8	2,302.7	449.1	43.5	1,923.6	374.5
Labtech	519.9	1,610.4	839.5	167.6	1,321.5	460.6
Group items	-18.2	236.5	970.7	-14.9	29.3	963.2
Total	672.5	4,149.6	2,259.3	196.2	3,274.4	1,798.3
Finance income and costs	-13.5					
Profit before taxes	659.0					

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

Investments in non-current assets	2020			2019		
	Intangible ¹	Property, plant and equipment ¹	Total	Intangible ¹	Property, plant and equipment ¹	Total
Medtech	86.6	104.6	191.2	168.0	54.6	222.6
Labtech	190.2	73.8	264.0	78.6	79.8	158.4
Group items	-	6.3	6.3	0.2	0.9	1.1
Total	276.8	184.7	461.5	246.8	135.3	382.1

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

Depreciation/amortisation of non-current assets	2020			2019		
	Intangible	Property, plant and equipment ¹	Total	Intangible	Property, plant and equipment ¹	Total
Medtech	-81.8	-57.5	-139.3	-58.2	-49.3	-107.5
Labtech	-45.5	-84.5	-130.0	-48.1	-73.8	-121.9
Group items	-2.4	-2.5	-4.9	-2.7	-1.2	-3.9
Total	-129.7	-144.5	-274.2	-109.0	-124.3	-233.3

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

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

	2020				2019			
	Change in			Total	Change in			Total
	Capital gains	pension liability	Other items		Capital gains	pension liability	Other items	
Medtech	-1.1	-1.2	-7.2	-9.5	-0.2	-2.8	3.2	0.2
Labtech	-2.6	0.5	0.2	-1.9	-0.4	3.6	0.8	4.0
Group items	-	-	14.4	14.4	-	-	0.6	0.6
Total	-3.7	-0.7	7.4	3.0	-0.6	0.8	4.6	4.8

Data by country	2020			2019		
	Net sales external	Assets ¹	Of which non-current assets	Net sales external	Assets ¹	Of which non-current assets
	Sweden	1,076.6	1,438.6	1,074.1	769.5	1,532.1
Denmark	820.4	472.5	273.7	468.9	333.9	183.0
Finland	704.4	264.6	131.1	575.2	274.7	136.1
Norway	830.1	471.5	276.2	588.6	499.6	329.6
Other countries	1,841.8	1,467.6	680.9	1,077.2	926.8	376.2
Group items and unallocated assets	-	34.8	21.2	-	-292.7	24.9
Total	5,273.3	4,149.6	2,457.2	3,479.4	3,274.4	2,138.1

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

Investments in non-current assets	2020			2019		
	Intangible	Property, plant and equipment	Total	Intangible	Property, plant and equipment	Total
Sweden	37.7	33.8	71.5	125.6	42.2	167.8
Denmark	44.1	22.6	66.7	79.5	15.7	95.2
Finland	3.4	22.6	26.0	0.4	6.5	6.9
Norway	5.1	11.0	16.1	37.8	8.0	45.8
Other countries	186.5	94.7	281.2	3.5	62.9	66.4
Total	276.8	184.7	461.5	246.8	135.3	382.1

The Group has no single customer whose revenues account for 10 percent of total revenue, for which reason there is no related reporting.

Note 7 Employees and employee benefits expense

Average number of employees	2020			2019		
	Men	Women	Total	Men	Women	Total
Sweden						
Parent Company	5	6	11	5	5	10
Other companies	130	98	228	108	94	202
Denmark	127	68	195	76	59	135
Finland	59	68	127	56	77	133
Norway	87	51	138	69	47	116
Other countries	195	243	438	139	168	307
Total	603	534	1,137	453	450	903

Salaries and remuneration	2020			2019		
	Senior management	of which variable	Other employees	Senior management	of which variable	Other employees
Sweden						
Parent Company	19.0	5.1	5.7	12.8	2.9	5.5
Other companies	10.7	0.0	136.1	10.8	0.3	120.6
Denmark	9.3	1.8	115.6	6.5	1.0	90.5
Finland	6.3	1.1	78.4	6.6	0.6	75.8
Norway	7.8	0.9	84.5	5.5	0.7	90.1
Other countries	22.6	3.2	171.6	15.6	1.3	49.8
Total	75.7	12.1	591.9	57.8	6.8	432.3

Salaries, remuneration and social security costs	Group		Parent Company	
	2020	2019	2020	2019
Salaries and other remuneration	653.9	483.5	24.7	18.3
Contractually agreed pensions for senior management	6.6	6.2	3.4	2.5
Contractual pensions to other	51.1	51.5	1.1	1.1
Other social security costs	115.8	82.4	8.9	6.9
Total	827.4	623.6	38.1	28.8

Percentage women	Group		Parent Company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Board of Directors	13%	12%	33%	33%
Other members of senior management	30%	38%	20%	22%

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

Remuneration to the Board of Directors and senior management

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

The guidelines applied in the 2020 financial year for remuneration to senior management were decided by the Nomination Committee. The principle for remuneration to the Board of Directors, Chief Executive Officer (CEO) and Group Management is that remuneration should be competitive. The Nomination Committee proposes Board fees to the Annual General Meeting (AGM). Board fees are paid based on a resolution of the AGM. For committee work, remuneration is paid to the Chairman of the audit committee according to the decision of the AGM, to other members no fee is paid for committee work. For remuneration to the CEO, members of Group Management and other members of senior management in the Group, the Board of Directors has appointed a remuneration committee consisting of the Chairman of the Board and one Board member, with the CEO as the reporting member. A fixed salary, variable remuneration and conventional employment benefits as well as pension benefits are paid to the CEO, Group Management and other members of senior management. In addition, incentive programmes apply as described below. The remuneration committee adheres to the guidelines for remuneration to senior management approved by AddLife AB's AGM.

Call options for senior executives

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

The programme includes a subsidy so that the employee receives the same sum as the option premium paid in the form of cash payment, i.e. salary, after two years, provided that the option owner at this point is still employed within the Group. This subsidy and the associated social security costs are accrued as personnel costs over the vesting period. AddLife has the right, but no obligation to repurchase the options when an employee terminates employment. The holder may exercise the options regardless of continued employment in the Group.

AddLife has a total of four outstanding programmes corresponding to a total of 2,819,053 shares. Outstanding call options during the financial year resulted in an estimated dilutive effect based on the year's average share price of approximately 0.5 percent (0.2).

Outstanding programmes	Number of warrants	Corresponding number of shares	Percentage of total number of shares	Exercise price	Exercise period
2020/2024	250,000	1,000,000	0.9%	98.40	19 Jun 2023 - 28 Feb 2024
2019/2023	215,000	860,000	0.8%	76.60	20 Jun 2022 - 28 Feb 2023
2018/2022	170,000	714,000	0.6%	56.00	16 Jun 2021 - 28 Feb 2022
2017/2021	56,203	236,053	0.2%	53.20	16 Jun 2020 - 28 Feb 2021
Total	691,203	2,810,053			

Remuneration and other benefits in 2020	Basic salary/ Board fees	Variable remuneration ¹	Other benefits	Pension costs	Total
Chairman of the Board	0.6	-	-	-	0.6
Other members of the board	1.5	-	-	-	1.5
Chief Executive Officer	5.0	2.3	0.2	1.4	8.9
Other senior executives ²	10.9	3.7	0.5	2.7	17.8
Total	18.0	6.0	0.7	4.1	28.8

¹ Including remuneration for those senior executives participating in incentive programmes

² During the year, other members of Group Management consisted of four people.

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

¹ Including remuneration for those senior executives participating in incentive programmes

² During the year, other members of Group Management consisted of four people.

Board fees, SEK 000	Position	2020	2019
Johan Sjö	Chairman of the Board	0.5	0.5
Håkan Roos	Board member	0.3	0.3
Stefan Hedelius	Board member	0.3	0.3
Andreas Göthberg	Board member	0.3	0.3
Birgit Stattin Norinder	Board member	0.3	0.3
Eva Nilsagård	Board member	0.3	0.3
Total		2.0	2.0

The Board of Directors

The Board fees of SEK 2,000 thousand set by the Nomination Committee are distributed, as per the AGM decision, among those Board Directors who are not employed by the Parent Company.

Parent Company's CEO

Kristina Willgård, Parent Company CEO, received a fixed salary of SEK 4,999k (3,698) and SEK 2,334k (1,343) in variable pay. Variable remuneration includes SEK 224k regarding the year's cost for a subsidy for participation in the Group's incentive programme. Taxable benefits for the CEO totalling SEK 208k (207) are additional. From age 65, the CEO is covered by a defined contribution pension, the size of which depends on the outcome of pension insurance agreements. In 2020, a total of SEK 1,439k (1,038) in pension premiums, determined annually by the remuneration committee, were paid for the CEO. Variable salary is not pensionable income. Variable remuneration based on Group earnings may amount to 40 percent of fixed salary. Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 50 percent of the fixed annual salary and may not be paid more than once each year per individual. Any resolution on such remuneration shall be made by the Board based on a proposal from the Remuneration Committee. During 2020, the Board decided on additional variable cash compensation for the CEO, which is included in the table above. The period of notice is of 12 months on part of the Company and six months on part of the CEO. In the case of termination on the initiative of the Company, the CEO is entitled to a severance payment equivalent to one year's salary in addition to salary during the period of notice. No severance package is payable if the employee terminates the contract.

Other members of Group Management

Other members of Group Management were paid a total of SEK 10,902k (7,026) in fixed salaries and SEK 3,727k (1,793) in variable remuneration. Variable remuneration includes SEK 101k regarding the year's cost for a subsidy for participation in the Group's incentive programme, which was expensed during the 2020 financial year and will be paid in 2021. Taxable benefits totalling SEK 469k (439) are additional. Persons in Group Management are covered from age 65 by pension entitlements based on individual agreements. Existing pension schemes consist of defined contribution schemes, in which the pension amount depends on the outcome of pension insurance agreements. During 2020, a total of SEK 2,681k (1,797) in pension premiums was paid for the group 'Other members of Group Management'. Variable remuneration based on Group earnings may amount to 40 percent of fixed salary. Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 50 percent of the fixed annual salary and may not be paid more than once each year per individual. Any resolution on such remuneration shall be made by the Board based on a proposal from the Remuneration Committee. During 2020, the Board decided on additional variable cash compensation for the Group Management, which is included in the table above. The period of notice is 12 months on the part of the Company and six months on part of the employee. Severance pay is payable upon termination of employment equivalent to no more than one year's salary. Severance pay is not paid on departure at own request.

Personnel information

The Swedish Annual Accounts Act requires more information than IFRS, including information about the gender of the Board and management. Data on gender distribution refer to the situation at the end of the reporting period. Members of

the Board of Directors' are directors, elected by a general meeting, in the Parent Company and in Group companies. Members of senior management' are people in Group Management and Managing Directors at Group companies.

Note 8 Remuneration to auditors

	Group		Parent Company	
	2020	2019	2020	2019
KPMG				
Audit assignment	3.7	2.4	0.9	0.9
Tax consultation	0.4	0.0	0.0	0.0
Other assignments	1.0	0.1	0.9	0.1
Total remuneration to KPMG	5.1	2.5	1.8	1.0
Other auditors				
Audit assignment	0.9	1.1	-	-
Tax consultation	0.7	0.4	-	-
Other assignments	0.2	0.4	-	-
Total remuneration to other auditors	1.8	1.9	-	-
Total remuneration to auditors	6.9	4.4	1.8	1.0

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

In 2020, remuneration paid to the auditing firm amounted to SEK 5.1 million, distributed between the following categories:

- Audit assignment, SEK 3.7 million, of which SEK 1.7 million refers to KPMG Sweden.
- Tax consultancy, SEK 0.4 million, of which SEK 0 million refers to KPMG Sweden.
- Other services, SEK 1.0 million, of which SEK 1.0 million refers to KPMG Sweden.

Note 9 Depreciation and amortisation

	Group		Parent Company	
	2020	2019	2020	2019
Depreciation and amortisation, by function				
Cost of goods sold	-40.2	-35.4	-	-
Selling expenses	-192.5	-160.4	-	-
Administrative expenses	-41.5	-37.3	-0.2	-0.1
Total	-274.2	-233.3	-0.2	-0.1
	2020	2019	2020	2019
Depreciation and amortisation, by asset class				
Intangible assets	-129.7	-109.0	-0.1	-0.1
Buildings and land	-0.6	-0.4	-	-
Leasehold improvements	-0.9	-1.1	-	-
Machinery	-3.2	-2.4	-	-
Equipment	-44.8	-33.8	-0.1	0.0
Right-of-use assets for leased premises	-58.1	-49.9	-	-
Right-of-use assets for other	-36.9	-36.7	-	-
Total	-274.2	-233.3	-0.2	-0.1

Note 10 Other operating income and expenses

Group	2020	2019
Other operating income		
External services	4.4	5.6
External rental income	1.5	-
Gain on sale of operations and non-current assets	3.9	1.2
Exchange gains, net	-	-
Change in loans for contingent considerations	-	8.3
Remuneration for terminated agency	13.5	6.8
Other	16.5	12.5
Total	39.8	34.4
Other operating expenses		
Loss on sale of operations and non-current assets	-0.2	-0.6
Exchange losses, net	-7.9	-1.3
Change in loans for contingent considerations	-1.2	-
Other	-6.0	-0.6
Total	-15.3	-2.5

Accounting principle

Other operating income and other operating expenses include secondary activities, exchange rate differences in operating activities and gain/loss on the sale of tangible and intangible assets.

Note 11 Operating expenses

Group	2020	2019
Inventories, raw materials and consumables	3,174.5	2,028.3
Employee benefits expense	664.0	580.8
Depreciation and amortisation	274.2	233.3
Impairment of inventories	26.4	5.1
Impairment of account receivable	15.2	-3.0
Other operating expenses	471.1	470.7
Total	4,625.4	3,315.2
Parent Company	2020	2019
Employee benefits expense	42.0	32.8
Depreciation and amortisation	0.2	0.1
Other operating expenses	18.4	16.5
Total	60.6	49.4

Accounting principle

Cost of goods sold includes expenses for finished goods i.e. cost for production and sourced products, warranty, warehousing and transportation and exchange-rate changes on payables and receivables and the effects from currency hedging. Selling expenses include expenses for brand communication, sales driving communication and costs for sales and marketing staff. Selling expenses also include the cost for impairment of trade receivables. Administration expenses include expenses for general management, controlling, human resources, shared service and IT expenses related to the named functions.

Note 12 Finance income and costs

Group	2020	2019
Interest income on bank balances	0.8	0.9
Exchange rate fluctuations, net	4.8	-
Financial income	5.6	0.9
Interest expense on financial liabilities measured at amortised cost.	-13.1	-8.0
Interest expense on financial liabilities measured at fair value.	-	-
Interest expense on pension liability	-1.2	-1.6
Interest expense on lease liability	-2.7	-2.8
Exchange rate fluctuations, net	-	-0.8
Other finance costs	-2.0	-1.6
Finance costs	-19.0	-14.8
Net financial items	-13.4	-13.9
Parent Company	2020	2019
Dividend income	-	-
Profit/loss from group companies	-	-
Interest income etc.:		
Interest income from Group companies	14.3	12.2
Exchange rate fluctuations, net	3.3	-
Other interest income and change value of derivatives	-	-
Interest income and similiar items	17.6	12.2
Interest expense, etc.:		
Interest expense from Group companies	-0.2	-0.3
Exchange rate fluctuations, net	-	-1.7
Other interest expense and change value of derivatives	-8.6	-7.5
Interest expense and similiar items	-8.8	-9.5

Accounting principle

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

Note 13 Year-end appropriations, parent company

	2020	2019
Provision made to tax allocation reserve	-40.0	-9.0
Group contribution paid	-5.3	-21.0
Group contribution received	180.7	78.2
Total	135.4	48.2

Accounting principle

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

Note 14 Taxes

Group	2020	2019
Current tax for the period	-158.4	-47.4
Adjustment from previous years	7.0	-4.7
Total current tax expense	-151.4	-52.1
Deferred tax	12.1	12.1
Total recognised tax expense	-139.3	-40.0

Group	2020	%	2019	%
Profit/loss before taxes	659.0		182.3	
Weighted average tax based on national tax rates	-140.0	21.2	-36.3	19.9
Tax effects of non-deductible costs/non-taxable income	-5.7	0.9	-1.6	0.9
Changed tax rate	-1.5	0.2	1.0	-0.5
Adjustments from previous years	7.0	-1.1	-4.7	2.6
Other	0.9	-0.1	1.6	0.9
Recognised tax expense	-139.3	21.1	-40.0	21.7

Deferred tax

Group	2020-12-31			2019-12-31		
	Receivables	Liabilities	Net	Receivables	Liabilities	Net
Non-current assets	9.6	-193.0	-183.4	8.2	-167.2	-159.0
Pension provisions	8.3	0.0	8.3	8.2	-0.7	7.5
Tax loss carryforwards	34.2	-1.5	32.7	40.2	-1.3	38.9
Other	9.0	-23.0	-14.0	7.1	-13.2	-6.1
Net recognised	-56.1	56.1	0.0	-55.1	55.1	0.0
Deferred taxes, net, at year-end	5.0	-161.4	-156.4	8.6	-127.3	-118.7

Unrecognised deferred tax assets

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

	2020-12-31	2019-12-31
Tax deficits	22.4	25.2
Potential tax benefit	4.4	4.9
Expiry dates of tax loss carryforwards:		
0 > 10 years	22.4	25.2

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

Parent Company	2020	2019
Current tax for the period	-25.8	-6.1
Total current tax expense	-25.8	-6.1
Total recognised tax expense	-25.8	-6.1

Parent Company	2020	%	2019	%
Profit/loss before taxes	124.4		42.4	
Tax based on current tax rate for Parent Company	-26.6	21.4	-9.1	21.4
Tax effects of non-deductible costs/non-taxable income	-0.4	0.3	-0.2	0.5
Other	1.2	-1.0	3.2	-7.8
Recognised tax expense	-25.8	20.7	-6.1	14.1

Accounting principle

Income taxes

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

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

Note 15 Intangible non-current assets

2020-12-31 Group	Goodwill	Supplier relationships	Customer relationships	Technology	Research and development	Software	Other intangible asset	Total
Accumulated cost								
Opening balance	982.2	689.2	51.4	297.3	110.2	63.8	2.7	2,196.8
Acquisitions	149.3	174.3	20.6	41.8	5.6	1.5	0.6	393.7
Investments	-	-	-	0.4	19.6	9.4	-	29.4
Reclassifications	-	-	-	-	-2.2	-2.3	-	-4.5
Divestments and disposals	-	-	-	-	-	-0.4	-	-0.4
Translation effect	-21.9	-24.8	-1.7	-5.2	-1.9	-1.9	-0.6	-58.0
Closing balance	1,109.6	838.7	70.3	334.3	131.3	70.1	2.7	2,557.0
Accumulated amortisation and impairment losses								
Opening balance	-10.1	-265.6	-2.8	-58.0	-54.6	-43.3	-1.3	-435.7
Acquisitions	-	-	-	-	-1.9	-0.3	-0.5	-2.7
Amortisation	0.0	-73.9	-5.6	-29.4	-12.7	-7.6	-0.4	-129.6
Reclassifications	-	-	-	-	1.2	0.5	-	1.7
Divestments and disposals	-	-	-	-	-	0.4	-	0.4
Translation effect	0.1	8.0	0.2	1.1	0.1	1.7	0.5	11.7
Closing balance	-10.0	-331.5	-8.2	-86.3	-67.9	-48.6	-1.7	-554.2
Carrying amount at year-end	1,099.6	507.2	62.1	248.0	63.4	21.5	1.0	2,002.8
Carrying amount at start of year	972.1	423.6	48.6	239.3	55.6	20.5	1.4	1,761.1

2019-12-31 Group	Goodwill	Supplier relationships	Customer relationships	Technology	Research and development	Software	Other intangible asset	Total
Accumulated cost								
Opening balance	832.7	662.0	10.3	129.7	99.9	58.8	0.9	1,794.3
Acquisitions	143.0	19.2	40.9	166.9	-	0.3	1.6	371.9
Investments	-	-	-	-	10.3	7.6	-	17.9
Reclassifications	-	-	-	-	0.0	-0.2	-	-0.2
Divestments and disposals	-	-	-	-	-1.2	-3.2	-	-4.4
Translation effect	6.5	8.0	0.1	0.8	1.2	0.5	0.2	17.3
Closing balance	982.2	689.2	51.3	297.4	110.2	63.8	2.7	2,196.8
Accumulated amortisation and impairment losses								
Opening balance	-10.1	-198.6	-	-35.6	-46.6	-37.6	-0.8	-329.3
Acquisitions	-	-	-	-	-	-0.3	-	-0.3
Amortisation	0.0	-66.1	-2.9	-22.4	-8.9	-8.4	-0.3	-109.0
Reclassifications	-	-	-	-	0.1	0.0	0.0	0.1
Divestments and disposals	-	-	-	-	1.2	3.2	-	4.4
Translation effect	0.0	-0.8	0.0	0.0	-0.4	-0.2	-0.2	-1.6
Closing balance	-10.1	-265.5	-2.9	-58.0	-54.6	-43.3	-1.3	-435.7
Carrying amount at year-end	972.1	423.7	48.4	239.4	55.6	20.5	1.4	1,761.1
Carrying amount at start of year	822.6	463.4	10.3	94.1	53.3	21.2	0.1	1,465.0

Goodwill distributed by business area	2020-12-31	2019-12-31
Labtech	310.9	274.8
Medtech	788.7	697.3
Total	1,099.6	972.1

Parent company	2020-12-31		2019-12-31	
	Software	Total	Software	Total
Accumulated cost				
Opening balance	0.6	0.6	0.4	0.4
Investments	-	-	0.2	0.2
At year-end	0.6	0.6	0.6	0.6
Accumulated amortisation				
Opening balance	-0.4	-0.4	-0.3	-0.3
Depreciation and amortisation	-0.1	-0.1	-0.1	-0.1
Closing balance	-0.5	-0.5	-0.4	-0.4
Carrying amount at year-end	0.1	0.1	0.2	0.2
Carrying amount at start of year	0.2	0.2	0.1	0.1

Accounting principle

An intangible asset is an identifiable nonmonetary asset, without physical substance, that is used for marketing, producing or supplying goods or services, or for rental and administration. To be recognised as an asset, it must be probable that the future economic benefits attributable to the asset will benefit the Company and that the (acquisition) cost can be calculated reliably. Additional expenditure for an intangible asset is only added to the cost if it increases future economic benefits beyond the original assessment and if the expenditure can be calculated reliably. All other expenditure is expensed as it is incurred.

Goodwill is accounted for as an intangible non-current assets with indefinable useful life. Goodwill represents the difference between the cost, in connection with a business combination, and the fair value of acquired assets, assumed liabilities and contingent liabilities. Goodwill and intangible non-current assets with indefinable useful lives are measured at cost, less any accumulated impairment losses. Goodwill and intangible non-current assets with indefinable useful lives are allocated among cash-generating units and are not amortised but are tested for impairment on an annual basis.

When acquiring businesses, supplier relations, customer relations and technology are measured at fair value. AddLife applies a model where average historical costs of acquiring equivalent assets, or discounted future cash flow, is used for valuation.

Intangible assets aside from goodwill are recognised at their original cost, less accumulated amortisation and impairment losses. Amortisation is charged primarily on a straight line basis and is based on the useful lives of the assets, which are reviewed on an annual basis. Amortisation is included in cost of sales, selling expenses or administrative expenses, depending on where in the business the assets are used.

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

Amortisation is charged primarily on a straight line basis and is based on the useful lives of the asset.

	Useful life
Supplier and customer relations	10 years
Software	3-5 years
Technology	5-15 years
Research and development	5-10 years
Goodwill and trademarks	indeterminable

Impairment testing of goodwill

At 31 December 2020 AddLife's recognised goodwill amounts of SEK 1,099.6 million (972.1). All intangible assets with indeterminable useful life should be tested for impairment at least annually. Single assets are tested more often in case there are indications of impairment. Impairment testing is performed on the cash-generating units, which equal the business areas. When Addlife makes an acquisition, the acquired business is integrated with to the group to such an extent that it is not possible to separate assets and cash flows attributable to separate companies. The recoverable amount has been calculated based on value in use, using the discounted cash flow model. Assumptions were made concerning net sales, gross margin, overhead costs, working capital required and investments required based on previous experiences. The parameters have been set based on the Group's budget for the upcoming financial year 2020 for each business area, which has been approved by the Board of Directors.

When calculating the recoverable amount for cash-generating units that contain leased assets, the choice has been made to deduct future leasing payments from the expected cash flows. The usufruct assets are included in the unit's carrying amount. In order to obtain a carrying amount for the unit that is consistent with the estimated recoverable amount, the carrying amount is reduced by the unit's leasing liability.

An annual growth rate of 2 percent (2) was assumed for cash flows beyond the budget period. Calculated residual value at the end of the useful life is included in the value in use. Cash flows were discounted using a weighted cost of capital corresponding to 8.8 percent (8.9) before tax. These calculations show that value in use significantly exceeds the carrying amount. Consequently, impairment testing indicated no impairment. No reasonable possible changes in key assumptions are expected to lead to impairment.

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

Note 16 Property, plant and equipment

2020-12-31 Group	Buildings & land	Investments in property belonging to third party	Machinery	Equipment	Right- of-use assets for leased premises	Right- of-use assets, other	Total
Accumulated cost							
Opening balance	15.8	12.5	46.0	327.2	196.5	103.6	701.5
Corporate acquisitions	26.6	1.2	48.9	89.8	-	-	166.5
Investments	-	0.5	2.9	57.7	88.4	34.3	183.8
Divestments and disposals	-	0.0	-	-26.7	-8.8	-5.8	-41.3
Reclassifications	-	-0.3	-	11.2	-	-	10.9
Translation effect for the year	-0.6	-0.5	-1.0	-12.8	-5.6	-3.5	-24.0
Closing balance	41.8	13.4	96.8	446.4	270.5	128.6	997.4
Accumulated depreciation and impairment losses							
Opening balance	-6.5	-9.2	-28.1	-219.4	-49.7	-35.9	-348.8
Corporate acquisitions	-11.3	-0.4	-36.1	-68.6	-	-	-116.4
Depreciation and amortisation	-0.6	-0.9	-3.2	-44.8	-58.1	-36.9	-144.5
Divestments and disposals	-	-	-	7.8	2.4	3.2	13.4
Reclassifications	-	-	-	15.0	-	-	15.0
Translation effect for the year	0.2	0.3	0.9	10.4	3.2	2.5	17.5
Closing balance	-18.2	-10.2	-66.5	-299.6	-102.2	-67.1	-563.8
Carrying amount at year-end	23.6	3.2	30.3	146.8	168.3	61.5	433.6
Carrying amount at start of year	9.3	3.3	17.9	107.8	146.8	67.7	352.7

2019-12-31 Group	Buildings & land	Investments in property belonging to third party	Machinery	Equipment	Right- of-use assets for leased premises	Right- of-use assets, other	Total
Accumulated cost							
Opening balance	12.6	10.8	41.4	289.2	-	-	354.1
Change in accounting principle, IFRS 16	-	-	-	-	172.4	57.2	229.6
Corporate acquisitions	-	-	-	4.9	-	0.4	5.3
Investments	3.1	1.4	5.2	55.9	23.1	46.6	135.3
Divestments and disposals	-	-	-	-33.4	-	-1.2	-34.6
Reclassifications	-	0.1	-1.0	7.6	-	-	6.7
Translation effect for the year	0.1	0.2	0.4	3.0	1.0	0.6	5.3
Closing balance	15.8	12.5	46.0	327.2	196.5	103.6	701.5
Accumulated depreciation and impairment losses							
Opening balance	-6.1	-8.3	-24.6	-204.9	-	-	-243.9
Corporate acquisitions	-	-	-	-2.9	-	-	-2.9
Depreciation and amortisation	-0.4	-1.1	-2.4	-33.8	-49.9	-36.7	-124.3
Divestments and disposals	-	-	-	30.6	-	0.4	31.0
Reclassifications	-	0.3	-0.8	-6.3	-	-	-6.8
Translation effect for the year	0.0	-0.1	-0.3	-2.1	0.2	0.4	-1.9
Closing balance	-6.5	-9.2	-28.1	-219.4	-49.7	-35.9	-348.8
Carrying amount at year-end	9.3	3.3	17.9	107.8	146.8	67.7	352.7
Carrying amount at start of year	6.5	2.5	16.8	84.3	-	-	110.2

Parent company	2020-12-31		2019-12-31	
	Equipment	Total	Equipment	Total
Accumulated cost				
Opening balance	0.2	0.2	0.2	0.2
Investments	0.7	0.7	-	-
At year-end	0.9	0.9	0.2	0.2
Accumulated amortisation				
Opening balance	-0.1	-0.1	-0.1	-0.1
Depreciation and amortisation	-0.2	-0.2	0.0	0.0
Closing balance	-0.3	-0.3	-0.1	-0.1
Carrying amount at year-end	0.6	0.6	0.1	0.1
Carrying amount at start of year	0.1	0.1	0.1	0.1

Accounting principle

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

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

Depreciation is calculated on a straight line basis over the estimated useful life and taking account of any residual value at the end of that period. Property, plant and equipment comprising parts that have different useful lives are treated as separate components. The carrying amount of an item of property, plant and equipment is removed from the balance sheet

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

	Useful life
Buildings	20-100 years
Equipment	3-5 years
Machinery	3-10 years

Right-of-use asset

Leases that are longer than 12 months and of material value are initially recognised as a right-of-use asset and a lease liability in the balance sheet. Right-of-use assets are initially recognised at cost, i.e. the original value of the lease liability as well as other prepaid expenses. After initial recognition, the right-of-use assets are recognized on current account at cost less depreciation. Leasing liabilities are initially recognised at the present value of future unpaid leasing payments. Lease payments are discounted at the incremental borrowing rate. The carrying amount is then increased by interest expense and decreased by paid lease payments. Depreciation of right-to-use assets and interest on lease liabilities are recognised through profit or loss. Payments attributable to amortisation of lease liabilities are recognised in cash flow in financing activities and payments in respect of interest as cash flow from operating activities. The lease liability for the Group's premises with indexation is calculated on the rent that applies at the end of the reporting period. The liability is adjusted in relation to the right-to-use asset. The same approach applies in the case of reassessment such as a lease term (when, for example, the earlier termination date has been passed) or in other significant events within the Group's control. Short-term and low value leases are excluded and are recognised as an expense in profit or loss.

Note 17 Leases

Maturity structure lease liabilities	Group	
	2020	2019
Within one year	92.5	89.7
1-2 years	61.1	53.3
2-5 years	79.4	64.4
Later than 5 years	3.9	13.0
Total undiscounted lease payments	236.9	220.4
Carrying amount	233.0	215.7

Revenue and costs from lease agreements	Group	
	2020	2019
Lease payments received	1.9	1.4
<i>Lease costs</i>		
Depreciation of right-of-use assets	-95.0	-86.6
Interest on lease liabilities	-2.7	-2.8
Cost for short-term leasing	-0.6	-6.1
Cost for leases of low-value	-0.9	-1.1
Total	-99.2	-96.6

Accounting principle

Lease payments related to short-term leases and leases of low value assets are recognized as operating expenses on a straight-line basis over the term of the lease. Full lease accounting principle can be found in [note 16](#).

Note 18 Financial assets and liabilities – categories and fair value

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

	Financial assets/liabilities measured at fair value through profit or loss	Financial assets/liabilities measured at amortised cost	Total carrying amount
2020-12-31			
Financial assets	-	8.8	8.8
Non-current receivables	-	7.0	7.0
Accounts receivable	-	755.2	755.2
Cash and cash equivalents	-	216.0	216.0
Other receivables ¹	-	-	0.0
Total	-	987.0	987.0
Non-current interestbearing liabilities	65.2	34.4	99.6
Current interest-bearing liabilities	20.6	452.4	473.0
Accounts payable	-	648.8	648.8
Other liabilities ^{2 3}	2.1	1.0	3.1
Total	87.9	1,136.6	1,224.5

	Financial assets/liabilities measured at fair value through profit or loss	Financial assets/liabilities measured at amortised cost	Total carrying amount
2019-12-31			
Financial assets	-	12.0	12.0
Non-current receivables	-	3.7	3.7
Accounts receivable	-	533.7	533.7
Cash and cash equivalents	-	99.1	99.1
Other receivables ¹	0.3	-	0.3
Total	0.3	648.5	648.8
Non-current interestbearing liabilities	17.9	5.1	23.0
Current interest-bearing liabilities	-	657.6	657.6
Accounts payable	-	346.5	346.5
Other liabilities ^{2 3}	1.0	1.0	2.0
Total	18.9	1,010.2	1,029.1

¹ Part of other receivables in the consolidated balance sheet.

² Part of other liabilities in the consolidated balance sheet.

³ Includes derivatives measured at fair value through profit or loss.

Impact of financial instruments on net earnings	2020-12-31	2019-12-31
Trade receivables	-27.2	3.0
Interest-bearing liabilities	-13.0	-8.0
Total	-40.2	-5.0

	2020-12-31			2019-12-31		
	Carrying amount	Level 2	Level 3	Carrying amount	Level 2	Level 3
Derivatives measured at fair value through profit and loss	-	-	-	0.3	0.3	-
Total financial assets at fair value per level	-	-	-	0.3	0.3	-
Derivatives measured at fair value through profit or loss	2.0	2.0	-	1.0	1.0	-
Contingent considerations	85.8	-	85.8	17.9	-	17.9
Total financial liabilities at fair value per level	87.8	2.0	85.8	18.9	1.0	17.9

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

Contingent considerations	2020	2019
Opening carrying amount	17.9	9.4
Acquisitions during the year	71.6	17.9
Revaluation through profit and loss	1.2	-
Consideration paid	-	-
Reversed through profit and loss	-	-9.4
Interest expenses	-	-
Currency exchange differences	-4.9	-
Closing carrying amount	85.8	17.9

Accounting principle

Financial assets and liabilities, recognition and derecognition

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

Financial assets and liabilities, measurement and classification

Financial assets are classified based on the business model in which the asset is managed and the nature of the cash flows that the asset generates.

Instruments are classified as:

- Amortised cost
- Fair value through profit or loss, and
- Fair value through other comprehensive income

Financial assets are not reclassified after initial recognition, unless the Company changes the business model for management of the financial assets. The asset is classified at amortised cost if the financial asset is held within the framework of a business model whose aim is to collect contractual cash flows and the contractual terms of the financial asset at set points in time give rise to cash flows comprising only payments of the principal and interest on the outstanding principal. Assets that do not meet the criteria for amortised cost are measured at fair value through profit or loss. Gains or losses on a debt instrument after initial recognition are measured at fair value through profit or loss. The Group applies a business model that aims to collect contractual cash flows for intra-group receivables, accounts receivable, cash and cash equivalents, receivables from Group companies, accrued income and other receivables. The Group's financial assets are recognised at amortised cost. The carrying amount of these assets is adjusted by any expected credit losses that have been recognised.

Financial assets and liabilities, measurement and classification

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

Calculation of fair value on financial instruments

Financial instruments measured at fair value are classified in a hierarchy based on the origin of the inputs used in the evaluation. At level 1 are financial instruments with a price quoted in an active market. Level 2 comprises financial instruments whose value is determined based on observable market data, though not prices quoted in an active market. Level 3 includes using inputs, such as cash flow analyses, not based on observable market data. The Group has no financial instruments classified at level 1 at this time.

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

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

Financial assets are recognised at amortised cost

Loan receivables and accounts receivable are financial assets that are not derivatives, with fixed payments or with payments that can be determined, and that are not quoted on an active market. Assets in this category are measured at amortised cost. Accounts receivable are recognised at the amount expected to be recovered, after deduction for doubtful receivables, assessed individually. The expected maturities of accounts receivable are short, so they are recognised at nominal amounts without discounting. Impairment losses on accounts receivable are recognised in operating expenses.

Cash and cash equivalents

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

Equity instruments carried at amortised cost

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

Financial liabilities carried at amortised cost

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

Derivatives and currency hedging

Foreign currency exposure related to future contractual and forecasted flows is hedged with forward exchange contracts, swaps and currency clauses in customer and supplier contracts. An embedded derivative, for example a currency clause, is disclosed separately unless closely related to its host contract. Derivatives are initially recognised at fair value, so transaction costs are charged to profit or loss for the period. After the initial recognition, the derivative instrument is measured at fair value.

Neither futures, swaps nor embedded derivatives in currency clauses are reported as hedging at this time. Increases and decreases in value are recognised as income or expense in operating profit.

Hedging of the Group's net investment in foreign operations

The Group has taken out loans denominated in foreign currency relating to the acquisition of foreign subsidiaries in order to manage the exposure in net investment. The Group applies the hedge accounting requirements of IFRS 9. The Group documents, at the inception of the hedge, the relationship between hedged items (net investments) and hedging instruments (loan in foreign currency), as well as its risk management objective and strategy for undertaking various hedge transactions. Hedge effectiveness is also documented on an ongoing basis regarding the financial relationship between the two items and the hedging ratio. Any gain or loss on the effective portion of the hedge (100%) is reported in equity through other comprehensive income. Gains and losses that have been accumulated in equity are taken to profit or loss when the foreign operation is divested as a portion of the gain or loss on disposal.

Note 19 Non-current financial assets

Receivables from Group companies	Parent Company	
	2020-12-31	2019-12-31
Opening balance	1,278.0	1,027.9
Increase during the year	731.9	419.5
Decrease during the year	-300.7	-169.4
Carrying amount at year-end	1,709.2	1,278.0

Specification of interests in Group companies	Country	Number of shares	Quotient value	Holding %	Carrying amount	Carrying amount
					2020-12-31	2019-12-31
AddLife Development AB	Sweden	1,000	100	100%	389.1	389.1
Biomedica Holding GmbH	Austria	37,500	1	0%	-	416.5

Interests in Group companies	Parent Company	
	2020	2019
Accumulated cost		
Opening balance	805.6	797.6
Acquisitions for the year	-	8.0
Disposals for the year ¹	-416.5	-
Closing balance	389.1	805.6

¹ Internal sale of Biomedica Holding GmbH to AddLife Development AB

Indirect ownership

Indirect ownership	Ownership	Indirect ownership	Ownership	Indirect ownership	Ownership
Biomedica Medizinprodukte GmbH	100%	Mediplast GmbH	100%	Lab-Vent Controls A/S	100%
Biomedica Services AG	100%	Mediplast Holding Aps	100%	Koldt & Ryø El A/S	100%
Biomedica Medizintechnik AG	100%	Mediplast A/S	100%	Immuno Diagnostics Oy	100%
Euromed Swiss AG	100%	Hospidana A/S	100%	Bergman Diagnostika AS	100%
Biomedis d.o.o.	100%	Fenno Medical Oy	100%	BioNordika (Denmark) A/S	100%
Biomedica MP d.o.o.	100%	Svan Care AB	100%	BioNordika Bergman AS	100%
Biomedica Dijagnostika doo	100%	Hepro AS	100%	BioNordika (Sweden) AB	100%
Biomedica d.o.o.	100%	Esthe-Tech AB	100%	BioNordika (Finland) Oy	100%
Biomedica Bulgaria ood	100%	V-tech AB	100%	Funksjonsutstyr AS	76%
Biomedica Medizinprodukte Romania SRL	100%	Väinö Korpinen Oy	100%	EuroClone S.p.A.	100%
Biomedica Hungaria Kft.	100%	Triolab Oy	100%	TechniPro PulmoMed Pty Ltd	100%
Biomedica CS s.r.o.	100%	Triolab AB	100%	Ropox A/S	100%
Biomedica Poland Sp. Zo.o.	100%	Triolab (Baltics) Oy	100%	Dach Medical Group Holding AG	100%
Biomedica Dijagnostika d.o.o.el	100%	LabRobot Products AB	100%	Dach Austria Medical Group GmbH	100%
Biomedica Slovakita s.r.o.	80%	BergmanLabora AB	100%	Dach Switzerland Medical Group GmbH	100%
Mediplast AB	100%	Biolin Scientific AB	100%	D-A-CH Germany Medical Group GmbH	100%
Mediplast AS	100%	Biolin Scientific China	100%	Zafe Care Systems AB	100%
Mediplast Sataside Oy	100%	Biolin Scientific Oy	100%	Biomedica Italia s.r.l	100%
Mediplast S.r.l	100%	Biolin Scientific LTD	100%		
Mediplast Benelux B.V.	100%	Holm & Halby A/S	100%		

Accounting principle

Interests in Group companies are recognised in the Parent Company using the cost method, which means that transaction costs are included in the carrying amount for holdings in subsidiaries. Any changes in liabilities for contingent consideration are added to or reduce the (acquisition) cost. In the Group, transaction costs are expensed and changes in liabilities for contingent considerations are entered as income or expense. Shareholder contributions provided by the Parent Company are recognised in shares, when impairment is not required.

Note 20 Inventories

Group	2020-12-31	2019-12-31
Raw materials and consumables	33.2	50.5
Work in progress	17.5	11.7
Finished goods	589.5	389.3
Total	640.2	451.5

Cost of sales for the Group includes impairment losses for inventories of SEK 26.4 million (5.1). No significant reversals of prior impairment losses were made in 2020 or 2019.

Accounting principle

Inventories, that is, raw materials and finished goods for resale, are carried at the lower of cost and net realisable value, thereby taking into account the risk of obsolescence. The cost is calculated using the first in, first out (FIFO) principle or weighted average prices. In the case of finished and semi-finished goods manufactured in-house, the cost consists of direct manufacturing costs and a reasonable portion of indirect manufacturing costs. Normal capacity utilisation is taken into account in valuation.

Note 21 Trade receivables

Trade receivable	2020-12-31	2019-12-31
Acquisition value	801.1	544.1
Impairment losses	-45.9	-10.4
Carrying amount	755.2	533.7
Change in impairment for trade receivable	2020	2019
Opening balance	-10.4	-6.9
Acquisition of operations	-8.3	-0.5
This year's provisions/reversal of provisions	-27.2	-3.0
Closing balance	-45.9	-10.4
Timing analysis of trade receivables	2020-12-31	2019-12-31
Not overdue	568.7	412.4
Overdue 1-30 days	109.3	53.1
Overdue 31-60 days	60.6	14.3
Overdue more than 60 days	62.5	64.3
of which are impaired	-45.9	-10.4
Total	755.2	533.7

Accounting principle

Reserve for expected credit losses – financial instruments using simplified approach

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

Note 22 Prepaid expenses and accrued income

	Group		Parent Company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Rent	6.8	5.4	0.5	0.0
Insurance premiums	3.2	2.8	0.9	0.7
Pension costs	1.6	1.5	-	-
Lease payments	2.0	4.0	0.1	0.1
License fees	4.4	3.2	0.3	0.3
Advance to supplier	15.0	-	-	-
Other prepaid expenses	7.6	8.2	0.0	0.1
Other accrued income	5.8	3.4	-	-
Total	46.4	28.5	1.8	1.2

Note 23 Shareholder's equity

Reserves	2020-12-31	2019-12-31
Translation reserve		
Opening translation reserve	31.9	11.4
Translation effect for the year	-81.4	20.5
Closing translation reserve	-49.5	31.9

Number of shares outstanding 2020	Class A shares	Class B shares	All share classes
Opening balance	4,625,216	107,612,076	112,237,292
Conversion of shares	-10,080	10,080	-
Redemption of warrants	-	666,947	666,947
Repurchase of treasury shares	-	-500,000	-500,000
Disposal of treasury shares	-	83,208	83,208
Closing balance	4,615,136	107,872,311	112,487,447

Number of shares outstanding 2019	Class A shares	Class B shares	All share classes
Opening balance	4,214,215	98,372,185	102,586,399
Rights issue	411,001	9,587,091	9,998,092
Redemption of warrants	-	252,800	252,800
Repurchase of treasury shares	-	-600,000	-600,000
Closing balance	4,625,216	107,612,076	112,237,291

Accounting principle

Shareholder's equity

Repurchasing treasury shares occurs, and the Board normally proposes obtaining a mandate to repurchase treasury shares, which involves acquiring an amount of shares such that AddLife's own holding at no time exceeds ten percent of all shares in the company. The purpose of the repurchase is to provide the Board with increased scope for action in its work with the Company's capital structure, to enable the use of repurchased shares as payment in acquisitions, and to secure the Company's commitments in existing incentive programmes. When treasury shares are repurchased, the entire consideration reduces retained earnings. Proceeds from the disposal of equity instruments are recognised as an increase in retained earnings, as are any transaction costs.

Translation reserve

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

Parent company

Restricted reserves

Restricted reserves are funds that cannot be paid out as dividends. Share premium reserve A share premium reserve arises in connection with a rights issue that is subscribed at a premium and is included in unrestricted equity.

Retained earnings

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

Number of shares

The number of shares at 31 December 2020 consisted of 4,615,136 Class A shares, entitling the holders to 10 votes per share, and 109,883,156 Class B shares, entitling the holders to one vote per share. The quotient value of the share is SEK 0.51. The Company has repurchased 2,010,845 Class B shares, within the Company's ongoing repurchase programme. After subtracting repurchased shares, the number of Class B shares is 107,872,311 net.

Note 24 Untaxed reserves

Parent Company	2020-12-31	2019-12-31
Tax allocation reserve, allocation for tax assessment 2016	5.2	5.2
Tax allocation reserve, allocation for tax assessment 2017	13.4	13.4
Tax allocation reserve, allocation for tax assessment 2018	11.3	11.3
Tax allocation reserve, allocation for tax assessment 2019	17.0	17.0
Tax allocation reserve, allocation for tax assessment 2020	9.0	9.0
Tax allocation reserve, allocation for tax assessment 2021	40.0	-
Closing balance	95.9	55.9

Accounting principle

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

Note 25 Provisions for pensions and similar obligations

AddLife sponsors pension plans in the countries in which it has activities. Pension plans can be defined contribution or defined benefit plans or a combination of both. AddLife has defined benefit pension plans in Sweden. In these plans, a pension is determined mainly by the salary received at the time of retirement. Subsidiaries in other countries in the Group mainly have defined contribution pension plans.

Obligations for employee benefits, defined benefit pension plans

Pension liability as per balance sheet	2020-12-31	2019-12-31
Pension liability PRI	79.3	77.0
Other pension obligations	1.2	3.3
Total defined benefit pension plans	80.5	80.3

Obligations for defined benefits and the value of plan assets

	2020-12-31	2019-12-31
Funded obligations:		
Present value of funded defined benefit obligations	-	-
Fair value of plan assets	-	-
Net debt, funded obligations	-	-
Present value of unfunded defined benefit obligations	80.5	80.3
Net amount in the balance sheet (obligation +, asset -)	80.5	80.3

Pension obligations and plan assets by country:

Sweden		
Pension obligations	79.5	77.3
Net amount in Sweden	79.5	77.3
Austria		
Pension obligations	1.0	3.0
Net amount in Austria	1.0	3.0
Net amount in the balance sheet (obligation +, asset -)	80.5	80.3

Reconciliation of net amount for pensions in the balance sheet

	2020-12-31	2019-12-31
Opening balance	80.3	76.9
Corporate acquisitions	1.0	-
Change in accounting for pensions	1.2	2.9
Payment of pension benefits	-2.1	-2.1
Funds contributed by employer	-	-
Translation effects	-	-
Revaluations	0.0	-
Gains and losses from settlements	0.1	2.6
Net amount in the balance sheet (obligation +, asset -)	80.5	80.3

Changes in the obligation for defined benefit plans recognised in the balance sheet	2020-12-31	2019-12-31
Opening balance	80.3	76.9
Corporate acquisitions	1.0	-
Pensions earned during the period	0.6	1.1
Interest on obligations	1.2	1.8
Benefits paid	-2.1	-2.1
Benefits earned during previous periods, vested	-	-
Transferred benefits	-	-
Revaluations:		
Gain (-)/loss (+) resulting from demographic assumptions	-	-
Gain (-)/loss (+) resulting from financial assumptions	2.6	11.1
Experienced-based gains (-)/losses (+)	-0.2	-1.0
Translation effects	-	-
Gains and losses from settlements	-2.9	-7.5
Present value of pension obligations	80.5	80.3
Pension costs	2020	2019
Defined benefit plans		
Cost for pensions earned during the year	3.6	4.1
Interest on obligations	1.7	4.8
Total cost of defined benefit plans	5.3	8.9
Total cost of defined contribution plans	56.0	51.9
Social security costs on pension costs	7.2	6.5
Total cost of benefits after termination of employment	68.5	67.3
Allocation of pension costs in the income statement	2020	2019
Cost of goods sold	14.1	15.0
Selling and administrative expenses	52.7	47.5
Net financial items	1.7	4.8
Total pension costs	68.5	67.3
Actuarial assumptions	2020	2019
	Sweden	Sweden
The following material actuarial assumptions were applied in calculating obligations:		
Discount rate 1 January, %	1.5	2.3
Discount rate 31 December, %	1.0	1.5
Future salary increases, %	2.5	2.8
Future increases in pensions (change in income base amount), %	2.0	2.3
Employee turnover, %	10.0	10.0
Mortality table	DUS 14	DUS 14
Actuarial assumptions	2020	2019
	Sweden	Sweden
Defined benefit pension obligations at 31 December 2020		
Discount rate increases by 0.5%	-7.3	-7.0
Discount rate decreases by 0.5%	8.4	8.0
Expected life expectancy increases by 1 year	3.9	3.8

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

Comprising	2020-12-31	2019-12-31
Active	12.0	11.0
Disability pensioners	0.0	0.0
Paid-up policyholders	97.0	99.0
Pensioners	77.0	78.0
The total number of commitments included in pension liabilities	186.0	188.0

Accounting principle

Defined contribution plans

These plans are mainly retirement pension plans, disability pensions and family pensions. Premiums are paid on an ongoing basis during the year by each company to separate legal entities, such as insurance companies. The size of the premium is based on the salary. The pension cost for the period is included in profit or loss. The Group has no further obligations related to the defined contribution plans.

Obligations for retirement pensions and family pensions for salaried employees in Sweden are secured by insurance in Alecta. According to statement UFR 10 of the Swedish Financial Reporting Board, this is a defined benefit plan covering multiple employers. For the 2020 financial year, the Company did not have access to information enabling it to report this plan as a defined benefit plan. Thus the pension plan according to ITP and secured by insurance in Alecta is recognised as a defined-contribution plan. The year's fees for pension insurance with Alecta totalled SEK 11.0 million (10.5). The fees for the next financial year are assessed to be in line with this year's fees. The collective consolidation rate for Alecta in December 2020 was 148 percent (148).

Defined benefit plans

AddLife has defined benefit pension plans in Sweden and cover a small number of employees. Under defined benefit pension plans, the company enters into a commitment to provide post-employment benefits based upon one or several parameters for which the outcome is not known at present. In defined benefit pension plans, benefits are paid to current and former employees based on their salary upon retirement and the number of years of service. The Group bears the risk for payment of promised benefits. These pension plans primarily comprise retirement pensions.

Some funded and unfunded pension plans apply in Sweden. The funded pension obligations are secured by plan assets. When a plan is funded, its assets have been separated into plan assets. These plan assets can only be used for payments of benefits as per the pension agreements. The net value of the estimated present value of the obligations and the fair value of plan assets is recognised in the balance sheet, either as a provision or as a non-current financial receivable. When a surplus in a plan cannot be fully utilised, only the portion of the surplus that the Company can recover through reduced future fees or repayments is recognised. A surplus in one plan can only be used to offset a deficit in another plan if the Company is entitled to utilise a surplus in one plan to settle a deficit in another plan, or if the obligations are intended to be settled on a net basis.

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

Revaluations may arise when establishing the obligation's present value and fair value on plan assets. These may arise either because the actual outcome differs from previously made assumptions (experience-based adjustments), or because assumptions were changed. These revaluations are recognised in the balance sheet and the income statement under other comprehensive income. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows.

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

Tax on returns is reported in the income statement for the period the tax refers to and is thus not included in the calculation of debt. For schemes run as funds, tax is levied on returns for plan assets and reported in other comprehensive income. For schemes not run as funds or run partly as funds, tax is included in profit or loss. When the cost of a pension is determined differently in a legal entity than in the Group, a provision or claim for taxes on pension costs is recognised, such as a special employer's contribution for Swedish companies based on this difference. The present value for the provision or claim is not calculated.

Note 26 Provisions

Non-current provisions		2020			2019			
Group	Personnel	Warranties	Other	Total	Personnel	Warranties	Other	Total
Opening balance	24.0	-	-	24.0	19.9	-	-	19.9
Provisions of the year	1.8	-	-	1.8	4.1	-	-	4.1
Provisions through acquisitions	6.4	-	-	6.4	-	-	-	-
Amounts utilised during the year	-1.5	-	-	-1.5	-	-	-	-
Unutilised amounts reserved	-	-	-	0.0	-	-	-	-
Translation effects	-1.2	-	-	-1.2	-	-	-	-
Closing balance	29.5	-	-	29.5	24.0	-	-	24.0

Current provisions		2020			2019			
Group	Personnel	Warranties	Other	Total	Personnel	Warranties	Other	Total
Opening balance	-	1.2	2.0	3.2	-	1.2	2.0	3.2
Provisions of the year	-	1.4	3.0	4.4	-	-	2.2	2.2
Provisions through acquisitions	-	1.9	-	1.9	-	-	-	-
Amounts utilised during the year	-	-	-	0.0	-	-	-2.0	-2.0
Unutilised amounts reserved	-	-0.2	-	-0.2	-	-0.1	-	-0.1
Translation effects	-	-0.1	-	-0.1	-	0.1	-	0.1
Closing balance	-	4.2	5.0	9.2	-	1.2	2.2	3.4

Accounting principle

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

Warranties

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

Restructuring costs

A cost for benefits in conjunction with termination of employment is recognised only if there is a formal, detailed plan to terminate employment prior to the normal date. Provisions for restructuring costs are recognised when a detailed restructuring plan has been adopted and the restructuring has either begun or been announced.

Note 27 Non-current interest-bearing liabilities

	Group	
	2020-12-31	2019-12-31
Liabilities to credit institutions:		
Maturing within 2 years	20.1	3.1
Maturing within 3 years	3.1	1.5
Maturing within 4 years	2.5	0.5
Maturing within 5 years and later	8.7	-
Total non-current liabilities to credit institutions	34.4	5.1
Other interest-bearing liabilities:		
Maturing within 2 years	9.2	-
Maturing within 3 years	11.6	-
Maturing within 4 years	-	-
Maturing within 5 years and later	44.4	17.9
Total non-current other interest-bearing liabilities	65.2	17.9
Total	99.6	23.0

Other interest-bearing liabilities largely consist of additional contingent considerations with estimated interest of 3.0 percent. For more information about the Group's liabilities to credit institutions, see Note 28 Current interest-bearing liabilities.

Note 28 Current interest-bearing liabilities

	Group		Parent company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Bank overdraft facility				
Approved credit limit	1,200.0	1,000.0	1,200.0	1,000.0
Unutilised portion	-1,200.0	-536.8	-1,200.0	-536.8
Credit amount unutilised	-	463.2	-	463.2
Other liabilities to credit institutions	452.4	194.4	408.8	196.6
Other interestbearing liabilities	20.6	0.0	-	-
Total	473.0	657.6	408.8	659.8

Other interest-bearing liabilities largely consist of additional contingent considerations with estimated interest of 3.0 percent.

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

Currency	2020-12-31		2019-12-31	
	Local currency	SEKm	Local currency	SEKm
EUR	37.2	373.7	18.5	193.3
NOK	0.0	0.0	0.1	0.1
DKK	57.7	78.0	-	-
PLZ	0.3	0.7	0.4	1.0
Total		452.4		194.4

The Group's financing is primarily managed by the Parent Company AddLife AB. The Parent Company's bank overdraft facility carried 0.4 percent interest per 31 Dec. 2020.

Note 29 Accrued expenses and deferred income

	Group		Parent company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Other deferred income	5.0	1.3	-	-
Salaries and holiday pay	144.7	107.3	18.0	10.7
Social security costs and pensions	19.2	18.7	1.8	1.5
Other accrued expenses ¹	41.2	33.9	1.6	1.4
Total	210.1	161.2	21.4	13.6

¹ Other accrued expenses mainly consist of overhead accruals.

Note 30 Related-party transactions

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

Note 31 Pledged assets and contingent liabilities

	Group		Parent company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Pledged assets	12.9	0.0	-	-
Total	12.9	0.0	-	-
Contingent liabilities				
Guarantees	29.3	6.5	-	-
Guarantee for subsidiaries ¹	-	-	41.0	41.9
Total	29.3	6.5	41.0	41.9

¹ Relates to PRI liabilities.

Accounting principle

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

Note 32 Cash flow statement

Adjustment for items not included in cash flow	Group		Parent company	
	2020	2019	2020	2019
Depreciation and amortisation	273.7	233.3	0.2	0.1
Gain/loss on sale of operations and non-current assets	-3.7	-0.6	-	-
Change in pension liability	-0.7	0.8	-	-
Change in other provisions and accrued items	22.5	4.3	-	-
Group contributions/ dividends not paid	-	-	-	-
Other	-11.4	1.3	-21.3	0.2
Total	280.4	239.1	-21.1	0.3

For the Group, interest received during the year totalled SEK 0.8 million (0.9), and interest paid was SEK 13.1 million (8.0).

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

	2020	2019
Non-current assets	310.3	229.5
Inventories	103.1	27.4
Receivables	138.6	28.5
Cash and cash equivalents	68.1	17.0
Total	620.1	302.4
Interest-bearing liabilities and provisions	-	-
Non-interest-bearing liabilities and provisions	226.8	46.0
Total	226.8	46.0
Consideration paid	-411.2	-335.3
Cash and cash equivalents in acquired companies	68.1	17.0
Effect on the Group's cash and cash equivalents	343.1	318.3

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

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

Reconciliation of debts arising from financing activities

Group	Opening balance 2020-01-01	Cash flow	Changes that do not affect cash flow				Closing balance 2020-12-31
			Acquisition of subsidiaries	Exchange rate changes	Changes in fair value	Leases	
Bank overdraft facility	463.2	-463.2	-	-	-	-	0.0
Liabilities to credit institutions	194.4	210.5	66.9	-19.4	-	-	452.4
Other interest-bearing liabilities	17.9	0.8	71.6	-5.7	1.2	-	85.8
Lease liability	215.7	-99.9	-	-	-	117.5	233.3
Total	891.2	-351.8	138.5	-25.1	1.2	117.5	771.5
Parent Company	Opening balance 2020-01-01	Cash flow	Exchange rate changes			Closing balance 2020-12-31	
Bank overdraft facility	463.2	-463.2	-			0.0	
Current liabilities to credit institutions	196.6	233.9	-21.7			408.8	
Total	659.8	-229.3	-21.7			408.8	

Reconciliation of debts arising from financing activities

Group	Opening balance 2019-01-01	Cash flow	Change that do not affect cash flow			Closing balance 2019-12-31
			Acquisition of subsidiaries	Exchange rate changes	Leases ¹	
Bank overdraft facility	129.9	333.3	-	-	-	463.2
Liabilities to credit institutions	706.2	-502.8	-8.5	-0.5	-	194.4
Other interest-bearing liabilities	9.4	-	8.5	-	-	17.9
Lease liability	-	-86.4	-	-	302.1	215.7
Total	845.5	-255.9	0.0	-0.5	302.1	891.1

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

Parent Company	Opening balance 2019-01-01		Cash flow	Closing balance 2019-12-31
	Bank overdraft facility	129.9		
Current liabilities to credit institutions	700.7	-504.1	196.6	
Total	830.6	-170.8	659.8	

Note 33 Acquisitions within business areas

Acquisitions	Country	Date of acquisition	Net sales, SEKm	Number of employees ¹	Business area
Operations from Wellspect HealthCare	Sweden	April, 2019	170	14	Medtech
Lab-Vent Controls A/S and Koldt & Ryø El A/S	Denmark	August, 2019	52	20	Labtech
Fysionord i Sollefteå AB	Sweden	September, 2019	6	2	Medtech
Funksjonsutstyr AS	Norway	December, 2019	50	7	Medtech
EuroClone S.p.A.	Italy	January, 2020	280	58	Labtech
TechniPro PulmoMed Pty Ltd	Australia	September, 2020	13	5	Medtech
Ropox A/S	Denmark	October, 2020	95	73	Medtech
Dach Medical Group Holding AG	Austria	October, 2020	145	23	Medtech
Zafe Care Systems AB	Sweden	October, 2020	35	21	Medtech
Biomedica Italia s.r.l (SIAD Healthcare)	Italy	December, 2020	80	17	Medtech

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

According to the acquisition analyses, the acquisitions carried out during financial year 2020 were as follows:

	Fair value
Intangible non-current assets	250.5
Other non-current assets	59.8
Inventories	103.1
Other current assets	206.7
Deferred tax liability/tax asset	-68.9
Other liabilities	-226.8
Acquired net assets	324.4
Goodwill	154.9
Consideration ¹	479.3
Less: cash and cash equivalents in acquired businesses	-68.1
Contingent consideration not yet paid	-70.3
Effect on the Group's cash and cash equivalents	340.9

¹ The consideration is stated excluding acquisition expenses.

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

	Fair value	of which Wellspect
Intangible non-current assets	224.6	113.0
Other non-current assets	5.0	3.1
Inventories	27.4	17.0
Other current assets	44.4	18.4
Deferred tax liability/tax asset	-48.7	-24.2
Other liabilities	-46.0	-26.9
Acquired net assets	206.7	100.4
Goodwill	145.8	74.7
Consideration ¹	352.5	175.1
Less: cash and cash equivalents in acquired businesses	-17.0	-9.3
Contingent consideration not yet paid	-17.6	-
Effect on the Group's cash and cash equivalents	317.9	165.8

¹ The consideration is stated excluding acquisition expenses.

The combined consideration for the acquisitions was SEK 479.3 million (352.5), of which SEK 154.9 million (145.8) was allocated to goodwill and SEK 250.5 million (224.6) to other intangible assets. The consideration consists only of cash payment. The transaction costs for acquisitions with a takeover date during the 2020 financial year totalled SEK 12.0 million (3.8) and are recognised in selling expenses.

The outcome of additional contingent considerations depends on the results achieved in the companies and has a set maximum level. The fair value of not yet paid contingent consideration for acquisitions made during the financial year is calculated to SEK 68.6 million, which is approximately 86 percent of the maximum outcome. Other relates to the option to acquire the remaining shares.

The values allocated to intangible assets, such as supplier relationships, were assessed at the discounted value of future cash flows. The amortisation period is determined by estimating the annual decrease in sales attributable to each asset. Supplier relationships are generally amortised over a period of 10 years.

The goodwill resulting from the acquisitions is attributable to expectations that the Group's position in the market in question for each acquisition will grow stronger and to the knowledge accumulated in the companies acquired.

The combined effect of the acquisitions, on consolidated net sales was SEK 508 million (20), while the combined effect on EBITA was SEK 64 million (7), operating profit was SEK 51 million (3) and after-tax profit for the year was SEK 36 million (2). Had the acquisitions, been completed on 1 January 2020, their impact would have been approximately SEK 783 million (93) on consolidated net sales, SEK 94 million (24) on EBITA, about SEK 65 million (21) on operating profit, and about SEK 46 million (16) on profit after-tax. The acquisitions were completed at an average EV/EBIT multiple of about 6 (6).

Note 34 Earnings per share (EPS)

	2020	2019
Earnings per share (SEK)	4.63	1.28
Diluted EPS (SEK)	4.61	1.28

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

Earnings per share (EPS)

Basic earnings per share is calculated by dividing the income for the period attributable to the equity holders of the Parent Company with the average number of shares. The dilution from the options is based on a calculation of how many shares could hypothetically have been purchased during the period of the exercise price. The shares that could not have been purchased lead to dilution. The dilution in the Group is a consequence of its longterm incentive programmes.

The two components are as follows:

	2020	2019
Profit for the year (SEKm)	519.7	142.3
Weighted average number of shares during the year in thousands of shares	2020	2019
Weighted average number of shares during the year, basic	112,127	111,083
The weighted average number of shares during the year, diluted	112,652	111,297

The number of shares from a historical perspective has been restated to take the bonus issue into account (i.e. the value of the subscription right) in the completed new share issue in 2019, as well as the share split (1:4) completed in May 2020 and has been used in all calculations of metrics for SEK per share. The conversion factor is 4.041.

Note 35 Information about the parent company

AddLife AB, corporate ID number 556995-8126, is the Parent Company of the Group.

The Company's registered office is in Stockholm, Stockholm County, and according to Swedish law AddLife AB is a limited liability company.

Head office address:

AddLife AB (publ)

Box 3145

103 62 Stockholm, Sweden

www.add.life

Note 36 Events after the reporting period

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

Note 37 Proposal for profit distribution

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

Share premium reserve	1,134.3
Retained earnings	-57.7
Profit for the year	98.6
Total earnings	1,175.2

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

A dividend paid to shareholders of SEK 1.50 per share ¹	168.7
To be carried forward	1,006.5

¹ Calculated based on the number of outstanding shares at the time of the release of the annual report. The number of repurchased class B shares amounts to 2,010,845 at the time of the release of the annual report.

The share

Share capital

On 31 December 2020 share capital in AddLife AB amounted to SEK 58,309,340. There were a total of 114,498,292 shares in the Company, including 4,615,136 Class A shares and 109,883,156 Class B shares. The nominal value of each share was SEK 0.51. Each Class A share carries ten votes and each Class B share carries one vote. All shares give the same right to dividends. Only the Class B share is listed on Nasdaq Stockholm.

Dividend policy

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

Share split

At the annual general meeting on May 7, 2020, it was resolved on a share split 4:1. After the split the total number of shares amounts to 114,498,292. The new shares were registered on the shareholder's accounts on May 29, 2020. The share capital has not changed due to the split, the nominal value changed from SEK 2.037 to SEK 0.51.

Conversion of shares

According to AddLife Articles of Association, owners of Class A shares have the right to have such shares converted to Class B shares. The conversion reduces the number of votes in the company. 10,080 shares of Class A have been converted to 10,080 shares of Class B during the financial year. There were no conversion of shares in 2019.

Key ratios

	2020	2019
Earnings per share (EPS) before dilution, SEK	4.63	1.28
Shareholders' equity per share, SEK	16.73	13.07
P/E ratio	31.1	56.4
Highest price during the financial year, SEK	160.00	75.25
Lowest price during the financial year, SEK	59.75	47.59
Last price paid, SEK	144.00	72.25
Market capitalisation, SEKm	16,488	8,273
Average number of shares outstanding	112,127	111,083
Number of shares outstanding at year-end	112,487	112,237
Number of shareholders at year-end	7,501	4,431

Major shareholders

Shareholder	Class A shares	Class B shares	Proportion of	
			capital, %	votes, %
Roosgruppen AB	2,156,572	7,090,564	8.08	18.37
Tom Hedelius	2,066,572	23,140	1.83	13.26
Verdipapirfond Odin	0	11,037,084	9.64	7.07
SEB Fonder	0	10,030,077	8.76	6.43
Swedbank Fonder	0	8,791,180	7.68	5.63
NTC Fidelity Funds Northern Trust	0	8,549,148	7.47	5.48
State Street Bank & Trust Company	0	7,896,265	6.90	5.06
J.P. Morgan Chase & Co	0	4,570,296	3.99	2.93
Sandrew AB	0	2,800,000	2.45	1.79
Lannebo Fonder	0	2,450,000	2.14	1.57
HSBC Trinkhaus and Burkhardt AG	0	2,365,772	2.07	1.52
BNP Paribas SEC Services Paris	0	1,710,972	1.49	1.10
Per Sève	86,732	1,600,329	1.47	1.58
Livförsäkringsbolaget Skandia	0	1,681,132	1.47	1.08
Margareta Von Matérn	0	1,464,256	1.28	0.94
Total 15 largest owners	4,309,876	72,060,215	66.72	73.81
Other shareholders	305,260	35,812,096	31.52	24.90
Total outstanding shares	4,615,136	107,872,311	98.24	98.71
Repurchased own shares Class B	-	2,010,845	1.76	1.29
Total registered shares	4,615,136	109,883,156	100.00	100.00

Class sizes

Number of shares	Number of shareholders	% of capital	% of number of shareholders
1 - 500	5,238	0.56	69.83
501 - 1,000	712	0.47	9.49
1,001 - 5,000	1,042	2.12	13.89
5,001 - 10,000	205	1.28	2.73
10,001 - 15,000	68	0.74	0.91
15,001 - 100,000	146	4.61	1.95
100,001 -	90	90.22	1.20
Total	7,501	100.00	100.00

Holdings per category

Holdings by category 2020	Number of shareholders	Capital share, %
Sweidsh owners	7,089	53.34
Foreign owners	412	46.66
Total	7,501	100.00
Legal entities	624	84.01
Natural person	6,877	15.99
Total	7,501	100.00

Assurance of the Board of Director

The Board of Directors and the Chief Executive Officer deem the consolidated financial statements and annual accounts to be prepared in accordance with IFRS, as adopted by the EU, and with generally accepted accounting principles, and that they provide a true and fair overview of the financial position and results of operations of the Group and the Parent Company. The administration report for the Group and the Parent Company gives a true and fair overview of the Group's and the Parent Company's operating activities, financial position and results of operations and describes significant risks and uncertainties to which the Parent Company and the companies that comprise the Group are exposed. The other aspects of the results of operations and financial position of the Group and the Parent Company are shown in the income statements, balance sheets, cash flow statements and notes to the financial statements.

The Board approved the Parent Company's annual report and the Group's consolidated financial statements for publication on 30 March 2020. The Parent Company's and Group's respective income statements and balance sheets will be submitted for adoption to the Annual General Meeting on 5 May 2021.

Stockholm 30 March 2021

Johan Sjö
Chairman of the board

Birgit Stattin Norinder
Board member

Eva Nilsagård
Board member

Andreas Göthberg
Board member

Håkan Roos
Board member

Stefan Hedelius
Board member

Kristina Willgård
Chief Executive Officer

Our auditors' report was submitted on 30 March, 2021

KPMG AB

Håkan Olsson Reising
Authorised Public Accountant
Auditor in charge

Jonas Eriksson
Authorised Public Accountant

Auditor's report

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of AddLife AB for the year 2020, except for the corporate governance statement on pages 49-65 and the sustainability report on pages 6-10 and 24-34. The annual accounts and consolidated accounts of the company are included on pages 35-118 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 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 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 49-65 and sustainability report on pages 6-10 and 24-34. 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 the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

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

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

Key Audit Matters

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

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

See Note 15 in the annual account and consolidated accounts for detailed information, accounting principles and description of the matter.

Description of key audit matter

The carrying value of goodwill in the Group is SEK 1 100 million per 31 December 2020, which represents 27% of total assets.

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

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

The carrying amount of participation in Group companies in the Parent company is SEK 389 million as per 31 December 2020, which represents 16% of total assets. In the event that the participations' equity is less than the value of the participation, an impairment test is performed.

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

Response in the audit

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

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

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

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-34 and 124-129. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. 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 Directors and the Managing Director

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

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are

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

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

Auditor's responsibility

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

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

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

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

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

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of AddLife AB for the year 2020 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

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

Auditor's responsibility

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

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

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

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

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

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

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 49-65 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevR 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.

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

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the sustainability report on pages 6-10 and 24-34, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of AddLife AB by the general meeting of the shareholders on the 7 May 2020. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2015/2016.

Stockholm 30 March 2021

KPMG AB

KPMG AB

Håkan Olsson Reising
Authorised public accountant
Responsible auditor

Jonas Eriksson
Authorised public accountant

Multi-year overview

SEKm, unless stated otherwise	2020	2019	2018	2017	2016
Net sales	5,273	3,479	2,482	2,333	1,938
Operating profit	673	196	168	166	148
Financial income and expenses	-14	-14	-10	-8	-6
Profit after financial items	659	182	158	158	142
Profit for the year	520	142	129	120	112
Intangible non-current assets	2,003	1,761	1,465	1,153	870
Property, plant and equipment	434	353	110	75	68
Financial assets	9	24	48	13	11
Inventories	640	452	408	271	252
Current receivables	848	586	575	368	361
Cash equivalents	216	99	61	11	15
Total assets	4,150	3,274	2,668	1,891	1,577
Equity attributable to the shareholders	1,882	1,467	931	748	717
Non-controlling interests	8	9	1	-	-
Interest-bearing liabilities and provisions	916	1,001	943	600	381
Non-interest-bearing liabilities and provisions	1,344	798	794	543	479
Total equity and liabilities	4,150	3,274	2,668	1,891	1,577
EBITA	802	305	245	234	189
EBITA margin, %	15.2	8.8	9.9	10.0	9.7
Earnings growth EBITA, %	162.8	24.7	4.7	24.0	47.0
Capital employed	2,806	2,477	1,874	1,347	1,098
Working capital, yearly average	781	598	397	369	304
Financial net liabilities	700	902	882	588	366
Operating margin, %	12.8	5.6	6.8	7.1	7.6
Profit margin, %	12.5	5.2	6.4	6.8	7.3
Return on equity, %	31	10	16	17	21
Return on capital employed, %	25	9	11	13	15
Return on working capital (P/WC)	103	51	62	63	62
Equity ratio, %	46	45	35	40	45
Debt/equity ratio, times	0.5	0.7	1.0	0.8	0.5
Net debt/equity ratio, times	0.4	0.6	0.9	0.8	0.5
Interest coverage ratio, times	40	16	23	33	17
Interest-bearing net debt/EBITDA, times	0.8	1.6	3.3	2.3	1.8
Earnings per share before dilution, SEK	4.63	1.28	1.29	1.19	1.22
Cash flow per share, SEK	8.47	3.61	1.76	2.05	1.39
Equity per share, SEK	16.73	13.07	9.08	7.43	7.06
Average number of shares, 000	112,127	111,083	100,458	101,302	97,729
Share price as at 31 December, SEK	144.00	72.25	48.54	40.57	32.78
Cash flow from operating activities	950	400	178	208	133
Cash flow from investing activities	-429	-407	-381	-338	-198
Cash flow from financing activities	-372	42	249	125	-55
Cash flow for the year	149	35	46	-5	-120
Average number of employees	1,004	903	620	579	459
Number of employees at year-end	1,112	932	873	592	545

The key figures presented below are central in order to understand and evaluate AddLifes business and financial position. The key figures are presented in the Multi-year overview and commented in the administration report. The key figures that are the financial targets are commented in the section "Financial targets".

Return on equity

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

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

	2020	2019
Profit/loss for the period	519.7	142.3
Average equity	1,683.3	1,361.7
Return on equity	519.7/1,683.3=31.5%	142.3/1,361.7=10.4%

Return on working capital (P/WC)

EBITA in relation to average working capital.

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

	2020	2019
Operating profit before amortization of intangible assets EBITA, P	802.1	305.2
Average working capital, WC	780.9	597.6
P/WC	802.1/780.9=102.7%	305.2/597.6=51.1%

Return on capital employed

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

	2020	2019
Profit/loss before taxes according to the income statement	659.0	182.3
Interest expenses note 12 (+)	17.0	12.4
Net exchange rate fluctuations, note 12	-4.8	0.8
Profit after net financial items plus exchange rate fluctuations	671.2	195.5
Capital employed yearly average	2,652.9	2,280.8
Return on capital employed	671.2/2,652.9=25.3%	195.5/2,280.8=8.6%

EBITDA

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

EBITDA is used to analyse profitability generated by operational activities.

	2020	2019
Profit/loss according to the income statement	672.5	196.2
Depreciation property, plant and equipment according to Note 16 (+)	144.5	124.2
Amortisation intangible assets according to Note 15 (+)	129.6	108.9
Operating profit before depreciation and amortisation, EBITDA	946.6	429.3

EBITA

Operating profit before amortization of intangible assets.

EBITA is used to analyse profitability generated by operational activities.

	2020	2019
Profit/loss according to the income statement	672.5	196.2
Amortisation intangible assets according to Note 15 (+)	129.6	109.0
Operating profit before amortization of intangible assets	802.1	305.2

EBITA margin

EBITA in percentage of net sales.

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

	2020	2019
Operating profit before amortization of intangible assets	802.1	305.2
Net sales according to the income statement	5,273.3	3,479.4
EBITA margin	$802.1/5,273.3=15.2\%$	$305.2/3,479.4=8.8\%$

Equity per share

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

	2020	2019
Shareholders' proportion of equity according to the balance sheet	1,882.2	1,466.9
Number of shares outstanding at the end of the reporting period, 000	112,487.0	112,237.0
Equity per share	$1,882.2/112,487=16.73$	$1,466.9/112,237=13.07$

Cash flow per share

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

	2020	2019
Cash flow from operating activities	950.1	400.4
Average number of shares	112,127	111,083
Cash flow per share	$950.1/112,127=8.47$	$400.4/111,083=3.61$

Net debt/equity ratio

Financial net liabilities in relation to shareholders' equity.

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

	2020	2019
Financial net liabilities	699.8	901.5
Equity according to balance sheet	1,890.3	1,476.2
Net debt/equity ratio	$699.8/1,890.3=0.4$	$901.7/1,476.2=0.6$

Earnings per share (EPS)

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

	2020	2019
Shareholders' proportion of profit for the year according to the income statement	517.8	140.6
Average number of shares	112,127	111,083
Earnings per share (EPS)	$517.8/112,127=4.63$	$140.6/111,083=1.28$

Profit growth EBITA

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

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

	2020	2019
Operating profit before amortisation of intangible assets, EBITA (+)	802.1	305.2
Previous year's operating profit before amortization of intangible assets, EBITA (-)	-305.2	-244.8
Earnings growth EBITA	496.9	60.4
Profit growth EBITA	$496.9/305.2=162.8\%$	$60.4/244.8=24.7\%$

Financial net liabilities

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

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

	2020	2019
According to balance sheet		
Non-current interest-bearing liabilities	241.6	149.4
Provisions for pensions	80.5	80.3
Interest-bearing provisions	29.5	24.0
Current interest-bearing liabilities	564.2	746.9
Interest-bearing liabilities and provisions.	915.8	1,000.6
Cash and equivalents (-)	-216.0	-99.1
Financial net liabilities	699.8	901.5

Financial net liabilities/EBITDA

Financial net liabilities divided by EBITDA.

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

	2020	2019
Financial net liabilities	699.8	901.5
Operating profit before depreciation and amortisation, EBITDA	946.6	429.3
Financial net liabilities/EBITDA	$699.8/946.6=0.7$	$901.5/429.4=2.1$

Interest coverage ratio

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

	2020	2019
Profit/loss before taxes according to the income statement	659.0	182.3
Interest expenses, note 12 (+)	0.0	12.4
Net exchange rate fluctuations, note 12	0.0	0.8
Profit after net financial items excluding interest expense and exchange rate fluctuations	659.0	195.5
Interest coverage ratio	$671,2/17,0=39,5$	$195,5/12,4 = 15,8$

Working capital

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

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

	2020	2019
Inventories yearly average (+)	660.3	438.1
Accounts receivable yearly average (+)	552.8	484.7
Accounts payable yearly average (-)	-432.2	-325.1
Working capital, average (WC)	780.9	597.6

Operating margin

Operating profit/loss as a percentage of net sales.

	2020	2019
Profit/loss according to the income statement	672.5	196.2
Net sales according to the income statement	5,273.3	3,479.4
Operating margin	$672.5/5,273.3=12.8\%$	$196.2/3,479.4=5.6\%$

Equity ratio

Equity as a percentage of total assets

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

	2020	2019
Equity according to balance sheet	1,890.3	1,476.2
Total assets according to balance sheet	4,149.6	3,274.4
Equity ratio	$1,890.3/4,149.6 = 45.6\%$	$1,476.2/3,274.4=45.1\%$

Debt/equity ratio

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

	2020	2019
According to balance sheet		
Non-current interest-bearing liabilities	241.6	149.4
Provisions for pensions	80.5	80.3
Interest-bearing provisions	29.5	24.0
Current interest-bearing liabilities	564.2	746.9
Interest-bearing liabilities and provisions	915.8	1,000.6
Equity according to balance sheet	1,890.3	1,476.2
Debt/equity ratio	$915.8/1,890.3=0.5$	$1,000.6/1,476.2=0.7$

Capital employed

Total assets less non-interest-bearing liabilities and provisions

	2020	2019
According to balance sheet		
Deferred tax liabilities	161.5	127.3
Accounts payable	648.8	346.5
Tax liabilities	81.1	25.0
Other liabilities	231.4	134.2
Accrued expenses and deferred income	210.1	161.2
Provisions	9.4	3.4
Non-interest-bearing liabilities and provisions	1,342.3	797.6
Total assets according to balance sheet	4,149.6	3,274.4
Capital employed	$4,149.6 - 1,342.3 = 2,807.3$	$3,274.4 - 797.6 = 2,476.8$

Profit margin

Profit before taxes in percentage of net sales

	2020	2019
Profit/loss before taxes according to the income statement	659.0	182.3
Net sales according to the income statement	5,273.3	3,479.4
Profit margin	$659.0/5,273.3=12.5\%$	$182.3/3,479.4=5.2\%$