ANNUAL REPORT 2019

LIFCO

A SAFE HAVEN FOR YOUR BUSINESS

LIFCO

ANNUAL REPORT 2019

CONTENTS

HIGHLIGHTS OF 2019

NET SALES +15.8%

SEK 13,845 (11,956) million Organic growth 4.2%

EBITA* +16.4%

SEK 2,523 (2,168) million

PROFIT BEFORE TAX +7.4%

SEK 1,996 (1,858) million

NET PROFIT FOR THE YEAR +7.6%

SEK 1,528 (1,420) million

EARNINGS PER SHARE +8.4%

SEK 16.57 (15.29)

PROPOSED DIVIDEND PER SHARE SEK 5.25

Represents a total distribution of SEK 477 million

KEY PERFORMANCE INDICATORS

	2019	2018
Net sales, SEK million	13,845	11,956
Net sales, adjusted for foreign exchange effects and acquisitions, SEK million	12,458	10,677
EBITA*, SEK million	2,523	2,168
EBITA margin*, %	18.2	18.1
Earnings per share after tax, SEK	16.57	15.29
Cash flow from operating activities, SEK million	1,990	1,533
Capital employed, SEK million	12,925	10,314
Capital employed excluding goodwill and other intangible assets, SEK million	2,345	1,312
Return on capital employed, %	19.5	21.0
Return on capital employed excluding goodwill and other intangible assets, %	108	165
Net debt, SEK million	5,552	3,685
Net debt/equity ratio	0.7	0.5
Net debt/EBITDA*	1.9	1.6
Interest-bearing net debt, SEK million	4,040	3,170
Interest-bearing net debt/EBITDA*	1.4	1.4
Equity/assets ratio, %	45.4	48.8
Equity per share, SEK	87.1	73.6
Number of shares, thousand	90,843	90,843

EBITA* = operating profit before amortisation of intangible assets arising on acquisitions, acquisition costs and non-recurring items.

EBITDA* = operating profit before depreciation, amortisation, acquisition costs and non-recurring items.

LIFCO IN BRIEF

We offer a safe haven for small and medium-sized businesses. We acquire and develop market-leading niche businesses with the potential to deliver sustainable earnings growth and robust cash flows.

THREE BUSINESS AREAS:

Dental

Demolition & Tools

Systems Solutions

EMPLOYEES **5,443**

COUNTRIES **30**

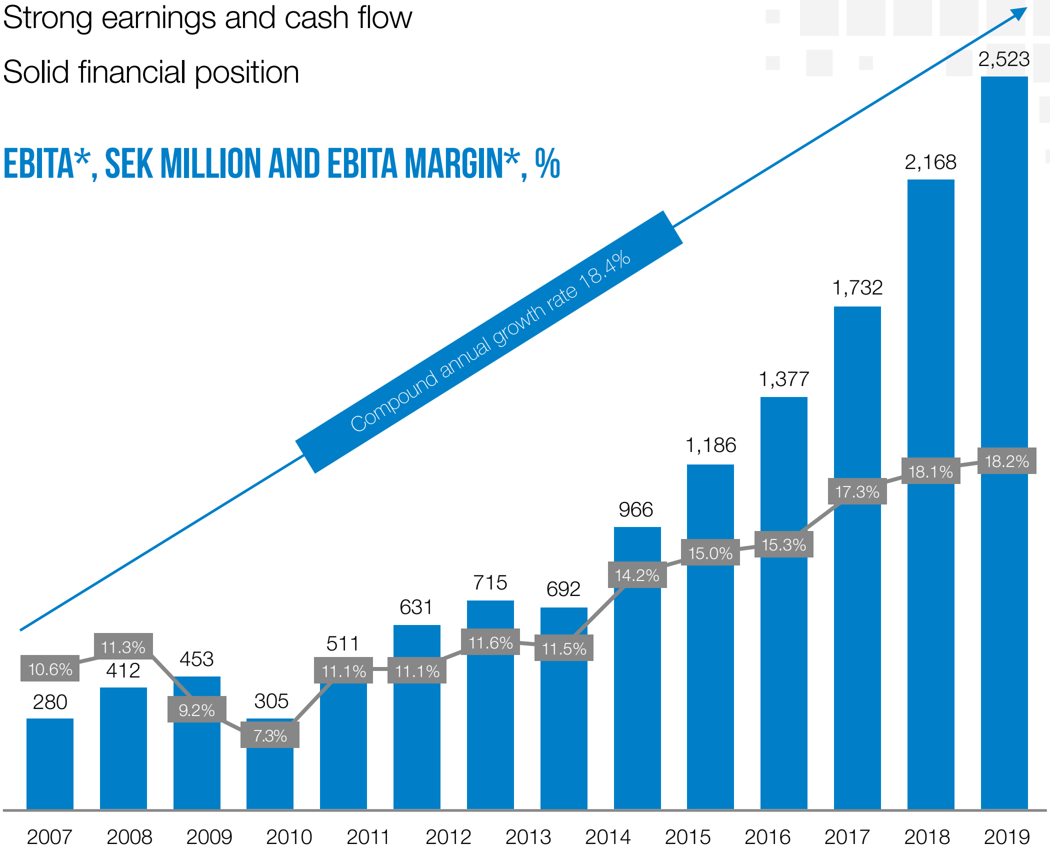
COMPANIES **164**

Six acquisitions in 2019

Strong earnings and cash flow

Solid financial position

EBITA*, SEK MILLION AND EBITA MARGIN*, %



Chief executive's review

A CLEAR VALUE-CREATING STRATEGY

The basis for Lifco's historical performance is a clear business strategy that is centred on earnings, simplicity and decentralisation. For Lifco, 2019 was another year of solid organic and acquired growth as well as improved earnings.

Lifco's primary goal is to increase its earnings every year through organic growth as well as acquisitions. Net sales increased by 15.8 per cent in 2019 to SEK 13,845 million, driven by acquisitions, organic growth and foreign exchange gains. A generally favourable economic climate was a strong contributing factor behind our organic growth of 4.2 per cent. Acquisitions added 8.2 per cent while foreign exchange gains had a positive impact of 3.4 per cent.

EBITA* increased by 16.4 per cent to SEK 2,523 million in 2019, with acquisitions adding around 10 per cent and organic growth and foreign exchange gains contributing about 3 per cent each. The EBITA margin* was 18.2 (18.1) per cent. Lifco's average annual EBITA* growth including acquisitions over the period 2006–2019 is 18.4 per cent.

Lifco acquired six businesses in 2019 and nine in the previous year. To ensure sustainable earnings growth, the Group takes a long-term approach to the companies it acquires. We look for companies that are profitable and have achieved stable growth over an extended period of time. Ideally, we like to buy companies that are market leaders in their niche and not overly dependent on individual suppliers and customers. We are happy for the existing management to remain active in the company, as they are the ones who know the market and the business.

We are strongly decentralised, and the companies enjoy a high degree of independence. Our goal is for decisions to be made by the local management teams in the companies where the business is conducted. A key means of implementing a decentralised business model in practice is to minimise central functions and resources.

SECURE OWNERSHIP

Lifco has a unique advantage in that the Group offers secure, long-term ownership for small and medium-sized companies. When we acquire a company it is not our goal to sell the business in the future. Nor do we strive to realise synergies and we have never relocated operations. The idea is that the companies should continue to operate as they did before becoming a part of the Lifco Group and thereby deliver steady earnings growth.

Our approach to ownership is perpetual, which enables the subsidiaries to combine in a natural way a focus on earnings and cash flow with continuous efforts to develop new products and increase their selling power.

Lifco's decentralised business model, which allows for a high degree of autonomy in the subsidiaries, is a key factor when we negotiate with potential acquisition candidates. In many of the acquisitions made by Lifco in recent years, our clear and simple corporate culture – a culture that has proved its worth over time – has been crucial in persuading the entrepreneur to sell their life's work to Lifco.

SUSTAINABLE BUSINESS

Lifco is convinced that it is only with a sustainability perspective that it is possible to build sustainably profitable companies with motivated employees and satisfied customers. That's why sustainability is an integral part of Lifco's business model. We have also implemented the sustainability perspective in our acquisition process and only acquire companies that operate in a sustainable manner. We do not acquire companies which are considered to violate the UN Global Compact's principles on human rights, labour standards, environment and anti-corruption.

It is essential to the success of our decentralised business model that the Group has a clear and shared view of how to run a sustainable business. We therefore have group policies that govern our sustainability management activities. Our Code of Conduct sets forth our ethical principles, which cover our relations with employees, customers, suppliers, society, the environment and shareholders. This means, for example, that the employees need to be offered good terms and that the company's suppliers need to meet the criteria for sustainable business. Group management regularly monitors compliance with the Code of Conduct and takes immediate action in case of any deviations.

In December 2016, Lifco signed up to the UN's sustainability initiative, Global Compact, to show our support for internationally accepted business ethical standards and our long-term commitment to sustainability issues. As a member, we have undertaken actively to implement the Global Compact's ten principles for sustainable development in the areas of human rights, labour, environment and anti-corruption.

Per Waldemarson
President and CEO

STRONG CASH FLOW

A constant focus area for us is the Group's cash flow and changes in capital employed in our businesses. Cash flow from operating activities increased by 29.8 per cent in 2019 to SEK 1,990 million.

The long-term objective is to ensure stable dividend growth while maintaining a payout ratio of 30-50 per cent of earnings after tax. For 2019, the Board of Directors proposes a dividend of SEK 5.25 per share, which is an increase of 14.1 per cent on 2018 and equates to 31.7 per cent of earnings after tax.

MARKET-LEADING NICHE COMPANIES

The Lifco Group encompasses many successful businesses and strong brands. Our Dental business area, which sells consumables, equipment and technical service to dentists, has long had a strong position in distribution to dentists in northern Europe. In recent years, Lifco has strengthened its positions in the dental market through acquisitions of niche companies that manufacture dental materials, software and dental prosthetics. Our Demolition & Tools business area includes Brokk, a world-leading manufacturer of demolition robots, and Kinshofer, a leading supplier of crane and excavator attachments. Our Systems Solutions business area, for example, includes ErgoPack, the leading manufacturer of ergonomic and mobile pallet strapping systems, which are used globally in different industries, and Brian James Trailers, a niche UK manufacturer of open and enclosed transport trailers.

Lifco has built a strong European market presence and established significant positions in North America and Asia through organic growth as well as acquisitions. Over the period 2006–2019, Lifco made 69 acquisitions on three continents.

IMPACT OF THE SPREAD OF COVID-19

Lifco is closely following the outbreak and spread of COVID-19 (coronavirus) across the world. The Group has taken proactive measures to reduce risks for employees and to ensure business continuity. Lifco operates in a large number of industries that are impacted by the COVID-19 outbreak to varying extents. It is not currently possible for us to predict how and to what extent these different businesses will be impacted.

A FINANCIALLY STRONG GROUP

Financially, Lifco still has significant scope for further acquisitions. Our target is to maintain interest-bearing net debt below three times EBITDA*. At year-end, interest-bearing net debt stood at 1.4 times EBITDA*, which gives us ample space to continue to grow through acquisitions when the right opportunities arise.

The most important factor for Lifco is our employees. We now have 5,443 employees in 30 countries. Many of our employees have worked in our companies for many years, and their collective experience is Lifco's most important success factor. I would also like to take this opportunity to thank all our employees for their valuable contributions in 2019.

Directors' Report

BUSINESS CONCEPT AND GOALS

Lifco's business concept is to acquire and develop market-leading niche businesses with the potential to deliver sustainable earnings growth and robust cash flows. The company's strength lies in its ability to offer a safe haven for small and medium-sized businesses. Lifco is guided by a clear philosophy centred on long-term growth, a focus on profitability and a strongly decentralised organisation.

FINANCIAL GOALS AND DIVIDEND POLICY

Lifco's primary goal is to generate sustainable earnings growth. The Group and subsidiaries' goal is to ensure that organic EBITA* growth exceeds GDP growth in the relevant geographic markets over the course of a business cycle. Additional growth should be achieved through acquisitions.

Efficient use of capacity is another important goal for Lifco. Return on capital employed excluding goodwill and other intangible assets should exceed 50 per cent for the last twelve-month period. Our target is to maintain interest-bearing net debt in a range of 2–3 times EBITDA.

The long-term objective is to ensure stable dividend growth while maintaining a payout ratio of 30–50 per cent of earnings after tax.

A DECENTRALISED ORGANISATION

Lifco consists of 164 subsidiary companies, which are organised in about 60 operating units. The operating units operate in eight divisions, which in turn form part of the three business areas: Dental, Demolition & Tools and Systems Solutions.

This decentralised organisation is one of the cornerstones of Lifco's governance philosophy. The individual subsidiaries are given a large degree of freedom, which encourages a strong entrepreneurial spirit. As the subsidiaries are managed independently, each company is able to retain its specific culture. They can also continue to employ the methods that are used in the industries and markets in which they operate.

A strong entrepreneurial spirit is one explanation for the Lifco Group's ability to retain key individuals in the companies which it acquires. In many cases, the key individuals are attracted by Lifco's decentralised structure, which allows them to maintain a high degree of independence also after the acquisition.

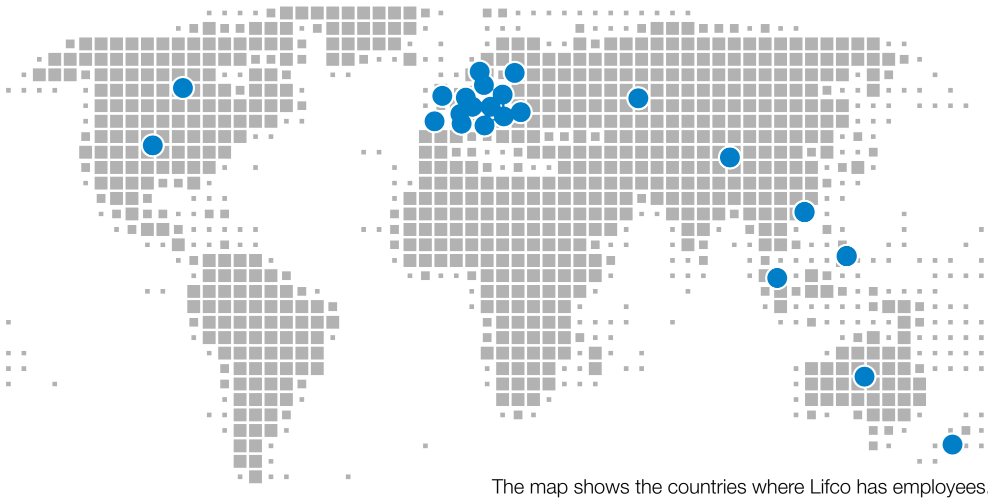
MINIMAL BUREAUCRACY

Lifco has developed a model for developing its subsidiaries. The model is based on Lifco's philosophy, which is centred on earnings, decentralisation and a long-term approach. It is the fruit of many years' experience of building businesses. In simplified terms, the model can be described as follows:

- Motivated and dedicated heads of subsidiaries
- Minimal bureaucracy and simple processes
- A focus on customers with the potential to generate sustainable earnings growth
- An efficient cost structure with a focus on value-creating functions
- Monthly monitoring of the subsidiaries' income statements and balance sheets with a focus on EBITA, changes in capital employed and cash flow

A CLEAR ACQUISITION STRATEGY

Expansion through acquisitions is a key element of Lifco's business concept. The Group acquires companies that can form new divisions as well as companies that add to and expand its existing divisions. An acquisition must either generate profitable growth and good cash flows or meet a strategic objective. The risk taken by Lifco must also be limited.



The map shows the countries where Lifco has employees.

EMPLOYEES
5,443

COUNTRIES
30

COMPANIES
164

LIFCO'S ACQUISITION PROCESS

IDENTIFY TAKEOVER CANDIDATES

Takeover candidates are identified through various networks, mainly through the subsidiaries. In many cases, Lifco is contacted directly by the seller. Lifco is also regularly contacted by professional corporate dealmakers.

ANALYSIS

Lifco looks at the company's position of strength in the value chain by engaging in discussions with suppliers, customers, industry experts and other parties.

Lifco also assesses whether the Group is a suitable owner and what Lifco could contribute to the target company.

Lifco analyses the company's financial statements and contracts.

Lifco also studies the company's culture and work methods.

POST-ACQUISITION ACTION PLAN

While acquired companies have a high degree of independence, Lifco conducts a review aimed at improving operational efficiency.

Normally, the following actions are taken:

- New remuneration and reporting system
- New Board of Directors
- Increased financial awareness with a focus on working capital and controlled financing of growth opportunities
- A short- and long-term strategic agenda

Takeover candidates must meet the following criteria:

- Stable business
- Leading in its niche
- An attractive position in the value chain without being dependent on specific suppliers or customers
- Limited or no exposure to technological risk
- Documented profitability
- Running a sustainable business

Lifco may decide to make an acquisition even where the five first criteria have not been met if the company offers attractive strategic or financial opportunities.

In connection with acquisitions Lifco carries out a sustainability due diligence in which the management of the acquisition candidate answers questions about human rights, working conditions, environment and anti-corruption. Lifco does not acquire companies which are considered to violate the UN Global Compact's principles on human rights, labour standards, environment and anti-corruption. Nor does Lifco acquire companies which manufacture or sell weapons, tobacco, fossil fuels or uranium.

A HIGH ETHICAL STANDARD AND SUSTAINABILITY

Lifco's focus is on creating the conditions for sustainable value creation in the subsidiaries. A fundamental requirement for this decentralised structure is that the subsidiaries operate in accordance with Lifco's ethical principles. The ethical principles are set forth in the Code of Conduct, which all subsidiaries are required to follow. Compliance with the Code is monitored regularly by Group management.

The Code of Conduct also includes Lifco's core values: respect for others, openness and pragmatism.

FINANCIAL RESULTS

2019 was another year of solid growth for Lifco. Net sales and earnings improved, mainly through acquisitions and organic growth. Six acquired businesses were consolidated during the year.

Net sales increased 15.8 per cent to SEK 13,845 (11,956) million, driven by acquisitions, organic growth and foreign exchange gains. Acquisitions contributed 8.2 per cent and organic growth 4.2 per cent while changes in exchange rates had a positive impact of 3.4 per cent.

EBITA* increased 16.4 per cent to SEK 2,523 (2,168) million and the EBITA margin* expanded by 0.1 percentage point to 18.2 (18.1) per cent. EBITA* improved on the back of acquisitions, foreign exchange gains and organic growth. Foreign exchange gains added 3.1 per cent to EBITA*. In 2019, 35 (37) per cent of EBITA* was generated in EUR, 28 (28) per cent in SEK, 15 (15) per cent in NOK, 6 (6) per cent in USD, 8 (6) per cent in DKK, 3 (2) per cent in GBP and 5 (6) per cent in other currencies.

Investments in intangible and tangible assets totalled SEK 301 (181) million.

Net financial items were SEK -63 (-44) million.

Earnings before tax grew 7.4 per cent to SEK 1,996 (1,858) million. Items related to the acquired businesses that were consolidated during the year had a negative impact of SEK 29 (14) million on earnings for 2019. Non-recurring items totalled SEK 56 (0) million and refer to costs incurred in connection with management changes.

Net profit for the year grew 7.6 per cent to SEK 1,528 (1,420) million. Earnings per share increased by 8.4 per cent to SEK 16.57 (15.29).

The Group's tax expense was SEK 468 (438) million, which represents 23.4 (23.6) per cent of earnings before tax. Tax paid was SEK 571 (472) million, which equates to 28.6 (25.4) per cent of earnings before tax.

Inventories were SEK 1,997 (1,710) million and accounts receivable SEK 1,584 (1,550) million. Average capital employed excluding goodwill increased over the year to SEK 2,345 (1,312) million while EBITA* in relation to average capital employed excluding goodwill was 108 (165) per cent at year-end. The return on capital employed was hit by smaller customer advances than in the previous year. The implementation of IFRS 16 on 1 January 2019 had a negative impact on the return, as right-of-use assets are included in capital employed.

Goodwill and other intangible assets totalled SEK 11,209 (9,133) million at year-end.

The Group's net debt increased by SEK 1,867 million in 2019 to SEK 5,552 (3,685) million, of which SEK 916 (515) million refers to liabilities related to put/call options as well as additional considerations relating to acquisitions. As of 1 January 2019, net debt is affected by the lease liability resulting from the implementation of the IFRS 16 standard. At year-end, the lease liability was SEK 596 (-) million. Interest-bearing net debt at 31 December 2019 was SEK 4,040 (3,170) million, which represents a year-on-year increase of SEK 870 million.

In November 2019, Lifco introduced a SEK 3 billion MTN programme, which allows the company to issue bonds in the Swedish market. In the same month, Lifco issued SEK 1 billion in unsecured bonds with a maturity of two years under the MTN programme. The proceeds of the bond issue were used to refinance existing bank loans and bonds.

The net debt/equity ratio at 31 December 2019 was 0.7 (0.5) and net debt/EBITDA* was 1.9 (1.6) times. Interest-bearing net debt/EBITDA* was 1.4 (1.4) times. At year-end, 35 (29) per cent of the Group's interest-bearing liabilities were denominated in EUR. Equity was SEK 7,972 (6,748) million and the equity/assets ratio 45.4 (48.8) per cent.

Cash flow from operating activities increased by 29.8 per cent during the year, to SEK 1,990 (1,533) million, mainly on the back of improved earnings. Cash flow was reduced by an increase in cash tied up in inventory and reduced customer advances in the Forest division. Cash flow from investing activities was SEK -2,056 (-669) million, which was mainly attributable to acquisitions. Cash flow was also affected by a total dividend payment of SEK 490 (383) million.

DIVIDEND

The Board of Directors and Chief Executive Officer propose that the Annual General Meeting authorise the payment of a dividend of SEK 5.25 (4.60) per share for the financial year 2019, representing a total distribution of SEK 476.9 (417.9) million. This is equal to 31.7 (30.1) per cent of the net profit for the year attributable to shareholders of Lifco AB, which is consistent with Lifco's dividend policy.

Under the dividend policy, the long-term objective is to ensure stable dividend growth while maintaining a payout ratio of 30–50 per cent of after-tax earnings. Dividends should be based on the company's earnings performance, taking account of future development opportunities and the company's financial position.

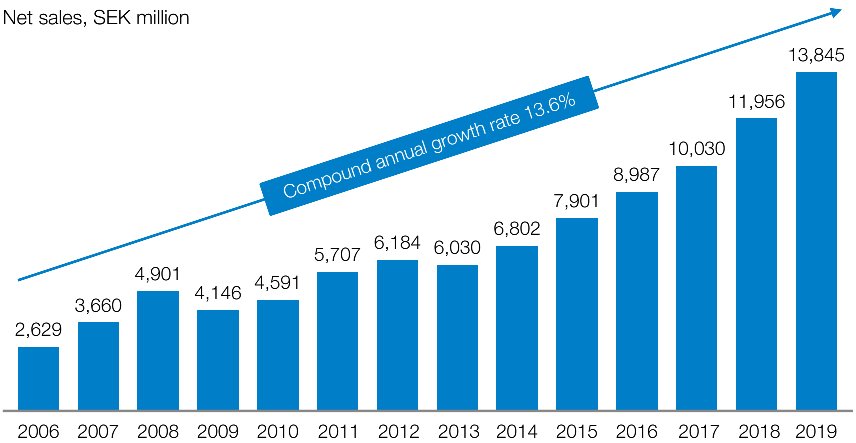
PRODUCT DEVELOPMENT

Innovation and product development are key success factors, especially in Demolition & Tools and Systems Solutions. Innovation and product development enable Lifco to strengthen its customer offering and establish sustainable organic growth. Acquisitions of businesses complement the Group's internal product development. Developments in the market are monitored continuously by all subsidiaries and a large number of potential projects are evaluated each year. In 2019, product development costs totalled SEK 171 (144) million.

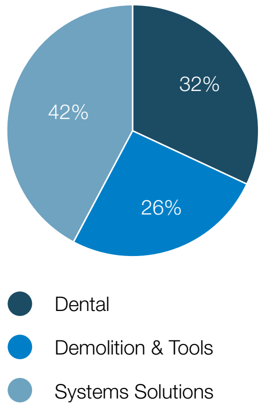
FINANCIAL RESULTS

SEK MILLION	2015	2016	2017	2018	2019
Net sales	7,901	8,987	10,030	11,956	13,845
EBITA*	1,186	1,377	1,732	2,168	2,523
EBITA margin*	15.0%	15.3%	17.3%	18.1%	18.2%
Earnings per share, SEK	8.91	9.99	11.94	15.29	16.57

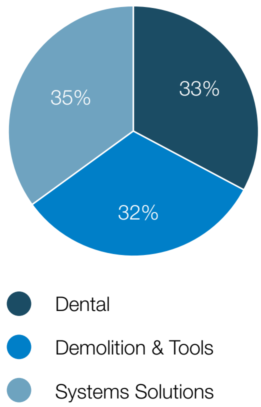
Net sales, SEK million



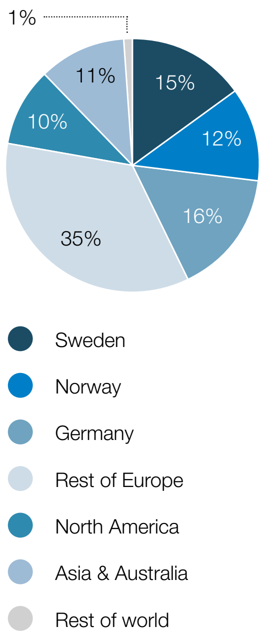
NET SALES BY BUSINESS AREA



EBITA* BY BUSINESS AREA



NET SALES BY GEOGRAPHIC MARKET



SUSTAINABILITY REPORT

Lifco's business idea is to acquire and develop market-leading niche companies that run sustainable businesses. Sustainability is an integral part of Lifco's business model, whose overall goal is to increase shareholder value.

Lifco's subsidiaries operate across a range of different industries and markets. In all areas, the Group is seeing an increased interest in and demands for sustainable business. The UN's global sustainable development goals set forth the challenges for businesses and decision makers. At the same time, decision-making at all levels is affected by mounting concerns about the climate and environmental impacts. Other global trends affecting the Group include an increased need among customers to attract qualified personnel.

For Lifco, this creates business opportunities as well as a need to drive our internal sustainability management activities and influence suppliers, resellers and other partners to adopt a sustainability perspective. Lifco is convinced that it is only with a sustainability perspective that it is possible to build sustainably profitable companies with motivated employees and satisfied customers.

Lifco's biggest sustainability impact is exerted in the subsidiaries. Many of the subsidiaries play an important role in building a sustainable future, as they offer products that enable the customers to implement sustainability strategies. The customers often have explicit sustainability strategies in the areas of health and safety and energy. In health and safety, the objective is to the improve the work environment in order to attract and retain employees. In energy, customers are increasingly demanding products and solutions that will enable them to cut back on their use of fossil fuels and products and thus reduce their carbon footprint.

Lifco has a Code of Conduct that provides a common framework both internally in the Group and in Lifco's relations with suppliers, resellers and other partners. The Code of Conduct defines a minimum level for how Lifco's employees and partners should work to build a sustainable society.

Lifco has also implemented the sustainability perspective in its acquisition process and only acquires companies that operate in a sustainable manner. In connection with acquisitions Lifco carries out a sustainability due diligence in which the management of the acquisition candidate answers questions about human rights, working conditions, environment and anti-corruption. Lifco does not acquire companies which are considered to violate the UN Global Compact's principles on human rights, labour standards, environment and anti-corruption. Nor does Lifco acquire companies which manufacture or sell weapons, tobacco, fossil fuels or uranium.

SUSTAINABILITY GOVERNANCE

Group management has adopted four sustainability policies which regulate how the company and its subsidiaries and employees should behave and act in order to further the goal of building a sustainable society. Lifco's governance is based on the Universal Declaration on Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD's principles and standards on responsible business for multinational enterprises.

In December 2016, the Board of Directors decided that Lifco should join the UN's sustainability initiative, Global Compact. As a member, Lifco undertakes to actively implement the Global Compact's ten principles for sustainable development in the four areas of human rights, labour standards, environment and anti-corruption. The company's annual report constitutes Lifco's Communication on Progress report under the UNGC framework.

The policies are revised when necessary and compliance with the policies is monitored in internal controls and by the company's external auditors. Lack of compliance or the risk of non-compliance results in immediate action from management and more serious cases are reported to the Board.

All new employees in the Lifco Group must be informed about the Code of Conduct within one month of taking up their employment. The Code of Conduct also covers suppliers. On a quarterly basis, Group management monitors: whether there have been deviations from the Code of Conduct, that all new employees and employees of newly acquired companies have been informed about the Code and the whistleblower function, and that key suppliers have been informed about the Code and the whistleblower function. In 2019, the focus was on ensuring that important regular suppliers had been informed about the Code of Conduct and the whistleblower function.

100% of the employees have access to an anonymous whistleblower function that is managed by an external party

100% of the employees have been informed about the Code of Conduct

OUR SUSTAINABILITY POLICIES

SUSTAINABILITY AREA	ENVIRONMENT	CLIMATE IMPACT	SOCIAL, LABOUR AND HUMAN RIGHTS	ANTI-CORRUPTION
Policies	Environmental policy	Environmental policy	Code of Conduct Investment and purchasing policy HR policy	Code of Conduct Investment and purchasing policy
Key themes	- Lifco should always strive to reduce its negative environmental impact. - Water and energy consumption associated with Lifco's products should be reduced. - The use of harmful substances should be reduced. - Waste should be handled safely and effectively. - Lifco should proactively look for environmentally friendly options when purchasing products and services. - Lifco should deliver products and services of consistently high value, quality and reliability. Product safety is a paramount concern.	- Energy consumption associated with Lifco's products should be reduced. - Lifco should proactively look for environmentally friendly options when purchasing products and services.	- All suppliers and subcontractors are covered by the Code of Conduct. - Lifco's workplaces must be safe and sound. - The risk of accidents and incidents should be minimised. - No form of discrimination is accepted. - Harassment is not accepted. - Salaries and remuneration must meet or exceed the minimum standards for the industry. - Freedom of association. - Child labour is prohibited. - Anonymous whistleblower function managed by an independent external party.	- Gifts, personal benefits and similar advantages may only be offered to outside parties if they are of small value and consistent with current practice. - No employee may receive gifts or benefits that can be assumed to affect their business decisions. - Lifco makes no contributions to political parties. - Anonymous whistleblower function managed by an independent external party.

ENVIRONMENTAL MANAGEMENT SYSTEM

A key element of the Group's continuous improvement work is the use of management systems. In 2019, 48 of Lifco's subsidiaries were certified under various management systems. See page 92 for a full list of certifications. Subsidiaries that handle chemicals perform regular risk assessments and train employees in chemicals management.

The subsidiary companies Indexator Rotator Systems AB, Lövånger Elektronik AB, Modul-System HH AB, Rapid Granulator AB, Texor AB and Zetterströms Rostfria AB are engaged in environmentally hazardous activities pursuant to the Swedish Environmental Code, which means that they are regulated by the environment committee at the relevant local authority.

CONTRIBUTE TO REDUCED ENVIRONMENTAL AND CLIMATE IMPACTS

Lifco strives to contribute to reduced environmental and climate impacts. Many of Lifco's products have a positive effect on both the environment and the climate by contributing to reduced CO_2 emissions and reduced use of fossil fuels and products by customers. Internally, many of the subsidiaries are working continuously to identify areas where energy and water consumption can be reduced and more environmentally friendly alternatives can replace existing inputs.

SUSTAINABILITY GOVERNANCE AT LIFCO

Lifco's main sustainability impact, and thus also opportunities and risks, is in the operations of the subsidiaries.

UN Global Compact
The Universal Declaration on Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work and the OECD's principles and standards on responsible business for multinational enterprises

Group policies, monitoring

Persons responsible:
The Board of Directors
and Group management

Business-specific guidelines, implementation and monitoring of the Code of Conduct at supplier level

Persons responsible:
Managing Directors of the subsidiaries

MOTIVATED EMPLOYEES AND GOOD SOCIAL CONDITIONS

Employee motivation is essential to building a sustainable and profitable business. Lifco's business model is based on decentralisation and independent local decisions. These factors have contributed to the Group's success in developing companies, as it strengthens the motivation of the employees.

Lifco also believes in value-based leadership, and the Group's values inspire everything we do. The values are: respect for others, openness and pragmatism.

To create motivation among employees, it is essential that the company is able to offer workplaces that are safe and attractive both physically and from a psychosocial perspective. Lifco therefore places a strong emphasis on creating workplaces that offer a good psychosocial and physical environment. The Group also invests in skills development in order to develop and retain employees.

Several of Lifco's products make a significant contribution to improving the work environments of its customers and to creating healthier working conditions.

Lifco has subsidiaries that operate in markets where there is an increased risk of breaches of the Code of Conduct. To minimise the risk of deviations from the Code of Conduct among these suppliers and their subcontractors, each subsidiary carries out special audits and checks.

Delegation increases motivation

Founded in 1903, DAB Dental AB is a market-leading Swedish distributor of medical devices to the dental industry. DAB Dental's 70-strong workforce operates from offices in Stockholm, Malmö, Linköping, Falun and Gothenburg. Staff turnover is very low and the employees' motivation is high. The reason for this is that the company has a flat organisation with a clear delegation of responsibilities, which enables quick decisions. "By delegating responsibilities and defining clear goals we inspire a high level of motivation among our employees, who are solution-oriented and come up with suggestions for improvements," CEO Jonas Redin says. DAB's goal is to increase its earnings every year.

RESPECT FOR HUMAN RIGHTS

Lifco does not accept any form of discrimination or harassment. No one may be discriminated against or harassed on the grounds of ethnicity, religion, age, national origin, gender, sexual orientation, political beliefs, union membership, marital status or disability.

All employees have the right to freedom of association and union members have the right to negotiate collectively. Forced labour and/or child labour is prohibited.

Lifco has subsidiaries whose suppliers operate in markets where there is an increased risk of human rights violations. Some subsidiaries therefore carry out special audits and reviews to minimise the risks.

ANTI-CORRUPTION ACTIVITIES

Lifco has zero tolerance for bribery, both in its own organisation and among suppliers. All employees have been informed of this and work is underway in the Group to raise awareness among suppliers about Lifco's policy. Lifco has established that the risk of bribery or attempted bribery is higher in some countries, where special efforts are being made to minimise the risks. Any violations or offers of bribery must be reported immediately to management, which will take action.

In 2019, an anonymous whistleblower function was implemented that also covers suppliers.

Anti-corruption training

Brokk is a world-leading supplier of demolition robots that is headquartered in Skellefteå. The Brokk Group has over 300 employees and subsidiaries in 13 countries. Already at the time of its founding in 1976, the company's business idea was to replace dangerous manual work with remote-controlled and safe robots. Today, Brokk has sold over 8,000 demolition robots that are used in hazardous work environments such as tunnels, mines, steel and nuclear power industries.

Brokk's robots are used globally, which means that the company also sells to countries which from a corruption perspective are defined as high-risk. In order to minimise the risk of corruption, Brokk introduced an anti-corruption programme in 2018 that covers dealers, distributors, agents, subsidiaries and the company's own purchasing organisation. As part of the programme, all key personnel at dealers, distributors and agents are trained in anti-corruption issues during a half-day session. The training is provided on-site at the participants' workplaces and not via a web application. As the training is provided in the form of personal meetings with Brokk's representatives, an active dialogue is created and Brokk is also able to answer questions and respond to concerns and ideas. The programme includes a review of the company's agreements, which contain clear anti-corruption clauses.

CONTRIBUTE TO THE UN'S GLOBAL GOALS

The UN Global Sustainable Development Goals were adopted in September 2015 by the General Assembly of the United Nations. Here, we present those goals where Lifco makes the biggest contribution.

Goal 3 Good health and well-being

Investments in health through preventive measures and modern and effective care for all benefit the general development of society and create conditions for ensuring people's fundamental right to well-being.

Lifco's dental business contributes to modern and effective dental care and thereby also to human well-being in the form of good dental health. The companies in Lifco's Dental business area are leading suppliers of consumables, equipment and technical service to dentists across Europe, and Dental also has operations in the US. Lifco sells dental technology to dentists in the Nordic countries and Germany, and develops and sells medical record systems in Denmark, Sweden and Germany. Dental also includes manufacturing companies that produce denture attachments, disinfectants, saliva ejectors, bite registration and dental impression materials, bonding agents and other consumables that are sold to dentists through distributors around the world.

Goal 8 Decent work and economic growth

Decent working conditions promote sustainable economic growth and are a positive force for the planet as a whole.

Silvent was acquired by Lifco in 2017 and is headquartered in Borås. The company has approximately 85 employees. Silvent has unique expertise in compressed air dynamics and is a leading manufacturer of air nozzles and air guns for industrial applications. The company's products are currently used in over 90 countries. Silvent's products for blowing with compressed air reduce noise levels by 50 per cent, which reduces the risk of hearing damage. Silvent's compressed air products also use 35 per cent less energy, which means that work environments in which their products are used are both quieter and more climate-smart. With Silvent's unique products, Lifco helps to create safer work environments as well as reducing energy use.

In October 2019, Lifco acquired ErgoPack of Germany. The company was founded by the inventor Andreas Kimmerle, who is passionate about ergonomics. Back injuries are a common work injury and often occur as a result of repeated bending of the back or because the worker is required to bend his back when working. Andreas Kimmerle himself has experience of strapping pallets and became irritated at having to bend his back repeatedly to reach round with the straps. In 1999, he patented his invention – a strapping machine that does not require the operator to bend his back or walk around the pallet. Three years later, he was awarded a gold medal at the International Inventors Exhibition in Geneva and founded ErgoPack. Today, ErgoPack has around 85 employees and the strapping machines have been sold in 55 countries. ErgoPack's unique strapping machines improve the work environment for many operators by removing many aspects of the work processes that can lead to back problems.

The dental company Dansk Nordenta was founded in 1963 and was acquired by Lifco in 1998. Initially a mail order company that sold consumables and technical equipment to dentists in Denmark, Dansk Nordenta now sells most of its consumables over the Internet. The company has around 100 employees and offers over 15,000 products from a large range of suppliers. Disposable gloves for medical use are an important consumable product at dental clinics and therefore a significant product for Dansk Nordenta. Every year, 150 billion pairs of disposable gloves are manufactured in the world and about 90 per cent are used for medical purposes. Two thirds of all disposable gloves are manufactured in Malaysia. In early 2019, Dansk Nordenta conducted a review of its two glove suppliers in Malaysia following a report about irregularities among glove manufacturers. Dansk Nordenta conducted its own on-site investigation and also engaged two independent auditors. The auditors' examination covered the working environment, working conditions and child labour as well as other issues. The audits showed that Dansk Nordenta's suppliers lived up to and in some cases exceeded the requirements. The issues that were identified have been addressed.

Goal 12 Responsible consumption and production

Achieving sustainable development requires that we reduce our ecological footprint by changing the way we produce and consume goods and resources.

In 2015, Lifco acquired the dental company Orsing. The company is based in Råå outside Helsingborg and has eleven employees. Orsing manufactures saliva ejectors, saliva adaptors and rinsing cups, among other products. In 2018, CEO Henric Karsk took the initiative to develop bio-based products. "If we are to remain competitive in the future, we cannot be a plastic industry," Henric Karsk says. The goal was to produce CO_2-neutral products, and in March 2019, after one year of development, Orsing was able to launch its unique bio-based products. The products – saliva ejectors, saliva adaptors and dental cups – are made from sugar cane. They are CO_2-neutral because the sugarcane plantations absorb the CO_2 that is emitted during production. If all customers chose the bio-based products, 2,200 tonnes of CO_2 would be saved in the value chain, which is equivalent to 100 million plastic bags or driving 2,200 cars annually.

Brokk, the world-leading supplier of remote-controlled, electrically powered demolition robots, enables other companies to run a sustainable business. Some of Brokk's most important sales arguments are that the company's robots replace hand-held tools that cause vibration injuries or that they replace large, noisy diesel-powered machines. Brokk thus creates better working environments and helps customers to reduce their use of fossil fuels. Read more about Brokk on page 14 under the heading "Anti-corruption training."


Orsing - good environmental choice


Orsing - good environmental choice

DENTAL

The companies in Lifco's Dental business area are leading suppliers of consumables, equipment and technical service to dentists across Europe, and the business area also has operations in the US. Lifco sells dental technology to dentists in the Nordic countries and Germany, and develops and sells medical record systems in Denmark, Sweden and Germany. The business area also includes a number of manufacturers which produce fitting products for dentures, disinfectants, saliva ejectors, bite registration and dental impression materials, bonding agents and other consumables that are sold to dentists through distributors around the world.

A STABLE, NON-CYCLICAL MARKET

Dental care is a significant market, accounting for around 0.5 per cent of GDP in Lifco's main markets. The European market for dental care is stable and relatively non-cyclical, while growth has historically been weak.

A dental clinic needs a large number of products, ranging from consumables such as tissues and gloves to advanced technical equipment such as X-ray machines and dental chairs. Lifco fills an important role in the dental market by bringing together a large number of suppliers in what is otherwise a fragmented market.

The market for dental care products can be divided into consumables, equipment and technical service, and dental technology. Consumables account for around 70 per cent of total sales. Demand for consumables is non-cyclical and is characterised by small but frequent orders, which requires a high level of delivery reliability and a broad product range. Demand for equipment is relatively stable and depends mainly on the age of the installed equipment, the length of the replacement cycle and the number of dental clinics.

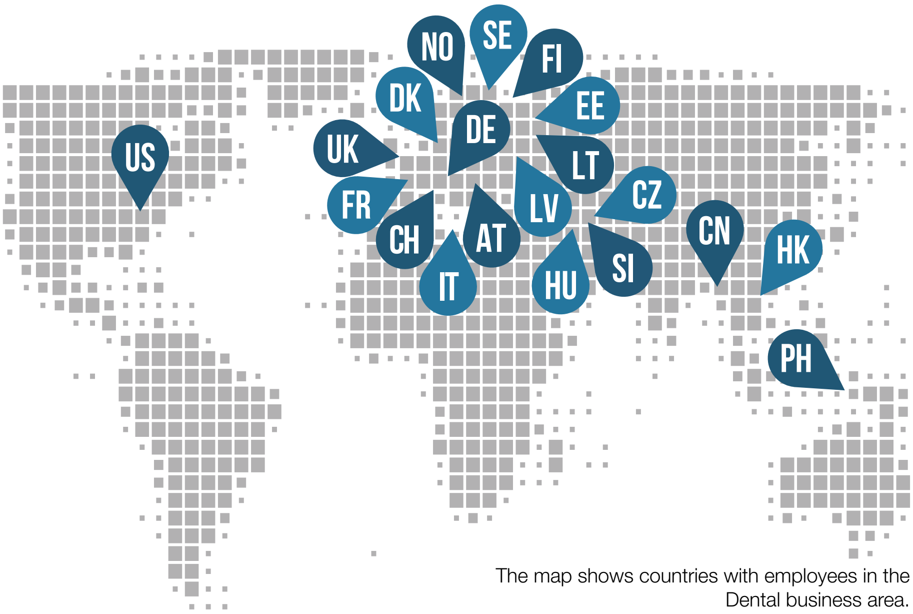
SHARED WAREHOUSES

Although Lifco's subsidiaries mostly operate independently of each other, they collaborate to some extent on goods purchases. Lifco has three central warehouses for consumable goods, located in Enköping in Sweden, outside Aarhus in Denmark and in Büdingen, Germany. The Enköping warehouse offers around 44,000 products, the Danish warehouse 18,000 and the German warehouse 58,000. Lifco as a whole offers products from about 500 suppliers. A part of the range consists of own brands, which mainly comprise less complex products. Own brands account for around ten per cent of net sales in the subsidiaries. Lifco is working actively to increase the share of own brands.

In dental technology, Lifco operates mainly in Germany but also in the Nordic countries. Lifco provides most of the products, including crowns and bridges, which are made in China, the Philippines and Turkey. This enables Lifco to achieve cost advantages over local dental laboratories. Lifco handles the central parts of the process, such as dental prosthesis design and contacts with dentists. This ensures a high level of quality and proximity to the customers.

ONLINE SALES

Distribution sales of consumables are made through three main channels: the subsidiaries' sales forces, catalogue sales and online. Between 50–90 per cent of sales are made online depending on the market and subsidiary. The remaining orders are mainly made by telephone.



The map shows countries with employees in the Dental business area.

EARNINGS IN 2019

Dental's net sales increased by 5.0 per cent to SEK 4,393 (4,185) million and EBITA* increased by 9.0 per cent to SEK 874 (802) million. The EBITA margin* improved by 0.7 percentage points to 19.9 (19.2) per cent.

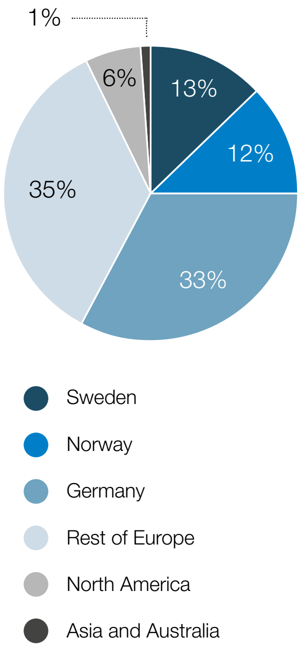
In recent years, Dental has through acquisitions and organic growth increased its earnings in manufacturing, dental technology and software faster than in distribution, which has had a positive impact on margin growth in the business area.

The dental market remains generally stable. The results of individual companies in Lifco's Dental business may in any individual quarter be influenced by significant fluctuations in exchange rates, calendar effects such as Easter, gained or lost contracts in procurements of consumables by public-sector or major private-sector customers and fluctuations in the delivery of equipment. In 2019 there were no individual events with a substantial impact on the earnings of the dental group as a whole.

FINANCIAL RESULTS

SEK MILLION	2019	CHANGE	2018	CHANGE	2017
Net sales	4,393	5.0%	4,185	9.6%	3,817
EBITA*	874	9.0%	802	14.4%	701
EBITA margin*	19.9%	0.7	19.2%	0.8	18.4%

NET SALES BY GEOGRAPHIC MARKET



DEMOLITION & TOOLS

Demolition & Tools develops, manufactures and sells equipment for the construction and demolition industries. Lifco is the world's leading supplier of demolition robots and crane attachments. The company is also one of the leading global suppliers of excavator attachments.

The operations are divided into two divisions: Demolition Robots and Crane & Excavator Attachments. Demolition Robots accounts for 35 per cent of the business area's net sales and Crane & Excavator Attachments for 65 per cent.

DEMOLITION ROBOTS

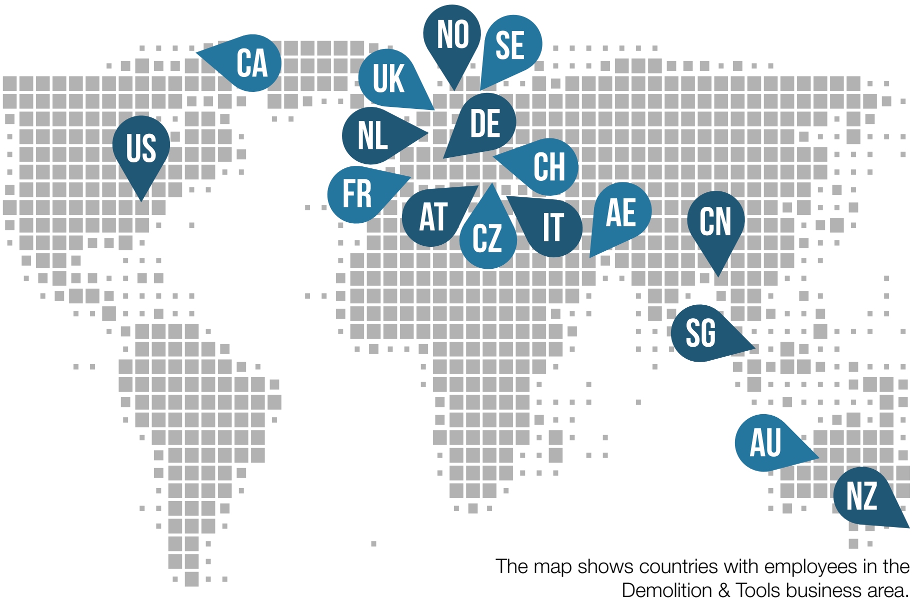
Lifco's remote-controlled demolition robots are sold under the Brokk brand. The machines are easy to manoeuvre and can be deployed without time-consuming preparations. They can also handle hot and stressful environments. The arms have a long reach, and a wide range of attachments increase the machines' flexibility and applications. Brokk's machines are sold to a large number of countries globally and are used in many areas of application. In addition to demolition, Brokk's machines are also used for renovation of cement kilns, removal of linings as well as other purposes. As the machines can be remote-controlled, they are suitable for use in elevated-risk environments such as nuclear power plants and for handling contaminated materials.

The company's main market is the global construction and demolition industries. Its sales follow the trend in the global market for construction machinery. The demolition robots are sold directly to the end customers or to selected distributors and agents. The components are produced by contract manufacturers and the products are assembled in Sweden.

CRANE & EXCAVATOR ATTACHMENTS

Lifco's crane and excavator attachments are sold under the Auger Torque, Demarec, Doherty, Hammer, Hultdins, Indexator, Kinshofer, RF-System and Solesbee's brands. The attachments make it possible to use the same crane or excavator for different purposes. Typical applications include construction and earthworks, snow clearing, demolition, pipe and cable laying, forestry work, scrap handling and railway works.

Sales of crane and excavator attachments largely follow global machinery sales. As purchasing an attachment from Lifco is a smaller investment for the customer than buying a new machine, the market is less cyclical than the market for construction machinery. Crane attachments are sold directly to the crane manufacturers while excavator attachments are sold mainly through resellers. The products are sold under Lifco's brand or under the crane and excavator manufacturers' own brands.



The map shows countries with employees in the Demolition & Tools business area.

In 2019, Lifco acquired Indexator Rotator Systems of Sweden, which develops and manufactures rotators, primarily for the forest industry, and Hammer, an Italian supplier of hydraulic breakers and other demolition tools for excavators. Both companies are part of the Crane & Excavator Attachments division.

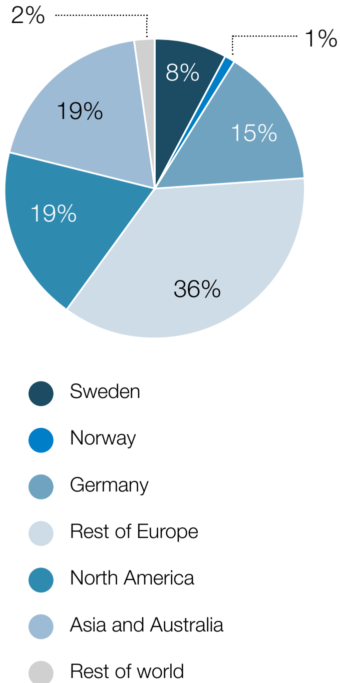
EARNINGS IN 2019

Net sales increased by 28.0 per cent to SEK 3,610 (2,820) million in 2019, driven by acquisitions, foreign exchange gains and organic growth. The market environment was generally good. Among the larger markets, France and the US saw the fastest growth during the year. EBITA* increased 15.2 per cent to SEK 834 (724) million, resulting in an EBITA margin* of 23.1 (25.7) per cent.

FINANCIAL RESULTS

SEK MILLION	2019	CHANGE	2018	CHANGE	2017
Net sales	3,610	28.0%	2,820	24.7%	2,261
EBITA*	834	15.2%	724	21.1%	598
EBITA margin*	23.1%	-2.6	25.7%	-0.8	26.5%

NET SALES BY GEOGRAPHIC MARKET



SYSTEMS SOLUTIONS

The Systems Solutions business area comprises companies which offer systems solutions. Systems Solutions has five divisions: Construction Materials, Contract Manufacturing, Environmental Technology, Service and Distribution, and Forest. The divisions are leading players in their geographic markets. Four acquisitions were consolidated during the year, two each in the Environmental Technology and Service and Distribution divisions.

CONSTRUCTION MATERIALS

The Construction Materials division includes the Proline Group, which operates in several European markets and restores pipes through relining. The division also includes Pro Optix of Sweden and Fiberworks of Norway, which offer fibre optic transceivers and cables and communication equipment for the European fibre optic market. The Norwegian companies Cenika, a supplier of low-voltage electrical equipment, and Nordesign, a supplier of LED lighting, are also part of the division. In Norway, the division includes Elit, a wholesale provider of machinery and equipment for electrical installations, and Hydal, which produces aluminium cabinets. Another member of the division is Blinken, which sells measurement instruments for land surveyors and the construction industry in Norway and Sweden.

Construction Materials reported good sales and earnings growth in 2019 driven by organic growth and improved profitability.

CONTRACT MANUFACTURING

Under the Leab, Texor, Wintech and Zetterströms Rostfria brands, Lifco offers contract manufacturing of products that are used in a wide range of industries, including manufacturing and medical technology. The companies focus on products with high standards of quality and delivery service and where the manufacture of the product is a key part of the value chain. The customers include world-leading manufacturers of equipment for the pharmaceutical industry and makers of railway equipment. The division also includes the Norwegian company Auto-Maskin, which manufactures diesel control units for environmentally friendly marine applications and emergency power systems for challenging environments in the telecom, airport, hospital and defence sectors.

Contract Manufacturing reported good sales and earnings growth in 2019 driven by organic growth and improved profitability.

ENVIRONMENTAL TECHNOLOGY

Under the Eldan Recycling, Rapid Granulator, Redoma Recycling and TMC/Nessco brands, Lifco manufactures and sells machinery which helps to improve the environment, such as recycling machinery for tyres, cables, refrigerators, aluminium products and plastics as well as energy-efficient compressors. The division also includes Silvent, a leading manufacturer of air nozzles and air guns for industrial applications.

In 2019, Lifco acquired two companies that were consolidated in the Environmental Technology division: Rustibus Worldwide of Norway, a leading supplier of surface preparation tools and safety equipment for marine vessels, and ErgoPack of Germany, the leading maker of ergonomic and mobile pallet strapping systems, which are used globally in different industries.

Environmental Technology reported good sales and earnings growth in 2019 driven by acquisitions and organic growth.

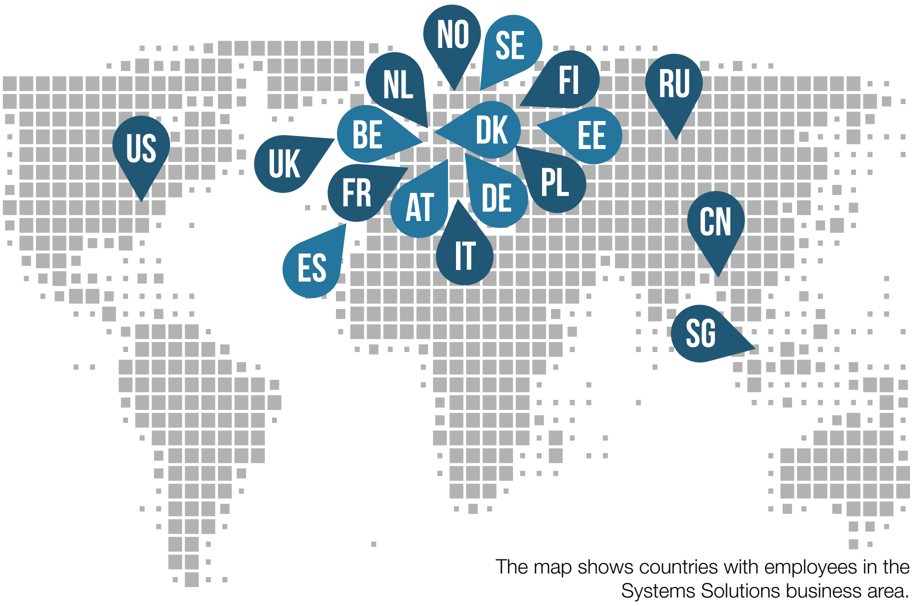
SERVICE AND DISTRIBUTION

Under the name Modul-System, Lifco makes interior modules for vans and light commercial vehicles, including tool storage and other modules. The interior modules are made from a special type of steel which combines durability with low weight. The solutions can be used in practically all European-made light commercial vehicles. The largest customers are in the energy and construction sectors.

In 2019, Lifco acquired two companies that were consolidated in the Service and Distribution division: UK POS, a leading UK supplier of exhibition and display materials that are sold directly to end customers in various industries in the UK, and Brian James Trailers, a niche manufacturer of car trailers, including open and enclosed car transport trailers.

In 2019, the name of the division was changed from Interiors for Service Vehicles to Service and Distribution.

Service and Distribution improved its sales and earnings in 2019 mainly as a result of acquisitions.



The map shows countries with employees in the Systems Solutions business area.

FOREST

Lifco offers sawmill equipment under the Heinola and Hekotek brands. The companies have operations in the Baltic states, Finland, Russia, Norway and Sweden. Together, they offer a large part of the equipment required at a sawmill, such as timber and wood handling equipment, drying equipment and sawing lines. The product range also includes equipment for pellet plants. Sales are often made in project form and normally take several years from initial discussion to first delivery. The business also provides service and spare parts but new equipment accounts for a majority of sales. The division also includes Haglöf Sweden, a world-leading supplier of instruments for professional forestry surveyors, and the Swedish company Wexman, which makes professional workwear.

Forest increased its sales in 2019 but earnings were down due to sharply reduced profitability in the sawmill project companies.

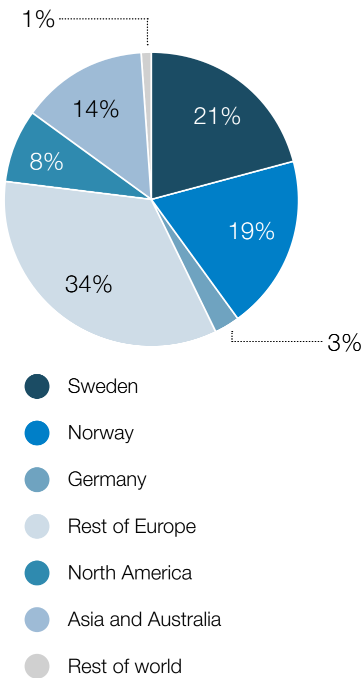
EARNINGS IN 2019

Systems Solutions increased net sales by 18.0 per cent to SEK 5,842 (4,951) million, mainly as a result of organic growth in all divisions except Forest. EBITA* increased by 20.2 percent to SEK 909 (756) million on the back of improved earnings in all divisions except Forest. The EBITA margin* expanded by 0.3 percentage points to 15.6 (15.3) per cent.

FINANCIAL RESULTS

SEK MILLION	2019	CHANGE	2018	CHANGE	2017
Net sales	5,842	18.0%	4,951	25.3%	3,952
EBITA*	909	20.2%	756	40.8%	537
EBITA margin*	15.6%	0.3	15.3%	1.7	13.6%

NET SALES BY GEOGRAPHIC MARKET




Indexator
Rotator Systems

SHARE INFORMATION

Lifco's B shares have been listed on the main list of Nasdaq Stockholm since 21 November 2014. The stock is included in the Nasdaq OMX Nordic Large Cap index. At 31 December 2019, the number of shareholders was 10,995, which is an increase of 3,201 over the year. The share of foreign-owned shares at year-end was 15.4 per cent. The company trades under the stock symbol LIFCO B.

SHARE PERFORMANCE AND LIQUIDITY

Lifco's share price at year-end was SEK 572.00, which translates to a market capitalisation of SEK 48.49 billion. This is an increase of 74.60 per cent since year-end 2018. Nasdaq Stockholm, as measured by the OMXS PI index, gained 29.64 per cent in 2019.

The highest price paid in 2019 was SEK 594.50 on 20 November and the lowest price paid was SEK 321.00 on 2 January.

Lifco's IPO price was SEK 93. From the initial public offering to the end of 2019, the share price has increased by 523.66 per cent. Nasdaq Stockholm, as measured by the OMXS PI index, gained 48.53 per cent over the same period.

In 2019, 51,973,037 (25,558,440) shares were traded. The daily average was 207,892 (102,234) shares. 52.0 (62.3) per cent of the shares were traded on Nasdaq Stockholm.

SHARE CAPITAL

At the end of 2019, Lifco had a share capital of SEK 18,168,652, represented by 90,843,260 shares. All shares have equal rights to dividends. Each A share carries ten votes and each B share one vote. The number of A shares is 6,075,970 and the number of B shares 84,767,290.

DIVIDEND POLICY

Lifco's Board of Directors has adopted a dividend policy under which dividends are paid based on the company's earnings performance, taking account of future development opportunities and the company's financial position. The long-term objective is to ensure stable dividend growth while maintaining a payout ratio of 30-50 per cent of earnings after tax.

SHAREHOLDER INFORMATION

Financial information about Lifco is available on the company's website. Questions can also be sent directly to Lifco. Annual reports, interim reports and other information can be ordered from Lifco's head office, on the website, by e-mail or by telephone.

Website: www.lifco.se **E-mail:** ir@lifco.se
Telephone: +46 72 717 59 05

SHAREHOLDER VALUE

The management of the Lifco Group works continuously to develop and improve the financial information provided to give current and future owners a good basis on which to obtain a true and fair view of the company. This includes participating in meetings with analysts, investors and the media.

ANALYSTS FOLLOWING LIFCO

Oskar Vikström, ABG Sundal Collier
Robert Redin, Carnegie
Johan Dahl, Danske Bank
Erik Elander/Daniel Lindkvist, Handelsbanken
Markus Gustafsson, Kepler Cheuvreux
Christian Hellman, Nordea
Julius Rapeli, SEB

STOCK MARKET HISTORY

In 1998, Lifco was distributed to the shareholders of Getinge Industrier and listed on the Stockholm Stock Exchange. In 2000, Carl Bennet AB acquired Lifco through a public offer and Lifco was delisted. In the following year, the operations of the company were refocused on its core business areas. Lifco gained its current form in 2006 after acquiring its sister company Sorb Industri, which had been taken private by Carl Bennet AB in 1999.

DISTRIBUTION OF SHARE CAPITAL

	SERIES A	SERIES B	TOTAL
Shares, no.	6,075,970	84,767,290	90,843,260
Votes, no.	60,759,700	84,767,290	145,526,990
Capital, %	7	93	100
Votes, %	42	58	100

TEN LARGEST COUNTRIES, 31 DECEMBER 2019

	NO. OF SHARES	CAPITAL, %	VOTES, %	NO. OF OWNERS	SHARE OF OWNERS, %
Sweden	76,835,732	84.6	90.4	10,585	93.7
USA	5,296,555	5.8	3.6	42	0.4
Norway	3,154,004	3.5	2.2	42	0.4
Germany	786,678	0.9	0.5	20	0.2
Denmark	761,673	0.8	0.5	113	1.0
Luxembourg	270,357	0.3	0.2	7	0.1
France	266,918	0.3	0.2	14	0.1
Canada	196,653	0.2	0.1	5	0.0
Finland	191,586	0.2	0.1	48	0.4
Switzerland	121,039	0.1	0.1	20	0.2
Other	248,865	0.3	0.1	99	0.9
Anonymous ownership	2,713,200	3.0	1.9	-	-
Total	**90,843,260**	**100.0**	**100.0**	**10,995**	**97.4**

Source: Modular Finance.

SHARE PERFORMANCE OF LIFCO B FROM THE IPO TO 31 DECEMBER 2019

LIFCO'S 15 LARGEST SHAREHOLDERS, 31 DECEMBER 2019

	A SHARES	B SHARES	CAPITAL, %	VOTES, %
Carl Bennet AB	6,075,970	39,437,290	50.1	68.9
Fourth Swedish National Pension Fund (AP4)		6,260,580	6.9	4.3
Didner & Gerge Fonder		3,434,908	3.8	2.4
Carnegie Fonder		3,180,000	3.5	2.2
Swedbank Robur Fonder		3,105,651	3.4	2.1
SHB Fonder & Liv		2,979,447	3.3	2.0
SEB Fonder		2,838,746	3.1	2.0
Odin Fonder		1,845,050	2.0	1.3
Capital Group		1,397,000	1.5	1.0
Vanguard		1,276,398	1.4	0.9
Norges Bank		1,225,678	1.3	0.8
Spiltan Fonder		1,176,047	1.3	0.8
Livsförsäkrings-aktiebolaget Skandia		861,153	0.9	0.6
Fidelity Investments (FMR)		693,416	0.8	0.5
Avanza Pension		684,790	0.8	0.5
Other		14,371,136	15.9	9.7
Total	**6,075,970**	**84,767,290**	**100.0**	**100.0**

Source: Modular Finance and information from the shareholders.

The table shows the largest identified shareholders in terms of capital in order of number of votes. Some significant shareholders may have their shares registered in the name of a nominee and are therefore included in other shareholders.

OWNERSHIP STRUCTURE, 31 DECEMBER 2019

NUMBER	SHARES	NO. OF SHARES	NO. OF OWNERS
1	500	770,511	10,180
501	1,000	292,318	367
1,001	10,000	1,001,813	319
10,001	20,000	552,510	38
20,001	50,000	1,083,054	30
50,001	100,000	1,117,451	15
100,001	500,000	4,541,839	24
500,001	1,000,000	5,254,104	8
1,000,001	2,000,000	6,920,173	5
2,000,001	5,000,000	14,776,500	5
5,000,001	20,000,000	6,260,580	1
20,000,001	-	45,513,260	1
Anonymous ownership		2,759,147	-
Total		**90,843,260**	**10,993**

Source: Modular Finance.

DATA PER SHARE	2019	2018	2017
Earnings per share after tax	16.57	15.29	11.94
Share price on last trading day in December	572.00	327.50	284.40
Cash flow	21.9	16.90	14.60
Dividend (proposed for 2019)	5.25	4.60	4.00
Dividend growth, %	14.1	15.0	14.3
Yield, %	0.9	1.4	1.4
P/E ratio	34.5	21.4	23.8
Payout ratio, %	31.7	30.1	33.5
Equity	87.8	73.6	60.5
Number of shares, 31 December, million	90.8	90.8	90.8

ACQUISITIONS

In 2019, Lifco made six acquisitions in its Demolition & Tools and Systems Solutions business areas. The acquisitions have brought complementary or new products to Lifco and expanded the Group's market presence. Total net sales in the businesses acquired in 2019 were approximately SEK 1,277 million and the acquisitions brought 570 new employees to the Group. The individual acquisitions did not have a significant impact on Lifco's results and financial position in 2019.

ACQUISITIONS IN DEMOLITION & TOOLS

Two acquisitions were made in Demolition & Tools:

Indexator Rotator Systems of Sweden, which develops and manufactures rotators, mainly for the forest industry.

A majority stake in Hammer of Italy, which delivers hydraulic breakers and other demolition equipment for excavators.

ACQUISITIONS IN SYSTEMS SOLUTIONS

Four acquisitions were made in Systems Solutions:

A majority shareholding in ErgoPack of Germany, the leading manufacturer of ergonomic and mobile pallet strapping systems, which are used globally in different industries.

A majority stake in Rustibus Worldwide, a leading Norwegian supplier of surface preparation tools and safety equipment for marine vessels.

A majority shareholding in Brian James Trailers, a British niche manufacturer of car trailers, including open and enclosed car transport trailers.

A majority stake in UK POS, a leading UK supplier of exhibition and display materials that are sold directly to end customers in different industries in the UK.

ErgoPack and Rustibus Worldwide have been consolidated in the Environmental Technology division. Brian James Trailers and UK POS have been consolidated in the Service and Distribution division. In 2019, the Interiors for Service Vehicles division changed its name to Service and Distribution.

PREVIOUS ACQUISITIONS

Over the period 2006–2019, Lifco made 69 acquisitions. A list of all acquisitions is provided on pages 90–91.

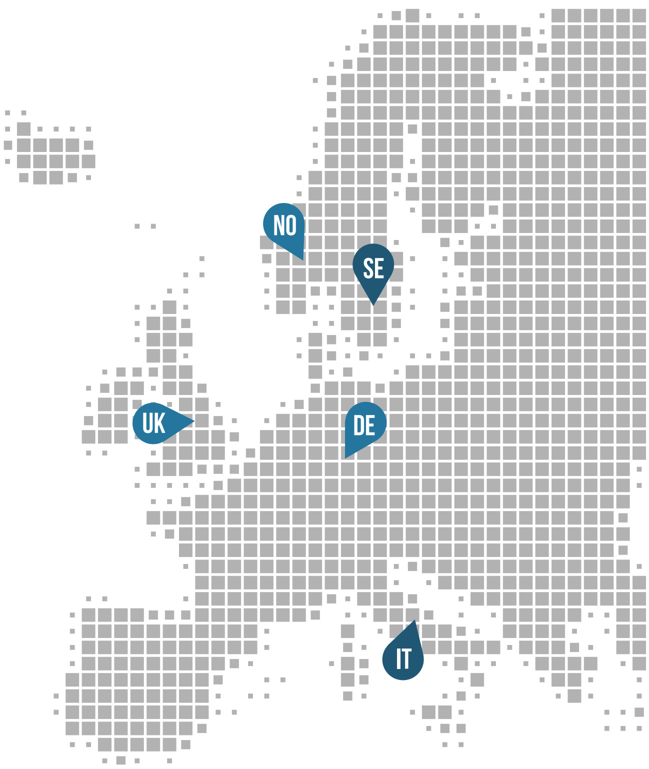
ACQUISITIONS AFTER THE END OF THE YEAR

On 10 January 2020, it was announced that Lifco had acquired Rönvig Dental Manufacturing A/S of Denmark. The company is a niche manufacturer of dental products. Rönvig had a turnover of around DKK 30 million in 2018. The company is based in Daugaard, Denmark and has 17 employees. The business will be consolidated in the Dental business area.

On 15 January 2020, it was announced that Lifco had acquired the Workplace Safety division of KiiltoClean A/S. The business is a leading niche manufacturer of eyewashes, plasters and first aid stations. The products are sold under the Plum brand and in 2019 the business had a turnover of around DKK 79 million. The company is based in Assens, Denmark and in Cuxhaven, Germany and has ten employees. The business will be consolidated in the Dental business area.

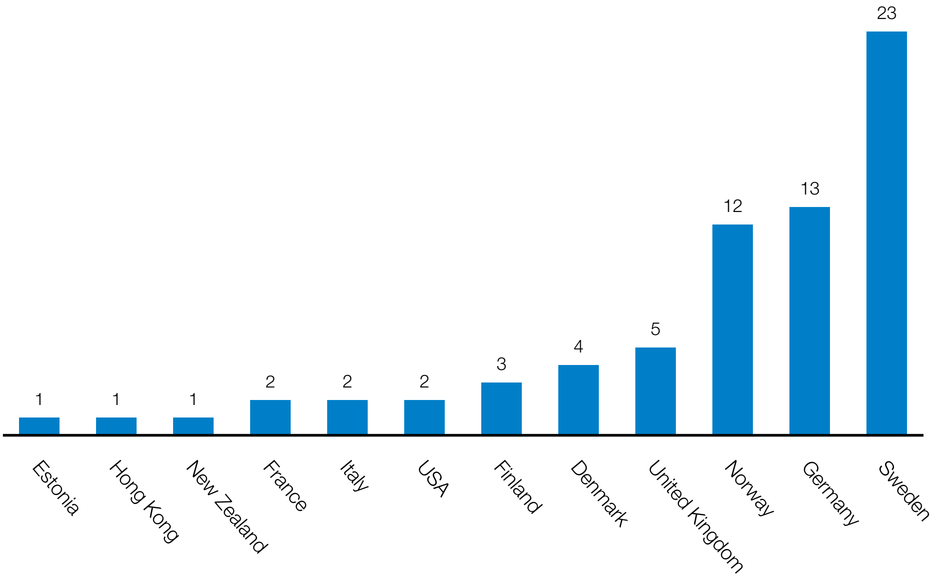
On 24 January 2020, it was announced that Lifco had acquired a majority stake in Dental Grupa of Croatia. The company is a leading distributor of equipment and consumables for dentists in Croatia. Dental Grupa had net sales of around HRK 66 million in 2019 and has around 40 employees. The business will be consolidated in the Dental business area.

On 27 January 2020, it was announced that Lifco had acquired a majority stake in Cramaro Tarpaulin Systems of Italy. The company is a niche manufacturer of tarpaulin systems for trucks and agricultural vehicles. Cramaro Tarpaulin Systems generated net sales of around EUR 27 million in 2019 and has about 90 employees. The business will be consolidated in the Systems Solutions business area, Service and Distribution division.

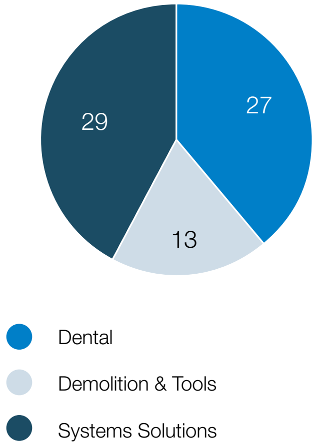


Countries in which Lifco made acquisitions in 2019.

ACQUISITIONS BY COUNTRY SINCE 2006



ACQUISITIONS BY BUSINESS AREA SINCE 2006



ACQUISITIONS IN 2019

COMPANY	OPERATIONS	BUSINESS AREA	NET SALES IN 2018	NO. OF EMPLOYEES ON ACQUISITION	CONSOLIDATED FROM	COUNTRY
Indexator Rotator Systems	Development and manufacture of rotators	Demolition & Tools	SEK 300m	140	January	Sweden
Hammer	Hydraulic breakers and other demolition equipment for excavators	Demolition & Tools	EUR 20m	100	February	Italy
UK POS	Exhibition and display materials	Systems Solutions	GBP 12m	60	April	United Kingdom
Rustibus Worldwide	Surface preparation and safety equipment for marine vessels	Systems Solutions	NOK 56m	25	July	Norway
ErgoPack	Manufacture of ergonomic and mobile pallet strapping tools	Systems Solutions	EUR 22m	85	August	Germany
Brian James Trailers	Manufacture of open and enclosed car transport trailers and other products	Systems Solutions	GBP 26m	160	December	United Kingdom


RANGE ROVER
P10 BJT


BRIAN JAMES TRAILERS

RISKS AND RISK MANAGEMENT

There are a number of factors which affect, or could affect, Lifco's operations, results or financial position. Lifco has 164 operating companies in 30 countries and a large number of customers in different industries. Lifco also has a large number of suppliers in different areas. This spread limits the commercial risks. The following is a description of identified risks and how they are managed.

Lifco is dependent on macroeconomic factors such as consumption, corporate and public investments, the volatility and strength of capital markets, and inflation. The dental industry, however, has historically proved less sensitive to a decline in economic activity than companies in the industrial sector, for example. Sales to private individuals are also typically less affected by the general economic situation. However, a significant portion of Lifco's sales are aimed at customers in the industrial sector. A stronger economy creates greater commercial opportunities for Lifco.

While individual subsidiaries are to some extent dependent on one or a small number of customers to maintain their sales, the Group as a whole is not dependent on any single customer. Lifco's largest customer accounts for less than three per cent of consolidated net sales.

In connection with acquisitions, Lifco may incur costs which are not reimbursed by the seller. When a subsidiary is sold, Lifco may risk incurring costs and losses that are attributable to the sold company. To manage this risk, Lifco makes a thorough analysis of the target business when making acquisitions. This analysis includes discussions with suppliers, customers, other parties in the market and industry experts as well as a detailed examination of the target company's accounts and contracts.

The Group's various customer agreements vary in terms of duration, warranties, limitations of liability and scope. Some warranties in the customer agreements are of an on-demand nature, which means that Lifco may be required to pay a certain amount to the counterparty in case of actual or perceived defects in the delivered product. Such warranties can have a significant adverse impact on the company's financial position and results. Furthermore, some of Lifco's customer and supplier relationships have not been formalised in written agreements. The parties thus rely to a large extent on generally accepted practice among the parties, which often goes far back in time. The content of such agreements can be hard to specify in case of a difference of opinion between the parties, which could lead to a deterioration in relations and costly disputes.

Individual subsidiaries could fail to implement new technology or adapt their product ranges or business models in time to take advantage of the benefits of new or existing technology. The reason for this could be an inability to finance investments in technology or a failure to keep up with technological developments. Lifco therefore seeks to ensure that its subsidiaries have a broad network in their respective industries, enabling them to stay up to date on the latest technological advances. All financing decisions made by Lifco are based on commercial considerations.

Lifco's decentralised organisational model could prove less well suited to meet future market challenges. To manage this risk, Lifco's Group management and Board of Directors review the Group's strategy each year, analysing Lifco's strengths and weaknesses. The analysis also includes an assessment of whether the organisation is adapted to meet future challenges and ventures.

Lifco's customers or competitors could join together to form larger entities. The joining together of customers could lead to price pressures, which could enable competitors to strengthen their market position at Lifco's expense. This risk can be reduced by maintaining close relationships with customers. Close customer relationships are important for all Lifco businesses, many of which also offer service, thus further strengthening the relationship with the customer. Strong customer relationships are also important in price negotiations.

Most of the products that are sold in Lifco's Dental business area are covered by the reimbursement systems applied by private insurance companies, public authorities and payers of health care products and services. These entities could change the systems in a way that results in reduced reimbursements. Dental accounts for 32 per cent of consolidated net sales, and no individual market accounts for more than 33 per cent of Dental's net sales. The Group's exposure to any individual market in the Dental area is thus limited.

Lifco is dependent on certain key individuals, both in the Group management team and in the subsidiaries. Lifco's acquisition strategy includes ensuring that the key individuals in the acquired company remain motivated to drive the company forward also after the acquisition. Lifco believes in incentive schemes that are linked to profitability as a means of attracting and retaining key individuals.

Currency risk refers to the risk of unfavourable changes in exchange rates. Currency risk is divided into:

- Transaction exposure, which arises when companies in the Group execute transactions in other currencies than the local currency.
- Translation exposure, which arises when the Group, through its subsidiaries, has net investments in foreign currency.

Lifco conducts operations in 30 countries. Due to this geographic spread, as well as the large number of customers and products, Lifco's transaction exposure is relatively limited. Within the Group, there is a balance between purchases and sales in foreign currency. A moderate change in the value of the Swedish krona has no material impact on Lifco's financial position.

Translation exposure is managed partly through borrowing in the foreign currency concerned.

Read more about Lifco's currency policy in Note 3.

Interest rate risk refers to the risk that changes in the interest rate environment will have a negative impact on Lifco's net profit, see Note 3.1. Lifco currently has no hedging arrangements in place in respect of interest rate risk.

Credit, or counterparty, risk is the risk that a counterparty to a financial transaction will fail to meet its obligations. Lifco's credit risk arises mainly from accounts receivable (commercial credit risk) but there is also a certain credit risk in respect of the investment of cash and cash equivalents (financial credit risk). Lifco considers the financial credit risk to be low, as the Group's cash and cash equivalents are invested with banks with high creditworthiness.

Lifco is dependent on being able to obtain financing through lenders. Lifco considers that the Group, in view of its existing working capital and credit agreements, has a good financial position.

CORPORATE GOVERNANCE REPORT

Lifco is a Swedish public company that was listed on Nasdaq Stockholm on 21 November 2014. Lifco acquires and develops market-leading niche businesses with the potential to deliver sustainable earnings growth and robust cash flows. The Group is guided by a clear philosophy based on long-term growth, profitability and a strongly decentralised organisation. Lifco comprises 164 operating companies in 30 countries. One of the company's greatest competitive advantages is that it is able to offer a safe haven for small and medium-sized businesses.

Corporate governance at Lifco is aimed at ensuring a continued strong performance for the company and at ensuring that the Group fulfils its obligations to its shareholders, customers, employees, suppliers, creditors and society. Lifco's corporate governance and all internal regulations are aimed at furthering the Group's commercial objectives and strategies. The Group's risks have been thoroughly analysed and risk management is integrated into the work of the Board as well as the Group's operating activities. The clear connection between corporate governance and the Group's commercial goals ensures fast and flexible decision-making, which is often a crucial success factor. Lifco's organisation is structured to be able to respond rapidly to changes in the market. A strongly decentralised organisation and high degree of autonomy in the subsidiaries enable fast operational decision-making. General decisions on acquisitions, sales, strategies and focus areas are made by Lifco's Board of Directors and Group management.

EXTERNAL AND INTERNAL REGULATIONS

Corporate governance at Lifco is based on Swedish laws, primarily the Swedish Companies Act, as well as the company's Articles of Association, Nasdaq Stockholm's rules for issuers, and those rules and recommendations which are issued by the relevant organisations. Since its listing on Nasdaq Stockholm, Lifco has applied the Swedish Corporate Governance Code ("the Code"). The Code is based on the principle of 'comply or explain'. This means that companies which apply the Code can deviate from individual rules but are required to explain the reasons for each such deviation.

Lifco deviates from the Code in one respect, which is that the Chairman of the Board is also Chairman of the Nomination Committee. This deviation is explained below under "The Nomination Committee".

Internal regulations which affect Lifco's corporate governance include the Articles of Association, the rules of procedure for the Board of Directors, the terms of reference for the CEO, policy documents and the Group's Code of Conduct.

Read more:
About the Code: www.bolagsstyrning.se
Lifco's Code of Conduct and corporate governance: www.lifco.se

SHAREHOLDERS

At 31 December 2019, Lifco had 10,995 shareholders, according to Modular Finance. At 31 December 2019, Lifco's share capital consisted of 90,843,260 shares, comprising 6,075,970 A shares with ten votes each and 84,767,290 B shares with one vote each. At the end of 2019, Lifco had a stock market capitalisation of SEK 48.49 billion. The company's largest shareholder is Carl Bennet AB, which holds 68.9 per cent of the number of votes. Further information on Lifco's shareholder structure, share performance, etc. is provided on pages 26–27.

2019 ANNUAL GENERAL MEETING

Lifco's Annual General Meeting (AGM) in Stockholm on 26 April 2019 was attended by 162 shareholders representing 83.1 per cent of the number of shares and 89.5 per cent of the total number of votes. The members of the Board, CEO, CFO and the company's auditors attended the AGM. At the AGM, the Directors Carl Bennet, Ulrika Dellby, Erik Gabrielson, Ulf Grunander, Anna Hallberg, Annika Espander Jansson, Johan Stern and Axel Wachtmeister were re-elected to the Board. Per Waldemarson was elected as a new Board Director. Carl Bennet was re-elected Chairman of the Board. It was noted that the employee organisations had appointed Anders Lorentzson and Peter Wiberg as members of the Board with Kennet Bergqvist and Anders Lindström as deputies.

The minutes of the AGM are available at www.lifco.se.

Resolutions of the AGM: • Adoption of the presented income statements and balance sheets for the Parent Company and Group. • Dividend. The AGM approved the Board's proposed dividend of SEK 4.60 per share. • Release from liability. The AGM resolved to release the members of the Board and the Chief Executive Officer from liability in respect of the financial year 2018. • Directors' fees. It was resolved that fees in a total amount of SEK 5,535,000 be paid to the Directors, and that fees for committee work be paid in the amount of SEK 240,000 to the Chairman of the Audit Committee and SEK 120,000 to each of the other committee members. The Chairman of the Remuneration Committee will receive SEK 130,000 and each of the other members SEK 80,000. More detailed information is found in Note 10. • Auditor. The audit firm PricewaterhouseCoopers AB was re-appointed as the company's auditors. • Nomination Committee. The AGM resolved to instruct the Chairman of the Board to convene a Nomination Committee for the 2020 AGM consisting of the Chairman of the Board, a representative for each of the company's five largest shareholders as at 31 August 2019 and one representative for smaller shareholders. • Guidelines on remuneration of senior executives. The AGM approved the Board's proposed guidelines on remuneration of senior executives. More detailed information is found on page 35.

THE SHAREHOLDERS' MEETING

The shareholders' meeting is the company's highest decision-making body. At a shareholders' meeting, the shareholders exercise their voting rights in accordance with Swedish corporate law and Lifco's Articles of Association. The shareholders' meeting elects the company's Board of Directors and auditor. Other duties of the shareholders' meeting are to adopt income statements and balance sheets, decide on the appropriation of the company's profit or loss and on release from liability for the members of the Board and CEO. The shareholders' meeting also adopts resolutions on Directors' fees, auditor's fees and guidelines on remuneration of senior executives.

The AGM must be held within six months of the end of the financial year. In addition to the AGM, extraordinary general meetings may be convened. Under Lifco's Articles of Association, notice of a shareholders' meeting is given by advertisement in Post- och Inrikes Tidningar and through publication of the notice on the company's website. The notice must also be advertised in Dagens Industri. Shareholders' meetings can be held in Enköping or Stockholm.

THE NOMINATION COMMITTEE

The duty of the Nomination Committee is to submit, prior to the AGM, proposals concerning the election of a chairman for the AGM, the election of the Chairman of the Board and of other members of the Board of Directors, the election of auditors, and Directors' and auditors' fees.

The composition of the Nomination Committee prior to the 2020 AGM was published in the interim report for the third quarter and on the company's website on 23 October 2019. The Nomination Committee for the 2020 AGM consists of representatives of the five registered shareholders holding the largest number of voting rights. The Chairman of the Board, Carl Bennet, was appointed Chairman of the Nomination Committee prior to the 2020 AGM, which is a deviation from the rules of the Code. The reason for the deviation is that it seems natural that a representative of the largest shareholder in terms of votes should chair the Nomination Committee, as this shareholder also has a decisive influence on the composition of the Nomination Committee through its voting majority at shareholders' meetings.

Prior to the 2020 AGM, the Nomination Committee consists of the following representatives:

- Carl Bennet, Carl Bennet AB
- Per Colleen, AP4
- Adam Nyström, Didner & Gerge Fonder
- Hans Hedström, Carnegie Fonder
- Marianne Nilsson, Robur Swedbank Fonder

All shareholders have had an opportunity to submit nominations to the Nomination Committee. No remuneration is paid to the members of the Nomination Committee and the members have determined that there are no conflicts of interest affecting their duties. The Nomination Committee held two minuted meetings prior to the 2020 AGM. In addition, the members of the Nomination Committee have had ongoing contact and engaged in further dialogue by telephone in between meetings. The Nomination Committee has addressed all matters that it is required to address under the Code. Furthermore, to ensure that the company is be able to fulfil its information disclosure obligations to the shareholders, the Nomination Committee has informed the company of how it has conducted its work and of the proposals that the committee has decided to submit. As a basis for its work, the Nomination Committee has studied the financial statements for Lifco's operations in 2019. The Committee has also studied the nomination proposals received and the evaluation of the Board and its work that has been carried out. The results of the evaluation have been presented in their entirety to the Nomination Committee and showed that the current Directors have a broad range of expertise and extensive industry and financial knowledge as well as knowledge about international conditions and markets. The evaluation also showed that attendance at Board meetings had been high and that all Directors had displayed a high degree of commitment. The Nomination Committee has also conducted interviews with some of the current Directors elected by the shareholders' meeting. Further information on the work of the Nomination Committee is presented in the Nomination Committee's report for the 2020 AGM.

In preparing its proposal to the Board, the Nomination Committee applies Rule 4.1, diversity policy, of the Code. The aim of the policy is that the Board of Directors should have a composition that is appropriate in view of the company's operations, development stage and other circumstances as well as diverse and broad with regard to the Directors' expertise, experience and background, and that an equal gender distribution should be strived for. The Nomination Committee's proposals for election of Directors, remuneration of the Board and election of auditors, and other relevant proposals will be submitted in conjunction with the notice of the 2020 AGM.

The 2019 AGM resolved to appoint Directors in accordance with the Nomination Committee's proposal, which meant that nine Directors were elected, including three women and six men (accounting 33 and 67 per cent of the membership, respectively).

THE BOARD OF DIRECTORS

The Board of Directors is the company's second highest decision-making body after the shareholders' meeting and its highest executive body. The Board of Directors is responsible for the company's organisation and the management of its affairs. The Board is also tasked with ensuring that the organisation of the company's accounting and management of funds incorporates satisfactory control procedures.

Lifco's Articles of Association state that the Board of Directors shall consist of at least three and not more than ten Directors. The members of the Board are elected annually at the AGM for the period until the end of the next AGM. The AGM also appoints the Chairman of the Board. The Chairman's role is to lead the work of the Board and ensure that the Board's activities are well organised and conducted efficiently.

The Articles of Association do not contain provisions regarding the dismissal of Directors or amendments to the Articles of Association.

The Board of Directors operates in accordance with written rules of procedure which are reviewed and adopted annually at the constituent Board meeting. The rules of procedure regulate Board practices, functions and the division of responsibilities between the Board and CEO. Under the rules of procedure, the Board is required to review its own procedures each year. In connection with the constituent Board meeting, the Board also adopts instructions for the company's financial reporting.

The Board convenes in accordance with a schedule that is defined annually. In addition to such Board meetings, further meetings may be convened to address issues which cannot be deferred to a regular meeting. In addition to the Board meetings, the Chairman of the Board and CEO engage in an ongoing dialogue concerning the management of the company. The Board meets the auditor without the presence of management once a year. The Board of Directors constituted itself on 26 April 2019.

In 2019, twelve Board meetings were held with an average attendance of the Directors of 95 per cent. With the exception of the CEO, no member of Lifco's Board of Directors has an operational role in the company. A more detailed presentation of the Board and CEO is provided on pages 40–42.

Independence: Lifco meets the requirements of the Code in respect of the independence of Directors. The company is of the view that Per Waldemarson, in his capacity as CEO, was not to be considered independent of the company and management, and that Carl Bennet, Erik Gabrielson and Johan Stern, as representatives and Directors of Lifco's main shareholder, Carl Bennet AB, are not to be considered independent of major shareholders. The Director Erik Gabrielson is a partner of Advokatfirman Vinge, a law firm which provides legal services to Lifco AB and Carl Bennet AB. However, the Nomination Committee has made the assessment that Erik Gabrielson is nonetheless to be regarded as independent of the company and of management. The other Directors – Ulrika Dellby, Annika Espander Jansson, Ulf Grunander, Anna Hallberg and Axel Wachtmeister – are considered to be independent of the company, management and major shareholders.

Therése Hoffman, CFO, has acted as secretary at the meetings of the Board. At its regular meetings the Board addresses those standing agenda items which are specified in the rules of procedure for the Board, such as the business situation, financial planning, and preparation of the annual accounts and interim reports. The Board has also addressed general issues concerning the general level of economic activity and related cost issues, acquisitions and other investments, long-term strategies, financial matters, and structural and organisational matters.

As part of the effort to improve the efficiency of and deepen the work of the Board on certain matters, two committees have been established: the Audit Committee and the Remuneration Committee. The committees were appointed at the constituent meeting of the Board. The delegation of responsibilities and decision-making power to these committees is described in the rules of procedure for the Board. Matters addressed and resolutions adopted at meetings of the committees are minuted and a report is submitted at a subsequent meeting of the Board.

The Chairman ensures that an annual evaluation is made of the work of the Board of Directors and Chief Executive Officer, and that the Nomination Committee is given an opportunity to study the results of the evaluation.

The evaluation consisted of a questionnaire given to the members of the Board. The Chairman of the Board has presented the results to the Board of Directors and Nomination Committee.

THE AUDIT COMMITTEE

The Audit Committee is appointed annually by the Board of Directors. The Audit Committee shall, without prejudice to other responsibilities and duties of the Board, monitor the company's financial reporting, monitor the effectiveness of Lifco's internal control, internal reviews and risk management, keep itself informed on the audit of the annual accounts and consolidated accounts, assess and monitor the impartiality and independence of the auditor, paying particular attention to whether the auditor provides other services than auditing to the company. The Committee is also tasked with evaluating the audit work and submitting this information to the Nomination Committee, and assisting the Nomination Committee in producing proposals for auditors and the fees to be paid for auditing services.

After the 2019 AGM, the Audit Committee had the following composition: Ulf Grunander, Chairman, Ulrika Dellby, member, Annika Espander Jansson, member, and Anna Hallberg, member. Anna Hallberg left the Board and the Audit Committee on 13 September 2019 after being appointed to the Swedish government as Minister for Foreign Trade. In 2019, the committee held four minuted meetings and had informal contacts in between meetings, as required. Average attendance was 100 per cent. The company's auditor participated at all meetings of the Audit Committee. The committee discussed and determined the extent of the audit together with the auditor.

THE REMUNERATION COMMITTEE

The Remuneration Committee is appointed annually by the Board of Directors, and is tasked with preparing proposals for remuneration principles, and for remuneration and other terms of employment for the CEO and senior executives. After the 2019 AGM, the Remuneration Committee had the following composition: Carl Bennet, Chairman, Erik Gabrielson, member, Johan Stern, member, and Axel Wachtmeister, member. In 2019, the committee held three minuted meetings and had informal contacts in between meetings, as required. All members attended all meetings of the committee during the year.

PRESIDENT AND CEO

The Chief Executive Officer reports to the Board of Directors and is responsible for the company's day-to-day management and the operations of Lifco. The division of responsibilities between the Board of Directors and CEO is set out in the rules of procedure for the Board and the terms of reference for the CEO. The CEO is also responsible for drafting reports and compiling information from management in preparation for Board meetings and for presenting the material at the meetings.

Under the instructions for financial reporting, the CEO is responsible for financial reporting in the company and is required to ensure that the Board receives sufficient information to enable it continuously to evaluate the company's financial position.

The CEO is required to keep the Board continuously informed about the development of the company's operations, its sales performance, earnings and financial situation, its liquidity and credit situation, significant business events and any other event, circumstance or relationship that may be of material importance to the company's shareholders.

FINANCIAL REPORTING

The Board of Directors monitors the quality of financial reporting by issuing instructions to the CEO and Audit Committee and by defining requirements for the content of the reports on financial conditions that are submitted to the Board on an ongoing basis through an instruction on financial reporting. The Board studies and ensures that financial reports such as year-end reports and annual reports are produced, and has delegated to management responsibility for ensuring that press releases with financial content and presentation material in connection with meetings with the media, shareholders and financial institutions are produced.

EXTERNAL AUDITORS

The auditor-in-charge at PricewaterhouseCoopers AB is the authorised public accountant Eric Salander, with the authorised public accountant Tomas Hilmarsson as co-auditor. Neither Eric Salander nor Tomas Hilmarsson hold shares in the company. When PricewaterhouseCoopers is engaged to provide other services than auditing this is done in accordance with the rules adopted by the Audit Committee concerning approval of the nature and scope of the services and payment for these. Lifco does not consider that the performance of these services has jeopardised PricewaterhouseCoopers' independence.

All fees paid to the auditors over the past two years are presented in Note 8. Lifco's auditor participated at all meetings of the Audit Committee in 2019 and at one Board meeting. In connection with the Board meeting, the auditor held a meeting with the Board of Directors at which no representatives of Group management took part.

Under the Articles of Association, Lifco is required to have one or two auditors with up to two deputies. The appointed auditor must be an authorised public accountant or registered audit firm.

OPERATING ACTIVITIES

The CEO and other members of Group management hold ongoing meetings to review monthly results, update forecasts and plans, and discuss strategic matters. Lifco's Group management team consists of four individuals, who are presented on page 43. In addition to operational matters concerning each business area, Group management addresses matters of concern to the Group as a whole. Group management consists of the Chief Executive Officer, the Chief Financial Officer, the Head of Business Area Systems Solutions and the Head of Acquisitions.

The Board is responsible for ensuring that an effective system for internal control and risk management is in place. Responsibility for establishing a good framework for working on these matters has been delegated to the CEO. Group management and managers at different levels of the company have this responsibility in their respective areas. Authority and responsibilities are defined in policies, guidelines and descriptions of responsibilities.

DIRECTORS' FEES

The 2019 AGM approved the payment of Directors' fees in a total amount of SEK 5,535,000, of which SEK 1,230,000 was payable to the Chairman of the Board and SEK 615,000 to each of the Non-Executive Directors. The AGM also approved the payment of remuneration for work on the Audit Committee in the amount of SEK 240,000 to the Chairman and SEK 120,000 to each of the other members, and the payment of remuneration for work on the Remuneration Committee in the amount of SEK 130,000 to the Chairman and SEK 80,000 to each of the other members.

SHARE/SHARE PRICE-BASED INCENTIVE SCHEMES

There are no outstanding share- or share price-based incentive schemes for the members of the Board of Directors, the CEO or other senior executives.

REMUNERATION OF SENIOR EXECUTIVES

The 2019 AGM adopted guidelines on remuneration of senior executives with the following main features. The guidelines are in line with the principles that have been applied so far.

The basic principle is that remuneration and other terms of employment of senior executives should be consistent with market terms and competitive in each market where Lifco operates, enabling the company to attract, motivate and retain competent and skilled staff. Individual remuneration levels are based on experience, expertise, responsibility and performance.

The total remuneration paid to senior executives consists of a basic salary, variable remuneration, pension and other benefits. The fixed remuneration, the basic salary, is based on the individual executive's area of responsibility, authority, skills and experience.

The balance between basic salary and variable remuneration should be proportionate to the executive's responsibilities and authority. Variable remuneration is linked to predefined and measurable criteria which have been defined with the aim of promoting the creation of long-term value by the company. For the CEO variable remuneration is capped at 70 per cent of the basic salary. Variable remuneration is based on individual targets, which are defined by the Remuneration Committee and adopted by the Board. Examples of such targets include earnings, volume growth, working capital and cash flow. For other senior executives variable remuneration is based partly on the outcome in the executive's own area of responsibility and partly on individually defined targets.

In addition to the above variable remuneration, the shareholders' meeting may decide from time to time to introduce share- or share price-based incentive schemes.

Pension rights for the CEO and other senior executives may apply only from the age of 60. Pension agreements shall be entered into based on applicable local rules in the senior executive's country of residence. The amount of the pension is defined as a certain proportion of the basic salary. Pension benefits must be vested.

The employment contract of the CEO is terminable on six months' notice in case of termination by the CEO. In case of termination by the company, a notice period of no more than 18 months shall apply, during which the CEO will be entitled to a salary. Other income shall not be deducted from termination pay.

In case of termination of other senior executives by the company, the senior executive shall be entitled to a salary during a notice period of no more than twelve months.

Other benefits, such as a company car, extra health insurance or occupational health care, may be offered to the extent that this is considered to be in line with market practice for senior executives in equivalent positions in the labour market in which the executive is active. The total value of such benefits must, however, represent a minor portion of the total compensation.

The guidelines shall apply to agreements entered into after the adoption of the resolution of the AGM and to amendments to existing agreements made after this date. The Board has the right to depart from the guidelines if there are special reasons warranting an exception in an individual case.

The total remuneration paid to senior executives in 2019, including salaries and benefits of the Board of Directors, Group management and the chief executives of the Group's subsidiaries, was SEK 256 (254) million. See Note 10 for further information.

THE BOARD OF DIRECTORS' PROPOSAL ON GUIDELINES FOR REMUNERATION TO SENIOR EXECUTIVES

The Board of Directors proposes that the 2020 Annual General Meeting (AGM) resolves to approve guidelines for remuneration to senior executives according to the following. The guidelines essentially match the principles applied to date.

1. SCOPE OF THE GUIDELINES

These guidelines pertain to remuneration and other terms and conditions of employment for the persons who during the time the guidelines apply are members of Lifco AB's Group management, referred to jointly below as "senior executives". At present, there are four members of the Group management. The guidelines are to be applied to remuneration that is agreed, and changes made to already agreed remuneration, after the time that the guidelines have been adopted by the 2020 AGM. The guidelines do not encompass remuneration resolved by the general meeting.

Concerning terms of employment subject to regulations other than those applying in Sweden, appropriate adjustments may be made to comply with such mandatory regulations or fixed local practices, whereby the overall objectives of these guidelines must be met to the extent possible.

2. THE GUIDELINES PROMOTION OF THE COMPANY'S BUSINESS STRATEGY, LONG-TERM INTERESTS AND SUSTAINABILITY

Lifco's business concept is to acquire and develop market-leading niche businesses that conduct sustainable operations and have the potential to deliver sustainable earnings growth and robust cash flows. The Group pursues a distinct business strategy focusing on results, simplicity and decentralisation. Lifco's overall aim is to increase earnings every year, which has been achieved through both organic growth and acquisitions. For further information on Lifco's business strategy, refer to the 2019 Annual Report.

A prerequisite for successful implementation of the company's business strategy and safeguarding of Lifco's long-term interests, including its sustainability, is that the company is able to recruit and retain qualified employees. To achieve this, the company must be able to offer competitive remuneration. These guidelines make it possible to offer competitive total remuneration to senior executives. Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

3. FORMS OF REMUNERATION, ETC.

Remuneration shall be market-aligned and may comprise the following components: fixed cash salary, variable cash salary, pension benefits and other benefits. The general meeting may also – regardless of these guidelines – resolve on, for example, share- and share price-related remuneration.

Fixed remuneration

The fixed remuneration, basic salary, shall be based on the individual executive's area of responsibility, authorities, field of competence and experience.

Variable remuneration and criteria for allocating variable cash salary, etc.

Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability. The amount of variable remuneration in relation to basic salary must be in proportion to the senior executive's responsibility and authority. The variable remuneration shall be linked to predetermined and measurable criteria designed to promote the company's long-term value creation. Fulfilment of criteria for the payment of variable cash salary shall be measured over a period of one year. When the measurement period for fulfilment of criteria for payment of variable cash salary has ended, an assessment is to be made of the extent to which the criteria have been met.

The variable remuneration payable to the CEO shall be capped at 80 per cent of the annual basic salary. The variable remuneration shall be based on individual targets proposed by the Remuneration Committee and adopted by the Board. Examples of such targets are results, volume growth, working capital and cash flow. For other senior executives, the variable remuneration shall be based, partly, on the outcome of his/her own area of responsibility and, partly, on individually set targets. Examples of such targets are results, volume growth, working capital and cash flow. The CEO is responsible for the assessment of variable cash salary paid to other executives.

No variable remuneration shall be paid if a pre-tax loss is reported.

Pension benefits and other benefits

Pension rights for the CEO and other senior executives shall apply no earlier than from age 65. For the CEO, an amount corresponding to 60 per cent (excluding payroll expenses) of the annual basic salary will be reserved in capital, pension, life and health insurances. Other senior executives are entitled to pension benefits of a maximum of 35 per cent (excluding payroll expenses) of the annual basic salary. Pension agreements are to be concluded according to local rules applicable in the country where the senior executive is resident. All pension benefits are defined contribution and vested, meaning they are not conditional upon future employment in Lifco.

Other benefits, such as a company car, extra health insurance or occupational health services, are to be payable insofar as they are regarded as market-aligned for senior executives in corresponding positions in the labour market where the executive is active. The combined amount of such benefits may constitute only a limited proportion of the total remuneration.

Cessation of employment

If the CEO resigns, he/she shall be subject to a period of notice of six months. If the employment of the CEO is terminated by the company, a period of notice of not more than 18 months will apply. If the employment of another senior executive is terminated by the company, a period of notice of not more than 12 months will apply. The right to salary and other benefits is retained during the period of notice. Basic salary during the period of notice and severance pay shall, combined, not exceed an amount corresponding to basic salary for two years. Termination salary is not to be deductible from other income.

4. SALARY AND TERMS OF EMPLOYMENT FOR EMPLOYEES

When preparing the Board's proposal on these remuneration guidelines, salary and terms of employment for the company's employees have been considered by having information on the employees' total remuneration, components of the remuneration and the increase and rate of increase in remuneration over time constitute a part of the Remuneration Committee's and the Board's decision documentation when assessing the fairness of the guidelines and the limitations that follow from them.

5. THE DECISION-MAKING PROCESS FOR DETERMINING, REVIEWING AND IMPLEMENTING THE GUIDELINES

The Board has established a Remuneration Committee. This Committee's tasks include preparing the Board's resolution on proposal concerning guidelines for remuneration to senior executives. The Board shall formulate proposals for new guidelines when needs arise for significant changes in the guidelines, although at least every fourth year, and submit the proposal for resolution by the AGM. The guidelines are to apply until new guidelines have been adopted by the general meeting. The Remuneration Committee shall also monitor and evaluate variable remuneration programs for the company management, the application of guidelines for remuneration to senior executives and applicable remuneration structures and remuneration levels in the company. Members of the Remuneration Committee are independent in relation to the company and executive management. Neither the CEO nor other members of company management participate in the Board of Directors' processing of and decisions on remuneration-related matters, insofar as they are impacted by these matters.

6. DEVIATION FROM THE GUIDELINES

The Board shall be entitled to partly or fully deviate from the guidelines if there is special reason to do so in an individual case and such deviation is necessary to satisfy the company's long-term interests, including its sustainability, or to safeguard the company's financial viability. As stated above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolution to deviate from the guidelines.

Information on remuneration, etc. to senior executives in the 2019 financial year is provided on page 35 and in Note 10 of the 2019 Annual Report.

AUDITORS' FEES

PricewaterhouseCoopers AB has been engaged as the company's auditor. Audit engagement refers to the examination of the annual accounts and accounting records and of the Board of Directors' and Chief Executive Officer's management of the company, other tasks incumbent on the company's auditor as well as advice and other assistance occasioned by observations made in the course of such examination or the carrying-out of such other tasks. Other services refer essentially to advisory services in the area of accounting and tax as well as assistance in connection with acquisitions. Auditors' fees for the audit engagement in 2019 totalled SEK 9 (8) million while fees for other services totalled SEK 3 (2) million, see Note 8.

INTERNAL CONTROL AND RISK MANAGEMENT RELATED TO FINANCIAL REPORTING

Internal control over financial reporting is an integral part of corporate governance in the Lifco Group. It includes processes and methods for safeguarding the assets of the Group and the accuracy of its financial reporting, and thus also the shareholders' investment in the company.

CONTROL ENVIRONMENT

Lifco's organisation is structured to be able to respond rapidly to changes in the market. A strongly decentralised organisation and high degree of autonomy in the subsidiaries enable fast operational decision-making. General decisions on acquisitions, sales, strategies and focus areas are made by Lifco's Board of Directors and Group management. The internal control procedures for financial reporting have been designed to handle these circumstances. The basis for internal control related to financial reporting consists of the control environment, including organisation, decision paths, authority and responsibilities, as documented and communicated in governing documents.

Each year, the Board adopts rules of procedure, which regulate the duties of the Chairman of the Board and Chief Executive Officer among other matters. The Board has established an Audit Committee to improve transparency and control of the company's accounting, financial reporting and risk management as well as a Remuneration Committee to handle matters relating to remuneration of management.

Each operating unit has one or more administrative centres that are responsible for ongoing transaction management and accounting. Each operating unit has a financial officer who is responsible for the financial governance of the unit and for ensuring that financial reports are correct and complete and delivered in time for the preparation of the consolidated financial statements.

RISK ASSESSMENT

Risk assessment is based on the Lifco Group's financial targets. The general financial risks have been defined and are largely industry-specific. Through quantitative and qualitative risk analyses based on the consolidated balance sheet and income statement, Lifco identifies those key risks which could jeopardise the Group's ability to achieve its commercial and financial targets. In each operating unit, analyses are also made of several subsidiaries to obtain a more detailed view of the actual application of existing regulations. Measures aimed at minimising the identified risks are then defined centrally in the Group.

CONTROL PROCEDURES

Identified risks related to financial reporting are managed through the company's control procedures. There are, for example, automated controls in IT-based systems which manage authorisations and authorisation rights as well as manual controls. Detailed financial analyses of results supplement business-specific controls and provide a general confirmation of the quality of the reporting.

INFORMATION AND COMMUNICATION

Lifco has information and communication paths which are aimed at promoting completeness and accuracy in financial reporting. Policies and instructions are available on the company's intranet. Information about the effectiveness of internal control in the Group is prepared and reported on a regular basis to relevant parties in the organisation.

REVIEW AND MONITORING

Each month, management and the central finance function analyse the Group's financial reporting at a detailed level. At its meetings, the Audit Committee reviews the financial reporting and receives reports from the company's auditors containing their observations and recommendations. The Board receives financial reports on a monthly basis and discusses the Group's financial situation at each meeting. The effectiveness of the Group's internal control procedures is reviewed regularly at different levels of the Group, covering an assessment of design and operational functionality.

In 2019, the review of the Group's internal control was completed by Group management and Lifco's central finance function with the assistance of the external auditors. The Audit Committee also plays an important role in internal control, having the task of evaluating the audit services and the internal control. The review showed that in all essential respects documentation and control procedures have been established in the Group. Based on the completed internal control procedures, the Board has made the assessment that there is currently no need to introduce a separate audit function (internal audit function).

ONGOING ACTIVITIES

Over the coming year, the ongoing internal control activities in the Lifco Group will focus mainly on risk assessment, control procedures, and review and monitoring activities.


ErgoPack


ErgoPack

THE BOARD OF DIRECTORS

Carl Bennet

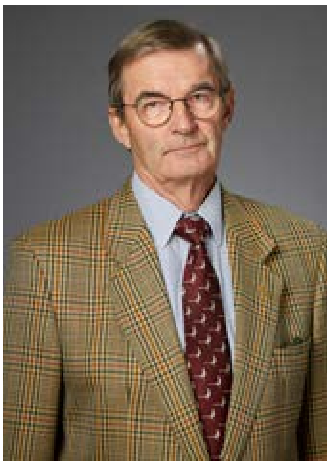
Ulrika Dellby

Annika Espander Jansson

Erik Gabrielson

Ulf Grunander

Johan Stern



Axel Wachtmeister

Per Waldemarson

Kennet Bergqvist

Anders Lindström

Anders Lorentzson

Peter Wiberg

CARL BENNET

Chairman of the Board

Born in 1951. Elected in 1998.

B.Sc. (Econ.), Ph.D. h.c. (Med.), Ph.D. h.c. (Tech.)

Current posts: Chairman and CEO of Carl Bennet AB. Chairman of the board of Elanders AB. Deputy Chairman of the board of Arjo AB and Getinge AB. Director of Holmen AB and L E Lundbergföretagen AB.

Previous posts: President and CEO of Getinge AB.

Shareholding through companies, 31 December 2019: 6,075,970 A shares, 39,437,290 B shares

Independent of the company and of management: Yes

Independent of main owner: No

ULRIKA DELLBY

Director

Born in 1966. Elected in 2015.

M.Sc. in Economics and Business

Current posts: Director of Kavli Holding AS, Cybercom Group AB, SJ AB, Fasadgruppen Norden AB and Chairman of Hello World! Non Profit Organisation. Partner Fagerberg & Dellby Fond I AB.

Previous posts: Partner of The Boston Consulting Group, CEO of Brindfors Enterprise IG (now Brand Union), Vice Chairman of Norrporten, Director of Via Travel Group and OSM Group.

Own and related parties' shareholdings, 31 December 2019: 13,000 B shares

Independent of the company and of management: Yes

Independent of main owner: Yes

ANNIKA ESPANDER JANSSON

Director

Born in 1964. Elected in 2016.

B.Sc. in Chemistry and MBA

Current posts: CEO of Asperion AB.

Previous posts: Head of Private Banking at Handelsbanken, Chairman of SHB Luxemburg. Senior positions at Catella Healthcare/Esperio AB, Enskilda Securities and other companies.

Own and related parties' shareholdings, 31 December 2019: 6,000

Independent of the company and of management: Yes

Independent of main owner: Yes

ERIK GABRIELSON

Director

Born in 1962. Elected in 2001.

LL.M.

Current posts: Lawyer and partner, Advokatfirman Vinge. Chairman of Allegresse AB, Eldan Recycling A/S and Redoma Recycling AB. Director of Carl Bennet AB, Elanders AB, ECG Vignoble AB and ECG Vinivest AB.

Previous posts: Director of Advokatfirman Vinge AB, Advokatfirman Vinge Skåne AB, Generic Sweden AB, Rosengård Invest AB and Storegate AB.

Own and related parties' shareholdings, 31 December 2019: –

Independent of the company and of management: Yes

Independent of main owner: No

ULF GRUNANDER

Director

Born in 1954. Elected in 2015.

M.Sc. in Economics and Business

Current posts: Director of AMF Pensionsförsäkring, Arjo AB, Djurgården Hockey AB and Nyströms Gastronomi & Catering AB.

Previous posts: CFO of the Getinge Group.

Own and related parties' shareholdings, 31 December 2019: 2,000 B shares

Independent of the company and of management: Yes

Independent of main owner: Yes

JOHAN STERN

Vice Chairman

Born in 1951. Elected in 2001.

M.Sc. in Economics and Business

Current posts: Chairman of Fädriften Invest AB, Healthinvest Partners AB, Rolling Optics AB, Skanör Falsterbo Kallbadhus AB and Stiftelsen Harry Cullbergs Fond. Director of Carl Bennet AB, Elanders AB, Estea AB, Getinge AB, RP Ventures AB and the Swedish-American Chamber of Commerce, Inc.

Previous posts: Roles at SEB in Sweden and the US

Own and related parties' shareholdings, 31 December 2019: 46,000 B shares

Independent of the company and of management: Yes

Independent of main owner: No

AXEL WACHTMEISTER

Director

Born in 1951. Elected in 2006.

M.Sc. in Engineering

Current posts: Director and CEO of Wästerslöv AB. Director of Kilmartin Estate AB and Symbrio AB. Deputy Director of HAWAJ Holding AB and Sydsvensk Form Reklam i Höör AB.

Previous posts: Director of Sorb Industri AB and Troponor AB.

Own and related parties' shareholdings, 31 December 2019: 16,200 B shares

Independent of the company and of management: Yes

Independent of main owner: Yes

PER WALDEMARSON

Director

Born in 1977. Elected in 2019.

M.Sc. in Business Administration

Current posts outside Lifco: -

Previous posts: Deputy CEO Lifco, CEO Brokk AB, Management Consultant Bain & Co.

Own and related parties' shareholdings, 31 December 2019: 113,700 B shares and 11,000 B shares through a pension plan

Independent of the company and of management: No

Independent of main owner: Yes

ANDERS LORENTZSON

Director, employee representative for Unionen

Born in 1957. Elected in 2017. Employed at Rapid Granulator AB.

Own and related parties' shareholdings, 31 December 2019: -

KENNET BERGQVIST

Employee representative, deputy, Unionen

Born in 1978. Elected in 2019. Employed at Indexator Rotator Systems AB.

Own and related parties' shareholdings, 31 December 2019: -

ANDERS LINDSTRÖM

Employee representative, deputy, Handels

Born in 1958. Elected in 2019. Employed at Lifco Dental AB.

Own and related parties' shareholdings, 31 December 2019: -

PETER WIBERG

Director, employee representative for IF Metall

Born in 1960. Elected in 2013. Employed at Modul-System HH AB.

Own and related parties' shareholdings, 31 December 2019: 300 B shares

AUDITOR

PricewaterhouseCoopers AB has been Lifco's auditor since 2010.

At the 2019 AGM, PricewaterhouseCoopers was re-appointed for the period until the end of the 2020 AGM.

The auditor-in-charge is Eric Salander, born in 1967, who is an authorised public accountant and member of FAR, Sweden's professional institute for accountants.

Tomas Hilmarsson, born in 1981, is co-auditor. Tomas Hilmarsson is an authorised public accountant and member of FAR.

The address of PricewaterhouseCoopers is Torsgatan 21, SE-113 97 Stockholm.

DIRECTORS' ATTENDANCE

DIRECTOR	BOARD MEETING	AUDIT COMMITTEE	REMUNERATION COMMITTEE
Carl Bennet	12/12	-	3/3
Kennet Bergqvist[1]	7/7	-	-
Gabriel Danielsson[2]	5/5	-	2/2
Ulrika Dellby	12/12	4/4	-
Annika Espander Jansson	12/12	4/4	-
Erik Gabrielson	10/12	-	3/3
Ulf Grunander	11/12	4/4	-
Anna Hallberg[3]	8/8	2/2	-
Fredrik Karlsson[4]	1/1	-	-
Anders Lindström[1]	7/7	-	-
Anders Lorentzson	11/12	-	-
Annika Norlund[6]	5/5	-	-
Johan Stern	12/12	-	3/3
Axel Wachtmeister	11/12	-	3/3
Per Waldemarson[5]	9/9	-	-
Hans-Eric Wallin[6]	4/5	-	-
Peter Wiberg	11/12	-	-
Total number of meetings	**12**	**4**	**3**

[1] Appointed prior to the AGM on 26 April 2019.

[2] Resigned from the Board at the AGM on 26 April 2019.

[3] Resigned from the Board on 13 September 2019 after being appointed to the Swedish government as Minister for Foreign Trade.

[4] Resigned from the Board and as President and CEO on 7 February 2019.

[5] Appointed at the AGM on 26 April 2019.

[6] Left the Board prior to the AGM on 26 April 2019.

GROUP MANAGEMENT


Per Waldemarson


Therése Hoffman


Martin Linder


Ingvar Ljungqvist

PER WALDEMARSON

President and CEO

Born in 1977. Appointed in 2019. Hired in 2006.

M.Sc. in Economics and Business

Previous posts: Deputy CEO Lifco, CEO Brokk AB, Management Consultant Bain & Co.

Own and related parties' shareholdings, 31 December 2019: 113,700 B shares and 11,000 B shares through a pension plan.

THERÉSE HOFFMAN

Chief Financial Officer

Born in 1971. Appointed in 2011. Hired in 2007.

High School Economist, International Marketing

Previous posts: CFO at Nordenta AB.

Own and related parties' shareholdings, 31 December 2019: 300 B shares.

MARTIN LINDER

Head of Business Area Systems Solutions

Born in 1972. Appointed in 2019. Hired in 2008.

M.Sc. in Engineering, Ph.D.

Previous posts: CEO Proline Group, CEO Leab Group, senior positions at Note.

Own and related parties' shareholdings, 31 December 2019: 10,600 B shares and 4,150 B shares through a pension plan.

INGVAR LJUNGQVIST

Head of Acquisitions

Born in 1960. Appointed in 2015. Hired in 2015.

M.Sc. in Engineering

Previous posts: Pareto, SEB-Enskilda New York, IBM, Boeing.

Own and related parties' shareholdings, 31 December 2019: 52,300 B shares and 4,000 Class B shares through Pension Scheme.

MANAGEMENT CHANGES IN 2019:

On 7 February 2019, Fredrik Karlsson stepped down as President and CEO and from his seat on the Board of Directors. On 8 February, Per Waldemarson was appointed President and CEO. At the time of his appointment, Per Waldemarson was Deputy CEO of the Lifco Group.

Martin Linder was appointed Head of the Systems Solutions business area and a member of Group management on 23 October 2019.

APPROPRIATION OF RETAINED EARNINGS

Lifco AB (publ), corp. ID no. 556465-3185

THE AGM IS ASKED TO DECIDE ON THE APPROPRIATION OF THE FOLLOWING EARNINGS OF LIFCO AB:	SEK MILLION
Retained earnings	2,463
Net profit for the year	778
Total	**3,241**
The Board of Directors and Chief Executive Officer propose that a dividend of SEK 5.25 per share be paid to the shareholders	477
Carried forward	2,764
Total	**3,241**

The Board of Directors believes the proposed dividend is justifiable with regard to the equity requirements arising from the nature, scope and risks associated with the operations of the Group as well as the Group's consolidation requirements, liquidity and financial position.

For more information about the results and financial position of the Group and Parent Company, see the annual report. The income statements and balance sheets will be presented for approval by the AGM on 24 April 2020.

The Board of Directors and CEO certify that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and provide a true and fair view of the Group's financial position and results. The annual accounts have been prepared in accordance with generally accepted accounting standards and provide a true and fair view of the Parent Company's financial position and results.

The auditor's report for the Group and Parent Company provides a true and fair overview of the development of the Group's and Parent Company's business, financial position and results and describes significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Enköping, 20 March 2020

Carl Bennet
Chairman

Ulrika Dellby
Director

Annika Espander Jansson
Director

Erik Gabrielson
Director

Ulf Grunander
Director

Anders Lorentzson
Director, employee representative for Unionen

Johan Stern
Vice Chairman

Axel Wachtmeister
Director

Per Waldemarson
President and CEO

Peter Wiberg
Director,
employee representative for IF Metall

Our auditor's report was submitted on 20 March 2020
PricewaterhouseCoopers AB

Eric Salander
Authorised Public Accountant
Auditor-in-charge

Tomas Hilmarsson
Authorised Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Lifco AB (publ), corporate identity number 556465-3185

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINIONS

We have audited the annual accounts and consolidated accounts of Lifco AB (publ) for the year 2019 except for the corporate governance statement and the statutory sustainability report on pages 33-37 and 12-15 respectively. The annual accounts and consolidated accounts of the company are included on pages 8-84 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company as of 31 December 2019 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2019 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement and the statutory sustainability report on pages 33-37 and 12-15 respectively. 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 my (our) knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

OUR AUDIT APPROACH

Overview

Audit scope

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

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

Materiality

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

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Valuation of intangible assets With reference to Note 2, Note 4 and Note 14. Goodwill and other intangible assets with an indefinite useful life represents a significant part of the Balance Sheet of Lifco. The Company performs an impairment assessment of the assets based on a calculation of the discounted cash flow for the cash generating units in which goodwill and other intangible assets are reported. This impairment test is based on a high level of judgments and assumptions regarding future cash flows. Information is provided in Notes 2, 4 and 14 as to how the Company's management has undertaken its assessments, and also provides information on important assumptions and sensitivity analyses. Key variables in the test are growth rate, profit margins, overheads, working capital requirements, investment requirements and discount factor (cost of capital). It is presented that no impairment requirement has been identified based on the assumptions undertaken.	In our audit, we have evaluated the calculation model applied by management. We have reconciled and critically tested essential variables against budget and strategic plan for the Company. We have analyzed the accuracy on how previous years assumptions have been met and assessed any adjustments to assumptions compared to previous year, as a result from changes in the business and external factors. We have tested the sensitivity analysis for key variables in order to assess the risk of need for impairment. We have not noted any need for impairment based on procedures performed. We have also assessed the correctness of the disclosures included in the financial statements.
Recognition of acquisitions With reference to Note 2, Note 4 and Note 31. In the financial year 2019, Lifco made a number of acquisitions across all business areas. Information on these acquisitions is presented in Note 31. The total purchase price for the acquisitions, net of acquired cash and cash equivalents, was SEK 2 161 million, of which SEK 1 241 million refers to identified fair value adjustments in the acquisition analyses for trademarks, customer relationships and licences and SEK 957 million refers to goodwill. The recognition of acquisitions involves a high degree of judgement by management. Significant estimates and judgements refer to the allocation of fair value in acquisition analyses for assets and liabilities, as well as referring to adjustments for adaptation to the group's accounting principles.	Our audit of the acquisitions were partially based on assessing of the acquisition agreements as well as supporting documents for opening balances in the acquired companies. We have also evaluated the implemented adjustments for adaptation to the group's accounting principles. Our audit has also included an assessment of significant estimates and judgements made in connection with the allocation of fair value in the acquisition analyses. We have also assessed the basis for the judgements and comparing those judgements with similar acquisitions in the group in previous years. We have also assessed the correctness of the disclosures of acquisitions included in the financial statements and assessed supporting documentation for the accounting of the acquisitions. No deviations were noted in our audit.

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 1-7 and 85-98. 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 intends 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.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Lifco AB (publ) for the year 2019 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the 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.

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

THE AUDITOR'S EXAMINATION OF THE CORPORATE GOVERNANCE STATEMENT

The Board of Directors is responsible for that the corporate governance statement on pages 33-37 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's auditing standard RevU 16 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 statutory sustainability report on pages 12–15, 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 my (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 me (us) with sufficient basis for my (our) opinion. A statutory sustainability report has been prepared.

PricewaterhouseCoopers AB was appointed auditor of Lifco AB (publ) by the general meeting of the shareholders on the 26 April 2020 and has been the company's auditor since the general meeting of the shareholders in 2010.

Enköping 20 March 2020

PricewaterhouseCoopers AB

Eric Salander
Authorised Public Accountant
Auditor-in-charge

Tomas Hilmarsson
Authorised Public Accountant

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT			
SEK MILLION	**NOTE**	**2019**	**2018**
Net sales	5	13,845	11,956
Cost of goods sold		-8,033	-6,838
Gross profit		**5,812**	**5,118**
Selling expenses		-1,600	-1,315
Administrative expenses		-1,928	-1,735
Research and development costs		-171	-144
Other operating income	6	47	29
Other operating expenses	6	-101	-51
Operating profit	7, 8, 9, 10, 11	**2,059**	**1,902**
Financial income	6, 12	4	2
Financial expenses	6, 12	-67	-46
Profit before tax		**1,996**	**1,858**
Tax on profit for the year	13	-468	-438
Net profit for the year		**1,528**	**1,420**
Net profit for the year attributable to:			
Parent Company shareholders		1,505	1,389
Non-controlling interests		23	31
Net profit for the year		**1,528**	**1,420**
Earnings per share before and after dilution attributable to Parent Company shareholders during the year, SEK	32	16.57	15.29

The notes on pages 54–88 are an integral part of the annual report and consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK MILLION	NOTE	2019	2018
Net profit for the year		**1,528**	**1,420**
Other comprehensive income			
Items which can later be reclassified to profit or loss:			
Hedge of net investment	2.7.5	6	13
Translation differences		140	155
Tax related to other comprehensive income		-1	-3
Total comprehensive income for the year		**1,673**	**1,585**
Comprehensive income attributable to:			
Parent Company shareholders		1,648	1,552
Non-controlling interests		25	33
Total comprehensive income for the year		**1,673**	**1,585**

The notes on pages 54–88 are an integral part of the annual report and consolidated financial statements.

CONSOLIDATED BALANCE SHEET

SEK MILLION	NOTE	31 DEC 2019	31 DEC 2018
ASSETS			
Fixed assets			
Intangible assets	14	11,209	9,133
Tangible assets	15	1,503	611
Other non-current financial receivables	16	9	17
Deferred tax assets	17	173	136
Total fixed assets		**12,894**	**9,897**
Current assets			
Inventories	18	1,997	1,710
Accounts receivable - trade	16, 19	1,584	1,550
Current tax assets		125	59
Other current receivables		110	109
Prepaid expenses and accrued income	20	139	93
Cash and cash equivalents	16, 22	729	405
Total current assets		**4,684**	**3,926**
TOTAL ASSETS		**17,578**	**13,823**

The notes on pages 54–88 are an integral part of the annual report and consolidated financial statements.

CONSOLIDATED BALANCE SHEET, CONTINUED

SEK MILLION	NOTE	31 DEC 2019	31 DEC 2018
EQUITY AND LIABILITIES			
Equity			
Share capital	23	18	18
Reserves		495	352
Retained earnings including net profit for the year		7,402	6,315
Equity attributable to Parent Company shareholders		**7,915**	**6,685**
Non-controlling interests		57	63
Total equity		**7,972**	**6,748**
Non-current liabilities			
Non-current interest-bearing liabilities incl. lease liability	16, 24	1,634	1,776
Other non-current liabilities		860	447
Interest-bearing pension provisions	25	40	37
Deferred tax liability	17	1,090	824
Other long-term provisions	26	36	36
Total non-current liabilities		**3,660**	**3,120**
Current liabilities			
Current interest-bearing liabilities incl. lease liability	16, 21, 24	3,691	1,762
Accounts payable - trade	16	680	632
Advance payments from customers		262	435
Current tax liabilities		210	189
Other short-term provisions	26	61	42
Other current liabilities		356	344
Accrued expenses and deferred income	28	686	551
Total current liabilities		**5,946**	**3,955**
TOTAL EQUITY AND LIABILITIES		**17,578**	**13,823**

The notes on pages 54–88 are an integral part of the annual report and consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK MILLION	SHARE CAPITAL	RESERVES	RETAINED EARNINGS	TOTAL	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Opening balance, 1 January 2018	**18**	**189**	**5,289**	**5,496**	**50**	**5,546**
Comprehensive income						
Net profit for the year	-	-	1,389	1,389	31	1,420
Other comprehensive income	-	163	-	163	2	165
Total comprehensive income	**0**	**163**	**1,389**	**1,552**	**33**	**1,585**
Transactions with shareholders						
Dividend	-	-	-363	-363	-20	-383
Closing balance, 31 December 2018	**18**	**352**	**6,315**	**6,685**	**63**	**6,748**
Comprehensive income						
Net profit for the year	-	-	1,505	1,505	23	1,528
Other comprehensive income	-	143	-	143	2	145
Total comprehensive income	**0**	**143**	**1,505**	**1,648**	**25**	**1,673**
Transactions with owners						
Outgoing non-controlling interests	-	-	-	-	-5	-5
Dividend	-	-	-418	-418	-26	-444
Closing balance, 31 December 2019	**18**	**495**	**7,402**	**7,915**	**57**	**7,972**

CONSOLIDATED CASH FLOW STATEMENT

SEK MILLION	NOTE	2019	2018
Operating activities			
Operating profit		2,059	1,902
Non-cash items	35	705	391
Other financial items		-10	-4
Interest received		4	2
Interest paid		-57	-42
Income taxes paid		-571	-472
Cash flow before changes in working capital		**2,130**	**1,777**
Changes in working capital			
Increase/decrease in inventories		-94	-260
Increase/decrease in operating receivables		137	-214
Increase/decrease in operating liabilities		-183	230
Total changes in working capital		**-140**	**-244**
Cash flow from operating activities		**1,990**	**1,533**
Investing activities			
Investments in intangible assets		-32	-19
Investments in tangible assets		-269	-162
Sale of tangible assets		26	12
Acquisition of subsidiaries net of cash and cash equivalents	31	-1,781	-500
Cash flow from investing activities		**-2,056**	**-669**
Financing activities			
Increase/decrease in non-current receivables/liabilities		18	-13
Borrowings		3,159	2,145
Repayments of borrowings		-2,314	-2,548
Dividends paid		-490	-383
Cash flow from financing activities		**373**	**-799**
Cash flow for the year		**307**	**65**
Cash and cash equivalents at the beginning of year		405	305
Translation differences		17	35
Cash and cash equivalents at year-end		**729**	**405**

The notes on pages 54–88 are an integral part of the annual report and consolidated financial statements.

NOTE 1 GENERAL INFORMATION

Lifco acquires and develops market-leading niche businesses in three business areas: Dental, Demolition & Tools and Systems Solutions. The operations are conducted through subsidiaries in 30 countries. The Parent Company, Lifco AB (publ), is a limited company with registered office in Enköping, Sweden (Verkmästaregatan 1, SE-745 85 Enköping).

This annual report was approved for publication by the Board of Directors on 20 March 2020. The consolidated and Parent Company income statements and balance sheets will be submitted for adoption at the Annual General Meeting on 24 April 2020.

Unless otherwise stated, all amounts are expressed in millions of Swedish kronor (SEK million). Figures in parentheses refer to the previous year.

Under German rules, it is permitted not to publish the annual reports of individual subsidiaries in Germany provided that the entities are consolidated at a higher level in another EU country. To meet the requirements under these regulations, Lifco AB (publ) has decided to absorb any losses for its German-registered subsidiaries, see below, in respect of the financial year 1 January – 31 December 2019, in accordance with § 32 of the German Companies Act (Aktiengesetz). This resolution will be published in official German registers in accordance with § 325 HGB.

It has also been decided that the exemption rules provided for in § 264 Abs 3 HGB are applicable in respect of the Directors' Report and the publication of the financial statements in the official German register for the subsidiaries, as listed below:

- EDP European Dental Partners Holding GmbH, Lübeck
- M+W Dental Müller & Weygandt GmbH, Büdingen
- Interadent Zahntechnik GmbH, Lübeck
- MDH AG Mamisch Dental Health AG, Mülheim an der Ruhr
- DentalTiger GmbH, Linden
- Praezimed Service GmbH, Hamburg
- Smilodentax GmbH, Essen
- PP Greiftechnik GmbH, Waakirchen
- Kinshofer GmbH, Holzkirchen
- Demolition and Recycling Tool Rentals GmbH, Holzkirchen
- Darda GmbH, Blumberg
- ErgoPack Deutschland GmbH, Lauingen/Donau
- Brokk DA GmbH, Friedenweiler

Lifco AB has issued a Parent Company guarantee pursuant to Section 479(C) of the UK Companies Act 2006 for the financial year 2019 on behalf of the subsidiary companies registered in England and Wales, see below. The Parent Company guarantee applies to all outstanding liabilities for the subsidiaries at the balance sheet date until the obligations have been fulfilled. The subsidiaries have applied the exemption from statutory audit provided for in Section 479(A) of the UK Companies Act 2006.

Subsidiaries:

- Auger Torque Europe Limited (CRN 03537549)
- Auto-Maskin UK Limited (CRN 06706114)
- Brian James Trailers Holdings Limited (CRN 10920740)
- Brian James Trailers Limited (CRN 03844151)
- Brokk UK Ltd, (CRN 04063287)
- Kinshofer UK Limited (CRN 01705372)
- Modul-System Limited (CRN 01540940)
- Silvent UK Limited (CRN 03767990)
- Top Dental (Products) Limited (CRN 04261332)
- UK Point of Sale Group Limited (CRN 03833656)

For a full list of consolidated companies, see note 47.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The key accounting policies applied in preparing these consolidated financial statements are described in the following. Unless otherwise stated, these principles have been applied consistently for all the years presented.

2.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The consolidated financial statements for the Lifco Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as well as interpretations from the International Financial Reporting Interpretations Committee (IFRIC), as adopted by the EU. Recommendation RFR 1 Supplementary Financial Reporting Rules for Corporate Groups of the Swedish Financial Reporting Board and the Swedish Annual Accounts Act have also been applied. The consolidated financial statements have been prepared using the cost method.

New and amended standards applied by the Group

The Group has applied IFRS 16 from 1 January 2019 and the implementation of the standard requires that nearly all leases be recognised in the lessee's balance sheet, as the distinction between operating and finance leases has been removed. Under IFRS 16, a fixed asset (the right to use a leased asset) and a financial liability (non-current and current) representing the obligation to make lease payments must be recognised in the balance sheet. In the consolidated income statement, depreciation and interest expense are recognised instead of operating lease expenses, the full amount of which has been recognised in operating profit. IFRS 16 affects cash flow insofar that lease payments affect cash flow from operating activities (such as interest and leases for which the underlying asset is of low value and short-term leases) and cash flow from financing activities (repayment of lease liability). The Group applies the simplified transition approach, which means that right-of-use assets are measured at the amount of the lease liability at 1 January 2019 (adjusted for prepaid and accrued lease payments). The adoption of IFRS 16 has thus not had any impact on the Group's equity. As the simplified transition approach has been applied, comparative figures for 2018 have not been restated. The Group has chosen to apply the exemption under which it is not required to recognise short-term leases and leases for which the underlying asset is of low value as part of the right-of-use asset and lease liability in the balance sheet. Payments under these leases are instead expensed on a straight-line basis over the term of the lease. The remaining lease commitments refer essentially to premises such as office, warehouse and factory premises.

RECONCILIATION OF OPERATING LEASE COMMITMENT AND RECOGNISED LEASE LIABILITY (SEK MILLION)	
Operating lease commitments at 31 December 2018	600
Discount effect	-69
Less: short-term leases and low-value leases	-67
Less: reclassifications	-19
Translation difference	-5
Lease liability recognised at 1 January 2019	**440**

The weighted average incremental borrowing rate used to calculate the discount effect is 2.09 per cent.

New and amended standards and interpretations which have not yet become effective

No standards, amendments and interpretations which become effective for the financial year beginning after 1 January 2020 will have a material impact on the consolidated financial statements.

2.2 CONSOLIDATED FINANCIAL STATEMENTS

Subsidiaries

All companies (including structured entities) over which the Group exercises a controlling influence are classified as subsidiaries. The Group controls a company when it is exposed to or has the right to a variable return on its interest in the company and is able to influence the return through its interest in the company. Subsidiaries are included in the consolidated financial statements as of the date at which the controlling interest is transferred to the Group. They are excluded from the consolidated financial statements as of the date on which the controlling interest ceases to exist.

The purchase method is applied in accounting for the Group's business combinations. The consideration paid for the acquisition of a subsidiary comprises the fair value of the transferred assets, liabilities and any shares issued by the Group. The consideration is also included the fair value of all assets or liabilities that are a consequence of a contingent consideration arrangement. Each contingent consideration payable by the Group is measured at fair value at the acquisition date. Subsequent changes to the fair value of a contingent consideration that has been classified as a liability is accounted for in accordance with IAS 39 in the income statement. Acquisition-related costs are charged to expense as incurred. Identified assets acquired and liabilities assumed in a business combination are initially measured at fair value at the acquisition date. For each acquisition, i.e. on an acquisition by acquisition basis, the Group determines whether to recognise a non-controlling interest in the acquired entity at fair value or at the interest's proportional share of the acquired entity's net assets.

The amount by which the consideration, any non-controlling interest and the fair value of the previous equity interest in the acquired entity at the acquisition date exceeds the fair value of the identified net assets is recognised as goodwill.

Commitments for the acquisition of non-controlling interests are considered as financial liabilities and the subsequent changes in value are recognised in equity.

Intercompany transactions, balances, income and expenses, and unrealised gains and losses on transactions between Group companies are eliminated. Where applicable, the accounting policies for subsidiaries have been amended to guarantee a consistent application of the Group's principles.

Change in ownership interest in a subsidiary without loss of control

Transactions with non-controlling interests which do not lead to loss of control are accounted for as equity transactions, i.e. transactions with owners in their role as owners. In case of acquisitions from non-controlling interests the difference between the fair value of the consideration paid and the actual acquired portion of the carrying amount of the subsidiary's net assets is recognised in equity. Gains and losses on sales to non-controlling interests are also recognised in equity.

2.3 TRANSLATION OF FOREIGN CURRENCY

Functional currency and reporting currency

The various entities in the Group have the local currency as their functional currency, as the local currency has been defined as the currency of the primary economic environment in which each entity operates. Swedish kronor (SEK), the functional and reporting currency of the Parent Company and Group, is used in the consolidated financial statements.

Transactions and balances

Transactions in foreign currency are translated to the functional currency at the transaction date exchange rates. Exchange rate gains and losses arising from such transactions and upon translation of monetary assets and liabilities in foreign currency at closing rates are recognised in profit or loss, except when the transactions constitute net investments, in which gains and losses are recognised in other comprehensive income. Receivables and liabilities in foreign currency are stated at closing rates. Unrealised exchange rate gains and losses are included in profit or loss. Exchange rate differences attributable to operating receivables and payables are accounted for as other operating income (operating expenses). Exchange rate differences related to financial assets and liabilities are accounted for in other financial items.

Translation of foreign Group companies

Results and financial position for those entities which have a different functional currency than the reporting currency are translated to the Group's reporting currency. All assets and liabilities in the subsidiaries are translated at the closing rate while all items in the income statements are translated at the average exchange rate. The resulting translation differences are due partly to the difference between the income statements' average rates and the closing rate, and partly to the fact that the net assets are translated at a different rate at the end of the year than at the beginning of the year. The translation differences are recognised in other comprehensive income. Hedge accounting is used for external loans which have been raised for the purpose of reducing the translation effects in the exposed currency to meet the net assets which exist in the foreign subsidiaries. Exchange rate differences on these loans are recognised directly in other comprehensive income for the Group. Goodwill and fair value adjustments arising from the acquisition of a foreign operation are treated as assets and liabilities in this operation and translated at the closing rate. Translation differences are recognised in other comprehensive income.

2.4 INTANGIBLE ASSETS

Goodwill

Goodwill arises on the acquisition of subsidiaries and refers to the amount by which the consideration exceeds Lifco's share of the fair value of identifiable assets, liabilities and contingent liabilities in the acquired entity and the fair value of non-controlling interests in the acquired entity. All acquisitions refer to a strategic and long-term investment. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill has been allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purposes. Goodwill is tested for impairment at least annually if there are events or changes in circumstances which indicate potential impairment. The carrying amount of goodwill is compared with the recoverable amount, which is defined as the higher of value in use and fair value less selling expenses. Any impairment loss is expensed immediately and cannot be reversed.

Patents

Patents which have been acquired separately are recognised at cost less accumulated amortisation. Patents are sought for unique constructions and technical solutions which form part of products developed by the company. The assets are amortised on a straight-line basis to allocate the cost for patents over the estimated useful life, which is the shorter of the patent's legal life and the period until the product related to the patent is expected to be produced. As a rule, the estimated useful life for patents is not expected to exceed five years.

Licences, trademarks and customer relationships

Licences, trademarks and customer relationships which have been acquired separately are recognised at cost while those which have been acquired through a business combination are measured at fair value at the acquisition date. Licences, trademarks and customer relationships which have a definite useful life are recognised at cost less accumulated amortisation. The assets are amortised on a straight-line basis to allocate the cost over the estimated useful life, which is estimated at 2-20 years for licences and ten years for customer relationships. Trademarks, which are considered to have indefinite useful lives, are tested annually for impairment.

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These capitalised costs are amortised over the estimated useful life, which ranges from 3–5 years.

2.5 TANGIBLE ASSETS

Tangible assets are recognised at cost less depreciation. Cost does not include expenditure that is directly attributable to the acquisition of the asset.

Any additional expenditure is added to the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the asset will accrue to Lifco and the cost can be reliably measured. The carrying amount of a replaced portion is removed from the balance sheet. All other forms of repairs and maintenance are recognised as expenses in the income statement in the periods in which they are incurred.

Land is not depreciated. Each part of a tangible asset with a cost that is significant in relation to the total cost of the item is depreciated separately. Assets are depreciated on a straight-line basis as follows:

Buildings	25–40 years
Plant and machinery	5-10 years
Equipment, tools, fixtures and fittings	3-6 years

Residual values and useful lives of assets are tested at the end of each reporting period and adjusted where required. An asset's carrying amount is written down to the recoverable amount immediately if the carrying amount exceeds the estimated recoverable amount.

Gains and losses on the sale of a tangible asset is determined by comparing the sale proceeds and the carrying amount, whereby the difference is recognised in other operating income or other operating expenses in the income statement.

2.6 IMPAIRMENT OF NON-FINANCIAL FIXED ASSETS

Assets that are depreciated or amortised are tested for impairment when an event or change of circumstance indicates that the carrying amount may not be recoverable. The difference between the carrying amount and recoverable amount is recognised as an impairment loss. The recoverable amount is the higher of the fair value of the asset less costs to sell and value in use. In testing for impairment, assets are grouped to the lowest levels at which there are separate identifiable cash flows (cash-generating units).

2.7 FINANCIAL INSTRUMENTS INITIAL RECOGNITION

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument. Purchases and sales of financial assets are recognised at the trade date, which is the date when the Group undertakes to buy or sell the asset.

Financial instruments are initially measured at fair value plus transaction costs directly attributable to the acquisition or issue of a financial asset or financial liability, such as fees and commissions.

2.7.1 CLASSIFICATION

The Group classifies its financial assets and liabilities in the categories amortised cost and financial assets at fair value through profit or loss. The classification depends on the purpose for which the financial asset or liability was acquired.

Financial assets at amortised cost

Assets held for the purpose of collecting contractual cash flows that are solely payments of principal and interest are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit losses that have been recognised (see the section on impairment below). Interest income from these financial assets is recognised using the effective interest method and is included in financial income. The Group's financial assets at amortised cost consist of other long-term receivables, accounts receivable, and cash and cash equivalents.

Financial liabilities at amortised cost

The Group's other financial liabilities are classified at amortised cost using the effective interest method. Other financial liabilities comprise liabilities to credit institutions, bonds, accounts payable and overdraft facilities.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are financial liabilities that are held for trading or additional considerations in business combinations. Financial liabilities at fair value through profit or loss are measured at fair value also in subsequent periods and changes in value are recognised in profit or loss. Liabilities in this category are classified as current liabilities if they fall due within twelve months of the balance sheet date and as non-current liabilities if they fall due after more than twelve months from the balance sheet date.

Other liabilities at fair value

Other liabilities at fair value comprise liabilities attributable to put options or combined put/call options related to acquisitions of non-controlling interests. Changes in these liabilities are recognised in the income statement.

2.7.2 RECOGNITION AND MEASUREMENT

Purchases and sales of financial assets are recognised at the trade date, which is the date when the Group undertakes to buy or sell the asset. Financial instruments are recognised initially at fair value plus transaction costs. Financial assets are derecognised when the right to receive cash flows from the instrument has expired or been transferred and the Group has transferred essentially all risks and benefits associated with ownership. Financial liabilities are derecognised when the obligation arising from the agreement has been fulfilled or otherwise been extinguished. After the acquisition date loans and receivables and other financial liabilities are stated at amortised cost by applying the effective interest method.

2.7.3 OFFSET OF FINANCIAL INSTRUMENTS

Financial assets and liabilities are offset and the net amount presented in the balance sheet only when there is a legally enforceable right to set off the recognised amounts and an intention to settle them on a net basis or to realise the asset and settle the liability simultaneously.

2.7.4 IMPAIRMENT OF FINANCIAL ASSETS

Assets at amortised cost

At the end of each reporting period the Group assesses whether there is objective evidence of impairment of a financial asset or group of financial assets.

The Group estimates expected future credit losses on assets at amortised cost. The Group's financial assets for which expected credit losses are estimated essentially comprise accounts receivable. The Group recognises a provision for such expected credit losses ("loss allowance") at each reporting date. For accounts receivable, the Group applies the simplified approach for expected credit losses, which means that it recognises a provision equal to the expected loss over the expected life of the receivable. To measure expected credit losses, accounts receivable are grouped based on allocated credit risk characteristics and days past due. The Group uses forward-looking variables for expected credit losses. Expected credit losses are recognised in the consolidated income statement in the item Administrative expenses.

2.7.5 HEDGE OF NET INVESTMENT

Hedges of net investments in foreign operations are accounted for in a similar manner to cash flow hedges. The portion of the gain or loss on the hedging instrument that is deemed to constitute an effective hedge is recognised in other comprehensive income. The gain or loss attributable to the ineffective portion is recognised immediately in profit or loss. Cumulative gains and losses in equity are recognised in profit or loss when the foreign operation is wholly or partially divested.

2.8 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first in, first out method (FIFO). The value of inventories includes a related portion of indirect costs. The value of finished products includes raw materials, direct labour, other direct costs and production-related overheads including depreciation.

The cost consists of the purchase price from subcontractors and costs for customs and freight. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs to complete and sell. Inventory obsolescence is estimated continuously over the course of the year.

2.9 ACCOUNTS RECEIVABLE - TRADE

Accounts receivable are amounts due from customers for goods sold or services provided in the ordinary course of business. If payment is expected within one year or earlier accounts receivable are classified as current assets. If not, they are recognised as fixed assets. Accounts receivable are initially stated at cost and subsequently at amortised cost by applying the effective interest method, less any provisions for impairment.

2.10 CASH AND CASH EQUIVALENTS

In the balance sheet as well as the cash flow statement, cash and cash equivalents comprise cash and bank balances.

2.11 ACCOUNTS PAYABLE - TRADE

Accounts payable are obligations to pay for goods and services purchased from suppliers in operating activities. Accounts payable are classified as current liabilities if they fall due within one year. If not, they are recognised as non-current liabilities.

Accounts payable are recognised at the nominal amount. The carrying amount of accounts payable is assumed to be equal to their fair value, as this item is of a short-term nature.

Accounts payable are initially stated at fair value and subsequently at amortised cost by applying the effective interest method (see 2.7 Financial instruments).

2.12 CURRENT AND DEFERRED TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except when the tax refers to items which are recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or equity. The current tax expense is calculated based on tax rules which have been adopted or adopted in practice at the balance sheet date in those countries where the Parent Company and its subsidiaries operate and generate taxable revenue.

Deferred tax is accounted for, by applying the balance sheet liability method, for all temporary differences between the carrying amounts and tax bases of assets and liabilities in the consolidated financial statements. However, deferred tax is not recognised if it is incurred as a result of a transaction that constitutes the initial recognition of an asset or liability which is not a business combination and which at the time of the transaction affects neither the accounting profit nor the tax profit. Deferred income tax is calculated by applying tax rates that have been enacted or announced at the balance sheet date and that are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets arising from loss carry forwards are recognised to the extent that it is probable that future taxable profits will be available against which the loss carry forwards can be used.

Deferred tax assets and liabilities are offset when there is a legally enforceable right of set off current tax assets and tax liabilities, and when the deferred tax assets and tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where there is an intention to settle the balances on a net basis.

2.13 BORROWINGS

Borrowings are initially measured at fair value, net of transaction costs. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Overdraft facilities are classified as borrowings under current liabilities in the balance sheet.

2.14 EMPLOYEE BENEFITS

Retirement benefit obligations

The Group has both defined benefit and defined contribution pension plans. The Group's main defined benefit plan is the ITP Supplementary Pension Plan for Salaried Employees in Industry and Commerce, which is secured through contributions paid to Alecta (for information on Alecta, see Note 25).

Defined contribution pension plans are post-employment benefit plans under which the Group pays fixed contributions into a separate legal entity. The Group has no legal or constructive obligations to pay further contributions if this legal entity does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. In a defined benefit pension plan the Group pays contributions to publicly or privately managed pension schemes on a mandatory, contractual or voluntary basis. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as personnel costs when they fall due. Prepaid contributions are recognised as an asset to the extent that cash repayments or reductions of future payments may accrue to the benefit of the Group.

The small amount of retirement benefit obligations that has not been taken over by an insurance company or been secured through funding with an external party is recognised as a liability in the balance sheet.

2.15 PROVISIONS

Provisions are recognised when the Group has a legal or constructive obligation as a result of a past event and it is more probable than not that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions for warranty costs are estimates of submitted warranty claims and are estimated based on combined experience in the form of statistics on historical claims, expected costs for measures and the average time from the occurrence of the fault to the filing of a claim against the Group.

2.16 RECOGNITION OF REVENUE

Sale of goods

The Group's material revenue streams arising from the sale of goods comprise sales of dental products, machinery and tools, construction materials, interiors for service vehicles, environmental technology and forest industry equipment. The "dental products" revenue stream arising from the Dental operating segment is generated from sales of products in the form of consumables and equipment for dentists. The "machinery and tools" revenue stream arising from the Demolition & Tools operating segment is generated from sales of equipment for the construction and demolition industries, where the most significant products are demolition robots and crane and excavator attachments. The "construction materials," "interiors for service vehicles," "environmental technology," and "forest" revenue streams, which arise from the Systems Solutions operating segment, are generated from sales of a wide range of products, including machinery and equipment for electrical installations and electricity production, electrical equipment, LED lighting, interior modules for vans and light commercial vehicles, machines designed to improve the environment, workwear, instruments for forestry surveyors, sawmill and pellet plant equipment.

The Forest area uses fixed-price contracts linked to customised equipment for sawmills, such as timber and wood handling equipment, drying equipment, sawing lines and pellet mills. Revenue from fixed-price contracts accounts for a minor portion, around 5 per cent, of the Group's total revenue.

For fixed-price contracts, revenue is recognised based on a calculation of costs incurred at the balance sheet date divided by total expected costs for satisfying the performance obligation. Estimates of revenue, costs or the degree of completion of a project are revised if circumstances change.

Under a fixed-price contract, the customer pays the agreed price on agreed payment dates. If the performance obligations satisfied by the Group exceed the payment, a contract asset is recognised. If the payments exceed the satisfied performance obligations, a contract liability is recognised.

The Group is engaged in the development and manufacture of products but also sources products from subcontractors primarily for sale to end customers. The contract with the customer is normally considered to consist of one or multiple performance obligations (if several products are delivered). In some cases, contracts provide for performance obligations other than products, when service installation, assembly and/or support are included in the contract. Sales of goods are recognised as revenue when control of the goods is transferred, which normally occurs when the goods are delivered to the customer. All revenues from the sale of goods are recognised at a point in time. Some contracts provide for a customer rebate, which is based on accumulated sales to the customer over a certain period, normally one year or longer. Revenue from the sale of goods is based on the price in the contract less the estimated customer rebate. Historical data is used to estimate the expected value of the customer rebate and revenue is recognised only to the extent that it is highly probable that a significant reversal will not occur. A liability included in the item "Accrued expenses and deferred income" is recognised for the expected customer rebate in relation to sales up to and including the balance sheet date. The Group does not consider that there is a financing component, as the average credit period is short. The Group has obligations to repair or replace defective products in accordance with normal warranty rules, which are recognised as provisions. Extended warranties are sold in a few cases. A receivable is recognised when the goods are delivered, as it is at this point that the right to receive consideration becomes unconditional (i.e. only the passage of time is required for payment of the consideration to be made).

Sale of services

The Group's material revenue streams arising from the sale of services comprise sales of services in the Contract Manufacturing area, which arise partly from the Systems Solutions operating segment and partly from services linked to one of the revenue streams from the sale of goods described above in the form of service, assembly, support and/or installation in respect of sold products. The majority of the Group's contracts for services are time and materials contracts. Revenue from provided variable-price services is recognised over time in the period in which the services are provided. Revenue is normally recognised based on a price per hour.

Certain contracts include multiple services, such as sale of a good, assembly, service, support and/or installation of the sold products. For these contracts, an assessment is made of whether the contract includes one or multiple performance obligations based on whether the service is simple, includes an integration service or can be performed by another service provider. If the contract includes multiple performance obligations, the transaction price is allocated to each separate performance obligation based on their standalone selling prices.

Certain services, such as maintenance, service and support of products, are recognised on a straight-line basis over the term of the contract unless another method measures the satisfaction of the performance obligation more accurately.

Interest income is recognised over the term of the loan by applying the effective interest method.

2.17 LEASES

As explained in Note 2.1 above, the Group has changed its accounting policies for leases in cases where the Group is a lessee, in accordance with the provisions of IFRS 16. The new policy is described in Note 11 and the effect of the transition in Note 2.1.

Until 2018, leases in which a significant share of the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made during the lease term are charged to the income statement on a straight-line basis over the term of the lease.

Leases in which the economic risks and benefits associated with ownership have essentially been transferred to the Group are classified as finance leases. At the beginning of its term a finance lease is recognised in the balance sheet at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

The Group's leases mainly refer to the lease of premises. None of these leases are currently classified as finance leases for the period until 2018.

2.18 CASH FLOW STATEMENT

The cash flow statement has been prepared using the indirect method. This means that the net profit or loss is adjusted for transactions which have not resulted in incoming or outgoing payments during the period, and for any income or expenses attributable to cash flows from investing or financing activities.

2.19 DIVIDENDS

Dividend payments to Parent Company shareholders are recognised as a liability in the consolidated financial statements in the period in which the payment is approved by the shareholders of the parent. Dividend income is recognised when the right to receive payment has been established.

2.20 SHAREHOLDER CONTRIBUTIONS

Shareholder contributions are recognised directly in equity in the receiving entity and converted into shares in the contributing entity, insofar as no impairment loss is required.

2.21 SEGMENT INFORMATION

Segment information is reported in a way that is consistent with the internal reports submitted to the most senior executive. The most senior executive is the function that is responsible for allocating resources and assessing the results of operating segments. In the Group this function has been identified as the Chief Executive Officer, who makes strategic decisions. Group management has defined the operating segments based on the information that is handled by the CEO and used as a basis for decisions on the allocation of resources and evaluation of results.

The CEO evaluates the activities on the basis of three operating segments: Dental, Demolition & Tools and Systems Solutions. Systems Solutions consists of a merger of those business areas which have similar economic characteristics and which do not individually meet the defined quantitative limits.

2.22 ALTERNATIVE PERFORMANCE MEASURES

In the annual report, alternative performance measures are used for monitoring the operations of the Group. The primary alternative performance measures presented in this report are EBITA, EBITDA, interest-bearing net debt, net debt and capital employed. Reconciliations of the alternative performance measures are presented on pages 76-77, and the purpose and definitions of these indicators are presented on page 99.

NOTE 3 FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

Through its activities, the Group is exposed to a wide range of financial risks: market risk (comprising currency risk, interest rate risk and price risk), credit risk and liquidity risk. These risks are managed in accordance with Lifco's financial policy, which has been adopted by the company's Board of Directors. The Group's policy is to apply hedge accounting only for net investments in foreign operations and it endeavours to minimise potential negative effects on the Group's financial results through an extensive Group account system in which surpluses in a certain currency are matched with payments in the same currency.

a) Market risk

(i) Currency risk
Currency risk is the risk that unfavourable changes in exchange rates will affect the Group's results and equity in SEK terms:

- Transaction exposure arises from the fact that the Group has incoming and outgoing payments in foreign currencies
- Translation exposure arises from the Group's currency exposure from net assets in the Group's foreign operations.

The Lifco Group conducts operations in 30 countries. Due to this geographic spread, as well as the large number of customers and products, Lifco's transaction exposure is relatively limited. The Lifco Group's transaction exposure arises when the subsidiaries import products for sale in their domestic markets and/or sell products in foreign currency. As far as possible, the effects of changes in exchange rates are managed through the use of currency clauses in customer contracts and through sales in the same currency as the purchase.

Under the policy that is applied in the Group, each company is required to manage its currency flows with regard to exposure to sudden changes in exchange rates. Currency risks are managed chiefly through a system of Group accounts in different currencies where surpluses in the system are used to pay for transactions in a certain currency. No derivatives have been entered into to manage the currency risk. Forward contracts may only be entered into with approval from Group management. There were no significant forward contracts for the Group in 2018 and 2019.

Lifco deems that the transaction exposure is limited, as there is a balance between purchases and sales in foreign currency in the Group. A moderate change in the value of the Swedish krona against other currencies thus has no material impact on consolidated earnings after tax. In 2019, net foreign exchange differences recognised in the income statement were SEK 7 (1) million, see Note 6. Lifco also has transaction exposure in the form of borrowings in foreign currency. This risk is limited, as these loans are part of the Group's net investment hedge.

Translation risk arises on the translation of foreign subsidiaries to the reporting currency, SEK. The Group has a number of investments in foreign operations whose net assets are exposed to currency risks. Currency exposure arising from the net assets in the Group's foreign operations is partly managed through borrowings in the foreign currencies concerned. These loans are recognised as hedge of net investment, see 2.7.5 Hedge of net investment. The Parent Company has outstanding bonds, loans in the form of overdraft facilities and bank loans related to acquisitions in the equivalent amount of SEK 1,818 (1,304) million denominated in EUR, SEK 279 (480) million in USD, SEK 635 (358) million in NOK, SEK 447 (-) million in GBP and SEK 31 (72) million in NZD. The acquisition-related loans have been identified as a net investment hedge. During the period, no ineffectiveness in hedges of net investments in foreign operations that needs to be recognised occurred. The net exposure is SEK 179 (700) million and hedged net assets total SEK 8,156 (5,794) million.

SEK MILLION	2019	2018
EUR	26	21
NOK	16	15
GBP	9	3
USD	6	5
DKK	4	2
Other currencies	5	4
Total	**66**	**50**

(ii) Interest rate risk
Interest rate risk is the risk that changes in the interest rate environment will have a negative impact on net financial items and earnings in the Group. The Group's borrowings have both fixed and variable interest rates. The interest rate risk to which the Group is exposed through variable interest rates is partly neutralised by cash assets bearing variable interest rates. The Group's average interest rate in the financial year 2019 was 2.1 per cent (2.1 per cent in 2018).

At the balance sheet date, the Group had total borrowings of SEK 5,325 (3,538) million (see Note 24), of which 13 per cent was subject to fixed interest rates and 87 per cent was subject to variable interest rates. A change in interest rates of +/- 0.50 percentage points would have an impact on SEK +/- 18 (11) million on net profit for the year.

b) Credit risk
Credit risk, or counterparty risk, is the risk that a counterparty in a financial transaction will fail to meet its obligations at maturity. Lifco's credit risk arises mainly from accounts receivable but there is also a certain credit risk in respect of cash and cash equivalents. Each company in the Group is responsible for monitoring and assessing credit risk and for assessing the creditworthiness of each new customer. Provisions for doubtful debts are made based on a schedule defined by the Group. Lifco deems that the risk of bad debts is low, as sales are to a large extent made to customers with which the Group has had long partnerships and/or good experience of the customer's willingness to pay. The Group continuously monitors its customers' creditworthiness and reviews credit terms based on specified guidelines where necessary. For cash and cash equivalents, the credit risk is deemed to be low, as the counterparties are large well-known banks with high creditworthiness. For the Group's credit losses, see Note 19. There are no material credit risks. The Group's financial assets that are subject to impairment testing essentially comprise accounts receivable. The expected credit losses are based on past

payment history and past losses. Past losses are adjusted to take account of current and prospective information about macroeconomic factors that can affect the customers' ability to pay a receivable. For disclosures on the maturity structure of accounts receivable and the loss allowance, see Note 19 Accounts receivable.

c) Liquidity risk

Liquidity risk is the risk that the Group will not have sufficient liquid assets to meet its obligations in respect of financial liabilities. The goal of the company's liquidity management is to minimise the risk that the Group will not have sufficient liquid assets to meet its commercial obligations. To manage day-to-day payments, the Group has a cash pool system which ensures that liquid assets are available in the currencies in which payments are made. Management monitors rolling forecasts for the Group's cash and cash equivalents (including unused credit facilities) based on expected cash flows. Lifco's policy is to have a strong liquidity position with regard to available liquid assets and unused confirmed credit facilities.

At 31 December 2019, the Group had cash and cash equivalents of SEK 729 (405) million. Other future liquidity requirements refer to the settlement of accounts payable and other current liabilities as well as repayment of borrowings. For a maturity analysis of future cash flows from the Group's financial liabilities, see Note 24.

3.2 MANAGEMENT OF CAPITAL RISK

The Group's goal in respect of capital structure is to secure its ability to continue as a going concern in order to continue to generate a return for the shareholders and benefits for other stakeholders, and to maintain an optimal capital structure in order to keep the cost of capital down. Lifco currently sees no refinancing risk.

3.3 CALCULATION OF FAIR VALUE

Due to the short-term nature of trade and other receivables as well as trade and other liabilities, their carrying amounts, less any impairment losses, are assumed to approximate their fair values. Information on the fair values and carrying amounts of non-current interest-bearing liabilities is presented in Note 24.

Financial instruments at fair value in the Group comprise financial liabilities in the form of put/call options for future acquisitions of non-controlling interests as well as additional considerations. The fair values of these are based on the company's future earnings. Both these items are classified to Level 3 of the fair value hierarchy. The following table shows the change for the year:

SEK MILLION	PUT/CALL OPTIONS AND ADDITIONAL CONSIDERATIONS
Opening balance, 1 January 2018	258
Additional	267
Revaluation	-1
Considerations paid	-10
Foreign exchange differences	1
Closing balance, 31 December 2018	**515**
Additional	465
Revaluation	50
Considerations paid	-72
Dividends paid	-46
Foreign exchange differences	4
Closing balance, 31 December 2019	**916**

NOTE 4 CRITICAL ESTIMATES AND JUDGEMENTS

Estimates of the values of balance sheet items and judgements made when applying accounting policies are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and judgements

The Group makes estimates and assumptions about the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment testing of goodwill and intangible assets with indefinite useful lives

Each year, the Group tests goodwill and intangible assets with indefinite useful lives for impairment in accordance with the accounting principle described in Note 2. Recoverable amounts for cash-generating units have been determined by calculating value in use. For these calculations certain estimates need to be made (see Note 14).

Recognition of acquisitions

In connection with acquisitions, the Group prepares a purchase price allocation for accounting purposes in accordance with the accounting principle described in Note 2. Accounting for an acquisition involves a high degree of judgement and estimation, mainly with regard to the allocation of premiums and discounts to assets and liabilities (net assets) in the purchase price allocation as well as adjusting entries for adaptation to the Group's accounting policies. Fair value adjustments and resultant goodwill are presented in Note 31.

NOTE 5 SEGMENT REPORTING

The Chief Executive Officer is the Group's chief operating decision maker. Management has defined the operating segments based on the information that is handled by the CEO and used as a basis for decisions on the allocation of resources and the evaluation of results. The results for the presented segments are assessed based on EBITA (earnings before amortisation of intangible assets arising on acquisition, acquisition costs, interest and tax).

REVENUE

The Group's material revenue streams arising from the sale of goods comprise sales of dental products, machinery and tools, construction materials, interiors for service vehicles, environmental technology and forest industry equipment. The "dental products" revenue stream arising from the Dental operating segment is generated from sales of products in the form of consumables and equipment for dentists. The "machinery and tools" revenue stream arising from the Demolition & Tools operating segment is generated from sales of equipment for the construction and demolition industries, where the most significant products are demolition robots and crane and excavator attachments. The "construction materials," "interiors for service vehicles," "environmental technology," and "forest" revenue streams, which arise from the Systems Solutions operating segment, are generated from sales of a wide range of products, including machinery and equipment for electrical installations and electricity production, electrical equipment, LED lighting, interior modules for vans and light commercial vehicles, machines designed to improve the environment, workwear, instruments for forestry surveyors, sawmill and pellet plant equipment.

No sales are made between the segments. The revenue from external parties that is reported to the CEO is measured in the same way as in the income statement.

SEK MILLION	2019	2018
Revenue from external customers		
Dental	4,393	4,185
Demolition & Tools	3,610	2,820
Systems Solutions	5,842	4,951
Total	**13,845**	**11,956**

A breakdown of results by segment is made up to and including EBITA. No breakdown of assets and liabilities by segment is made, as no such amount is regularly reported to the chief operating decision maker.

EBITA is reconciled to profit before tax as follows:		
Dental	874	802
Demolition & Tools	834	724
Systems Solutions	909	756
Central Group functions	-94	-114
Total	**2,523**	**2,168**

SEK MILLION	2019	2018
Amortisation of intangible assets arising from acquisitions	-329	-253
Non-recurring items	-56	-
Acquisition costs	-79	-13
Net financial items	-63	-44
Profit before tax	**1,996**	**1,858**

Net sales by type of income:		
Dental products	4,393	4,185
Machinery and tools	3,610	2,820
Environmental technology	1,855	1,463
Construction materials	1,192	1,102
Contract manufacturing	1,055	951
Service and Distribution	882	660
Forest	858	775
Total	**13,845**	**11,956**

No single customer accounts for more than ten per cent of net sales.

Net sales by geographic market:		
Sweden	2,046	1,877
Norway	1,727	1,485
Germany	2,174	2,127
Rest of Europe	4,809	3,919
Asia and Australia	1,577	1,258
North America	1,411	1,180
Other countries	101	110
Total	**13,845**	**11,956**

Total fixed assets, other than financial instruments and deferred tax assets, located in Sweden totalled SEK 3,560 (2,543) million, SEK 4,466 (3,861) million in Germany, SEK 1,557 (1,493) million in Norway and SEK 957 (152) million in the UK, and the sum of such fixed assets located in other countries is SEK 2,172 (1,695) million.

Contract assets and contract liabilities
The Group only has contract assets in the form of contract work in progress, which will continue to be presented separately in the item Inventories and be termed contract work in progress. In addition to accounts receivable, the Group also has receivables from contracts with customers where payment of the consideration for the good or service is only dependent on the passage of time. Receivables from contracts with customers are accounted for as part of Prepaid expenses and accrued income in the line Receivables from contracts with customers.

SEK MILLION	31 DEC 2019	31 DEC 2018
The Group recognises the following revenue-related contract liabilities:		
Advance payments from customers	262	435
Other customer contract liabilities	31	6
Total contract liabilities	**293**	**441**

Of the total contract liabilities of SEK 441 million recognised at the beginning of the financial year, revenue related to contract liabilities of SEK 371 million was recognised during the financial year. The closing balance of contract liabilities at the end of the financial year of SEK 223 million is expected to be recognised as revenue in the following financial year.

Outstanding unsatisfied performance obligations
All contracts for the sale of services have an original term of no more than one year or are billed on a time basis. In accordance with the provisions of IFRS 15, no disclosures are made on the transaction prices for these unsatisfied obligations.

NOTE 6 NET FOREIGN EXCHANGE GAINS AND LOSSES

SEK MILLION	2019	2018
Foreign exchange differences have been recognised in the income statement as follows:		
Other operating income and operating expenses	13	2
Financial income and expenses (Note 12)	-6	-1
Total	**7**	**1**

NOTE 7 SCHEDULED DEPRECIATION AND AMORTISATION

SEK MILLION	2019	2018
Distribution of depreciation/amortisation by tangible and intangible assets		
Right-of-use assets	-144	-
Buildings and land improvements	-22	-17
Plant and machinery	-64	-47
Equipment, tools, fixtures and fittings	-81	-63
Total depreciation of tangible assets	**-311**	**-127**
Trademarks	-2	-
Customer relationships	-321	-246
Patents	-6	-7
Other intangible assets	-15	-12
Total amortisation of intangible assets	**-344**	**-265**
Total depreciation/amortisation of fixed assets	**-655**	**-392**
Depreciation/amortisation by function		
Cost of goods sold	-103	-71
Selling expenses	-336	-259
Administrative expenses	-211	-58
Research and development costs	-5	-4
Total depreciation/amortisation	**-655**	**-392**

NOTE 8 AUDITORS' FEES

SEK MILLION	2019	2018
PricewaterhouseCoopers		
Audit engagement	9	8
Audit services in addition to audit engagement	1	1
Tax advisory services	-	-
Other services	2	1
Total	**12**	**10**
Other audit firms		
Audit engagement	1	1
Audit services in addition to audit engagement	-	-
Tax advisory services	-	-
Other services	-	-
Total	**1**	**1**

Audit engagement refers to fees for the statutory audit, i.e. such work as has been necessary to submit the auditor's report. Tax advisory services refer mainly to general corporate tax matters. Other services refer to advice on financial reporting as well as services in connection with acquisitions. The total fee paid to PwC and its international network for the 2019 financial year is SEK 12 (10) million. The fee paid to the audit firm PricewaterhouseCoopers AB is SEK 6 (5) million, of which SEK 4 (4) million refers to the audit engagement, SEK 1 (0) million to other statutory engagements and SEK 1 (1) to other services.

NOTE 9 CLASSIFICATION OF EXPENSES BY NATURE

SEK MILLION	2019	2018
Goods for resale, raw materials and consumables	6,228	5,422
Personnel costs (Note 10)	3,075	2,661
Depreciation, amortisation and impairment (Notes 7, 14 and 15)	655	392
Expenses for operating leases (Note 11)	67	176
Production expenses and other expenses	1,707	1,381
Total costs of goods sold, selling expenses, administrative expenses, and research and development expenses	**11,732**	**10,032**

NOTE 10 PERSONNEL COSTS AND AVERAGE NUMBER OF EMPLOYEES

SEK MILLION	2019	2018
Salaries and benefits		
Board of Directors and senior executives*	256	254
Termination salary to CEO	27	-
Other employees	2,147	1,868
	2,430	**2,122**
Social security contributions	467	410
Social security contributions on termination salary to CEO	13	-
Pension costs for senior executives	32	33
Pension costs during termination period of CEO	16	-
Pension costs for other employees	117	96
Total	**3,075**	**2,661**

* Includes salaries and benefits of the Board of Directors, Group management and the chief executives of the Group's subsidiaries.

REMUNERATION AND BENEFITS IN 2019

SEK '000	BASIC SALARY/ DIRECTOR'S FEE[1]	VARIABLE REMUNERATION	OTHER BENEFITS	PENSION COST	TOTAL
Carl Bennet	1,360	-	-	-	1,360
Ulrika Dellby	735	-	-	-	735
Annika Espander-Jansson	735	-	-	-	735
Erik Gabrielson	695	-	-	-	695
Ulf Grunander	855	-	-	-	855
Anna Hallberg	735	-	-	-	735
Johan Stern	695	-	-	-	695
Axel Wachtmeister	695	-	-	-	695
Per Waldemarson (in capacity of Director, from 26 April 2019)	-	-	-	-	-
Total	**6,505**	**-**	**-**	**-**	**6,505**
Per Waldemarson (in capacity of CEO, from 8 February 2019)	19,342	10,156	57	11,393	40,948
Other Group management (3 persons)	7,014	6,777	53	1,131	14,975
Total	**26,356**	**16,933**	**110**	**12,524**	**55,923**

*Martin Linder is part of the Group Management Team from 23 October 2019. Remuneration for the financial year 2019 is included.

Fredrik Karlsson was the Group's CEO thorugh 7 February 2019. He was Director of Lifco AB (publ) through 27 February 2019. Remuneration to Fredrik Karlsson, in his capacity as CEO, amounted to basic salary of SEK 4,520 thousand, other benefits of SEK 6 thousand and pension cost of SEK 2,707 thousand.

REMUNERATION AND BENEFITS IN 2018

SEK '000	BASIC SALARY/ DIRECTOR'S FEE[1]	VARIABLE REMUNERATION	OTHER BENEFITS	PENSION COST	TOTAL
Carl Bennet	1,310	-	-	-	1,310
Gabriel Danielsson	669	-	-	-	669
Ulrika Dellby	702	-	-	-	702
Annika Espander-Jansson	702	-	-	-	702
Erik Gabrielson	669	-	-	-	669
Ulf Grunander	812	-	-	-	812
Anna Hallberg	702	-	-	-	702
Fredrik Karlsson (in capacity of Director)	-	-	-	-	-
Johan Stern	669	-	-	-	669
Axel Wachtmeister	669	-	-	-	669
Total	**6,904**	**-**	**-**	**-**	**6,904**
Fredrik Karlsson (in capacity of CEO)	25,718	17,573	38	14,979	58,308
Other Group management (3 persons)	14,212	11,568	55	4,384	30,219
Total	**39,930**	**29,141**	**93**	**19,363**	**88,527**

[1] Includes fees for work on Board committees.

Remuneration of Directors

The Chairman and other members of the Board of Directors receive Directors' fees and remuneration for committee work in accordance with the resolutions of the Annual General Meeting. Employee representatives do not receive Directors' fees. Directors who are employed by the Group have not received remuneration or benefits in addition to those associated with the employment. The Chairman of the Board has not received any remuneration in addition to Directors' fees and remuneration for committee work.

Remuneration of senior executives

Remuneration of the CEO and other senior executives consists of a basic salary, variable remuneration, other benefits and pension contributions. Other senior executives refer to the three individuals who, together with the CEO, make up the Group Management Team. For the composition of the group management team, see page 43.

Basic salary and variable remuneration

The amount of variable remuneration in relation to basic salary must be in proportion to the senior executive's responsibility and authority. The variable remuneration shall be linked to predetermined and measurable criteria designed to promote the company's long-term value creation. For the CEO, variable remuneration is capped at 70 per cent of the fixed salary. The variable remuneration shall be based on individual targets proposed by the Remuneration Committee and adopted by the Board. Examples of such targets are results, volume growth, working capital and cash flow. For other senior executives, the variable remuneration shall be based, partly, on the outcome of his/her own area of responsibility and, partly, on individually set targets. In addition to the above variable remuneration, the Annual General Meeting may resolve on share- and share price-related remuneration.

Other benefits

Other benefits, such as a company car, extra health insurance or occupational health services, are to be payable insofar as they are regarded as market-aligned for senior executives in corresponding positions in the labour market where the executive is active. The combined amount of such benefits may constitute only a limited proportion of the total remuneration.

Pension benefits

Pension rights for the CEO and other senior executives shall apply no earlier than from age 60. For the CEO. Pension agreements are to be concluded according to local rules applicable in the country where the senior executive is resident. The pension benefit is based on a portion of the basic salary. All pension benefits are defined contribution and vested.

Cessation of employment
If the CEO resigns, he/she shall be subject to a period of notice of six months. If the employment of the CEO is terminated by the company, a period of notice of not more than 18 months will apply and the CEO has right to salary during the period of notice. Termination salary is not to be deductible from other income. If the employment of another senior executive is terminated by the company, a period of notice of not more than twelve months will apply.

The implementation and decision-making process
The Remuneration Committee submitts recommendations to the Board of Directors concerning principles for remuneration of senior executives. The recommendations covers the ratio of fixed to variable remuneration, and the size of any salary increases. The committee also proposes criteria for assessing bonus outcomes. The Board discusses the Remuneration Committee's proposal and made decisions based on the committee's recommendations. The Board shall be entitled to deviate from the guidelines if there is special reason to do so in an individual case.

The remuneration payable to the CEO for the financial year 2019 was approved by the Board based on the recommendation of the Remuneration Committee. The remuneration paid to other senior executives was approved by the CEO in consultation with the Chairman of the Board. In 2019, the Remuneration Committee convened on three occasions.

AVERAGE NUMBER OF EMPLOYEES, GROUP			2019			2018
	WOMEN	MEN	TOTAL	WOMEN	MEN	TOTAL
Sweden	329	981	1,310	289	878	1,167
Australia	4	29	33	4	31	35
Belgium	2	7	9	1	4	5
Denmark	70	196	266	64	173	237
Estonia	80	130	210	87	131	218
Philippines	83	120	203	89	159	248
Finland	40	132	172	40	133	173
France	19	91	110	16	77	93
United Arab Emirates	1	4	5	1	4	5
Hong Kong	1	4	5	1	3	4
Italy	17	95	112	6	9	15
Canada	4	10	14	2	11	13
China	224	542	766	204	562	766
Latvia	7	4	11	8	4	12
Lithuania	11	2	13	10	1	11
Netherlands	4	49	53	4	43	47
Norway	94	307	401	82	287	369
New Zealand	1	16	17	1	18	19
Poland	3	8	11	1	8	9
Russia	2	6	8	2	5	7
Switzerland	4	6	10	4	6	10
Singapore	5	15	20	4	8	12
Slovenia	4	24	28	5	20	25
Spain	1	1	2	-	-	-
United Kingdom	50	170	220	29	123	152
South Korea	2	2	4	1	2	3
Czech Republic	47	122	169	37	124	161
Germany	309	460	769	319	421	740
Hungary	5	3	8	6	3	9
USA	63	185	248	66	183	249
Austria	6	42	48	5	41	46
Total number of employees	**1,492**	**3,763**	**5,255**	**1,388**	**3,472**	**4,860**
Parent Company						
Sweden	2	4	6	2	3	5

GENDER DISTRIBUTION FOR SENIOR EXECUTIVES AT BALANCE SHEET DATE, %	2019	2018
Women:		
Board members in the Parent Company	25%	30%
Other individuals in management, including CEO	25%	25%
Men:		
Board members in the Parent Company	75%	70%
Other individuals in management, including CEO	75%	75%

NOTE 11 LEASES

SEK MILLION	2019	1 JAN 2019*
Amounts recognised in the balance sheet		
The following lease-related amounts have been recognised in the balance sheet:		
Right-of-use assets		
Properties & premises	596	440
Total	**596**	**440**
Lease liabilities		
Non-current	581	420
Current	15	20
Total	**596**	**440**

* Adoption of IFRS 16, see note 2.17

New right-of-use assets in 2019 totalled SEK 290 million.

SEK MILLION	2019	2018
Amounts recognised in the income statement		
The following lease-related amounts have been recognised in the income statement:		
Depreciation of right-of-use assets		
Properties & premises	-144	-
Total	**-144**	**-**
Interest expense	-12	-
Expenses related to short-term leases	-19	-
Expenses related to leases for which the underlying asset is of low value that are not short-term leases	-47	-

The total lease-related cash flow in 2019 was SEK 222 million.

The Group's lease activities and their accounting treatment.
The Group mainly leases premises, such as office, warehouse and factory premises. Leases are normally signed for fixed periods ranging from 3 months to 3 years, in some cases with an option to extend, as described below. The contracts may include both lease and non-lease components. For lease payments for properties for which the Group is the tenant, the Group has chosen not to separate lease and non-lease components and instead recognises these as a single lease component. The terms are negotiated separately for each contract and contain a large number of different contract terms. The leases do not contain any special terms or restrictions other than that the lessor retains the rights to pledged leased assets. The leased assets may not be used as collateral for loans.

Leased property, plant and equipment were classified as either finance or operating leases until the end of the 2018 financial year. From 1 January 2019, leases are recognised as right-of-use assets and corresponding liabilities at the day at which the leased asset is available for use by the Group.

Assets and liabilities arising from a lease are initially measured at the present value of fixed payments. The majority of options to extend related to properties and premises have not been taken into account in calculating the lease liability.

Lease payments are discounted using the interest rate implicit in the lease. As this rate cannot normally be readily determined for the Group's leases, the lessee's weighted average incremental borrowing rate has been used, which is the interest rate the Group would have to pay to borrow the funds necessary to purchase an asset of similar value to the right-of-use asset. The Group has determined the incremental borrowing rate based on an average of the terms of the financing recently obtained from an external party.

The Group is exposed to potential future increases in variable lease payments that depend on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments that depend on an index or rate take effect the lease liability and right-of-use asset are remeasured. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. In the income statement, the finance charge is allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost, which is equal to the initial measurement of the lease liability. Right-of-use assets are depreciated on a straight-line basis over the estimated useful life, which is the same as the lease term.

Payments for short-term leases for premises and all low-value leases are expensed on a straight-line basis in the income statement.

Options to extend and terminate leases
Options to extend and terminate leases are included in a number of the Group's leases. The terms are used to ensure the greatest possible flexibility in managing the assets used in the activities of the Group. The majority of the options to extend and terminate leases can only be exercised by the Group, and not by the lessor.

When the length of the lease term is determined management considers all available information that creates an economic incentive to exercise an option to extend, or not to terminate, a lease. An option to extend a lease is included in the lease term only if it is certain to be exercised. Potential future cash flows of SEK 504 million (undiscounted) have not been included in the lease liability, as it is not reasonably certain that the leases will be extended.

The majority of the options to extend have not been taken into account in calculating the lease liability, as the Group is able to replace the assets without significant costs or disruptions to its operations. The assessment of whether it is reasonably certain is reviewed only in case of a significant event or change of circumstances that affects this assessment and if the change is within the control of the lessee. During the current financial year, this review of lease terms led to an increase in lease liabilities and right-of-use assets of SEK 86 million.

Operating leases
The Group's operating leases refer mainly to the lease of commercial premises. Operating lease payments in the Group for the financial year were SEK - (176) million. Lease payments for assets held under operating leases are recognised in operating expenses. From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short-term leases and leases for which the underlying asset is of low value.

Future minimum lease payments under non-cancellable operating leases at the balance sheet date were as follows;

SEK MILLION	2019	2018
Maturity within 1 year	-	163
Maturity in 2 to 5 years	-	329
Maturity after more than 5 years	-	108
Total	**-**	**600**

NOTE 12 FINANCIAL INCOME AND EXPENSES

SEK MILLION	2019	2018
Financial income		
Interest income	4	2
Other financial income	-	-
Total financial income	**4**	**2**
Financial expenses		
Interest expense	-56	-42
Foreign exchange losses	-6	-1
Other financial expenses	-5	-3
Total financial expenses	**-67**	**-46**
Net financial items	**-63**	**-44**

NOTE 13 TAX ON PROFIT FOR THE YEAR

MSEK	2019	2018
Tax expense		
Current tax for the year	-522	-482
Adjustments regarding previous years' current tax	-13	-9
Total current tax expense	**-535**	**-491**
Deferred tax (Note 17)		
Origination and reversal of temporary differences	55	30
Effect of changed tax rate	12	23
Total deferred tax	**67**	**53**
Total income tax	**-468**	**-438**

The relationship between tax expense for the year and reported profit is shown in the table below. The tax on the profit for the year has been calculated at 21.4 (22) per cent. Tax for other countries has been calculated at the applicable local tax rates. The income tax on the consolidated profit differs from the theoretical amount that would have resulted from the use of a weighted average tax rate for the results of the consolidated companies as follows:

Reported profit before tax	**1,996**	**1,858**
Tax at applicable tax rate in Sweden, 21.4% (22%)	-427	-409
Tax effects of non-taxable income/non-deductible expenses	29	42
Tax effects of non-deductible expenses	-29	-60
Adjustment for other tax rates in foreign subsidiaries	-41	-29
Utilisation of loss carry forwards for which no deferred tax asset has been recognised	1	4
Effect of changed tax rate	12	23
Adjustment relating to previous years	-13	-9
Reported tax expense	**-468**	**-438**

The effective tax rate for the Group is 23.4 (23.6) per cent.

NOTE 14 INTANGIBLE ASSETS

SEK MILLION *INDEFINITE USEFUL LIFE	*GOODWILL	*TRADEMARKS	CUSTOMER RELATIONSHIPS	TRADEMARKS	PATENTS	OTHER INTANGIBLE ASSETS	TOTAL
COST							
1 January 2018	**6,190**	**784**	**2,148**	**-**	**66**	**134**	**9,322**
Investments	-	-	1	-	6	12	19
Acquisition of companies	376	106	359	-	10	2	853
Sales/disposals	-	-	-	-	-2	-2	-4
Reclassifications	13	-	-10	-	-3	1	1
Translation differences	172	25	63	-	1	3	264
1 January 2019	**6,751**	**915**	**2,561**	**-**	**78**	**150**	**10,455**
Investments	1	-	-	-	14	17	32
Acquisition of companies	971	290	966	6	7	6	2,246
Sales/disposals	-4	-	-	-	-	-1	-5
Reclassifications	6	-	-	11	-17	-	-
Translation differences	115	15	45	-	-	2	177
31 December 2019	**7,840**	**1,220**	**3,572**	**17**	**82**	**174**	**12,905**
ACCUMULATED DEPRECIATION							
1 January 2018	**-455**	**-**	**-399**	**-**	**-21**	**-109**	**-984**
Depreciation for the year	-	-	-246	-	-7	-12	-265
Acquisition of companies	-	-	-	-	-2	-1	-3
Sales/disposals	-	-	-	-	2	2	4
Reclassifications	-1	-	1	-	-	-	-
Translation differences	-8	-	-11	-	-1	-4	-24
1 January 2019	**-464**	**-**	**-655**	**-**	**-29**	**-124**	**-1,272**
Depreciation for the year	-	-	-321	-2	-6	-15	-344
Acquisition of companies	-3	-	-	-4	-1	-4	-12
Sales/disposals	4	-	-	-	-	1	5
Reclassifications	-	-	-	-5	4	1	-
Translation differences	-9	-	-12	1	-2	-1	-23
31 December 2019	**-472**	**-**	**-988**	**-10**	**-34**	**-142**	**-1,646**
ACCUMULATED IMPAIRMENT							
1 January 2018	**-50**	**-**	**-**	**-**	**-**	**-**	**-50**
Impairment for the year	-	-	-	-	-	-	-
1 January 2019	**-50**	**-**	**-**	**-**	**-**	**-**	**-50**
Impairment for the year	-	-	-	-	-	-	-
31 December 2019	**-50**	**-**	**-**	**-**	**-**	**-**	**-50**
Carrying amount, 1 January 2018	5,685	784	1,749	-	45	25	8,288
Carrying amount, 31 December 2018	6,237	915	1,906	-	49	26	9,133
Carrying amount, 31 December 2019	**7,318**	**1,220**	**2,584**	**7**	**48**	**32**	**11,209**

Impairment testing of goodwill and trademarks

Goodwill and intangible assets (trademarks) with indefinite useful lives are allocated to the Group's cash-generating units, which are identified by operating segment. The assumptions used in estimating value in use are the same for goodwill and trademarks.

The recoverable amount for a cash-generating unit is determined based on calculations of value in use. These calculations are made using estimated future cash flows before tax based on five-year financial budgets that have been approved by Group management. Cash flows beyond the five-year period have been extrapolated using an estimated growth rate. The estimated growth rate is assumed to represent the growth rate in the fifth year, which is expected to be around 2 per cent for all operating segments in both 2019 and 2018. Assumptions have also been made for gross margin, overheads, working capital requirements and investment requirements. The parameters have been set to represent an annual growth rate of 2 (2) per cent for all operating segments. The pre-tax discount rate used is 9.2 (9.4) per cent for all operating segments.

The calculation as at 31 December 2019 shows that value in use exceeds the carrying amount for all cash-generating units. There is thus no impairment. Nor was any impairment identified as at 31 December 2018.

Sensitivity analysis

A sensitivity analysis shows that the remaining goodwill value for all cash-generating units would remain warranted if the discount rate were raised by 1 percentage point or the growth rate, terminal growth or gross margin were reduced by 1 percentage point.

Lifco's reportable operating segments are Dental, Demolition & Tools and Systems Solutions. For the purpose of performing impairment tests, goodwill is allocated, with the exception of the reportable segments Dental and Demolition & Tools, to the five cash-generating units: Construction Materials, Contract Manufacturing, Environmental Technology, Service and Distribution Technology, and Forest. The following is a summary of goodwill and intangible assets with indefinite useful lives by cash-generating unit:

GROUP	GOODWILL		TRADEMARKS	
SEK MILLION	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018
Dental	3,809	3,717	490	470
Demolition & Tools	1,368	997	198	98
Construction materials	514	504	115	112
Contract manufacturing	107	105	19	19
Environmental technology	924	625	256	171
Service and Distribution	383	77	97	-
Forest	213	212	45	45
Total	**7,318**	**6,237**	**1,220**	**915**

NOTE 15 TANGIBLE ASSETS

SEK MILLION	BUILDINGS AND LAND	PLANT AND MACHINERY	EQUIPMENT, TOOLS, FIXTURES AND FITTINGS	ASSETS UNDER CON-STRUCTION	SUB-TOTAL	RIGHT-OF-USE ASSETS	TOTAL
COST							
1 January 2018	**539**	**669**	**582**	**4**	**1,794**	**-**	**1,794**
Investments	15	48	91	8	162	-	162
Acquisition/sale of companies	8	4	30	-	42	-	42
Sales/disposals	-	-14	-74	-	-88	-	-88
Reclassifications	-	4	1	-6	-1	-	-1
Translation differences	13	16	17	-	46	-	46
1 January 2019	**575**	**727**	**647**	**6**	**1,955**	**440**	**2,395**
Investments	18	105	124	22	269	181	450
Acquisition/sale of companies	72	410	84	5	571	109	680
Sales/disposals	-6	-34	-58	-	-98	-	-98
Reclassifications	2	10	-3	-9	-	-	-
Translation differences	8	7	9	-	24	10	34
31 December 2019	**669**	**1,225**	**803**	**24**	**2,721**	**740**	**3,461**
ACCUMULATED DEPRECIATION							
1 January 2018	**-322**	**-504**	**-418**	**-**	**-1,244**	**-**	**-1,244**
Depreciation for the year	-17	-47	-63	-	-127	-	-127
Acquisition/sale of companies	-2	-2	-16	-	-20	-	-20
Sales/disposals	-	13	63	-	76	-	76
Reclassifications	-	-	-	-	-	-	-
Translation differences	-8	-11	-10	-	-29	-	-29
1 January 2019	**-349**	**-551**	**-444**	**-**	**-1,344**	**-**	**-1,344**
Depreciation for the year	-22	-64	-81	-	-167	-144	-311
Acquisition/sale of companies	-36	-277	-46	-	-359	-	-359
Sales/disposals	2	18	52	-	72	-	72
Reclassifications	-	-3	3	-	-	-	-
Translation differences	-4	-5	-7	-	-16	-	-16
31 December 2019	**-409**	**-882**	**-523**	**-**	**-1,814**	**-144**	**-1,958**
Carrying amount, 1 January 2018	217	165	164	4	550	-	550
Carrying amount, 31 December 2018	226	176	203	6	611	-	611
Carrying amount, 31 December 2019	**260**	**343**	**280**	**24**	**907**	**596**	**1,503**

NOTE 16 FINANCIAL INSTRUMENTS BY CATEGORY

ASSETS IN THE BALANCE SHEET SEK MILLION	FINANCIAL ASSETS AT AMORTISED COST
31 December 2019	
Accounts receivable - trade	1,584
Other non-current financial receivables	9
Cash and cash equivalents	729
Total	**2,322**
31 December 2018	
Accounts receivable - trade	1,550
Other non-current financial receivables	17
Cash and cash equivalents	405
Total	**1,972**

LIABILITIES IN THE BALANCE SHEET SEK MILLION	LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS	FINANCIAL LIABILITIES AT AMORTISED COST	TOTAL
31 December 2019			
Interest-bearing borrowings	-	5,325	5,325
Accounts payable - trade	-	680	680
Other liabilities*	916	-	916
Total	**916**	**6,005**	**6,921**
31 December 2018			
Interest-bearing borrowings	-	3,538	3,538
Accounts payable - trade	-	632	632
Other liabilities*	515	-	515
Total	**515**	**4,170**	**4,685**

* Other liabilities classified as financial instruments refer to mandatory put/call options related to non-controlling interests as well as additional considerations.

NOTE 17 DEFERRED TAX

SEK MILLION	2019	2018
Deferred tax asset is attributable to the following temporary differences and loss carry forwards.		
Deferred tax asset attributable to:		
Temporary differences on current assets	116	97
Temporary differences on fixed assets	3	6
Deductible temporary differences on provisions	1	1
Other deductible temporary differences	53	32
Total deferred tax assets	**173**	**136**
Deferred tax liability is attributable to the following temporary differences.		
Deferred tax liability attributable to:		
Temporary differences on current assets	-2	-
Temporary differences on fixed assets	-856	-648
Other taxable temporary differences	-232	-176
Total deferred tax liabilities	**-1,090**	**-824**
Net deferred tax asset/liability	**-917**	**-688**

Deferred tax assets are recognised for loss carry forwards to the extent that it is probable that these can be used to offset future taxable profits. The Group recognised deferred tax assets of SEK 8 (7) million relating to losses of SEK 38 (28) million, with regard to which it is uncertain whether these can be used to offset future taxable profits. Of these loss carry forwards, SEK 0 million expires after more than five years.

NOTE 18 INVENTORIES

SEK MILLION	2019	2018
Valued at cost		
Finished goods and goods for resale	993	828
Raw materials and consumables	743	559
Work in progress	146	173
Contract work in progress	8	3
Advance payments to suppliers	107	147
Total	**1,997**	**1,710**
Net effect of impairment and reversal of impairment of inventories recognised as income/expense in the income statement	-44	-14

NOTE 19 ACCOUNTS RECEIVABLE - TRADE

SEK MILLION	2019	2018
Accounts receivable - trade	1,699	1,627
Loss allowance	-115	-77
Net accounts receivable	**1,584**	**1,550**

SEK MILLION	2019	2018
Carrying amount, gross accounts receivable		
Receivables not past due	1,015	989
1–30 days past due	361	351
More than 30 days past due	186	181
More than 60 days past due	27	30
More than 90 days past due	110	76
Total	**1,699**	**1,627**

The average loss allowance is 5.5 per cent, but is lower for accounts receivable 0–90 days past due and higher for accounts receivable more than 90 days past due.

Changes in the loss allowance for accounts receivable are as follows:	
1 January 2018 calculated in accordance with IFRS 9	**-62**
Increase in loss allowance, change recognised in profit or loss	-15
Acquisition of businesses	-9
Accounts receivable written off during the year	9
31 December 2018	**-77**
Increase in loss allowance, change recognised in profit or loss	-27
Acquisition of businesses	-13
Accounts receivable written off during the year	2
31 December 2019	**-115**

NOTE 20 PREPAID EXPENSES AND ACCRUED INCOME

SEK MILLION	2019	2018
Prepaid rental expenses	8	15
Prepaid insurance expenses	8	6
Prepaid IT expenses	16	10
Other prepaid expenses	44	28
Receivables from contracts with customers	49	25
Accrued income	14	9
Total	**139**	**93**

NOTE 21 OVERDRAFT FACILITIES

SEK MILLION	2019	2018
Overdraft facilities, drawn amount	554	258
Overdraft facilities, agreed limit	1,200	1,200

NOTE 22 CASH AND CASH EQUIVALENTS

SEK MILLION	2019	2018
Cash and cash equivalents in the balance sheet and cash flow statement include the following items:		
Cash and bank balances	729	405

NOTE 23 SHARE CAPITAL

SEK MILLION	NUMBER OF SHARES (THOUSANDS)	SHARE CAPITAL
1 January 2018	90,843	18
31 December 2018	90,843	18
31 December 2019	**90,843**	**18**

The share capital consists of 6,075,970 class A shares and 84,767,290 class B shares, or 90,843,260 shares in total. Class A shares carry ten votes per share and class B shares carry one vote per share. All shares issued by the Parent Company are fully paid up.

NOTE 24 BORROWINGS

SEK MILLION	2019	2018
Non-current interest-bearing liabilities		
Lease liability	581	-
Liabilities to credit institutions	49	11
Bonds	1,004	1,765
Total non-current interest-bearing liabilities	**1,634**	**1,776**
Current interest-bearing liabilities		
Lease liability	15	-
Liabilities to credit institutions	1,346	468
Bonds	1,776	1,036
Overdraft facilities, drawn amount	554	258
Total current interest-bearing liabilities	**3,691**	**1,762**
Total interest-bearing liabilities	**5,325**	**3,538**

In the fourth quarter of 2019, Lifco issued unsecured bonds, LIFCO 7, with maturities of two years. The interest rate is FRN Stibor 3M + 53 bps.
The fair value of the bonds is equal to the carrying amount.

Of total interest-bearing liabilities, 13 per cent have fixed interest rates and 87 per cent variable interest rates. The carrying amounts do not differ from the fair values. The following table shows an analysis of the Group's financial liabilities by remaining maturity from the balance sheet date. The indicated amounts are the contractual, undiscounted cash flows. The interest rates provided for under the terms applying at the balance sheet date have been used in the calculation.

SEK MILLION	LESS THAN 1 YEAR	> 1 YEAR < 2 YEARS	> 2 YEAR < 5 YEARS	> 5 YEARS
31 December 2019				
Bank loans and bonds*	3,149	1,075	-	-
Lease liability	30	23	312	330
Accounts payable - trade	680	-	-	-
Total	**3,859**	**1,098**	**312**	**330**

* including interest

RECONCILIATION OF NET DEBT SEK MILLION	2019	2018
Cash and cash equivalents	729	405
Loans – due within one year (incl. overdraft facilities)	-3,676	-1,762
Loans – due after more than one year	-1,053	-1,776
Interest-bearing pension provision	-40	-37
Interest-bearing net debt	**-4,040**	**-3,170**
Lease liability - due within one year	-15	-
Lease liability – due after more than one year	-581	-
Put/call options, additional considerations - due within one year	-62	-73
Put/call options, additional considerations - due after more than one year	-854	-442
Net debt	**-5,552**	**-3,685**
Cash and cash equivalents	729	405
Gross debt - fixed interest rate	-700	-700
Gross debt - variable interest rate	-4,069	-2,875
Lease liability	-596	-
Put/call options, additional considerations	-916	-515
Net debt	**-5,552**	**-3,685**

SEK MILLION	CASH AND CASH EQUIVALENTS	LEASE LIABILITY	LOANS	INTEREST BEARING PENSION PROVISION	PUT/CALL OPTIONS, ADDITIONAL CONSIDERATIONS	TOTAL
Net debt, 1 January 2018	305	-	-3,805	-36	-258	-3 794
Cash flow	65	-	402	-	10	477
Acquisitions	-	-	-4	-	-267	-271
Revaluation	-	-	-	-	1	1
Foreign exchange differences	35	-	-131	-1	-1	-98
Net debt, 31 December 2018	**405**	**-**	**-3,538**	**-37**	**-515**	**-3,685**
Additional under IFRS 16	-	-440	-	-	-	-440
Cash flow	307	144	-989	-	118	-420
Acquisitions	-	-109	-168	-	-465	-742
Revaluation/Additional	-	-182	-	-	-50	-232
Foreign exchange differences	17	-9	-34	-3	-4	-33
Net debt, 31 December 2019	**729**	**-596**	**-4,729**	**-40**	**-916**	**-5,552**

NOTE 25 POST-EMPLOYMENT BENEFITS

The amounts recognised in the balance sheet refer to defined benefit pensions in Sweden, Germany and the United States attributable to employees who no longer work for the company. The carrying amount of defined benefit obligations is SEK 40 (37) million.

For salaried employees in Sweden defined benefit pension obligations for retirement and family pensions under the ITP 2 plan are secured through an insurance policy with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 3 Classification of ITP Plans Funded through Insurance with Alecta, this is a multi-employer defined benefit plan. For the financial year 2019, the company has not had access to information that would enable it to account for its proportionate share of the plan's obligations, assets and expenses. It has therefore not been possible to report the plan as a defined benefit plan. The ITP 2 pension plan secured through an insurance policy with Alecta is therefore accounted for as a defined contribution plan. The premium for defined benefit retirement and family pensions is calculated individually and depends on factors such as salary, previously earned pension benefits and expected remaining period of service. Expected fees in the next reporting period for ITP 2 insurance policies with Alecta are SEK 14 (12) million.

The collective funding ratio is defined as the market value of Alecta's assets as a percentage of its commitments to policyholders calculated using Alecta's actuarial methods and assumptions, which do not comply with IAS 19. The collective funding ratio is normally permitted to vary between 125 and 155 per cent. If Alecta's collective funding ratio were to fall below 125 per cent or exceed 155 per cent, it would be necessary to take measures that will enable the ratio return to the normal range. In case of a low collective funding ratio, one measure that can be taken is to raise the agreed price for new subscriptions and expansion of existing benefits. A high collective funding ratio can be addressed by introducing premium reductions. At the end of 2019, Alecta's surplus, defined as the collective funding ratio, was 148 per cent (preliminary calculation) (2018: 142 per cent).

Lifco has made pension promises to two persons and in connection therewith purchased endowment policies which have been posted as collateral for the pensions of these employees. Under the arrangement, the individuals concerned will receive the value of the endowment policies less payroll tax. As there are no guaranteed remuneration levels, the Group's net obligation will always be zero. These endowment policies are considered to be plan assets and are recognised on a net basis after deducting the obligation.

NOTE 26 PROVISIONS

SEK MILLION	GUARANTEE RESERVE	RESTRUCTURING RESERVE	PREMISES COSTS	OTHER PROVISIONS	TOTAL
1 January 2018	**47**	**1**	**4**	**14**	**66**
Additional provisions	29	1	7	10	47
Acquisition of companies	-	-	-	10	10
Utilised during the year	-5	-1	-6	-15	-27
Reversal of unused provisions	-20	-	-	-1	-21
Reclassifications	-2	-	2	-	0
Translation differences	2	-	-	1	3
31 December 2018	**51**	**1**	**7**	**19**	**78**
of which, short-term provisions	**30**	**1**	**6**	**5**	**42**
of which, long-term provisions	**21**	**-**	**1**	**14**	**36**
Anticipated outflow date					
Within 1 year	30	1	6	5	42
Within 3 year	8	-	1	4	13
Within 5 year	12	-	-	10	22
After more than 5 years	1	-	-	-	1
31 December 2018	**51**	**1**	**7**	**19**	**78**
1 January 2019	**51**	**1**	**7**	**19**	**78**
Additional provisions	46	-	6	11	63
Acquisition of companies	4	-	-	-	4
Utilised during the year	-10	-	-4	-13	-27
Reversal of unused provisions	-20	-	-2	-1	-23
Reclassifications	-	-	-	-	0
Translation differences	1	-	-	1	2
31 December 2019	**72**	**1**	**7**	**17**	**97**
of which, short-term provisions	**48**	**1**	**7**	**5**	**61**
of which, long-term provisions	**24**	**-**	**-**	**12**	**36**
Anticipated outflow date					
Within 1 year	48	1	7	5	61
Within 3 year	12	-	-	6	18
Within 5 year	11	-	-	5	16
After more than 5 years	1	-	-	1	2
31 December 2019	**72**	**1**	**7**	**17**	**97**

The warranty provision is based on outstanding commitments at the balance sheet date and the calculation is based on previous experience. Other provisions refer mainly to commissions to agents in the Dental business area. In addition, the Group has other contingent liabilities of SEK 76 (198) million. As it has been deemed that no outflow of funds will take place for these commitments, no provisions have been made See also the information in Note 30.

NOTE 27 TRANSACTIONS WITH RELATED PARTIES

Transactions between Lifco AB and its subsidiaries, which are associates of Lifco AB, have been eliminated in the consolidated financial statements. Sales of products and services between Group companies are subject to commercial terms and conditions and made at market prices. Intercompany sales were SEK 3,473 (3,234) million during the year. Carl Bennet AB owns 50.1 per cent of the shares of Lifco and is deemed to control the Group. Other related parties include all subsidiaries in the Group as well as senior executives in the Group, i.e. the Board of Directors and Group management. Lifco AB, the Parent Company of the Lifco Group, did not purchase any administrative services from Carl Bennet AB in 2019 (2018: SEK - million). One of the Directors, Erik Gabrielson, is a partner of Advokatfirman Vinge, a law firm which received SEK 6 (5) million for legal advice. Disclosures on remuneration of senior executives are provided in Note 10.

NOTE 28 ACCRUED EXPENSES AND DEFERRED INCOME

SEK MILLION	2019	2018
Accrued personnel costs	456	408
Commissions and bonuses to customers	46	37
Allocation of expenses	55	44
Accrued interest expenses	5	4
Other customer contract liabilities	31	6
Other deferred income	50	-
Other accrued expenses	43	52
Total	**686**	**551**

NOTE 29 PLEDGED ASSETS

SEK MILLION	2019	2018
Property mortgages	19	15
Floating charges	8	8
Total	**27**	**23**

NOTE 30 CONTINGENT LIABILITIES

SEK MILLION	2019	2018
Warranties	76	198
Total	**76**	**198**

Guarantee commitments refer to advance payment and performance guarantees.

NOTE 31 BUSINESS COMBINATIONS

Six new businesses were consolidated during the year. The acquisitions refers to all shares of Indexator Rotator Systems and majority shareholdings in Brian James Trailers, ErgoPack, Hammer, Rustibus Worldwide and UK POS.

Acquisition-related expenses of SEK 29 million are included in administrative expenses in the consolidated income statement for the year. Since the respective consolidation dates, the acquired companies have added SEK 815 million to consolidated net sales and SEK 178 million to EBITA. If the businesses had been consolidated as of 1 January 2019, net sales for the year would have increased by a further SEK 535 million and EBITA would have increased by a further SEK 109 million.

The table below includes all acquisitions made in 2019. None of the acquisitions are individually material to Lifco's consolidated financial statements.

NET ASSETS, MSEK	ASSETS AND LIABILITIES AT ACQUISITION DATE	ADJUSTMENT TO FAIR VALUE	FAIR VALUE
Trademarks, customer relationships, licences	11	1,241	1,252
Tangible assets	208	-	208
Inventories, trade and other receivables	535	-45	490
Trade and other payables	-465	-281	-746
Cash and cash equivalents	166	-	166
Net assets	**455**	**915**	**1,370**
Goodwill	-	957	957
Total net assets	**455**	**1,872**	**2,327**

Effect on cash flow, SEK million	
Consideration	2,327
of which, considerations not paid	-452
Cash and cash equivalents in acquired companies	-166
Consideration paid relating to acquisitions from previous years	72
Total cash flow effect	**1,781**

NOTE 32 EARNINGS PER SHARE

Before dilution: Earnings per share before dilution are calculated by dividing earnings attributable to shareholders of the Parent Company by a weighted average number of outstanding ordinary shares during the period. There were no repurchased shares held as treasury shares by the Parent Company during the period.

SEK MILLION	2019	2018
Profit attributable to Parent Company shareholders	1 505	1 389
Weighted average number of outstanding ordinary shares	90,843,260	90,843,260
Earnings per share (SEK)	16.57	15.29

After dilution: Earnings per share after dilution are calculated by adjusting the weighted average number of outstanding ordinary shares for the dilutive effect of all potential ordinary shares. There were no potential dilutive ordinary shares in 2019 or 2018. Earnings per share were thus the same before and after dilution.

NOTE 33 DIVIDEND PER SHARE

Dividend payments made in 2019 and 2018 totalled SEK 418 million (SEK 4.60 per share) and SEK 363 million (SEK 4.00 per share), respectively. At the Annual General Meeting on 24 April 2020, the Board will propose a dividend for the financial year 2019 of SEK 5.25 per share, resulting in a total distribution of SEK 477 million. The proposed dividend has not been recognised as a liability in these financial statements.

NOTE 34 EVENTS AFTER THE END OF THE REPORTING PERIOD

Lifco is closely following the outbreak and spread of COVID-19 (coronavirus) across the world. The Group has taken proactive measures to reduce risks for employees and to ensure business continuity. Lifco operates in a large number of industries that are impacted by the COVID-19 outbreak to varying extents. It is not currently possible for Lifco to predict how and to what extent these different businesses will be impacted.

On 10 January, it was announced that Lifco had acquired Rönvig Dental Manufacturing A/S of Denmark. The company is a niche manufacturer of dental products and generated sales of around DKK 30 million in 2018. The company is based in Daugaard, Denmark and 17 employees. The business will be consolidated in the Dental business area.

On 15 January, it was announced that Lifco had acquired the Workplace Safety division of KiiltoClean A/S. The company is a leading niche manufacturer of eyewashes, plasters and first aid stations. The products are sold under the Plum brand and generated net sales of around DKK 79 million in 2019. The company is based in Assens, Denmark and Cuxhaven, Germany and has ten employees. The business will be consolidated in the Dental business area.

On 24 January, it was announced that Lifco had acquired a majority stake in Dental Grupa of Croatia. The company is a leading distributor of equipment and consumables for dentists in Croatia. Dental Grupa had net sales of around HRK 66 million in 2019 and has around 40 employees. The business will be consolidated in the Dental business area.

On 27 January, it was announced that Lifco had acquired a majority stake in Cramaro Tarpaulin Systems of Italy. The company is a niche manufacturer of tarpaulin systems for trucks and agricultural vehicles. The company had net sales of around EUR 27 million in 2019 and has 90 employees. The business will be consolidated in the Systems Solutions business area, Service and Distribution division.

The individual acquisitions will not have a significant impact on Lifco's results and financial position in the current year.

A preliminary purchase price allocation will be presented in the interim report for the first quarter of 2020.

NOTE 35 ADDITIONAL CASH FLOW STATEMENT DISCLOSURES

SEK MILLION	2019	2018
Non-cash items		
Depreciation/amortisation	655	392
Revaluation of put/call options	50	-1
Total	**705**	**391**

RECONCILIATION TO ALTERNATIVE PERFORMANCE MEASURES

EBITA COMPARED WITH FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS

SEK MILLION	2019	2018
Operating profit	**2,059**	**1,902**
Amortisation of intangible assets arising from acquisitions	329	253
EBITA	**2,388**	**2,155**
Acquisition costs and non-recurring items	135	13
EBITA before acquisition costs and non-recurring items	**2,523**	**2,168**

EBITDA COMPARED WITH FINANCIAL STATEMENTS IN

SEK MILLION	2019	2018
Operating profit	**2,059**	**1,902**
Depreciation of tangible assets	311	127
Amortisation of intangible assets	15	12
Amortisation of intangible assets arising from acquisitions	329	253
EBITDA	**2,714**	**2,294**
Acquisition costs and non-recurring items	135	13
EBITDA before acquisition costs and non-recurring items	**2,849**	**2,307**

NET DEBT COMPARED WITH FINANCIAL STATEMENTS

SEK MILLION	31 DEC 2019	31 DEC 2018
Non-current interest-bearing liabilities including pension provisions	1,093	1,813
Current interest-bearing liabilities	3,676	1,762
Cash and cash equivalents	-729	-405
Interest-bearing net debt	**4,040**	**3,170**
Put/call options, additional considerations	916	515
Lease liability	596	-
Net debt	**5,552**	**3,685**

IN ACCORDANCE WITH IFRS CAPITAL EMPLOYED AND CAPITAL EMPLOYED EXCLUDING GOODWILL AND OTHER INTANGIBLE ASSETS COMPARED WITH FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS

SEK MILLION	31 DEC 2019	30 SEP 2019	30 JUN 2019	31 MAR 2019
Total assets	**17,578**	**17,400**	**16,452**	**15,793**
Cash and cash equivalents	-729	-456	-340	-348
Interest-bearing pension provisions	-40	-39	-37	-34
Non-interest-bearing liabilities	-3,325	-3,545	-3,364	-3,266
Capital employed	**13,484**	**13,360**	**12,711**	**12,145**
Goodwill and other intangible assets	-11,209	-10,969	-10,257	-9,886
Capital employed excluding goodwill and other intangible assets	**2,275**	**2,391**	**2,454**	**2,259**

CAPITAL EMPLOYED AND CAPITAL EMPLOYED EXCLUDING GOODWILL AND OTHER INTANGIBLE ASSETS CALCULATED AS THE AVERAGE OF THE LAST FOUR QUARTERS COMPARED WITH FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS

SEK MILLION	AVERAGE	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Capital employed	**12,925**	13,484	13,360	12,711	12,145
Capital employed excluding goodwill and other intangible assets	**2,345**	2,275	2,391	2,454	2,259
	TOTAL				
EBITA*	**2,523**	651	596	689	587
Return on capital employed	**19.5%**				
Return on capital employed excluding goodwill and other intangible assets	**108%**				

PARENT COMPANY FINANCIAL STATEMENTS

PARENT COMPANY INCOME STATEMENT

SEK MILLION	NOTE	2019	2018
Administrative expenses		-162	-136
Other operating income	37, 38	139	48
Operating profit	39, 40, 41, 42	**-23**	**-88**
Profit/loss from investments in Group companies	43	758	560
Financial income	44	127	106
Financial expenses	44	-48	-64
Profit after financial items		**814**	**514**
Appropriations	45	-30	56
Tax on profit for the year	46	-6	-5
Net profit for the year		**778**	**565**

The Parent Company has no items which are accounted for as other comprehensive income. Total comprehensive income is therefore the same as net profit for the year.

PARENT COMPANY BALANCE SHEET

SEK MILLION	NOTE	31 DEC 2019	31 DEC 2018
ASSETS			
Fixed assets			
Equipment		0	0
Investments in Group companies	47	1,960	1,960
Non-current receivables from Group companies		2,868	1,925
Deferred tax assets	48	44	42
Total fixed assets		**4,872**	**3,927**
Current assets			
Receivables from Group companies		5,207	4,501
Current tax assets		15	18
Prepaid expenses and accrued income		4	4
Cash and bank balances		379	143
Total current assets		**5,605**	**4,666**
TOTAL ASSETS		**10,477**	**8,593**
EQUITY AND LIABILITIES			
Restricted equity			
Share capital		18	18
Statutory reserve		12	12
Total restricted equity		**30**	**30**
Non-restricted equity			
Retained earnings	49	2,463	2,316
Net profit for the year		778	565
Total non-restricted equity		**3,241**	**2,881**
Total equity		**3,271**	**2,911**
Untaxed reserves	50	**72**	**69**
Non-current liabilities			
Bonds	51	1,004	1,765
Total non-current liabilities		**1,004**	**1,765**
Current liabilities			
Liabilities to credit institutions	51	1,866	719
Bonds	51	1,776	1,036
Accounts payable - trade		1	0
Liabilities to Group companies		2,399	2,025
Other current liabilities		40	14
Accrued expenses and deferred income	52	48	54
Total current liabilities		**6,130**	**3,848**
TOTAL EQUITY AND LIABILITIES		**10,477**	**8,593**

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY

SEK MILLION	SHARE CAPITAL	STATUTORY RESERVE	NON-RESTRICTED EQUITY	TOTAL EQUITY
Opening balance, 1 January 2018	**18**	**12**	**2,679**	**2,709**
Dividend approved by AGM	-	-	-363	-363
Net profit for the year	-	-	565	565
Closing balance, 31 December 2018	**18**	**12**	**2,881**	**2,911**
Dividend approved by AGM	-	-	-418	-418
Net profit for the year	-	-	778	778
Closing balance, 31 December 2019	**18**	**12**	**3,241**	**3,271**

The Parent Company has no items which are accounted for as other comprehensive income. Total comprehensive income is therefore the same as net profit for the year.

The share capital consists of 6,075,970 class A shares and 84,767,290 class B shares, or 90,843,260 shares in total. Class A shares carry ten votes per share and class B shares carry one vote per share. The Parent Company has no treasury shares. For share capital information, see Note 23 to the consolidated financial statements.

PARENT COMPANY CASH FLOW STATEMENT

SEK MILLION	2019	2018
Operating activities		
Operating profit	-23	-88
Other financial items	-2	-2
Interest received	124	106
Interest paid	-45	-44
Income taxes paid	-6	-20
Cash flow before changes in working capital	**48**	**-48**
Changes in working capital		
Increase/decrease in operating receivables	-1,200	39
Increase/decrease in operating liabilities	370	315
Total changes in working capital	**-830**	**354**
Cash flow from operating activities	**-782**	**306**
Financing activities		
Change in non-current receivables	-461	-46
Borrowings	3,150	2,139
Repayments of borrowings	-2,058	-2,534
Group contribution received	58	-
Group contribution paid	-3	-11
Dividends received	758	560
Dividends paid	-418	-363
Cash flow from financing activities	**1,026**	**-255**
Cash flow for the year	244	**51**
Cash and cash equivalents at the beginning of year	143	86
Foreign exchange differences in cash and cash equivalents	-8	6
Cash and cash equivalents at year-end	**379**	**143**

NOTE 36 PARENT COMPANY ACCOUNTING POLICIES

The Parent Company has prepared its annual accounts in accordance with the Swedish Annual Accounts Act and Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board. Under RFR 2, the Parent Company is required to apply all EU-adopted IFRS/IAS rules and interpretations in the annual report for the legal entity insofar as this is possible under the Swedish Annual Accounts Act and with regard to the relationship between accounting and taxation. The recommendation specifies which exemptions should be made in relation to IFRS/IAS. The IFRS/IAS provisions are described in Note 1 to the consolidated financial statements, Accounting policies. The Parent Company applies the same accounting policies as those described for the Group with the exception of the following:

Format

The format prescribed in the Swedish Annual Accounts Act is used for the income statements and balance sheets. The income statement is divided into two statements: one for profit or loss and one for comprehensive income. The Parent Company has no items which are accounted for as other comprehensive income. Total comprehensive income is therefore the same as net profit for the year. The statement of changes in equity follows the format used in the Group but contains the columns specified in the Annual Accounts Act. The formats for the Parent Company have different names compared with the consolidated financial statements, primarily with regard to financial income and expense, provisions, and items in equity.

Investments in subsidiaries
Investments in subsidiaries are stated at cost less any impairment. Cost includes acquisition-related costs and any additional considerations. When there is an indication that an investment in a subsidiary is impaired, an estimate is made of the recoverable amount. If the recoverable amount is less than the carrying amount, an impairment loss is recognised. Impairment losses are recognised in the items "Profit/loss from investments in Group companies".

Financial instruments
IFRS 9 is not applied in the Parent Company Instead, the Parent Company applies the paragraphs specified in RFR 2 (IFRS 9 Financial instruments, paras. 3–10). Financial instruments are measured at cost. In subsequent periods, financial assets that have been acquired with the intention of being held for the short term are measured at the lower of cost or market value using the lower of cost or market method.

At each balance sheet date, the Parent Company assesses whether there is any indication of impairment of financial assets. An impairment loss is recognised if the decline in value is considered to be permanent. Impairment losses on interest-bearing financial assets at amortised cost are defined as the difference between the carrying amount of the asset and the present value of management's best estimate of future cash flows discounted at the asset's original effective interest rate. The impairment loss for other non-current financial assets is defined as the difference between the carrying amount and the higher of fair value less selling expenses and the present value of future cash flows (based on management's best estimate).

Leases
All leases, both finance leases and operating leases, are classified as operating leases.

Revenue
Other operating income in the Parent Company includes costs billed to subsidiaries.

Group contributions
Group contributions paid and received are both accounted for as appropriations in the income statement.

NOTE 37 THE PARENT COMPANY'S SALES TO AND PURCHASES FROM GROUP COMPANIES

During the year, the Parent Company invoiced the subsidiaries SEK 139 (48) million for Group-wide services. The Parent Company has not purchased services from subsidiaries.

NOTE 38 OTHER OPERATING INCOME

SEK MILLION	2019	2018
Group-wide services	139	48
Total other operating income	**139**	**48**

NOTE 39 CLASSIFICATION OF EXPENSES BY NATURE

SEK MILLION	2019	2018
Personnel costs (Note 41)	146	123
Expenses for operating leases (Note 42)	2	1
Other expenses	14	12
Total	**162**	**136**

NOTE 40 AUDITORS' FEES

SEK MILLION	2019	2018
PricewaterhouseCoopers		
Audit engagement	1	1
Audit services in addition to audit engagement	-	-
Other services	1	0
Total	**2**	**1**

Audit engagement refers to fees for the statutory audit, i.e. such work as has been necessary to submit the auditor's report. Audit services in addition to audit engagement refer to the examination of interim reports and similar work. Other services refer to advice on financial reporting as well as services in connection with acquisitions.

NOTE 41 AVERAGE NUMBER OF EMPLOYEES AND PERSONNEL COSTS

AVERAGE NUMBER OF EMPLOYEES	2019	2018
Women	2	2
Men	4	3
Total	**6**	**5**

PERSONNEL COSTS, SEK MILLION	2019	2018
Salaries and benefits		
Board of Directors and CEO	71	50
Other employees	10	26
	81	76
Social security contributions, Board of Directors and CEO	29	19
Social security contributions, other employees	4	9
Pension costs for the CEO	31	15
Pension costs for other employees	1	4
Total	**146**	**123**

For information on remuneration of senior executives, see Note 10 to the consolidated financial statements.

NOTE 42 LEASES

SEK MILLION	2019	2018
Operating leases		
Mature within 1 year	1	1
Mature in 1–5 years	1	1
Total	**2**	**2**

The Parent Company's operating leases mainly comprise leases for office premises. No assets are subleased. Operating lease payments in the Parent Company for the financial year were SEK 1 (1) million. Lease payments for assets held under operating leases are recognised in operating expenses.

NOTE 43 PROFIT/LOSS FROM INVESTMENTS IN GROUP COMPANIES

SEK MILLION	2019	2018
Dividends	758	560
Total	**758**	**560**

NOTE 44 FINANCIAL INCOME AND EXPENSES

MSEK	2019	2018
Financial income		
Interest income from Group companies	124	106
Interest income	1	0
Foreign exchange gains	2	-
Total financial income	**127**	**106**
Financial expenses		
Interest expenses to Group companies	-6	-6
Interest expense	-39	-38
Foreign exchange losses	-	-18
Other financial expenses	-3	-2
Total financial expenses	**-48**	**-64**
Net financial items	**79**	**42**

The foreign exchange gains item includes income of SEK 45 million and expenses of SEK 43 million, resulting in a net gain of SEK 2 million.

NOTE 45 APPROPRIATIONS

SEK MILLION	2019	2018
Group contributions paid	-28	-3
Group contributions received	-	58
Change in tax allocation reserve	-2	1
Total	**-30**	**56**

NOTE 46 TAX ON PROFIT FOR THE YEAR

SEK MILLION	2019	2018
Current tax for the year	-8	-6
Adjustments relating to previous years	-	0
Deferred tax	2	1
Total tax on profit for the year	**-6**	**-5**

The relationship between tax expense for the year and reported profit is shown in the table below. The tax on the profit for the year has been calculated at 21.4 (22) per cent.

Profit before tax	784	570
Tax at applicable tax rate in Sweden, 21.4% (22%)	-168	-125
Tax effects of non-taxable income	162	123
Effect of changed tax rate	0	-3
Adjustment relating to previous years	-	0
Tax effects of non-deductible expenses	0	0
Tax on profit for the year	**-6**	**-5**

NOTE 47 INVESTMENTS IN GROUP COMPANIES

Specification of the Parent Company's direct shareholdings and investments in Group companies

COMPANY NAME	CORP. ID NO.	REGISTERED OFFICE
Lifco Dental International AB	556730-9710	Enköping
Proline Group AB	556543-0971	Sollentuna
PP Greiftechnik GmbH	HR B No 157420	Waakirchen, Germany
Rapid Granulator AB	556082-8674	Bredaryd
Sorb Industri AB	556272-5282	Skellefteå

	EQUITY INTEREST, %	VOTING INTEREST, %	NO. OF SHARES	CARRYING AMOUNT 2019	CARRYING AMOUNT 2018
Lifco Dental International AB	100.00	100.00	252,525	716	716
Proline Group AB	100.00	100.00	12,400	182	182
PP Greiftechnik GmbH	100.00	100.00	25,000	490	490
Rapid Granulator AB	100.00	100.00	100,000	205	205
Sorb Industri AB	100.00	100.00	6,800,000	367	367
Total				**1,960**	**1,960**

	2019	2018
Cost at the beginning of the year	1,960	1,960
Acquisition of subsidiaries	-	-
Cost at year-end	1,960	1,960
Carrying amount at year-end	1 960	1 960

Specification of the parent company's direct and indirect holdings:

COMPANY	COUNTRY	CORPORATE ID	RESIDENCE	OWNERSHIP %
Lifco Dental International AB	**Sweden**	**556730-9710**	**Enköping**	**100.0**
Dental-Direct AS	Norway	981 315 847	Skoppum	80.0
Lifco Dental AB	Sweden	556061-7747	Enköping	100.0
Ellman Produkter AB	Sweden	556217-2394	Stockholm	100.0
Almaso För Tandvården AB	Sweden	556484-4115	Veberöd	100.0
Preventum Partner AB	Sweden	556613-2790	Stockholm	100.0
DentalEye AB	Sweden	556611-7338	Sundbyberg	100.0
Hammasväline OY	Finland	0881266-0	Helsingfors	100.0
Nordenta AB	Sweden	556049-4899	Enköping	100.0
EndoMark Dental AB	Sweden	556589-8888	Göteborg	100.0
DAB Dental AB	Sweden	556005-0048	Upplands-Väsby	100.0
Directa AB	Sweden	556013-8827	Upplands-Väsby	100.0
Directa Inc.	USA	63762637000	Newtown, CT	100.0
Parkell Inc.	USA	112522127	Edgewood, NY	100.0
Topdental (Products) Ltd	UK	04261332	Silsden	100.0
J.H. Orsing AB	Sweden	556099-9632	Helsingborg	100.0
DAB Eesti OÜ	Estonia	11149461	Tallin	100.0
DAB Dental Latvia SIA	Latvia	LV40003744465	Riga	100.0
DAB Dental UAB	Lithuania	300115774	Vilnius	100.0
LIC Scadenta AS	Norway	956 226 635	Sandvika	100.0
Technomedics Norge AS	Norway	986 392 742	Askim	100.0
Jacobsen Dental AS	Norway	918 882 014	Alnabru	100.0
Dansk Nordenta A/S	Denmark	10416698	Hörning	100.0
Al dente Software A/S	Denmark	27961363	Hörning	100.0
3D Dental ApS	Denmark	28159439	Hedensted	100.0
Rhein 83 S.r.l.	Italy	02418300378	Bologna	85.0
EDP European Dental Partners Holding GmbH	Germany	HR B No. 7331	Lübeck	100.0
M+W Dental Müller & Weygandt GmbH	Germany	HR B No. 3753	Büdingen	100.0
M+W Dental Handels GmbH	Austria	FN 256862 p	Wien	100.0
M+W Dental Swiss AG	Switzerland	CH-020.3.029.916-4	Weisslingen	100.0
M+W Dental Magyarország Kft	Hungary	01-09-889071	Budapest	100.0
DentalTiger GmbH	Germany	HR B No. 7363	Linden	100.0
Praezimed Service GmbH	Germany	HR B No. 78293	Hamburg	100.0
Computer konkret AG	Germany	HR B No. 16107	Falkenstein	74.0
Dentamed (ČR) spol. s r.o.	Czech	CZ25083163	Prag	100.0
Dent Unit, s.r.o.	Czech	CZ45538263	Hradec Králové	80.0
Prodent International d.o.o.	Slovenia	12577900	Ljubljana	100.0
MDH AG Mamisch Dental Health	Germany	HR B No. 17934	Mulheim an der Ruhr	100.0
Smilodentax GmbH	Germany	HR B No. 18237	Essen	100.0
Perfect Ceramic Dental Company Ltd	Hong Kong	31560809	Kowloon	100.0
Si Zhou Dental (Shenzhen) Co. Ltd	China	91440300726172979L	Guangdong	100.0
Interadent Zahntechnik GmbH	Germany	HR B No. 8553	Lübeck	100.0
Interadent Zahntechnik, Inc.	Philippines	128448	Manila	94.34
Westroad Properties, Inc.	Philippines	AS092-07569	Manila	94.34
DenterBridge SAS	France	RCS 399 682 863	Paris	100.0
Schwan Aligner GmbH	Germany	HR B No. 207024	Berlin	100.0
Proline Group AB	**Sweden**	**556543-0971**	**Sollentuna**	**100.0**
Proline Väst AB	Sweden	556914-6771	Sollentuna	100.0
Proline Öst AB	Sweden	556914-6789	Sollentuna	100.0
Proline Nord AB	Sweden	556914-6706	Sollentuna	100.0
Proline Syd AB	Sweden	556914-6763	Sollentuna	100.0

COMPANY	COUNTRY	CORPORATE ID	RESIDENCE	OWNERSHIP %
ERC Systems AB	Sweden	556971-8462	Norrköping	100.0
Proline Norge AS	Norway	991 147 047	Oslo	100.0
Prolinesystems Relining OY	Finland	22421607	Helsingfors	100.0
Proline Danmark Aps	Denmark	32259987	Faaborg	100.0
Wachtel AG	Germany	HR B No. 701678	Hockenheim	75.0
P-Line Netherlands B.V.	Netherlands	24870307	Venlo	100.0
PP Greiftechnik GmbH	**Germany**	**HR B No. 157420**	**Waakirchen**	**100.0**
Demolition & Recycling Tools Rental GmbH	Germany	HR B No. 144439	Waakirchen	100.0
Kinshofer GmbH	Germany	HR B No. 163689	Waakirchen	100.0
RF-System AB	Sweden	556392-5097	Vinslöv	100.0
BeGrips AB	Sweden	556509-3795	Hässleholm	100.0
Demolition and Recycling Equipment B.V.	Netherlands	11047940	St Anthonis	100.0
Mars Greiftechnik GmbH	Austria	FN 148579 z	Gmünd	100.0
Kinshofer CZ s.r.o.	Czech	CZ25164325	Ceske Velenice	100.0
Kinshofer France S.A.R.L.	France	RCS 343 661 229	Lingolsheim	100.0
Hammer S.R.L.	Italy	623290722	Molfetta	60.0
Kinshofer Finland OY	Finland	2230818-8	Hämeenlinna	100.0
Kinshofer UK Ltd	UK	01705372	Stockpor, Chesire	100.0
Kinshofer Liftall Inc.	Canada	13989400	Burington, Ontario	100.0
Kinshofer USA, Inc.	USA	4345684	Sanborn, NY	100.0
Kinshofer Holding, Inc.	USA	6375409	Sanborn, NY	96.65
Solesbee's Equipment & Attachments, LLC	USA	521751	Winston, GA	100.0
Doherty Engineered Attachments Ltd	New Zeeland	4418462	Tauranga	100.0
Doherty Couplers & Attachments Ltd	Australia	1928058	Taurika	100.0
Auger Torque Europe Ltd	UK	03537549	Cheltenham	100.0
Auger Torque Australia Pty Ltd	Australia	39113281664	Brisbane	100.0
Auger Torque China CO., Ltd	China	91330212688026355H	Ningbo	51.0
ErgoPack Deutschland GmbH	Germany	HR B Nr. 13877	Lauingen/Donau	85.0
Rapid Granulator AB	**Sweden**	**556082-8674**	**Bredaryd**	**100.0**
Rapid Granulier-Systeme GmbH & Co. KG	Germany	HR B Nr. 5059	Frankfurt	100.0
Rapid Granulier-System Geschäftsfürungs GmbH	Germany	HR A Nr. 3137	Frankfurt	100.0
Rapid Italy S.R.L.	Italy	03407930274	Venedig	100.0
Rapid Granulate Machinery (Shanghai)	China	310000400523549	Shanghai	100.0
Rapid Granulator Singapore Pte Ltd	Singapore	200901691Z	Singapore	100.0
Albro Tecnologies Sarl	France	RCS 311 220 11	Lyon	100.0
Rapid Graulator, Inc.	USA	5685183	Cranberry Township, PA	100.0
Sorb Industri AB	**Sweden**	**556272-5282**	**Skellefteå**	**100.0**
Brokk AB	Sweden	556115-6224	Skellefteå	100.0
Brokk UK Ltd	UK	04063287	Milnthorpe, Cumbria	100.0
BINC Delaware, Inc.	USA	602-280-434	Monroe, WA	100.0
Brokk Bricking Solutions, Inc.	USA	600-072-362	Monroe, WA	100.0
Brokk Sales Canada, Inc.	Canada	70366492	Vancouver	100.0
Brokk Asia-Pacific Plc. Ltd	Singapore	200719909W	Singapore	100.0
Brokk DA GmbH	Germany	HR B Nr. 720979	Friedenweiler	100.0
Darda GmbH	Germany	HR B Nr. 611546	Blumberg	100.0
Darda Kinshofer Construction Machinery Co Ltd	China	91110105678752089B	Beijing	100.0
Brokk Australia Pty.	Australia	140012504	Adelaide	100.0
Brokk France SARL	France	RCS 352 562 144	Epinal	100.0
Brokk BeNeLux SARL	Belgium	0738931548	Saint Gilles	100.0
Brokk Italia S.R.L.	Italy	07049910966	Milano	100.0
Brokk Beijing Machines Co Ltd	China	91110108563601504E	Beijing	100.0

COMPANY	COUNTRY	CORPORATE ID	RESIDENCE	OWNERSHIP %
Brokk Norge AS	Norway	997 403 452	Ski	100.0
Brokk Switzerland GmbH	Switzerland	CHE-109.603.487	Regensdorf	100.0
Brokk Middle East	UAE	184254	Dubai	100.0
Ahlberg Cameras AB	Sweden	556259-9786	Norrtälje	85.0
Ahlberg Cameras, Inc	USA	C200914700195	Wilmington, NC	100.0
Aquajet Systems Holding AB	Sweden	556499-1288	Jönköping	80.0
Aquajet Systems AB	Sweden	556314-6173	Jönköping	100.0
Heinolan Sahakoneet Oy	Finland	0845086-6	Heinola	82.5
AS Hekotek	Estonia	10112941	Tallinn	82.5
Sorb OOO	Russia	1077847616692	St Petersburg	100.0
Hekotek Norge AS	Norway	922 343 608	Oslo	100.0
Lövånger Elektronik AB	Sweden	556287-7943	Lövånger	100.0
Leab Eesti OÜ	Estonia	11051087	Tallinn	100.0
Lövånger Elektronik Fagersta AB	Sweden	556252-3158	Fagersta	100.0
Lövånger Elektronik Uppsala AB	Sweden	556382-5198	Järlåsa	100.0
Lövånger Elektronik Göteborg AB	Sweden	559056-2293	Göteborg	100.0
Texor AB	Sweden	556316-0703	Lycksele	100.0
Zetterströms Rostfria AB	Sweden	556323-7949	Molkom	100.0
Hultdin System AB	Sweden	556213-4592	Malå	100.0
Hultdins, Inc.	Canada	1026714	Ontario	100.0
Indexator Rotator Systems AB	Sweden	556857-7927	Vindeln	100.0
Auto-Maskin AS	Norway	921 853 181	Skjetten	100.0
Auto-Maskin UK Ltd	UK	06706114	Kettering	100.0
Auto-Maskin Sverige AB	Sweden	556802-5307	Göteborg	100.0
Auto-Maskin Holding, Inc.	USA	46-4550987	Dickinson, TX	100.0
Auto-Maskin LLC	USA	36-4777460	Dickinson, TX	100.0
Modul-System HH Van Equipment AB	Sweden	556552-7040	Mölndal	100.0
Håells AB	Sweden	556305-0946	Mölndal	100.0
Modul-System HH AB	Sweden	556138-6409	Mölndal	100.0
Modul-System Fahrzeugeinrichtungen GmbH	Germany	HR B Nr. 3073	Mengenkirchen	100.0
Modul-System S.A.	France	RCS 382 918 209	Marne la Vallé	100.0
Modul-System N.V./S.A.	Belgium	457 057 466	Mechelen	100.0
Modul-System HH A/S	Denmark	21421189	Hvidovre	100.0
Modul-System Polska Sp. Z o.o.	Poland	KRS 0000131735	Warzawa	100.0
Modul-System Nederland B.V.	Netherlands	24256256	Maassluis	100.0
Modul-System Finland OY	Finland	2347058-2	Vantaa	100.0
Modul-System AS	Norway	911 743 787	Hagan	100.0
Modul-System Ltd	UK	01540940	Buckinhamshire	100.0
Brian James Trailers Holding Limited	UK	10920740	Northamtonshire	90.0
Brian James Trailers Limited	UK	03844151	Northamtonshire	100.0
Brian James Trailers GmbH	Germany	HR B Nr. 22197	Störmthal	100.0
Cenika AS	Norway	987 778 474	Lierstranda	90.0
Cenika AB	Sweden	556723-5170	Malmö	100.0
Nordesign AS	Norway	937 923 422	Trondheim	85.0
Hydal AS	Norway	988 009 911	Håvik	80.0
Elit AS	Norway	978 593 593	Gjerdrum	100.0
Elit Scandinavian AB	Sweden	556782-3751	Bollebygd	100.0
Elit Scandinavian ApS	Denmark	32771432	Viborg	100.0
Eldan Recycling A/S	Denmark	14125388	Faaborg	100.0
Eldan Inc.	USA	3535849	Seattle, WA	100.0
Redoma Recycling AB	Sweden	559039-2329	Malmö	100.0
Eleiko AB	Sweden	556071-1409	Halmstad	100.0

COMPANY	COUNTRY	CORPORATE ID	RESIDENCE	OWNERSHIP %
Eleiko AS	Norway	NO996593673	Rud	100.0
Nessco Holding AS	Norway	963 629 362	Oslo	100.0
Tamrotor Marine Compressors AS	Norway	976 516 648	Oslo	91.0
TMC Compressors Asia Pte. Ltd	Singapore	201413221K	Singapore	100.0
TMC Compressors China Ltd	China	91310000MA1JN5X724	Shanghai	100.0
Nessco AS	Norway	954 354 563	Oslo	100.0
Rustibus Worldwide AS	Norway	961 976 968	Bekkjarvik	85.0
Rustibus NV	Belgium	453 271 496	Antwerpen	100.0
Rustibus, Inc.	USA	800232756	Houston, TX	100.0
Rustibus PTE LTD	Singapore	200207727D	Singapore	100.0
Haglöf Sweden AB	Sweden	556148-8197	Långsele	100.0
Haglöf Sweden Produktion AB	Sweden	556403-3305	Långsele	100.0
Haglof, Inc.	USA	1110151	Madison, MS	100.0
Silvent AB	Sweden	556087-6137	Borås	60.0
Silvent North America, Inc.	USA	36-4040735	Wisconsin	100.0
Silvent South Europé	France	RCS 494 050 156	Cagnes Sur Mer	100.0
Silvent Central Europe GmbH	Austria	FN 416042 b	Salzburg	100.0
Silvent (Shanghai) Trading Co. LTD	China	3100186272	Shanghai	100.0
Silvent UK Ltd	UK	03767990	Birmingham	100.0
Silvent Benelux B.V.	Netherlands	000039470482	Heerlen	100.0
Silvent Ibercia S.L	Spain	B7383406	Barcelona	100.0
Pro 10 Optix AB	Sweden	556729-2023	Stockholm	75.0
Fiberworks AS	Norway	959 977 046	Oslo	75.0
Blinken AS	Norway	932 645 017	Gressvik	90.0
Blinken Tools AB	Sweden	556862-7540	Karlstad	90.0
Wexman AB	Sweden	556481-2633	Tidaholm	70.0
UK Point of Sale Group Limited	UK	03833656	Stockport	75.0
NA Interlog AB	Sweden	556503-7446	Kramfors	100.0
Alicit AB	Sweden	556228-7465	Ljusdal	100.0

NOTE 48 DEFERRED TAX

SEK MILLION	2019	2018
The difference between the income tax recognised in the income statement and income tax payable in respect of the operations is:		
Deferred tax asset on reversal of expense upon taxation and in future non-taxable income	44	42
Deferred tax liability attributable to other taxable temporary differences	-	-
Total net deferred tax asset/liability	**44**	**42**

NOTE 49 APPROPRIATION OF RETAINED EARNINGS

SEK MILLION	
The AGM is asked to decide on the appropriation of the following funds:	
Retained earnings	2,463
Net profit for the year	778
Total	**3,241**
The Board of Directors proposes the following appropriation of retained earnings:	
a dividend payment to the shareholders of SEK 5.25 per share, totalling	477
carried forward	2,764
Total	**3,241**

NOTE 50 UNTAXED RESERVES

SEK MILLION	2019	2018
Tax allocation reserve 2013	-	11
Tax allocation reserve 2014	0	0
Tax allocation reserve 2015	12	12
Tax allocation reserve 2016	9	9
Tax allocation reserve 2017	29	29
Tax allocation reserve 2018	8	8
Tax allocation reserve 2019	14	-
Total	**72**	**69**

NOTE 51 BORROWINGS

SEK MILLION	2019	2018
Non-current interest-bearing liabilities		
Bonds	1,004	1,765
Total non-current interest-bearing liabilities	**1,004**	**1,765**
Current interest-bearing liabilities		
Bonds	1,776	1,036
Overdraft facilities	554	258
Liabilities to credit institutions	1,312	461
Total current interest-bearing liabilities	**3,642**	**1,755**
Total interest-bearing liabilities	**4,646**	**3,520**

No portion of non-current liabilities matures later than two years from the balance sheet date. All interest-bearing liabilities are classified as "Financial liabilities at amortised cost."

NOTE 52 ACCRUED EXPENSES AND DEFERRED INCOME

SEK MILLION	2019	2018
Accrued interest expenses	6	8
Accrued salary-related expenses	29	28
Accrued holiday pay	4	6
Accrued social security contributions	8	11
Other accrued expenses	1	1
Total	**48**	**54**

NOTE 53 CONTINGENT LIABILITIES

SEK MILLION	2019	2018
Contingent liabilities for Group companies’ PRI liabilities	0	0
Guarantee commitments for Group companies	46	97
Other guarantee commitments	-	-
Total	**46**	**97**

TEN-YEAR SUMMARY

	ACCORDING TO IFRS								ACCORDING TO BFN		
	2019	2018	2017	2016	2015	2014	2013	2012	2012	2011	2010
Net sales, SEK million	13,845	11,956	10,030	8,987	7,901	6,802	6,030	6,184	6,184	5,707	4,591
Total net sales growth	15.8%	19.2%	11.6%	13.7%	16.2%	12.8%	-2.5%	8.4%	8.4%	24.3%	10.7%
of which organic growth	4.2%	6.4%	2.1%	2.5%	5.7%	4.4%	-1.4%	-1.8%	-1.8%	7.9%	15.7%
of which acquired growth	8.2%	8.6%	8.6%	11.3%	7.3%	5.1%	0.1%	11.7%	11.7%	20.5%	0.6%
of which foreign exchange effects and other	3.4%	4.2%	0.9%	-0.1%	3.2%	3.3%	-1.2%	-1.5%	-1.5%	-4.2%	-5.5%
EBITA* SEK million	2,523	2,168	1,732	1,377	1,186	966	692	715	716	631	511
EBITA margin*	18.2%	18.1%	17.3%	15.3%	15.0%	14.2%	11.5%	11.6%	11.6%	11.1%	11.1%
Scheduled depreciation/amortisation, SEK million	-326	-139	-123	-104	-91	-75	-68	-71	-71	-67	-63
Amortisation of intangible assets arising on acquisition, SEK million	-329	-253	-196	-121	-66	-38	-7	-3	-175	-141	-81
Extraordinary items, SEK million	-135	-13	-17	-4	-13	-122	-58	1	0	0	-6
Acquisition of tangible assets, SEK million	269	162	144	114	102	105	95	75	76	56	55
Acquisition of subsidiaries net of cash and cash equivalents, SEK million	1,781	500	1,378	1,608	573	1,264	-	90	95	1,771	663
Capital employed excluding goodwill and other intangible assets, SEK million	2,345	1,312	1,155	989	983	877	874	970	-	-	-
Capital employed, SEK million	12,925	10,314	8,962	7,395	5,981	5,098	3,910	3,921	-	-	-
Return on capital employed excluding goodwill and other intangible assets	108%	165%	150%	139%	121%	110%	84.0%	73.8%	-	-	-
Return on capital employed	19.5%	21.0%	19.3%	18.6%	19.8%	18.9%	18.8%	18.3%	-	-	-
Interest-bearing net debt, SEK million	4,040	3,170	3,536	3,018	1,950	2,013	1,420	1,618	1,618	1,912	1,180
Interest-bearing net debt/equity ratio	0.5x	0.5x	0.6x	0.6x	0.5x	0.6x	0.6x	0.8x	0.8x	1.0x	1.2x
Interest-bearing net debt/EBITDA*	1.4x	1.4x	1.9x	2.0x	1.5x	1.9x	1.9x	2.1x	2.1x	2.7x	2.1x
Net debt, SEK million	5,552	3,685	3,794	3,076	1,980	2,091	1,498	1,695	1,618	1,912	1,180
Net debt/equity ratio	0.7x	0.5x	0.7x	0.6x	0.5x	0.6x	0.6x	0.8x	0.8x	1.0x	1.2x
Net debt/EBITDA*	1.9x	1.6x	2.0x	2.1x	1.6x	2.0x	1.9x	2.2x	2.1x	2.7x	2.1x
Equity/assets ratio	45.4%	48.8%	45.5%	47.0%	49.2%	46.7%	43.6%	39.9%	38.2%	34.6%	28.5%
Earnings per share, SEK	16.57	15.29	11.94	9.99	8.91	6.17	4.16	5.56	3.57	3.20	2.59
Equity per share, SEK	87.10	73.60	60.50	51.9	43.4	38.0	26.0	23.6	21.5	20.1	10.6
Number of employees at year-end	5,443	4,926	4,758	3,627	3,386	3,009	2,865	3,005	3,005	3,106	2,234

ACQUISITIONS 2006–2019

YEAR	COMPANY	OPERATIONS	BUSINESS AREA	NET SALES AT ACQUISITION DATE	COUNTRY
2006	Dental Prime	Dental products	Dental	EUR 3m	Finland
	Elektronikprodukter i Järlåsa	Contract manufacturing	Systems Solutions	SEK 30m	Sweden
	Darda	Demolition tools	Demolition & Tools	EUR 8m	Germany
2007	Kinshofer	Crane and excavator attachments	Demolition & Tools	EUR 66m	Germany
	Safe Dental	Dental products	Dental	SEK 2m	Sweden
	Proline	Relining (renovation of sewage pipes)	Systems Solutions	SEK 120m	Sweden
	Oriola Dental	Dental products	Dental	EUR 45m	Finland
	Hekotek	Sawmill equipment	Systems Solutions	EUR 13m	Estonia
	Zetterström Rostfria	Contract manufacturing	Systems Solutions	SEK 50m	Sweden
	Plass Data Dental	Dental products	Dental	DKK 7m	Denmark
2008	Endomark	Diagnostic, endodontic and other products	Dental	SEK 9m	Sweden
	XO Care Denmark	Dental products	Dental	DKK 77m	Denmark
	Tevo	Interiors for service vehicles	Systems Solutions	GBP 8m	United Kingdom
2009	Ellman Produkter	Dental products	Dental	SEK 43m	Sweden
	Aponox	Tilt buckets	Demolition & Tools	-	Finland
	Interdental	Dental products	Dental	SEK 10m	Norway
2010	ATC	Retailer	Demolition & Tools	EUR 5m	France
2011	RF-System	Products for railway, land and construction contracts	Demolition & Tools	SEK 80m	Sweden
	Wintech	Contract manufacturing	Systems Solutions	SEK 125m	Sweden
	EDP	Dental products	Dental	EUR 119m	Germany
	Net Dental	Distributor	Dental	EUR 20m	Germany
2012	Ahlberg Cameras	Camera systems for nuclear power plants	Demolition & Tools	SEK 73m	Sweden
2014	MDH	Dental technology, distributor	Dental	EUR 44m	Germany
2015	Sanistål's Danish business	Interiors for service vehicles	Systems Solutions	DKK 25m	Denmark
	Auger Torque	Earth drills	Demolition & Tools	GBP 10m	United Kingdom
	Rapid Granulator	Granulators for the plastics industry	Systems Solutions	SEK 300m	Sweden
	Top Dental	Dental products	Dental	GBP 3.4m	United Kingdom
	J.H. Orsing	Dental products	Dental	SEK 20m	Sweden
	Smilodent	Dental technology	Dental	EUR 5m	Germany
	Preventum Partner	Accounting services for dentists	Dental	SEK 10m	Sweden
2016	Aquajet Systems	Manufactures hydrodemolition robots	Demolition & Tools	SEK 60m	Sweden
	Auto-Maskin	Control systems for marine diesel engines	Systems Solutions	NOK 130m	Norway
	Cenika	Supplier of low-voltage electrical equipment	Systems Solutions	NOK 160m	Norway
	Dens Esthetix	Dental laboratory	Dental	EUR 1.4m	Germany
	Design Dental	Imports and produces dental technology in Denmark using digital technology	Dental	DKK 13m	Denmark
	Endodontic products (Nordiska Dental)	Root canal and other products	Dental	SEK 10m	Sweden
	Nordesign	Supplier of LED lighting to the Scandinavian market	Systems Solutions	NOK 64m	Norway
	Parkell	Manufactures and sells dental consumables and small equipment to dentists	Dental	USD 29m	USA
	Praezimed	Services and repairs dental instruments	Dental	EUR 2.5m	Germany
	Redoma Recycling	Manufactures recycling machinery for small and medium cables	Systems Solutions	SEK 25m	Sweden
	TMC/Nessco	Supplier of marine compressors and spare parts	Systems Solutions	NOK 525m	Norway

YEAR	COMPANY	OPERATIONS	BUSINESS AREA	NET SALES AT ACQUISITION DATE	COUNTRY
2017	Blinken	Reseller of measurement instruments for land surveyors and the construction industry	Systems Solutions	NOK 124m	Norway
	City Dentallabor and Hohenstücken-Zahntechnik	Dental laboratories	Dental	EUR 1.3m	Germany
	Doherty	Supplier of quick couplers, buckets and other excavator attachments.	Demolition & Tools	NZD 14m	New Zealand
	Elit	Wholesale supplier of machinery and equipment for electrical installations and electricity production	Systems Solutions	NOK 38m	Norway
	Fiberworks	Supplier of communication equipment for the European fibre-optic market	Systems Solutions	NOK 93m	Norway
	Haglöf Sweden	Supplier of instruments for professional forestry surveyors	Systems Solutions	SEK 60m	Sweden
	Hultdin System	Manufacturer of tools and attachments for forestry and construction machinery	Demolition & Tools	SEK 152m	Sweden
	Hydal	Manufacturer of aluminium cabinets for outdoor and indoor use	Systems Solutions	NOK 50m	Norway
	Perfect Ceramic Dental	Dental laboratory	Dental	HKD 24m	Hong Kong
	Pro Optix	Supplier of communication equipment for the European fibre-optic market	Systems Solutions	SEK 62m	Sweden
	Silvent	Specialises in energy optimisation and work environments in the area of compressed air dynamics	Systems Solutions	SEK 120m	Sweden
	Solesbee's	Develops and sells attachments for excavators and wheel loaders	Demolition & Tools	USD 11m	USA
	Wachtel	Integrated supplier of piping systems	Systems Solutions	EUR 2m	Germany
2018	Computer konkret	Develops, sells and supports software for dentists and orthodontists	Dental	EUR 3.8m	Germany
	Spocs	Provides final assembly and testing services for electronic products	Systems Solutions	SEK 61m	Sweden
	Dental Direct	Distributor to dentists	Dental	NOK 95m DKK 25m	Norway
	Toolpack's Norwegian car interiors business	Interiors for service vehicles	Systems Solutions	NOK 40m	Norway
	Flörchinger Zahntechnik	Dental laboratory	Dental	EUR 1.7m	Germany
	Wexman	Makes professional workwear	Systems Solutions	SEK 46m	Sweden
	Denterbridge	Imports dental works	Dental	EUR 9m	France
	Rhein83	Develops and produces accessories and attachments	Dental	EUR 8m	Italy
	ERC Systems	Provides sewer inspection and relining services	Systems Solutions	SEK 20m	Sweden
2019	Indexator Rotator Systems	Development and manufacture of rotators	Demolition & Tools	SEK 300m	Sweden
	Hammer	Hydraulic breakers and other demolition equipment for excavators	Demolition & Tools	EUR 20m	Italy
	UK POS	Exhibition and display materials	Systems Solutions	GBP 12m	United Kingdom
	Rustibus Worldwide	Surface preparation and safety equipment for marine vessels	Systems Solutions	NOK 56m	Norway
	ErgoPack	Manufacture of ergonomic and mobile pallet strapping tools	Systems Solutions	EUR 22m	Germany
	Brian James Trailers	Manufacture of open and enclosed car transport trailers and other products	Systems Solutions	GBP 26m	United Kingdom

QUALITY AND ENVIRONMENTAL CERTIFICATIONS

COMPANY	COUNTRY	CERTIFICATION					
		ISO 3834	ISO 9001	ISO 13485	ISO 14001	OHSAS 18001/ ISO 45001	ISO 50001
Ahlberg Cameras AB	Sweden		•				
Auger Torque Europe Ltd	United Kingdom		•				
Auto-Maskin AS	Norway		•		•		
Aquajet System AB	Sweden		•				
Brokk AB	Sweden		•				
Brokk UK Ltd	United Kingdom		•				
Cenika AS	Norway				•		
Computer Konkret GmbH	Germany		•	•			
Darda GmbH	Germany		•				
DAB Dental AB	Sweden		•	•	•		
DentalEye AB	Sweden			•			
Dentamed spol. s.r.o.	Czech Republic		•	•			
Directa AB	Sweden			•			
Fiberworks AS	Norway		•				
Hammasväline Oy	Finland		•				
AS Hekotek	Estonia		•				
Hultdin System AB	Sweden		•				
Indexator Rotator Systems AB	Sweden		•		•	•	
InteraDent Zahntechnik, Inc.	Philippines		•				
InteraDent Zahntechnik GmbH	Germany		•				
Kinshofer CZ s.r.o.	Czech Republic	•					
Kinshofer GmbH	Germany	•	•				•
Leab Eesti OÜ	Estonia		•		•	•	
Lövånger Elektronik AB	Sweden		•	•	•		
Lövånger Elektronik Fagersta AB	Sweden		•		•		
Lövånger Elektronik Uppsala AB	Sweden		•		•		
M+W Müller und Weygand GmbH	Germany			•			
MDH AG Mamisch Dental Health	Germany			•			
Modul-System HH AB	Sweden		•		•		
Modul-System S.A.	France		•		•		
Modul-System Fahrzeugeinrichtungen GmbH	Germany		•				
Modul-System N.V./S.A.	Belgium		•				
Modul-System Polska Sp. z.o.o.	Poland		•				
Modul-System Ltd	United Kingdom		•		•	•	
Nessco AS	Norway		•		•	•	
Nordenta AB	Sweden			•			
J.H. Orsing AB	Sweden			•			
Jacobsen Dental AS	Norway		•				
Parkell, Inc.	USA			•			
Rapid Granulator AB	Sweden		•		•		
Rhein 83 srl	Italy		•	•			
Si Zhou Dental (Shenzhen) Co. Ltd	China		•	•			
Texor AB	Sweden		•				
Tamrotor Marine Compressors AS	Norway		•		•	•	
TMC Compressors Asia Pte Ltd	Singapore		•		•	•	
Top Dental Products Ltd	United Kingdom			•			
UK Point of Sale Group Limited	United Kingdom		•				
Zetterströms Rostfria AB	Sweden		•				

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DEFINITIONS AND OBJECTIVE

Return on equity	Net profit for the period divided by average equity.
Return on capital employed	EBITA before acquisition costs and non-recurring items, divided by capital employed.
Return on capital employed excluding goodwill and other intangible assets	EBITA before acquisition costs and non-recurring items, divided by capital employed excluding goodwill and other intangible assets.
EBITA	EBITA is a measure which Lifco considers relevant for investors who wish to understand the earnings generated after investments in tangible and intangible assets requiring reinvestment but before investments in intangible assets arising from acquisitions. Lifco defines earnings before interest, tax and amortisation (EBITA) as operating profit before amortisation and impairment of intangible assets arising from acquisitions. In its financial reports, Lifco excludes acquisition costs and non-recurring items. This is indicated by an asterisk.
EBITA margin	EBITA divided by net sales.
EBITDA	EBITDA is a measure which Lifco considers relevant for investors who wish to understand the earnings generated before investments in fixed assets. Lifco defines earnings before interest, tax, depreciation and amortisation (EBITDA) as operating profit before depreciation, amortisation and impairment of tangible and intangible assets. In its financial reports, Lifco excludes acquisition costs and non-recurring items. This is indicated by an asterisk.
EBITDA margin	EBITDA divided by net sales.
Net debt/equity ratio	Net debt divided by equity.
Net debt[1]	Lifco uses the alternative performance measure net debt. Lifco considers that this is a useful additional performance measure which allows users of the financial reports to assess the Group's ability to pay dividends, make strategic investments and meet its financial obligations. Lifco defines the measure as follows: current and non-current liabilities to credit institutions, bonds, interest-bearing pension provisions, liabilities related to put/call options and additional considerations relating to acquisitions, and lease liability less cash and cash equivalents.
Earnings per share	Profit after tax attributable to Parent Company shareholders divided by average number of outstanding shares.
Interest-bearing net debt	Lifco uses the alternative performance measure interest-bearing net debt. Lifco considers that this is a useful additional performance measure which allows users of the financial reports to assess the Group's ability to pay dividends, make strategic investments and meet its financial obligations. Lifco defines the performance measure as follows: current and non-current liabilities to credit institutions, bonds and interest-bearing pension provisions less cash and cash equivalents.
Equity/assets ratio	Equity divided by total assets (balance sheet total).
Capital employed	Capital employed is a measure which Lifco uses for calculating the return on capital employed and for measuring how efficient the Group is. Lifco considers that capital employed is useful in helping users of the financial reports to understand how the Group finances itself. Lifco defines capital employed as total assets less cash and cash equivalents, interest-bearing pension provisions and non-interest-bearing liabilities with the exception of liabilities related to put/call options and additional considerations relating to acquisitions, calculated as the average of the last four quarters.
Capital employed excluding goodwill and other intangible assets	Capital employed excluding goodwill and other intangible assets is a measure which Lifco uses for calculating the return on capital employed and for measuring how efficient the Group is. Lifco considers that capital employed excluding goodwill and other intangible assets is useful in helping users of the financial reports to understand the impact of goodwill and other intangible assets on that capital which requires a return. Lifco defines capital employed excluding goodwill and other intangible assets as total assets less cash and cash equivalents, interest-bearing pension provisions, non-interest-bearing liabilities with the exception of liabilities related to put/call options and additional considerations relating to acquisitions, goodwill and other intangible assets, calculated as the average of the last four quarters.

[1] New definition from 1 January 2019.

ANNUAL GENERAL MEETING 2020 AND NOMINATION COMMITTEE

The Annual General Meeting of Lifco AB will be held on Friday 24 April 2020, at 11 a.m., at Bonnierhuset, Torsgatan 21, Stockholm.

REGISTRATION

Shareholders wishing to attend the AGM must

- be registered in the share register maintained by Euroclear no later than Saturday 18 April 2020 (when the record date falls on a Saturday shareholders need to be registered in the share register maintained by Euroclear Sweden AB no later than Friday 17 April 2020),
- register their attendance with Lifco no later than Monday 20 April 2020.

Shareholders may register their attendance in one of the following three ways:

- on Lifco's website, lifco.se
- by post to: Årsstämma, Lifco AB, c/o Euroclear Sweden AB, Box 191, SE-101 23 Stockholm
- by telephone on +46 8 402 92 82

When registering, please state your name, address, telephone number, personal or corporate ID number, the number of shares held and, where applicable, the number of assistants (up to two) that you wish to invite to the meeting. Registered participants will receive an admission card by post, which must be brought along and shown at the entrance to the meeting venue.

NOMINEE-REGISTERED SHARES

To be able to participate in the AGM, shareholders whose shares are registered with a nominee must ensure that their nominee registers their shares in their own name in good time before Friday 17 April 2020. Shareholders who will be represented by a proxy are required to submit a proxy form to Lifco before the AGM. Persons representing a legal entity are required to present a certified copy of a registration certificate or equivalent proof of authorisation showing who is authorised to sign on behalf of the company. The original power of attorney and any registration certificate should be sent to the company in good time before the AGM. A power of attorney form is available on the company's website, lifco.se, and will be sent to shareholders upon request.

NOMINATION COMMITTEE AND MATTERS TO BE TRANSACTED

Information on Lifco's Nomination Committee was presented in Lifco's nine-month report for 2019, which was published on 23 October 2019. The information was also published on the website. Lifco's nine-month report for 2019 and year-end report for 2019 contained information about how to submit a matter for discussion at the AGM. The information was also published on the website.

DIVIDEND

The Board of Directors and CEO propose that a dividend of SEK 5.25 per share be paid for 2019, resulting in a total distribution of SEK 476.9 million. The proposed record date is Tuesday, 28 April 2020. Euroclear expects to be able to send the dividend to the shareholders on Monday 4 May 2020, subject to a resolution of the Annual General Meeting.

FINANCIAL INFORMATION

Lifco's annual report, year-end report and interim reports are published in Swedish and English.

They are available for download at www.lifco.se/investors.

The printed version of Lifco's annual report is distributed to those shareholders who have expressly requested to receive a printed copy.

The annual report can be ordered from:

www.lifco.se/investors/financial-reports

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FINANCIAL CALENDAR

24 April 2020	Interim report January–March
17 July 2020	Interim report January–June
22 October 2020	Interim report January–October
1 February 2021	Year-end report for 2020
March 2021	Annual report for 2020

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