

ANNUAL REPORT
2014



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Financial information

Elos intends to provide the following financial information for the financial year 2015:

Interim report for Jan-March	29 April 2015
Interim report for Jan-June	22 August 2015
Interim report for Jan-Sep	24 October 2015
Year-end report	February 2016
Annual report	March/April 2016

Elos' financial information is available at: www.elos.se



This is Elos

After the divestment of the Metrology business area in Q2 2014, the group's business has been entirely focused on the Medical Technology business area. Divestment of the Metrology business area creates opportunities for a significant expansion of the Medical Technology business.

Medical Technology

This business area, which is marketed as Elos Medtech, is one of Europe's leading development and production partners for medical technology products and components, such as dental and orthopaedic implants and instruments. Operations are conducted at facilities in Sweden, Denmark and China. Our customers are mainly international medical technology companies in the market segments Dental, Orthopaedics, Medical Devices and Diagnostics.

Events after the end of the reporting period

The Elos Group has a new President and CEO, with effect from 1 February 2015. Johannes Lind-Widestam was appointed in autumn 2014 as successor to Göran Brorsson, who left the position of President and CEO on 31 January 2015.

The year in brief

- * Net sales for continuing operations increased to SEK 380.9 million (368.1), corresponding to an increase of 0.7 per cent.* Order bookings for continuing operations amounted to SEK 418.1 million (356.5), up 12.9 per cent.*
- * Operating profit for continuing operations amounted to SEK 33.1 million (27.2). The higher earnings were primarily due to continued efficiency improvement. Earnings for the year were negatively impacted by non-recurring costs of SEK 3.4 million (0).
- * Profit after net financial items for continuing operations amounted to SEK 31.8 million (21.5). Net financial items were positively impacted by exchange-rate differences of SEK 3.3 million (0.4).
- * Profit after tax for continuing operations amounted to SEK 23.4 million (16.9), corresponding to SEK 3.87 (2.79) per share. Profit after tax including discontinued operations, divestment Elos Fixturlaser, was SEK 116.8 million (32.6), corresponding to SEK 19.30 (5.39) per share. Profit after tax includes SEK 88.2 million in capital gains from the divestment of subsidiaries.
- * The Board of Directors proposes a dividend of SEK 2.00 (2.00) per share and SEK 1.00 per share as a special dividend.

* Adjusted for exchange-rate fluctuations.

Key figures		2014*	2013*	2013**	2012**/***	2011**	2010**/****
Net sales	SEKm	380.9	368.1	479.4	433.8	414.2	358.2
Profit after financial items	SEKm	31.8	21.5	41.6	8.6	17.9	16.2
Operating margin before depreciation (EBITDA)	%	17.8	17.3	18.5	12.5	13.4	14.1
Operating margin after depreciation (EBIT)	%	8.7	7.4	10.0	4.2	5.5	6.4
Share of risk-bearing capital	%	59.2	48.7	48.7	42.4	45.6	47.3
Equity/assets ratio	%	55.7	43.9	43.9	37.5	40.6	43.2
Return on operating capital	%	8.2	7.1	11.7	4.4	6.0	6.0
Return on equity	%	40.9	15.0	15.0	3.9	6.0	19.2
Earnings per share after tax, continuing operations	SEK	3.87	2.79	5.39	1.35	2.11	1.92
Earnings per share after tax, total	SEK	19.30	5.39	5.39	1.35	2.11	4.75
Equity per share	SEK	55.96	38.48	38.48	33.37	35.74	34.75
Dividend (2014 proposal, SEK 2 + SEK 1)	SEK	3.00	2.00	2.00	1.00	1.50	1.50
Average number of employees		378	376	424	424	373	298

*) Adjusted for the sale of Elos Fixturlaser, which took place in 2014 and is reported as discontinued operations. **) Unchanged from previous year, i.e. including Elos Fixturlaser.

***) Comparative figures for 2012 have been adjusted due to an amendment to IAS 19R, the accounting policy for pensions.

****) Adjusted for the sale of Elos Precision, which took place in 2010 and is reported as discontinued operations.

No dilution occurred because the convertibles issued on 01.07.2011 did not lead to any conversion on maturity 30.06.2014.

A clear vision and purposeful work have developed Elos into a leading supplier on the global medical technology market

About ten years ago, the Board of Directors of Elos made the far-sighted decision to develop what was then a typical conglomerate into a company specialising in medical technology.

This refinement became a fact with the sale of the metrology company Elos Fixturlaser in the second quarter of 2014. Elos as a group now consists of medical technology operations and is known in the industry as Elos Medtech. The company has made a clear impression at global level and, with its capacity, high quality, distinctive service level and reliable deliveries, has developed excellent competence to match leading medical technology companies around the world.

Sales for the continuing operations during the year amounted to approximately SEK 381 million, an increase of 0.7 per cent. New orders increased by about 13 per cent, demonstrating that we are on the right path. Operating profit for continuing operations increased to approximately SEK 33 million. Adjusted for non-recurring costs, this represents an underlying improvement in profit of about 30 per cent, compared with the previous year. This is mainly the result of completed and ongoing initiatives to streamline our operation producing the desired results.

The change process

A glance in the rear view mirror shows us that the first important stage in the change process was the acquisition of the Danish company Pinol, which was at that time the only Scandinavian competitor to the Elos medical technology business. The house manufacturing was then distributed to the shareholders, what is now Götenehus, listed on First North at Nasdaq OMX Stockholm. A considerable manufacturing facility for printed circuit boards, Elektromekan, and the workshop group Elos Precision were then quickly sold. In 2010, production was started at the newly established medical technology plant in Tianjin, China, and the following year Microplast was acquired.

Today's Elos Medtech is a company that is well known in the industry and competes with the foremost companies in a demanding market, and which is constantly being developed by both cus-



tomers' needs and new regulatory requirements imposed by the authorities in the user countries.

Well-known and respected company with a good reputation

Elos Medtech has been able to move its position in the market forward from year to year. Substantial investments to develop production in Sweden, Denmark and China have strengthened competitiveness. Equally substantial investments in quality assurance and building up a professional marketing organisation have developed Elos Medtech into a well-known and respected company with a good reputation. The combined result is that Elos Medtech now has a customer base that consists of global medical technology companies with leading positions in their own segments.

After almost 14 years as CEO of Elos, in January this year I handed over the responsibility of leading the company's operation to Johannes Lind-Widestam. I am able to note with great pleasure that Elos and its employees' have completed the enormous change in the company's activities. Without the clear vision of the owners and the Board of Directors when the change was commenced, and with out the enormous commitment and purposeful work of the group's employees during these year's, this great – and successful – reorganisation would not have been possible. The financial strength of Elos today ensures good conditions for clear growth in the years to come.

A handwritten signature in blue ink, appearing to read 'Göran Brorsson', with a stylized flourish at the end.

Göran Brorsson
President and CEO up to and including January 2015

Comments by the CEO

Acknowledged quality and competence in combination with a good customer base and a well-developed production structure guarantee an exciting future

Many core values may be used to describe the transformation of Elos over the last ten years. Forbearance, quality, competence and innovation are some of the words that give a true picture of the transformation from a small Swedish company in the medical technology sector into a global player with operations in Europe and Asia and with the whole world as its market.

As the new CEO, with operational responsibility for Elos' future, I am able to state that the course that the company has steered in recent years has been deservedly successful. The medical technology industry has always been governed by patient safety coming first. The regulatory requirements from the authorities whose task it is to monitor and to a great extent govern our operations are stringent, as are the requirements and wishes of our customers. It follows from this that Elos' strength will continue to be based on being an organisation that is aware of what is happening, is flexible and works towards continuous improvement.

It is satisfying to note that Elos is in a favourable position for the near future. Economies in the western world are expected to be stronger in the next few years, and especially so in North America, and it is therefore judged that demand for most of the group's products will continue to be positive. This is the right time to increase the pace.

Future expansion will be on three fronts

The refinement of Elos into a pure specialist in medical technology means that there is both the will and now also the financial scope for future expansion. The ambition is to strengthen our global structure and thus our market position within existing market segments.

The future expansion will be on three different fronts:

1. Continuing organic growth.

Our background as both an innovative partner for development and design and a reliable production partner is an important platform for future growth. We have good experience and a high competence in streamlining and automation, work that we will drive forward aggressively. This, combined with further initiatives to develop quality assurance, means that Elos will constantly strengthen its competitiveness.



2. Development of our own products under our own brand.

In 2014, our own products represented nine per cent of sales. We are seeing strong growth from low levels, however, with an increase of around 40 per cent two years running. Growth in this area is expected to continue strongly and the proportion of own products should increase in relation to total sales.

3. Growth through acquisition.

The companies we target must complement our existing structure and bring geographical proximity in important markets. As a global company, it is vital that Elos can complement its existing product development, production, marketing and sales in Europe and Asia with a presence in the North American market, which shows stable demand historically and has excellent prospects for the future.

2015 will be a very exciting year for all employees of Elos, as indeed it will be for the Board of Directors and our shareholders. With proven stamina and great commitment, our common goal is to be stronger as a company and an even more attractive partner to our customers.

A handwritten signature in blue ink, appearing to read 'J. Lind-Widestam'.

Johannes Lind-Widestam

President and CEO with effect from February 2015

The Elos share

Stock market trading

Elos' Series B shares have been listed on NASDAQ OMX Stockholm AB Small Cap since 1989. The high-voting Series A shares are not listed. The share price fluctuated between SEK 58.00 and SEK 82.50 during the year. The closing price at year-end 2014 was SEK 68.00 (59.50). At year-end 2014, Elos' market capitalization was SEK 336.7 million (294.6). In 2014, 1,169,912 shares were traded at a value of SEK 82.7 million.

Dividend policy

Elos' dividend policy stipulates that the dividend is to be based on the Group's earnings performance, while taking into account its future development potential and financial position. The long-term goal is for the dividend to increase at a constant rate and to be equivalent to approximately 30-50 per cent of the profit after tax.

Proposed dividend

For the financial year 2014, the Board of Directors has proposed that a dividend of SEK 2.00 (2.00) per share be paid to shareholders, as well as an extra dividend of SEK 1.00 per share. The

Group's equity/assets ratio was 55.7 per cent on the reporting date. The equity/assets ratio adjusted for the proposed dividend was 52.7 per cent on the reporting date.

Share capital

At year-end 2014, Elos AB's share capital amounted to SEK 37.8 million. The share capital is divided into Series A and Series B shares. Apart from Series A shares each carrying one vote and Series B shares one-tenth of a vote, there is no distinction as regards the rights of the different share series in the company.

In accordance with Elos' Articles of Association, holders of Series A shares have the right to request in writing the conversion of Series A shares into Series B shares. In 2014, no Series A shares were converted into Series B shares.

Shareholders

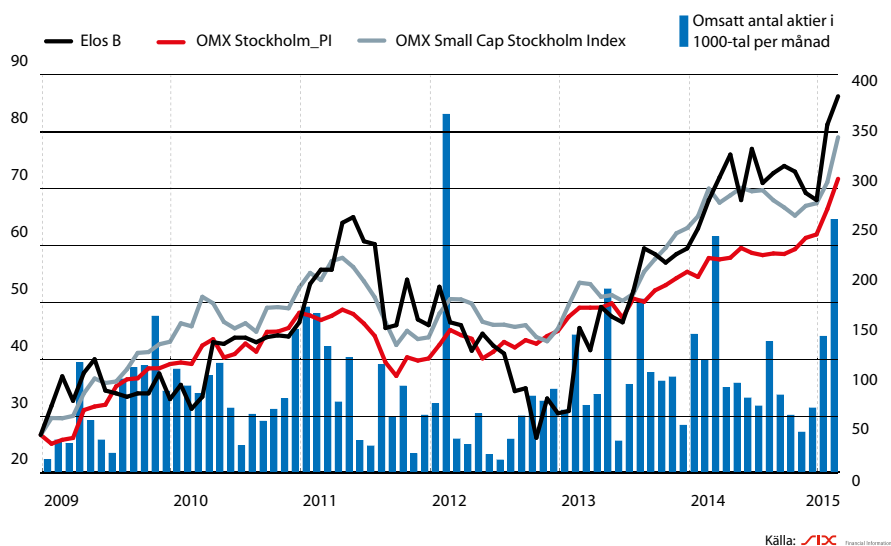
At year-end 2014, Elos had 1,534 shareholders. Elos' ten largest shareholders held shares equivalent to 56.0 per cent of the capital and 83.4 per cent of the votes. Swedish and international institutions held 22.3 per cent of the capital and 8.5 per cent of the votes.

Shareholder structure, 31-12-2014			
Number of shares by size	Number of shareholders	Number of shares	Proportion of shares, %
1-500	944	166,424	2.8
501-1,000	255	215,253	3.6
1,001-2,000	142	237,026	3.9
2,001-5,000	90	309,064	5.1
5,001-10,000	40	297,961	4.9
10,001-20,000	21	298,218	4.9
20,001-50,000	18	592,702	9.8
50,001-100,000	12	860,382	14.7
100,001 -	12	1,974,230	50.4
Total	1,534	4,951,260	100.0

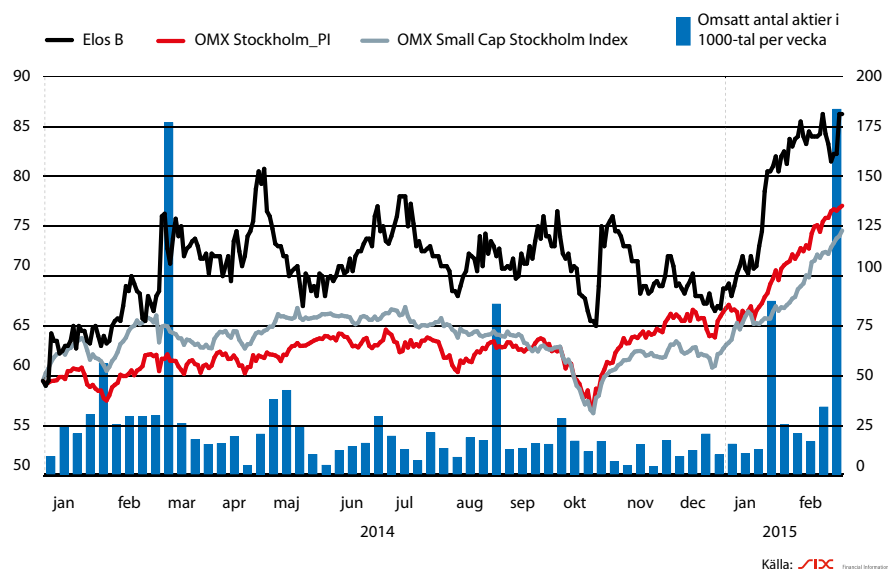
Type of share, 31-12-2014			
Type of share	Number of shares	Share in % of votes	Share in % of capital
A	1,099,740	69.0	18.2
B	4,951,260	31.0	81.8
Total	6,051,000	100.0	100.0

The largest shareholders in Elos AB (publ)					
According to Euroclear AB, 31-12-2014					
	Series A shares	Series B shares	Total	% of share capital	% of votes
Öster family including companies	378,826	232,659	611,485	10.1	25.2
Runmarker family	297,946	201,180	499,126	8.2	20.0
Nilsson family	260,880	102,627	363,507	6.0	17.0
Molin family	136,000	163,400	299,400	5.0	9.6
Nordea Investment Funds	0	676,974	676,974	11.2	4.2
Magledal Holding APS	0	365,400	365,400	6.0	2.3
Ulrika Erlandsson	26,088	72,304	98,392	1.6	2.1
Unionen	0	219,500	219,500	3.6	1.4
Jyske Bank General Settlement Acc	0	131,620	131,620	2.2	0.8
Healthinvest Microcap Fund	0	127,994	127,994	2.1	0.8
Other	0	2,657,602	2,657,602	44.0	16.6
Total	1,099,740	4,951,260	6,051,000	100.0	100.0

Performance and turnover of the Elos share,
January 2009 – February 2015



Performance and turnover of the Elos share,
January 2014 – February 2015



Data per share		2014*	2013*	2013**	2012**/****	2011**	2010**/****
Profit after tax, continuing operations	SEK	3.87	2.79	5.39	1.35	2.11	1.92
Profit after tax, total	SEK	19.30	5.39	5.39	1.35	2.11	4.75
Dividend (2014 proposal, SEK 2 + SEK 1)	SEK	3.00	2.00	2.00	1.00	1.50	1.50
Equity	SEK	55.96	38.48	38.48	33.37	35.74	34.75
Closing share price	SEK	68.00	59.50	59.50	30.50	46.00	46.50
Dividend yield	%	4.4	3.4	3.4	3.3	3,3	3.2
Share price/Equity	%	121.5	154.6	154.6	91.4	128.7	133.8
Average number of shares	thousands	6,051	6,051	6,051	6,051	6,051	6,051
Number of shares at year-end	thousands	6,051	6,051	6,051	6,051	6,051	6,051

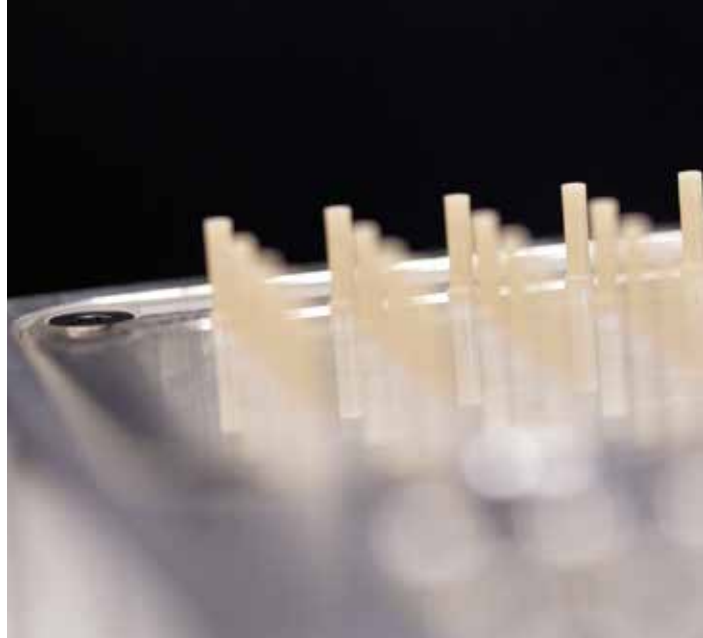
*) Adjusted for the sale of Elos Fixturlaser in 2014, which is reported as discontinued operations.

**) Unchanged from previous year, i.e. including Elos Fixturlaser.

***) Comparative figures for 2012 have been adjusted due to an amendment to IAS 19R, the accounting policy for pensions.

****) Adjusted for the sale of Elos Precision in 2010, which is reported as discontinued operations.

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Clear strategies for growth

Vision

Elos is the preferred partner of innovative and demanding customers, offering integrated solutions to improve the customer's competitiveness. We provide advanced expertise and an uncompromising focus on quality, creating value for our customers.

Strategy

The overall strategy is to focus the Group's operations and structure on segments where a significant market position can be achieved. The goal is to create a more concentrated business base in segments where a critical mass can be achieved

Group targets	Growth (currency-adjusted)	Operating margin	Return on equity	Return on operating capital	Share of risk-bearing capital	Available liquidity/sales
Target	> 10% per year	> 13%	> 15%	> 15%	> 30%	6-12% of annual turnover
Outcome 2014, continuing operations	0.7%	8.7%	40.9%	8.2%	59.2%	48.0%
Outcome 2013, continuing operations	13.9%	7.4%	15.0%	7.1%	48.7%	20.7%
Outcome 2013, inc. Metrology	11.8%	10.0%	15.0%	11.7%	48.7%	15.9%

	Objectives	Strategic tools	Outcome 2014	Activities 2015
Customers	Elos Medtech is the preferred partner of innovative and demanding customers.	High quality. Active partner with customers in developing products. Further develop Elos Medtech Complete Performance and the Solution Partner concept.	The position as leading supplier of dental implants has been strengthened, including by increasing the proportion of own products. Market positions have been strengthened or retained in other segments.	Continuing work on existing customers to develop business relationships. Increased focus on developing service-related services.
Growth	Achieve stable organic growth in excess of 10% per year.	Key Account management. Develop the cooperation with existing customers. Add new customers selectively. Development of own-brand products.	New orders increased by 12.9%.* Deliveries increased by 0.7%.* Sales of own products increased by 38% (40),* new products was launched.	Continued expansion of sales resources. Development and introduction of new products. Activities to develop the group through acquisitions.
Profitability	Elos Medtech shall have the profitability to create added value for the company's stakeholders and be among the most profitable companies wherever the group is active.	Increased percentage of own-brand products as a result of active development and sales work. Growth through an improved market position with existing and new customers. Active cost control. Increased automation.	Operating margin improved. EBITDA margin was 18.7%** (17.3). The underlying operating profit improved by approximately 28%.*/**	More sales resources for own products. Focus on increased utilisation of capacity. Invest in increased automation and increased capacity. Effective cost control.
Employees	Elos Medtech shall be perceived as an attractive employer.	Employee surveys and Performance Management.	More time for competence development. Employee surveys performed.	More work on goal breakdown at individual level and follow-up of employee surveys.

* Adjusted for the year's exchange rate changes ** Adjusted for non-recurring costs



Medical Technology business area – Elos Medtech

Opportunities for expansion are expected to strengthen Elos Medtech's future competitiveness

During the 2014 financial year, Elos took the final step of its long-term work to refine activities within the group. After divestment of the Metrology business area, Elos is now a pure medical technology company aimed at the development and manufacture of medical technology products, such as dental and orthopaedic implant systems and instruments. Other important areas include hearing aids, injection systems for diabetics and a number of different products in the area of diagnostics.

The last ten years' concentration on growth in medical technology has meant that Elos Medtech has consistently developed into a global player, with customers all over the world, most of which are leaders in their business areas.

The aim is to function as a strategic development and production partner, with the competence to lead the entire business process, from development and design to the production and delivery of finished products. It is a considerable competitive advantage that Elos Medtech has the size and competence to provide complete tailored solutions for individual customers.

To some extent, the market for medical technology products is sensitive to economic cycles. This applies particularly to products where the patient has to cover a significant part of the costs, such as with dental implants and hearing aids. Better economic trends in 2014 in the markets in which Elos Medtech's main customers are located – Europe, North America and Asia – led to increased demand, while the productivity improvements and investments of recent years had a positive effect on profitability.

Investments during the year amounted to SEK 41.0 million, mainly relating to extending production capacity in Tianjin in China, improving efficiency and flows in Timmersdala and further automation of the facility in Görlöse in Denmark. Developments continued in Tianjin, both to create a base for deliveries to existing medical technology customers that are now becoming estab-

Elos Medtech in brief

Income statement, SEKm	2014	2013	2012
Net sales	380.9	368.1	327.3
Cost of goods sold	-273.3	-272.9	-270.2
Gross profit	107.6	95.2	57.1
Selling expenses	-21.1	-15.7	-17.1
Administrative expenses	-35.6	-34.7	-34.3
Development costs	-9.9	-9.1	-8.9
Other operating income/expenses	0.7	0.7	0.4
Operating profit	41.7	36.4	-2.8

Key data

Operating margin, %	11.0	9.9	-0.9
Gross investments excl. shares, SEKm	39.5	11.5	34.7
Average number of employees	373	371	376

Sales by segment

Dental	37 %
Orthopaedics	12 %
Medical devices	46 %
Diagnostics	5 %





lished in the Chinese market and to facilitate larger future deliveries to the customers that are already established there. Microplast, which develops and manufactures small precision parts in various types of qualified construction plastics for customers in medical and bio technology, noted a considerable increase in demand in 2014, primarily in the Medical Devices and Diagnostics segments. Investment was made during the year in new capacity for production, assembly and packaging in clean rooms, while a larger extension of the facility was decided on. When this extension during the current year has been completed, the facility in Skara will have doubled in size to approximately 3,000 square metres.

Elos Medtech's offering

Elos Medtech has developed a customer offering – Complete Performance™ – a value-creating, total solution for the entire chain, from development, design and regulatory requirements via prototypes, testing and pre-series to production, clean room handling and logistics.

Elos Medtech's customers are mainly international medical technology companies with a global market, which set stringent requirements for their suppliers. The regulatory requirements are also comprehensive, relating for example to increased quality levels and documentation required by the authorities in the individual user countries.

Meeting all these demands for quality, development and production requires continuous development of competence. This requires a strategic way of working that is based on a high level of internal competence and understanding of the product's application in close collaboration with the customer. The design and de-

velopment work creates the important foundation for being able to guarantee function and achieve the necessary cost-effectiveness in production. That a supplier can offer a value-creating, total solution, from development to the delivery of complete products and, in addition to the quality requirements, also guarantee continuous development, evaluation and validation of processes is necessary in order to be able to develop long-term customer relationships.

In order to meet the increasing regulatory requirements and guarantee Elos Medtech's high quality in production, the RA/QA area has been reinforced with a joint group resource, a quality manager, who will work with the subsidiaries' quality departments to ensure that Elos Medtech has the necessary capacity and competence. The subsidiaries meet the international certifications and standards that individual countries set from medical technology products. The work involves developing documentation, manufacturing prototypes and implementing subsequent testing in our own laboratories. These tests are both static and dynamic and mainly focus on strength. The testing laboratory in Timmersdala is accredited in accordance with ISO 17025. Production of pre-series is always done on the machines where subsequent series production will occur, which permits validation in a large-scale environment and is an effective way of safeguarding the quality requirements.

Continuous adaptation of the production structure

The group's production structure is continuously adapted to manage both large and small volumes with short lead times and to enable similar products to be manufactured at all three production plants in Sweden, Denmark and China. Performance testing,



product assembly, sterile packaging and labelling – all to current standards – are carried out in clean rooms.

In the logistics area there are also various value-creating and flexible solutions for the purpose of easing and simplifying customers' warehousing. Elos Medtech provides various types of VMI (Vendor Managed Inventory) systems, which enable continuous delivery of the right products at the right time, according to the changing needs of the customer.

The market

After a weak opening to 2014, demand increased throughout the year and resulted in net sales turnover for the whole year of approximately SEK 381 million (368). It can be noted in general that profitability among our customers improved during the year, the effect of improved demand and more efficient internal cost control.

For our customers, demand is mainly governed by three factors: demography, as the world's population becomes older, a rapid development of competence in orthopaedics and surgery meaning that ever more complex operations can be performed each year and – most important of all – the development of economic welfare. The scope is affected by the economic funding being allocated for health care budgets in the social security systems, as well as the extent to which the individual consumer is willing to contribute, to pay for dental treatment, for example.

Elos Medtech's customer base consists of three groups: large global companies, specialised companies that mainly work with niche products and local and regional companies focusing on a given geographical area. Whatever the customer group, the com-

prehensive regulatory requirements apply in full and the trend is that the requirements of the FDA in the USA and the corresponding authorities within the EU become more stringent every year.

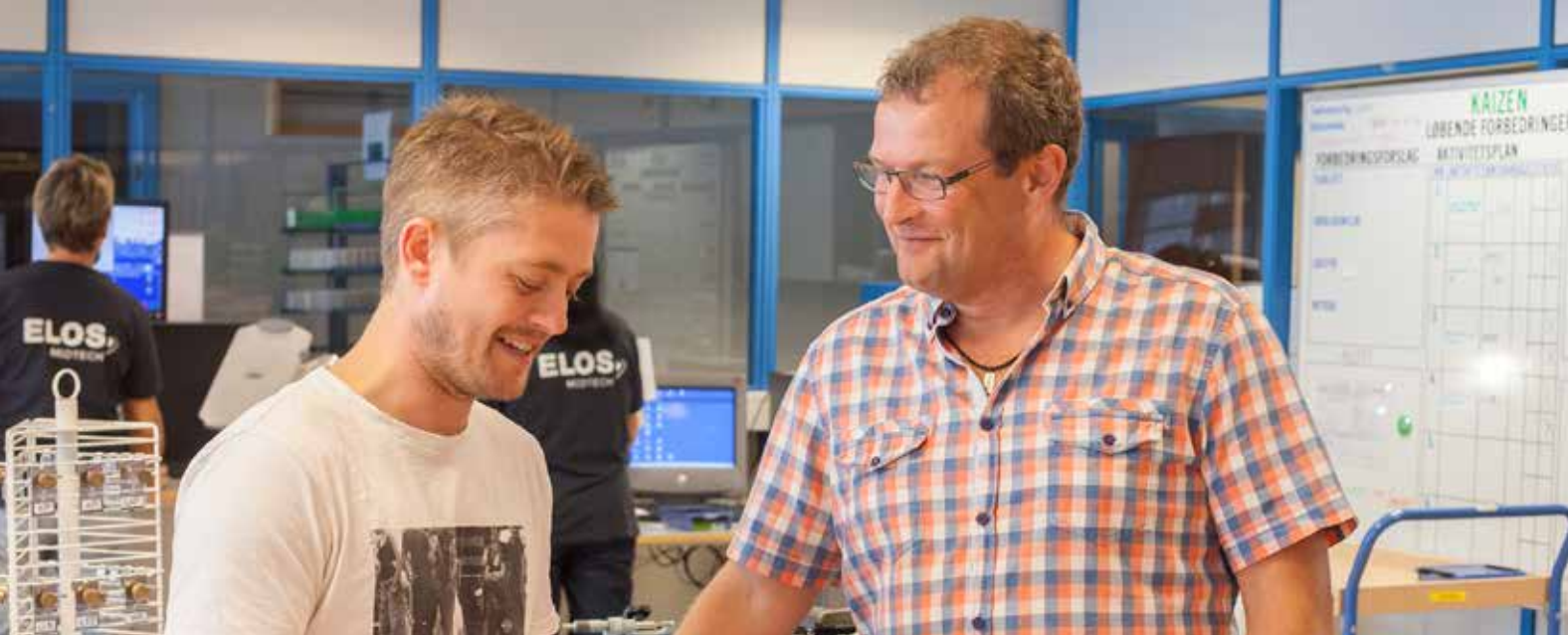
Like Elos Medtech, most of the competitors are global companies with a global market. In Europe, our main competitors are Cendres & Métaux, Maillefer, Diener, Ruetschi and Hader (Switzerland) and Gbr Brassler and Helmut Klingel (Germany). In the USA, the major competitors are Tecomet, Orchid and Paragon. Global medical technology companies with their own production are also potential competitors.

Dental

Total deliveries of dental implants worldwide in 2014 amounted to an estimated nine million units. The most important geographical markets were Europe, North America and Asia, which together accounted for about 85 per cent of deliveries. Demand increased successively through the year, ending with growth of approximately 3-5 per cent, which was in itself a new trend. Since 2008, the industry has been living with low growth – zero growth in some years.

The dental products at Elos Medtech can be divided into three groups: the premium, value and low-cost segments. The greatest growth is in the medium "value" segment, an area in which it is Elos Medtech's ambition to increase market share.

Elos Medtech's production of dental products consists mainly of implants, components for implant-borne prosthetics and instruments for dental implant work. Elos Medtech has been the global market leader in manufacture on assignment for a number of years.



Weak growth since 2008 and limited profitability for Elos Medtech's customers in the dental area over the same period have meant that the larger companies have successively chosen to reduce the number of suppliers they work with and to make more stringent demands on those that remain. This development has in fact favoured Elos Medtech, since the size of the company, its presence in both Europe and China and our competence and quality are proof that the group is a long-term, international company with high credibility.

The work of supplementing manufacture on behalf of others with the development of our own products has continued during 2014. Following growth of approximately 40 per cent, sales during the year amounted to about SEK 33 million. Demand has been very satisfactory for our torque wrench and our digital range, which is marketed under the brand name "Elos Accurate™". The range consists of products for both intra-oral scanning and scanning at dental technical laboratories, as well as CAD/CAM produced individual prosthetics.

In October 2014, Elos Medtech took over the Cresco™ system from Dentsply Implants. The Cresco™ system is a dental prosthetic construction for screw-retained, implant-borne bridges, which has a good reputation on the market and will therefore make a positive contribution to the group's existing product portfolio.

Orthopaedics

Activities in Orthopaedics are aimed at two main areas: the development and manufacture of implants and plates for fracture surgery (Trauma) and small prostheses for hand surgery and the development and manufacture of screws and implants for the upper and lower back and scoliosis treatment (Spine).

The Orthopaedics segment is a priority growth area, in which Elos Medtech has good opportunities to increase deliveries while retaining profitability. Development work in trauma and spine has increased significantly in recent years, with increased competence as a consequence.

Many of Elos Medtech's customers are large, international medical technology companies, the six largest of which have a combined global market share of around 70 per cent. Other customers include local specialist companies in Europe.

Demand in Orthopaedics has been steadily increasing by more than five per cent a year in recent years, including 2014. The strategy for continued growth in this segment is primarily to increase the offering in the trauma area. The most effective way of achieving the goal is to further develop partnerships with a number of existing and new key customers.

Medical Devices

In Medical Devices too, the focus is two main areas: the development and manufacture of high precision products for diabetes treatment, neurosurgery and heart surgery, as well as the development and manufacture of other implants and components, such as surgically implanted hearing devices and components for traditional hearing aids.

Growth in the diabetes market was good in 2014, while the hearing aid area showed only weak growth, with the exception of certain niche markets. Collaboration with Novo Nordisk in Tianjin was further developed and, to increase future deliveries, an extension of production capacity was begun during the year. In the cardiovascular area, Microplast manufactures parts intended for pacemakers and other devices, an area that is showing stable demand.



In Medical Devices there are good opportunities for achieving synergies between Microplast and the other units within the group. Interest among customers in combining Microplast's competence in polymer materials with Elos Medtech's traditional offering has increased over the last two years, which will offer good opportunities for the future.

Diagnostics

Activities in the Diagnostics segment are dominated by operations that are focused on the manufacture of products that are used in conjunction with analyses of allergies, auto-immune diseases and similar types of analyses. Components included in various types of analysis equipment are also supplied to a lesser extent.

The Diagnostics segment continued to demonstrate good growth in 2014. The ambition is to strengthen Elos Medtech's position in this area. The customers often have market-leading positions and are present in global markets. Recent years have seen considerable development work together with a number of cus-

tomers, which greatly enhances Elos Medtech's competitiveness. A number of these projects are now in the production start and initial delivery phases.

Developments during 2014

Net sales for the Medical Technology business area rose to SEK 380.9 million (368.1), an increase of 0.7 per cent after adjustment for exchange rate fluctuations. New orders increased and at year end stood at SEK 418.1 million (356.5), which corresponds to an increase of 12.9 per cent after adjustment for exchange rate fluctuations. Operating profit was SEK 41.7 million (36.4) corresponding to an operating margin of 11.0 per cent (9.9). Profit for the year has been affected by start-up costs of SEK 1.4 million relating to the Cresco™ system. Adjusted for these items, the operating margin amounted to 11.3 per cent.



The future

After divestment of the Metrology business area, the group's focus is now on developing its core business – medical technology. Continued strengthening of the marketing organisation means that the work of widening the customer base can be intensified. The aim is to continue to develop collaboration with existing customers, which will create good opportunities for future growth.

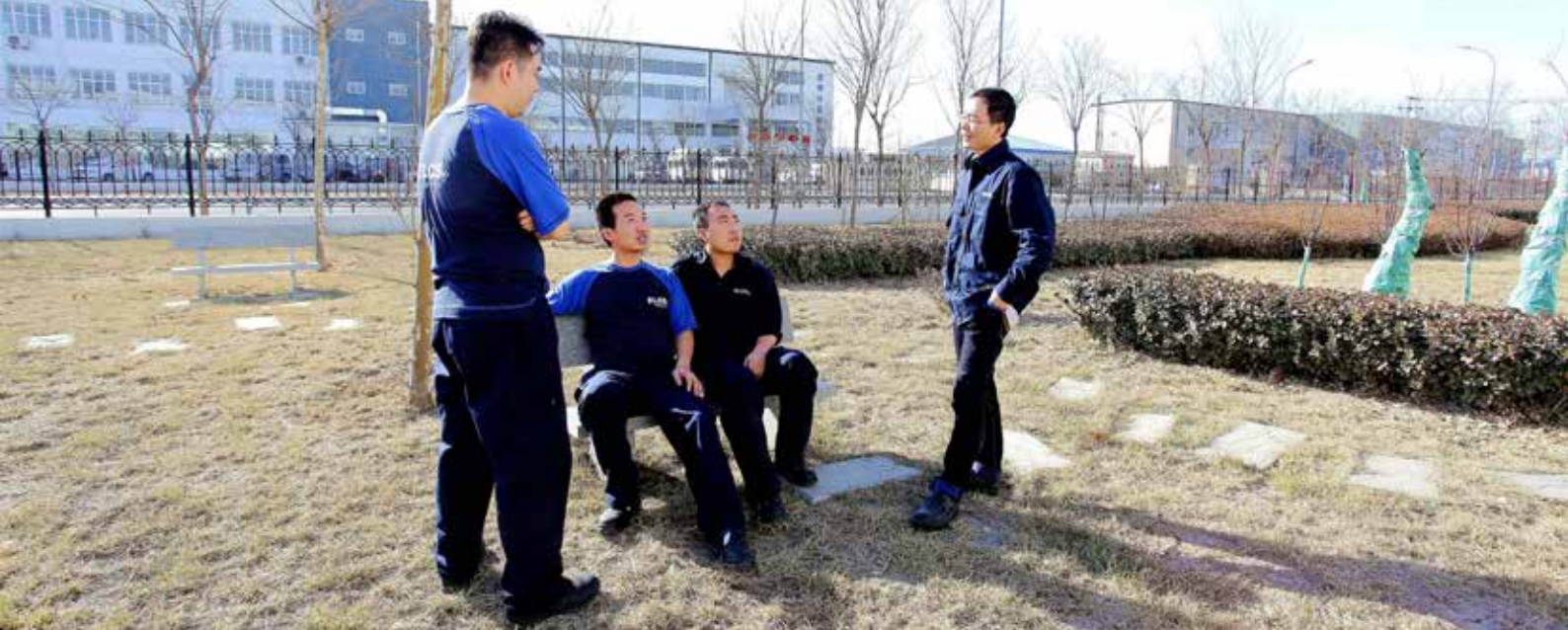
Another priority strategy is to continue to develop own products, as a supplement to contract manufacturing. The approach of launching our own new instruments has proved to be successful. There are now a number of interesting projects that could be turned into finished products in the coming years. Next in line is a completely new instrument in the Spine area, which is part of Orthopaedics. This instrument is intended to simplify anterior surgery and improve visibility in the operation area. This will be introduced onto the market during the current year. Taking over the Cresco™ system has also added considerable value to the complete product portfolio in digital dental care and CAD-/CAM prosthetics.

Refining the scope of Elos' activities has created opportunities for expansion by means of acquisition, where the approach is to

acquire companies that both complement the existing structure and can also give the group new geographical positions. As a global company with product development and production in Europe and Asia and with global sales, an expansion in North America is now a priority. The reason is that this market is now showing the highest growth, along with the fact that most of the big drug and medical technology companies are domiciled in the USA.

Consolidation and restructuring continue among Elos Medtech's customers. The customers are becoming fewer and bigger. At the same time, customers wish to reduce the number of their suppliers, which means tougher competition, which in turn increases the demands on Elos Medtech. The focus in recent years of expanding and bringing fresh competence to the marketing and quality organisations has proved to be successful. Work is now continuing to further develop this competence so as to get even closer to our customers and demonstrate that Elos Medtech is a first choice as partner and supplier.





Corporate Social Responsibility (CSR)

After divestment of the Metrology business area, Elos is a medical technology company with operations in Sweden, Denmark and China and with the whole world as its market.

As a global company with an international organisation, there exists within the group an awareness of both the need for and the advantages of corporate social responsibility. It is an important driving force within Elos that we are perceived as a company that takes responsibility for the products we manufacture, our employees and our environment from a social perspective.

Social responsibility and consideration for the environment are guiding principles for every decision made and in all areas of the company. Elos' working methods correspond well with the ethical, legal, commercial and public expectations placed on business operations by the societies in which we operate.

The aim within Elos is that we will be perceived as a commercially successful company that at the same time stands for reliability, responsibility and high ethical standards. Our policy for responsible business is based on CSR activities that secure a safe workplace for all employees and that strengthen the group's business opportunities in a highly competitive market.

As a company, Elos has a number of stakeholders: customers, employees, owners, business partners, politicians, opinion formers and local, national and international authorities. Elos has the largest impact on its customers, employees and owners – and they also have the largest opportunity for influencing Elos' operations.

For our customers, it is crucial that we deliver products and services with documented quality. There is also an expectation that the environment will be taken into account in quality aspects. For our employees, it is important that Elos is a responsible employer with a safe and attractive work environment. Elos' employees are in many cases specialists with unique competencies. It is therefore vital that we always show by our actions that we offer an attractive workplace and act responsibly in the event of changes.

It is also of importance that skills development is continuous and that owners and management are successful in communicating how Elos is developing and the future opportunities available within the company.

The owners require Elos to contribute to long-term value creation but also, as a company in our chosen market area, to work towards sustainable development and identify sustainable business opportunities that secure growth.

When Elos has business partnerships with other companies, such as when developing new products, there are mutual requirements for clarity and transparency. Credibility with politicians, opinion formers and local, national and international authorities is based on Elos taking responsibility for the environment and human beings and always standing for impeccable business ethical conduct. Such conduct requires both analysis and careful consideration, especially as the group is expanding through the establishment and development of operations in non-Scandinavian countries.

There are a number of other stakeholders around us who are also influenced by or who influence Elos. This affects all people who directly or indirectly come into contact with our business and we have a responsibility to act in a correct and open manner.

Common values

Elos has been working for a number of years on developing and applying a set of common basic values, so as to achieve long-term and sustainable development. By consistently communicating the basic values within the group and ensuring that we live up to them, Elos generates confidence among customers, employees, suppliers and owners. The aim is to always live up to the expectations that those around have for Elos for quality in everything we do. A vision of how we are to develop and precisely create policies is the basis of our activities and is summed up in three words that describe our common values:

Passionate – We are committed, determined and dedicated. With a positive attitude, we drive our development forwards and find solutions. Cooperation and solidarity are important, resulting in job satisfaction for our customers and ourselves.

Trustworthy – At Elos, we are open and honest. We take responsibility for our actions and products and keep our promises. We apply our policies in our daily work and influence our suppliers and partners to work in line with our way of working.

Result-oriented – We achieve the targets that create value for the customer by taking initiative and wanting to win. Our targets should be ambitious and achievable as well as firmly established internally and with our customers. We create the best value for all parties through cooperation and participation.

Equality and diversity

Elos offers all employees and job applicants equal opportunities, irrespective of ethnicity, caste, nationality, religion, age, disability, gender, marital status, pregnancy, sexual orientation, trade union membership or political affiliation.

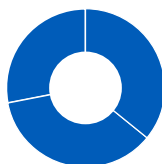
Employment period in the group*)

- 5 years	59 %
6 - 10 years	14 %
11 - 15 years	10 %
16 years –	17 %



Employees by country*)

Sweden	36 %
Denmark	36 %
China	28 %
Other	0 %



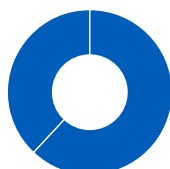
Age distribution*)

- 29 years	25 %
30 - 39 years	30 %
40 - 49 years	22 %
50 years –	23 %



Proportion of men/women in the group*)

Men	62 %
Women	38 %



*) Refers to continuing operations

In 2014, for continuing operations, the average number of employees was 378 (376), of whom 62 (67) per cent were men and 38 (33) per cent women. In management posts for continuing operations, the breakdown was 65 (71) per cent men and 35 (29) per cent women. The objective within the group is to progressively increase the number of female managers.

Human rights

Elos should respect the human rights of employees and treat them with dignity and respect.

Child labour must not occur. Employee freedom of association and collective bargaining are a matter of course, as well as freedom of communication. Elos' employees should be able to communicate openly with management regarding working conditions without fear of reprisal, intimidation or harassment. No forms of discrimination are tolerated.

Elos should treat its employees with respect and dignity, and must not subject them to any kind of inhuman or degrading punishment, physical, verbal or sexual abuse, or threat of abuse or harassment. Employee surveys should be performed on a regular basis.

Labour practices

Elos should pay its employees a fair market wage on time, in accordance with the law or the prevailing industry standard (whichever is higher) in the country concerned, and should provide all statutory benefits, such as medical insurance, social insurance and pensions in full.

The company should follow local regulations on working hours and should remunerate overtime in accordance with local laws and regulations as a minimum.

Employees should be entitled to at least one day off in every seven-day period and should receive paid annual leave and public holidays in accordance with local legislation.

Wage deductions as a disciplinary measure should not be permitted, nor should any wage deductions that are not stipulated by national legislation be permitted without the express permission of the worker concerned. All disciplinary measures should be recorded.

From a health and safety perspective, it is a matter of course that Elos provides all employees with a safe, healthy and hygienic workplace.

To safeguard employee conditions, Elos has a duty to:

- implement effective programmes and systems for ensuring employee safety by minimising work-related accidents and illnesses, and provide effective protection against exposure to chemical, biological or physical hazards in the work environment;
- identify and assess emergency situations, implement emergency plans and response procedures in the workplace and provide sufficient fire exits, escape routes and firefighting equipment;

- provide regular health checks and safety training for employees;
- provide hygienic toilet facilities and unlimited access to drinking water in the workplace;
- continuously improve safety performance by setting targets, initiating action plans and undertaking necessary improvements identified by internal or external assessments.

Elos must not use forced or involuntary labour (e.g. forced, bonded, or involuntary prison labour). Employers must not retain workers' identity papers or hold deposits from workers. Workers should have a copy of the written employment contract setting out the terms and conditions of their employment.

Training and skills development

As a medical technology company with cutting-edge competence, Elos' development and future success depends on high quality at every step from design and development of products to final delivery to the customer. Continuous training and competence development is thus a priority area. This is pursued actively within the group in both group-wide and decentralised forms. Job-related training is a cornerstone in the development of the group's organization and competence. Implementation may vary, ranging from one-day courses to longer training programmes.

These programmes are generally adapted to the specific requirements of the unit concerned. One example is the GMP training. This is continuous training that is important for meeting the increasing demand for skills and expertise in regulatory conditions and the need for stable production and working processes.

Elos has continued to work on employee surveys in 2014, so as to create a clearer basis for future training initiatives and skills development. Within the framework of employee appraisal interviews, a system called Performance Management has made it possible to formulate defined goals for every single employee's development.

In order to establish best practice methods for various work processes within the group, study visits have been organised for the different units, which has led to an active and valuable exchange of experience and competence between units of the group. The training initiatives and continuous competence development make a significant contribution to Elos' continuing attractiveness as an employer.

Working environment

Safety and the working environment have a high priority at Elos and there is a zero vision for occupational injuries. Sickness absence for continuing operations in 2014 totalled 2.8 per cent (3.5). Absences longer than 60 days accounted for 2.1 per cent (1.4). Sickness absence is relatively evenly distributed between women and men, as well as between age groups. Continuous follow-up and implementation of necessary measures takes place at a local level.



Quality is the foundation for all work within Elos

Since Elos' customers set stringent requirements for safety for the products and processes we deliver, purposeful quality management work is performed for the purpose of achieving zero faults and to ensure that regulatory requirements are met; all units in the group work in line with the requirements that are set for medical technology products by different types of standards.

Elos' operations are certified in accordance with the standard ISO 13485 (Management system for medical technology products) and live up to the requirements of international legislation and product safety standards, such as the directive for medical technology products, harmonised standards for medical technology products such as ISO 14971 (Risk management), the American FDA requirements for quality systems and considerable European and national directives and legislation.

The quality management system covers the processes needed to safely and effectively fulfil current legislation and regulations. The processes are documented and well established in the organisation. Within the group there are personnel with the knowledge necessary in their specific areas and defined responsibility for their work, to ensure that Elos takes responsibility for ensuring that the products manufactured are safe for patients and users.

In order to provide a well-defined framework for how our quality management work is to proceed, the group endeavours to produce common processes in important areas. At the same time, local work processes give the level of detail needed to be able to work safely and efficiently.

Regulations relating to medical technology change constantly and the requirements increase all the time. The directive relating to medical technology products is being revised and new regulations will come into force in 2015 or 2016. Similarly, the standard ISO 13485 is being updated and a revised version is expected to be published in 2015/2016.



The latest in a line of measures to tighten the EU regulations on medical technology is a documented recommendation from the commission stating that the authorities' regulatory bodies will make unannounced audits of manufacturers of medical technology products. They will also perform inspections at the manufacturers' critical suppliers.

Requirements for documentation increase and the burden of proof that a company is following defined processes and specifications is expected to become ever greater. This means that Elos must ensure that the documentation of our work is simple and effective.

In 2013, the FDA issued a new rule that requires all medical technology products to carry a unique code, UDI, to improve the identification and traceability of products. The purpose is to be able to quickly and efficiently identify a product, which will facilitate a more correct reporting of reportable incidents, as well as making fault correction measures easier, in the recall of a product for example. The EU's new regulations for medical technology products will follow the same UDI coding requirement.

An important extension of the requirements is to ensure that clinical requirements are fulfilled, including extensive evaluation both before products are put on the market and also in post production, on an ongoing basis. The concept of post-market surveillance has also acquired a central role, which means that there must be a plan for systematically monitoring products released on the market.

Monitoring and audits are regularly carried out in all the group's units. Audits to check the fulfilment of ISO standards and the medical technology directive are performed by accredited organisations. The group is also audited by several customers, to follow up on the fulfilment of both the standards and their own requirements.

In 2014, a total of 46 man-days were spent by external parties on auditing the group's operations. See the table below.

Environmental activities at Elos

Elos performs a number of environmental activities with rolling targets in priority areas, such as selection of suppliers, use of resources and waste management in production development and in ongoing day-to-day work.

Since 2012, work on environmental issues has proceeded in a structured way for the entire group, according to international standard ISO 14001. Briefly, ISO 14001 certification sets requirements that the company's environmental activities are well organised and that the work is the subject of continuous improvement. Another important basis is that current legislation and regulations are followed and that regular internal quality audits are performed.

The group makes continuous efforts to reduce electricity consumption and energy surveys are an important basis for defining the active measures to be implemented to optimise resource utilisation.

Responsible business means more business opportunities

Value is added to the Elos brand by clearly emphasising the importance of responsible enterprise and by the ability to deliver what we promise.

Elos is a global company with the entire world as its market, which means that a consistent method of working is essential. With development, production, marketing and sales centred on high product quality and very stringent regulatory requirements, the group's purposeful work on sustainability and CSR issues legitimises the quality of everything we undertake.

As a reliable, stable and attractive business partner, we both reinforce existing business relations and create new business opportunities.

Number of audit days *) in 2014

Production plant	Quality audits with customers, number of days	Certification audits, number of days	CSR audits, number of days
Elos Medtech Pinol A/S	17	8	0
Elos Medtech Timmersdala AB	25	9	0
Elos Medtech Tianjin Co. Ltd.	4	4.5	0
Elos Medtech Microplast AB	0	2	0
Total Medical Technology	46	23.5	0

*) Number of days = number of days multiplied by number of auditors.

Consolidated income statement and statement of comprehensive income

SEK thousand	2014	2013
Net sales	380,856	368,159
Cost of goods sold	-273,205	-272,890
Gross profit	107,651	95,269
Selling expenses	-21,156	-15,487
Administrative expenses	-44,066	-43,716
Development costs	-9,869	-9,140
Other operating income	1,572	2,223
Other operating expenses	-1,040	-1,873
Operating profit	33,092	27,276
<i>Result from financial investments</i>		
Other interest income and similar profit/loss items	5,198	3,307
Other interest expenses and similar profit/loss items	-6,842	-9,053
Profit after financial items	31,808	21,530
Tax expense	-8,431	-4,582
Net profit for continuing operations	23,377	16,948
Profit from discontinued operations, operation	5,186	15,688
Profit from discontinued operations, sales transaction	88,206	-
Profit from discontinued operations	93,392	15,688
Profit for the year	116,769	32,636
Attributable to parent company shareholders	116,769	32,636
STATEMENT OF COMPREHENSIVE INCOME		
Profit after tax	116,769	32,636
Other comprehensive income		
Items that will not be reclassified to the income statement		
Actuarial gains and losses	-5,661	2,872
Tax	614	-632
	-5,047	2,240
Items that may be reclassified to the income statement		
Translation differences	16,841	4,516
Hedging of net investment	-12,778	-2,972
Tax	2,086	553
	6,149	2,097
Other comprehensive income, net	1,102	4,337
Comprehensive income for the year	117,871	36,973
Attributable to parent company shareholders	117,871	36,973
Earnings per share (SEK)	19.30	5.39

Consolidated balance sheet

SEK thousand	31 Dec 2014	31 Dec 2013
ASSETS		
Non-current assets		
<i>Intangible assets</i>		
Capitalized expenditure for R&D	4,640	21,866
Goodwill	42,126	42,756
Other intangible assets	18,701	16,436
	68,467	81,058
<i>Property, plant and equipment</i>		
Buildings and land	92,213	90,343
Plant and machinery	114,737	113,823
Equipment, tools, fixtures and fittings	11,098	12,166
Construction in progress	12,070	1,857
	230,118	218,189
<i>Financial assets</i>		
Deferred tax assets	3,131	2,216
Long-term receivables	2,694	2,526
Other shares and interests	20	20
	5,845	4,762
Total non-current assets	304,430	304,009
Current assets		
<i>Inventories etc.</i>		
Raw materials and consumables	21,276	37,607
Products in progress	26,358	21,361
Finished products	64,485	56,623
Advance payments to suppliers	62	-
	112,181	115,591
<i>Current receivables</i>		
Trade receivables	55,174	61,234
Current tax asset	803	2,358
Other receivables	5,211	9,120
Prepaid expenses and accrued income	4,336	6,920
	65,524	79,632
Cash and bank balances	125,531	31,189
Total current assets	303,236	226,412
TOTAL ASSETS	607,666	530,421

Consolidated balance sheet

SEK thousand	31 Dec 2014	31 Dec 2013
EQUITY AND LIABILITIES		
Equity		
Equity attributable to parent company shareholders		
Share capital	37,819	37,819
Other capital contributed	55,526	55,526
Reserves	3,025	-3,124
Profit brought forward incl. net profit for the year	242,252	142,633
Total equity	338,622	232,854
Non-current liabilities		
Provisions for pensions	26,328	33,202
Deferred tax liability	21,172	25,427
Other non-current provisions	-	76
Non-current interest-bearing liabilities	115,157	108,469
Total non-current liabilities	162,657	167,174
Current liabilities		
Bank overdraft facility	16,715	26,880
Other interest-bearing liabilities	25,331	35,231
Advance payments from customers	95	1,917
Trade payables	21,620	19,318
Income tax liabilities	3,758	6,767
Other liabilities	7,582	6,985
Accrued expenses and deferred income	31,286	33,295
Total current liabilities	106,387	130,393
TOTAL EQUITY AND LIABILITIES	607,666	530,421
PLEDGED ASSETS	158,741	166,527
CONTINGENT LIABILITIES	292	437

Consolidated cash flow statement

SEK thousand	2014	2013
Operating activities		
Profit after financial items	31,808	21,531
Reversed depreciation	34,720	36,474
Adjustment for non-cash items	5,763	1,672
	72,291	59,677
Tax paid	-10,859	-950
Cash flow from operating activities before changes in working capital	61,432	58,727
<i>Cash flow from working capital changes</i>		
Increase/decrease in inventories	-9,829	11,724
Increase in operating receivables	-4,684	-651
Increase in operating liabilities	8,335	1,823
Cash flow from operating activities	55,254	71,623
Investment activities		
Investments in non-current assets	-23,871	-13,107
Acquisition of other shares and holdings	-	-20
Sale of non-current assets	206	932
Cash flow from investment activities	-23,665	-12,195
Financing activities		
Decrease/increase in interest-bearing liabilities	-11,408	11,501
Non-current loans taken up	20,512	-
Amortisation of non-current loans	-41,297	-41,123
Realised financial rate differences	-8,832	-4,338
Dividend to shareholders	-12,102	-6,051
Cash flow from financing activities	-53,127	-40,011
Cash flow from continuing operations	-21,538	-19,417
Cash flow from discontinued operations	120,089	8,086
Cash flow for the year	98,551	27,503
Cash and cash equivalents at beginning of year	31,189	23,488
Cash and cash equivalents in discontinued operations	-6,751	-20,093
Exchange rate differences in cash and cash equivalents	2,542	291
Cash and cash equivalents at year-end	125,531	31,189

Ten-year summary

Income statements		2014*	2013**	2013	2012***	2011	2010****
Net sales	SEKm	380.9	368.1	479.4	433.8	414.2	358.2
Operating profit	SEKm	33.1	27.2	48.0	18.1	22.6	22.9
Net financial items	SEKm	-1.3	-5.7	-6.4	-9.5	-4.6	-6.7
Profit after financial items	SEKm	31.8	21.5	41.6	8.6	17.9	16.2
Taxes	SEKm	-8.4	-4.6	-9.0	-0.4	-5.1	-4.6
Net profit for continuing operations	SEKm	23.4	16.9	32.6	8.2	12.8	11.6
Net profit for discontinued operations	SEKm	93.4	15.7	-	-	-	17.1
Net profit for the year	SEKm	116.8	32.6	32.6	8.2	12.8	28.7
Balance sheets							
Non-current assets	SEKm	304.5	304.0	304.0	321.8	304.0	251.7
Receivables and inventories	SEKm	177.7	195.2	195.2	193.8	199.0	171.9
Cash and cash equivalents	SEKm	125.5	31.2	31.2	23.5	29.8	62.7
Assets held for sale	SEKm	0.0	0.0	0.0	0.0	0.0	0.6
Total assets	SEKm	607.7	530.4	530.4	539.1	532.8	486.9
Equity	SEKm	338.6	232.8	232.8	201.9	216.2	210.3
Non-current liabilities	SEKm	162.7	167.2	167.2	202.6	200.5	161.8
Current liabilities	SEKm	106.4	130.4	130.4	134.6	116.1	114.8
Total equity and liabilities	SEKm	607.7	530.4	530.4	539.1	532.8	486.9
Cash flow							
Cash flow from operating activities	SEKm	55.3	71.6	87.3	39.5	34.4	48.3
Cash flow after investments	SEKm	31.6	59.4	66.9	-2.0	-20.7	5.4
Key data							
Operating margin before depreciation (EBITDA)	%	17.8	17.3	18.5	12.5	13.4	14.1
Operating margin after depreciation (EBIT)	%	8.7	7.4	10.0	4.2	5.5	6.4
Risk-bearing capital	SEKm	361.4	258.3	258.3	228.8	243.2	230.5
Share of risk-bearing capital	%	59.2	48.7	48.7	42.4	45.6	47.3
Equity/assets ratio	%	55.7	43.9	43.9	37.5	40.6	43.2
Return on operating capital	%	8.2	7.1	11.7	4.4	6.0	6.0
Return on equity	%	40.9	15.0	15.0	3.9	6.0	19.2
Interest coverage ratio	multiple	5.9	5.2	5.2	1.5	2.9	3.3
Net debt	SEKm	58.0	172.6	172.6	223.8	196.0	137.6
Debt/equity ratio	multiple	0.2	0.7	0.7	1.0	0.9	0.6
Gross investments excl. shares	SEKm	41.0	16.5	24.7	51.2	85.7	57.7
Average number of employees		378	376	424	424	373	298

* Income statement, cash flow, EBITDA, EBIT, gross investments and average number of employees refer to continuing operations. ** Refers to continuing operations, i.e. after divestment of Elos Fixturlaser 2014.*** Comparative figures for 2012 have been adjusted due to an amendment to IAS 19R, the accounting policy for pensions. **** Continuing operations, i.e. after divestment of Elos Precision in 2010 and divestment of Electronics business area in 2007.

Definitions of key data and glossary

Operating margin Profit/loss before net financial items and tax as a percentage of net sales.

Risk-bearing capital The total of equity, any minority interests and deferred tax liability.

Share of risk-bearing capital Risk-bearing capital as a percentage of total assets.

Equity/assets ratio Equity including any minority interests as a percentage of total assets.

Return on operating capital Operating profit as a percentage of average operating capital.

Operating capital Total of intangible and tangible non-current assets and current assets excluding tax assets, less non-interest-bearing liabilities excluding tax liabilities and deferred tax.

Return on equity Net profit for the year as a percentage of average equity.

Interest coverage ratio Operating profit excluding profit participation in any associated companies plus financial income, divided by financial expenses.

Net debt Interest-bearing liabilities less cash and cash equivalents.

Debt/equity ratio Net debt in relation to equity.

FDA (Food and Drug Administration) The US food and drug authority.

GMP (Good Manufacturing Practice) Regulations that govern manufacturing, including packaging.

OEM (Original Equipment Manufacturing) Manufacturing for customers who sell the products under their own brand.

QSR (Quality System Regulation) A regulation for quality systems.

VMI (Vendor Managed Inventory) Inventory managed by supplier.

Board of Directors and auditor

Directors



Stig-Arne Blom

Ulricehamn, born 1948, Master of Engineering. Chair of the Board. Director since 2002. Chair of the Board of Plastal AB, Pulsion AB and Scandinavian Enviro Systems AB. Director of Handelsbankens Region Väst and Precomp Solutions AB.

Shareholding: 200 Series B shares.



Agneta Bengtsson Runmarker

Stockholm, born 1960, Bachelor of Law. Director since 2003. Legal Adviser at the Swedish Data Inspection Board. Chair of the Board of AB Westergyllen and its subsidiaries and Director of Investment AB Brunnslöykan and its subsidiaries.

Shareholding: 14,600 Series B shares incl. family.



Göran Brorsson

Lidköping, born 1952, Bachelor of Economics. Director since 2000. CEO up to and including 31 January 2015. Employed since 2000. Chair of the Board of the Group's subsidiaries. Chair of the Board of Gents Wear AB and Götene Construction AB. Director of Biovica AB.

Shareholding: 100,000 Series B shares.



Erik Löwenadler

Gothenburg, born 1945, Master of Engineering. Director since 2007. Deputy Director of HR Performance Sweden AB.

Shareholding: 4,028 Series B shares.



Jeppe Magnusson

Lerum, born 1952, M. Sc. Doctor at Chalmers University of Technology, Gothenburg. Director since 2012. Partner in ISEA, Industry Senior Advisors. Director of Episurf Medical AB, Premune AB, Swecure AB and Auremune AB.

Shareholding: 2,860 Series B shares.



Mats Nilsson

Stockholm, born 1969, biologist, PhD. Director since 2010. Professor of molecular diagnostics at Stockholm University and Site Director for Science for Life Laboratory, Stockholm. Director of Q-linea AB.

Shareholding: 40,500 Series B shares.



Thomas Öster

Stockholm, born 1963, Master of Engineering. Director since 2005. Global Sales and Business Management Director, Ericsson AB Stockholm. Chair of the Board of Venova AB, Director of Lidköping Invest.

Shareholding: 68,000 Series B shares incl. family.

Auditor

PwC Sweden

Öhrlings PricewaterhouseCoopers AB, Gothenburg

Auditor in charge

Bror Frid

Skövde, born 1957
Authorised Public Accountant, PwC, Göteborg
Auditor of the company since 2012.

Senior management



Göran Brorsson

Lidköping, born 1952, Bachelor of Economics. CEO up to and including 31 January 2015. Employed since 2000. Chair of the Board of the Group's subsidiaries. Chair of the Board of Gents Wear AB and Götene Construction AB. Director of Biovica AB. Shareholding: 100,000 Series B shares.



Johannes Lind-Widestam

Kungsbacka, born 1972, Bachelor of Economics. CEO with effect from 1 February 2015. Employed since 2015. Shareholding: No holding.



Ulrica Ehn

Lidköping, born 1967, Bachelor of Economics. Financial Director. Employed since 2011. Shareholding: No holding.



Malin Gustavsson

Lerum, born 1972, economist. Marketing Director Elos Medtech. Employed since 2013. Shareholding: No holding.



Lotta Ljungberg

Helsingborg, born 1966, Master of Engineering. QA/RA Quality Director Elos Medtech. Employed since 2014. Shareholding: No holding.



Mathias Andersson

Lidköping, born 1971, engineer. MD, Elos Medtech Microplast AB. Employed since 2012. Shareholding: 13,469 Series B shares.



Søren Olesen

Gørlose, Denmark, born 1961, economist. MD, Elos Medtech Pinol A/S. Employed since 1984. Shareholding: 365,400 Series B shares via company.



Jurgen Moortgat

Tianjin, China, born 1964, Master of Engineering. MD, Elos Medtech Tianjin Co. Ltd. Employed since 2014. Shareholding: No holding.



Kjell-Erik Johansson

Götene, born 1954, Master of Engineering. MD, Elos Medtech Timmersdala up to and including 31 December 2014. Employed since 1999. Shareholding: No holding.



Peter Johansson

Skövde, born 1978, Master of Engineering. MD, Elos Medtech Timmersdala with effect from 1 January 2015. Employed since 2012. Shareholding: No holding.

Addresses

Parent company

Elos AB

Nya Stadens Torg 10
SE-531 31 Lidköping,
Sweden
Tel: +46 510 48 43 60
Fax: +46 510 680 04
info@elos.se
www.elos.se

Subsidiaries

Medical Technology business area

Sweden

Elos Medtech Microplast AB
Box 99
SE-532 22 Skara, Sweden
Visiting address: Hästhagsgatan 2
Tel: +46 511 257 00
Fax: +46 511 257 28
info.microplast@elosmedtech.com
www.elosmedtech.com

Elos Medtech Timmersdala AB
Bäckedalsvägen 5
SE-540 16 Timmersdala, Sweden
Tel: +46 511 44 06 00
Fax: +46 511 44 06 90
info.timmersdala@elosmedtech.com
www.elosmedtech.com

Denmark

Elos Medtech Pinol A/S
Engvej 33
DK-3330 Gørlose
Denmark
Tel: +45 48 21 64 00
Fax: +45 48 21 64 69
info.pinol@elosmedtech.com
www.elosmedtech.com

China

Elos Medtech Tianjin Co. Ltd.
D5-3, Rong Cheng San Zhi Lu,
Xeda International Industrial City
Xiqing Economic Development Area
300385 Tianjin, PR China
Tel: +86 22 23 82 86 60
Fax: +86 22 23 82 86 62
info.tianjin@elosmedtech.com
www.elosmedtech.com

The English version of Elos' Annual Report for 2014 comprises selected parts of the Swedish Annual Report for 2014. The content of the text and tables has been translated from the Swedish version. The Swedish version has been audited by Elos' Authorized Public Accountant, Bror Frid, Öhrlings PricewaterhouseCoopers AB.





Elos AB (publ)
Nya Stadens Torg 10
SE-531 31 Lidköping, Sweden
Tel: +46 510 48 43 60
Fax: +46 510 680 04
info@elos.se
www.elos.se

