

ANNUAL REPORT
2015



Annual General Meeting

The Annual General Meeting will be held on Tuesday 26 April 2016 at 17.00 at Stadt Hotel, Gamla Stadens Torg 1 in Lidköping.

Registration

Shareholders wishing to attend the Annual General Meeting should notify the company by post: Elos Medtech AB, Nya Stadens Torg 10, SE-531 31 Lidköping, Sweden, by telephone +46 510 48 43 60, by fax +46 510 680 04 or by email info@elosmedtech.com by no later than 12.00 on Wednesday 20 April 2016.

Who has the right to attend the Annual General Meeting?

Shareholders who are registered in the transcript of the share register on 20 April 2016 and have notified their intention to attend by 12.00 on 20 April 2016 have the right to attend the Annual General Meeting of Elos Medtech.

Shareholders whose shares are nominee registered must temporarily re-register their shares in their own name in the share register kept by Euroclear Sweden AB, in order to have the right to attend the Annual General Meeting. The shareholder must notify the nominee of this well before 20 April 2016.

Dividend

For the financial year 2015, the Board of Directors proposes to the Annual General Meeting that a dividend of SEK 1.00 per share be paid to shareholders (SEK 2.00 per share plus an extra dividend of SEK 1.00 per share).

Financial information

Elos Medtech intends to provide the following financial Information for the financial year 2016:

Interim report for Jan-March	26 April 2016
Interim report for Jan-June	24 August 2016
Interim report for Jan-Sep	26 October 2016
Year-end report	February 2017
Annual report	March/April 2017

Elos Medtechs' financial information is available at:
www.elosmedtech.com/investor-relations/

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This is Elos Medtech

The group's operations are conducted at facilities in Sweden, Denmark, China and the USA. The company changed its name to Elos Medtech AB in the second quarter.

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. Our customers are mainly international medical technology companies in the market segments Dental Implant Systems, Diagnostics, Medical Devices and Trauma & Spine.

Events after the end of the reporting period

The Elos Medtech group's President and CEO Johannes Lind-Widestam has decided to leave his position. He will remain in position during the notice period and will leave the group at the end of the first half of 2016.



The year in brief

- On 23 April 2015 the acquisition was completed of the North American company Onyx Medical LLC, based in Memphis, TN, USA. Onyx Medical was a strategically important acquisition and the business has contributed strongly to the year's financial results.
- Net sales amounted to SEK 503.7 million (380.9), up 26.4 per cent*, of which organic growth accounted for minus 1.1 per cent*. The unit in Tianjin had a negative impact on growth and the remaining units contributed with a positive growth of 4.9 per cent*.
- New orders amounted to SEK 472.6 million (418.1), an increase of 8.0 per cent*. Onyx Medical has continued to make a positive contribution to new orders. Lower demand in Tianjin affected the year, but the present position indicates a return to normal levels.
- Operating profit for non-recurring items amounted to SEK 38.7 million (36.5). The strong development of Onyx Medical has continued. As feared, the slowdown at the unit in Tianjin had a negative impact on profit. Operating profit after non-recurring items of SEK 8.2 million (3.4) amounted to SEK 30.5 million (33.1).
- Profit after net financial items was SEK 22.5 million (31.8). Net financial items were negatively affected by exchange rate differences of SEK -0.4 million (3.3).
- Profit after tax totalled SEK 16.1 million (23.4), equivalent to SEK 2.66 (3.87) per share.
- Cash flow after investments amounted to SEK -144.9 million (31.6), of which the effect of company acquisition was SEK -160.4 million.
- The board proposes to pay a dividend of SEK 1.00 per share.

*Adjusted for exchange rate fluctuations during the year.

Key figures		2015 *	2014 **	2013 **	2013 ***	2012 ****	2011 ***
Net sales	SEKm	503.7	380.9	368.1	479.4	433.8	414.2
Profit/loss after financial items	SEKm	22.5	31.8	21.5	41.6	8.6	17.9
Operating margin before depreciation (EBITDA)	%	15.7	17.8	17.3	18.5	12.5	13.4
Operating margin after depreciation (EBIT)	%	6.1	8.7	7.4	10.0	4.2	5.5
Share of risk-bearing capital	%	40.0	59.2	48.7	48.7	42.4	45.6
Equity/assets ratio	%	37.5	55.7	43.9	43.9	37.5	40.6
Return on operating capital	%	5.3	8.2	7.1	11.7	4.4	6.0
Return on equity	%	4.8	40.9	15.0	15.0	3.9	6.0
Earnings per share after tax, continuing operations	SEK	2.66	3.87	2.79	5.39	1.35	2.11
Earnings per share after tax, total	SEK	2.66	19.30	5.39	5.39	1.35	2.11
Equity per share	SEK	54.63	55.96	38.48	38.48	33.37	35.74
Dividend (2015 proposal, SEK 1)	SEK	1.00	3.00	2.00	2.00	1.00	1.50
Average number of employees		471	378	376	424	424	373

* Including acquisition of Onyx Medical which occurred on 23 April 2015. ** 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 change of accounting principle for pensions according to IAS 19R.



Elos Medtech has been strengthened as a group and has become an even more attractive partner for our customers

In my comments in the annual report for 2014, I summarised expectations for the 2015 financial year by saying that we could look forward to “a very exciting year” for employees, the board and shareholders.

The goals for 2015 were clear – we should become stronger as a group and an even more attractive partner for our customers.

With the acquisition of Onyx Medical in the USA, continued strong organic growth in three of the four market segments in contract manufacturing and new successes for own-brand products, I can confirm that together we have achieved our established goals for 2015.

After long and intensive work, led by former CEO Göran Brorsson, we were able to publicise the acquisition of Onyx Medical LLC in Memphis, Tennessee in the USA in April 2015. This acquisition is important from several aspects. Onyx Medical is a leading supplier in the Trauma & Extremities orthopaedics area, and its business makes an outstanding complement to Elos Medtech's product portfolio in the Trauma & Spine market segment. We also expanded our market area to North America, which improves our future opportunities to effectively develop the world's largest single market, both as contract manufacturer and with our own products.

Onyx Medical is a very well-managed company that since April last year has not only lived up to our high expectations, but exceeded them. In terms of profits, the acquisition already began to make a considerable contribution to the group's profits in 2015 and in the first months of the current year the company has continued to develop strongly.

Investments within the group, other than those regarding the acquisition of Onyx Medical, amounted to SEK 75.8 million during the year, an increase of approximately 85 per cent compared with

the previous year. The investments were mainly directed at increasing production capacity, quality improvement measures and the development of the Microplast production facility in Skara.

At our operation in Tianjin, our activities changed direction during the financial year, from growth to consolidation. On the customer side, a clear tendency was noticed to work towards stronger cash flow, which led during the second half of the year to a gradual running down of customer stocks and so lower orders from us. Pleasingly, coverage of production in the first quarter of 2016 has returned to a more normal level.

Automation and further development of quality work

In Sweden, operations have been characterised to a great extent by an increasing level of automation in the manufacturing processes in Timmersdala through the introduction of production cells, which allow an operator to run several machines at the same time. Altogether, 2015 was a transitional year for the operation in Timersdala.

The expansion for Microplast continues according to plan and in the first quarter of the current year activities in the extended production plant in Skara have gradually come into operation. Along with the doubling of area, Microplast has been able to note a 30 per cent growth in production.

Considerable efforts have been made at the operation in Denmark to further develop quality work. Automation of production continued during the year. Among other things, a number of machines have been equipped with robots, so as to obtain a direct and automatic measurement of the manufactured products during ongoing production. This is a technique that is now being successfully introduced on all machines.

The ambition within the group to complement contract manufacture by developing our own products continued to harvest new successes during 2015. What was an insignificant part of our activities just a few years ago has now grown to approximately 9 per cent of net sales. Growth during the year was as much as 37 per cent and with a reinforced sales organisation in place the objective is continued growth.

Still great opportunities in the market

As a result of the acquisition of Onyx Medical, the immediate future at Elos Medtech will be marked to a certain extent by a group integration and defining and extracting synergies, primarily within the areas marketing, sales and quality. However this does not mean that the group is entering a consolidation phase. The market still shows major opportunities due to the restructuring that is going on among both producers and customers.

I will be leaving the group before long and the task for a new President and CEO will be to continue to lead Elos Medtech forwards and to further reinforce the group's role as a leading player on the global market.

It is with satisfaction that I am able to state that Elos Medtech, with five production units in four countries on three continents, is in a strong position in a world that offers new business opportunities.

In conclusion, I would like to thank the employees of Elos Medtech for their outstanding performance at a time of change, the board for the foresight to dare to focus on necessary structuring work and the shareholders for the support received for our work of creating good conditions for future growth.



Johannes Lind-Widestam
President and CEO

The share – Elos Medtech

Stock market trading

Elos' Series B shares – ticker code ELOS B – have been listed on NASDAQ Stockholm AB Small Cap since 13 June 1989. The high-voting Series A shares are not listed. The share price fluctuated between SEK 67.00 and SEK 140.00 during the year. The closing price at year-end 2015 was SEK 123.50 (68.00). At year-end 2015, Elos Medtech's market capitalisation was SEK 611.4 million (336.7). In 2015, 1,637,005 shares were traded at a value of SEK 168.7 million.

Dividend policy

Elos Medtech's 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 2015, the Board of Directors has proposed that a dividend of SEK 1.00 (2.00 per share plus an extra dividend of SEK 1.00 per share.) per share be paid to shareholders. The

group's equity/assets ratio was 37.5 per cent on the reporting date. The equity/assets ratio adjusted for the proposed dividend was 36.8 per cent on the reporting date.

Share capital

At year-end 2015, Elos Medtech 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 Medtech's Articles of Association, holders of Series A shares have the right to request the conversion of Series A shares into Series B shares. In 2015, no Series A shares were converted into Series B shares.

Shareholders

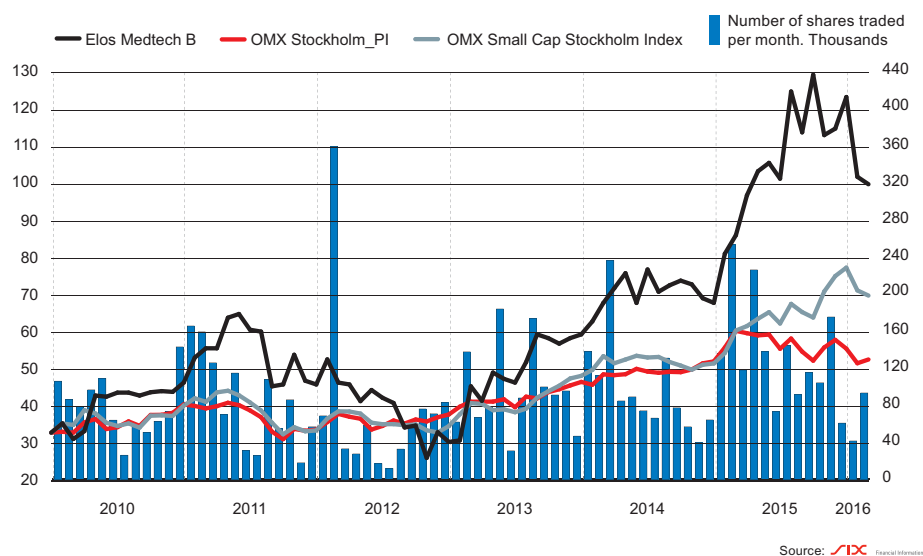
At year-end 2015, Elos had 1,786 shareholders. Elos Medtech's ten largest shareholders held shares equivalent to 58.0 per cent of the capital and 84.0 per cent of the votes. Swedish and international institutions held 27.9 per cent of the capital and 10.6 per cent of the votes at year end.

Shareholder structure, 31.12.2015			
Number of shares by size	Number of shareholders	Number of shares	Proportion of shares, %
1 -500	1,187	194,826	3.2
501 -1,000	268	225,997	3.7
1,001 -2,000	141	236,224	3.9
2,001 -5,000	91	305,838	5.1
5,001 -10,000	33	254,810	4.2
10,001 -20,000	23	319,584	5.3
20,001 -50,000	23	765,851	12.7
50,001 -100,000	9	683,818	11.7
100,001 -	11	1,964,312	50.2
Total	1,786	4,951,260	100.0

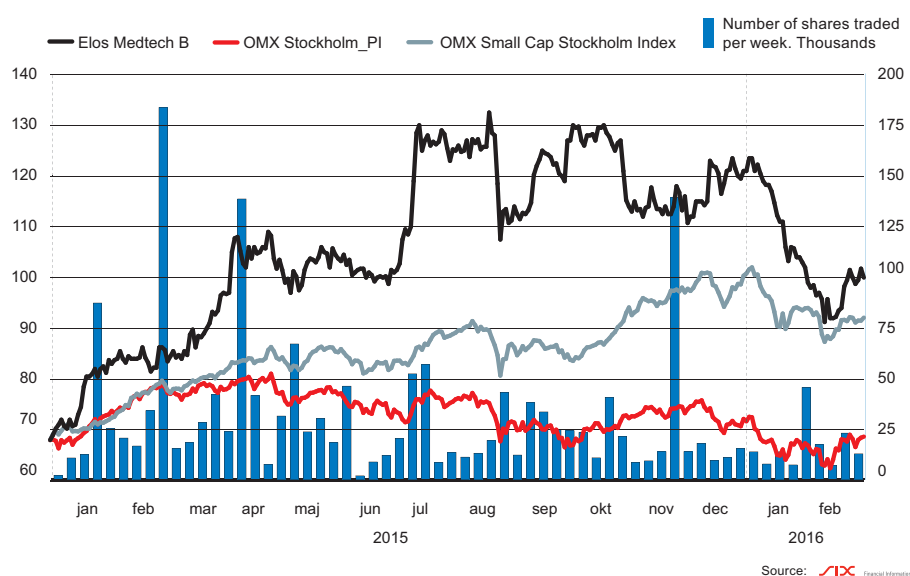
Type of share, 31.12.2015			
Type of share	Number of shares	Percentage of votes	Percentage of capital
A	1,099,740	69.0	18.2
B	4,951,260	31.0	81.8
Total	6,051,000	100.0	100.0

The largest shareholders in Elos Medtech AB (publ) According to Euroclear AB, 31.12.2015					
	Series A shares	Series B shares	Total	% of share capital	% of votes
Öster family including companies	378,826	232,564	611,390	10.1	25.2
Runmarker family	297,946	201,870	505,816	8.4	20.0
Nilsson family	260,880	93,517	354,397	5.9	16.9
Molin family	136,000	163,400	299,400	5.0	9.6
Nordea Investment Funds	0	798,772	798,772	13.2	5.0
Ulrika Erlandsson	26,088	72,304	98,392	1.6	2.1
Svolder Aktiebolag	0	303,219	303,219	5.0	1.9
Unionen	0	219,500	219,500	3.6	1.4
Magledal Holding APS	0	180,400	180,400	3.0	1.1
Jyske Bank General Settlement Acc	0	130,497	130,497	2.2	0.8
Other	0	2,549,217	2,549,217	42.0	16.0
Total	1,099,740	4,951,260	6,051,000	100.0	100.0

Performance and turnover of the Elos Medtech share, January 2010 – February 2016



Performance and turnover of the Elos Medtech share, January 2015 – February 2016



Data per share		2015 *	2014 **	2013 **	2013 ***	2012 ***/****	2011 ***
Profit after tax, continuing operations	SEK	2.66	3.87	2.79	5.39	1.35	2.11
Profit after tax, total	SEK	2.66	19.30	5.39	5.39	1.35	2.11
Dividend (2015 proposal, SEK 1)	SEK	1.00	3.00	2.00	2.00	1.00	1.50
Equity	SEK	54.63	55.96	38.48	38.48	33.37	35.74
Closing share price	SEK	123.50	68.00	59.50	59.50	30.50	46.00
Dividend yield	%	0.8	4.4	3.4	3.4	3.3	3.3
Share price/Equity	%	226.1	121.5	154.6	154.6	91.4	128.7
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

*) Including acquisition of Onyx Medical which occurred on 23 April 2015.

**) 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 change of accounting principle for pensions according to IAS 19R.

Clear strategies for growth

Vision

Elos Medtech 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

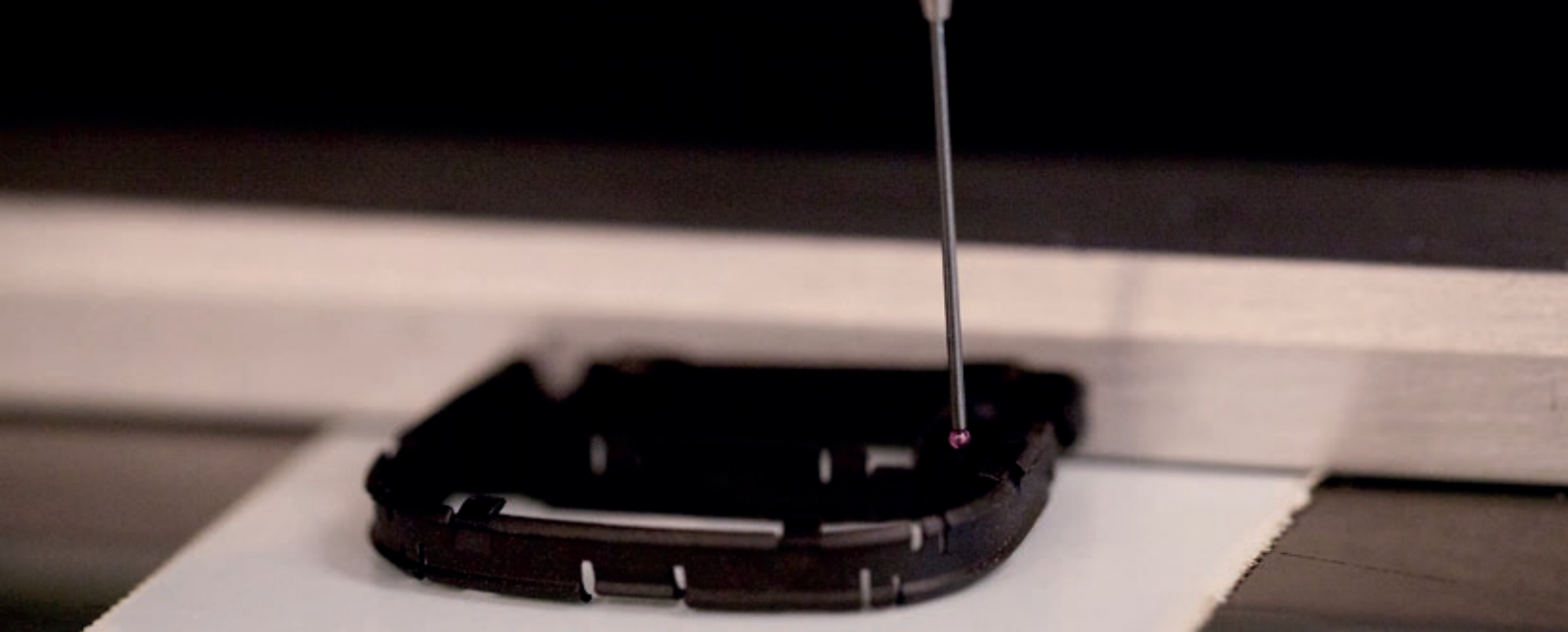
Group targets	Growth (currency-adjusted)	Operating margin	Return on equity	Return on operating capital	Share of risk- bearing capital	Liquidity inc. granted but unutilised bank overdraft facilities
Target	> 10% per year	> 13%	> 15%	> 15%	> 30%	6-12% of annual turnover
Outcome 2015	26.4%*	6.1%**	4.8%	5.3%	40.0%	22.2%
Outcome 2014, continuing ops	0.7%	8.7%**	40.9%	8.2%	59.2%	48.0%
Outcome 2013, continuing ops	13.9%	7.4%	15.0%	7.1%	48.7%	20.7%
Outcome 2013, original	11.8%	10.0%	15.0%	11.7%	48.7%	15.9%
Outcome 2012	4.3%	4.2%	3.9%	4.4%	42.4%	14.2%

* including growth via acquisition, organic growth was -1.1%

** operating margin before non-recurring items was 7.7% (9.6)

	Objectives	Strategic tools	Outcome 2015	Activities 2016
Customers	Elos Medtech is the preferred partner of innovative and demanding customers.	High quality and short, reliable lead times. Active partner with customers in developing products Further develop Elos Medtech Complete Performance and the Solution Partner concept.	The position in Trauma & Spine has been strengthened with the acquisition of Onyx Medical. New customers increased business in Diagnostics. Market positions have been strengthened or retained in other market segments.	Increase market integration in Trauma & Spine via platform in the USA. Continuing work on existing customers to develop business relationships.
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.	26.4 %* growth including organic growth of 4.9 %*, excluding Tianjin which showed negative growth. Sales of own products increased by 37%* (38). New products launched according to plan.	Continued build-up of sales resources and development of own-product offering. Further develop the global Key Account organisation.
Profitability	Elos Medtech must 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 deteriorating. EBITDA margin was 17.4 %** (18.7). The underlying operating profit improved by 6.0%.*/** The acquisition of Onyx Medical has made a significant contribution to group profitability.	Focus on increased utilisation of capacity Effective cost control. More sales resources for own products. Invest in increased automation and increased capacity.
Employees	Elos Medtech must be perceived as an attractive employer.	Employee surveys and competence-raising training.	Wider training initiatives performed in several units. Employee surveys performed according to plan.	More work on goal breakdown at individual level and follow-up of employee surveys etc. Offer adapted training at individual and group level.

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



Planned expansion confirmed Elos Medtech's position in a global market

During the 2015 financial year, Elos Medtech confirmed its position as a company active in a global market with a refined business concept – to develop, manufacture and sell technical medical products, components and services.

Our objective, to function as a strategic development and production partner for customers with the whole world as a market, was greatly strengthened by the acquisition of Onyx Medical in the USA.

The acquisition, which was completed during the second quarter of the year, was important from several aspects. It added considerable volume in the Trauma & Spine market segment, which complemented the group's structure, and it means that Elos Medtech now has a strategic platform in the North American market. There are also synergies to be obtained, primarily in marketing, sales and quality.

Continuing satisfactory growth was noted during the 2015 financial year, with good growth in Europe, North America and parts of Asia. However in China and certain other growth markets demand declined, with lower deliveries than forecast as a consequence. The products in Elos Medtech's portfolio that are most sensitive to economic fluctuations are those where the patient bears most of the cost, in particular dental implants and hearing aids.

Investments during 2015 amounted to SEK 75.8 million, an increase of approximately 85 per cent. over the previous year. The investments were mainly directed at increasing production capacity, quality improvement measures and the development of the Microplast production facility in Skara, which was completed during the first quarter of the current year. With a doubled area of approximately 3,000 square metres, there are good opportunities for continued growth and the ambition is to double sales by 2020. At the operation in Tianjin in China, a new clean room for production and packing is being built and new production process for new customer projects are being implemented. At the operation in

Elos Medtech in brief

Income statement, SEKm	2015	2014	2013
Net sales	503.7	380.9	368.1
Cost of goods sold	-367.6	-273.2	-272.9
Gross profit	136.1	107.7	95.2
Selling expenses	-30.0	-21.1	-15.5
Administrative expenses	-63.2	-44.1	-43.7
Development costs	-13.9	-9.9	-9.1
Other operating income/expenses	1.5	0.5	0.3
Operating profit	30.5	33.1	27.2

Key data

Operating margin, %	6.1	8.7	7.4
Gross investments excl. shares, SEKm	75.8	41.0	16.5
Average number of employees	471	378	376

Sales by market segment

Dental Implant Systems	30.5%
Diagnostics	4.7%
Medical Devices	33.5%
Trauma & Spine	31.3%





Timmersdala work has continued on increasing automation, including the introduction of production cells. At the operation in Görölse in Denmark, a number of machines have been equipped with robots for the purpose of obtaining direct measurement and verification in the production process. The acquisition of Onyx Medical led to investments of SEK 311.6 million in buildings, machines and inventory, as well as goodwill and other intangible assets.

A global offering

Elos Medtech is now one of the world's leading development and production partners in the area of medical technology, while we are also increasing the pace of the work of developing our own products.

In the area of contract manufacturing, the customers are international medical technology companies, active throughout the world, which place stringent requirements for Elos Medtech's ability to deliver continuous development work, effective production and quality at all stages. In order to ensure a global offering to its customers, Elos Medtech has developed a value-creating total solution comprising an unbroken chain from development and design to testing and pilot series, full-scale production, handling in clean rooms, packaging and logistics.

Elos Medtech's offering is called Complete Performance™ and its purpose is to strengthen the collaboration with every single customer by being jointly responsible for development work and design, which is of great importance for being able to guarantee function and cost-effective production.

In combination with close collaboration with the customer, our competence and knowledge about the product's design represents a sound foundation.

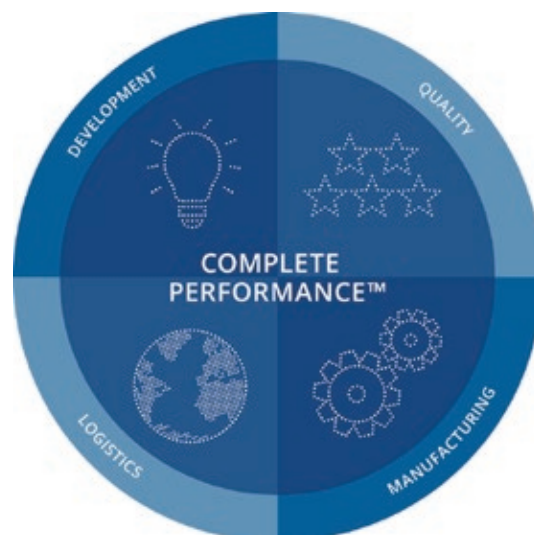
In order to develop long-term customer relationships, it is necessary, in addition to complying with high quality requirements, to also ensure continuous development, evaluation and validation of processes. The overall quality work is led by the group's quality manager who works with the quality departments of the subsidiary companies to ensure that Elos Medtech has the necessary

competence and capacity. Responsibility for complying with the international certifications and standards that individual countries set for medical technology products lies with the subsidiary companies.

At Elos Medtech there is normally a pilot production with the machines that will later be used for series production. This is an important step in order to facilitate and prepare the final qualification and validation activities for satisfying quality requirements.

There is continuous adaptation of the production structure within the group. This is to be able to handle large and small volumes with short lead times and also so that similar products can be manufactured at several production facilities. Performance testing, product assembly, packaging and labelling – all to current standards – are carried out in clean rooms.

It is an important competitive advantage as a production partner to be able to meet the customer's wishes for logistics. Within Elos Medtech there are many types of VMI (Vendor Managed Inventory) systems, which facilitate and simplify the customers' warehousing and permit delivery of the right product at the right time, according to the customers' needs.





The market

Demand for Elos Medtech's products continued to be good in 2015, with the exception of China, where deliveries in the Medical Devices market segment at the operation in Tianjin were lower than planned. Otherwise, growth for three of the market segments was higher than the market. Net sales amounted to SEK 503.7 million (380.9), which corresponded to an increase of 26.4 per cent, after adjustment for exchange rate changes. The increase in sales mainly relates to the acquisition of Onyx Medical. The operation in Tianjin showed negative growth, while the other three units achieved growth of 4.9 per cent, adjusted for exchange rate changes.

Elos Medtech's customer structure can be divided into three groups: large global companies, specialised companies that mainly work with niche products and local and regional companies where activities are geographically concentrated. Comprehensive regulatory requirements for technical medical products apply fully, irrespective of customer group. The future trend is also clear: requirements increase from year to year, from the FDA in the USA and corresponding authorities within the EU.

Our customers' demand is mainly dependent on three factors: demography, as the world's population becomes older, the rapid development of competence in orthopaedics and surgery meaning that ever more complex operations can be performed each year and economic developments in the world. A further significant effect is the extent of financial funding for health care budgets in social insurance systems, as well as the extent to which individual consumers are willing to use their own money to pay for items such as dental implants and hearing aids.

Elos Medtech's main competitors are global companies with the entire world as a 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 can also be included as potential competitors.



Dental Implants System

Demand for dental implants continued to grow in 2015 and is estimated to have reached 3 to 5 per cent, i.e. the same growth rate as the previous year. The markets with the greatest demand are Europe, North America and Asia, with a proportion corresponding to around 85 per cent of global sales.

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 contract manufacturing for a number of years.

Dental products are divided into three groups: premium, value and low cost. It is the middle segment, value, that is seeing the strongest growth and it is in the premium and value segments that Elos Medtech has the aim of increasing market share.

The development that customers in the dental field are choosing to reduce the number of suppliers continued in 2015, not least because of increasing regulatory requirements and a desire for shorter lead times in production. This restructuring of the market favours Elos Medtech with its presence in Europe, the USA and China. The acquisition of Onyx Medical shows that the group is continuing to grow and to confirm its position as an international, long-term player with high credibility in medical technology.

The successful work of developing our own products to complement the contract manufacturing continued in 2015. With a growth of 37 per cent, our own products accounted for 9 per cent of net sales. Demand for our torque wrench was good and the widening of the digital range, which is marketed under the Elos Accurate® brand, was well received by the market.



Trauma & Spine

Sales in the Trauma & Spine market segment increased by 238 per cent, almost entirely as a result of the acquisition of Onyx Medical.

Activities in Trauma & Spine are directed at two main areas: development and manufacture for Trauma, including implants, drills, guide pins/wires and plates for fracture surgery, and Spine: instruments, screws and implants etc. for the upper and lower back and scoliosis treatment.

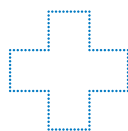
Elos Medtech's customers are in particular large, international medical technology companies, the six largest of which have a combined global market share of around 70 per cent. Given Elos Medtech's strong position in the North American market, well-balanced machine structure and more launches of new systems to more customers in recent years, there is reason to expect that activities in the Trauma & Spine market segment will continue to develop well.



Diagnostics

The Diagnostics market segment continued to demonstrate very good growth in 2015. The products manufactured are disposable articles for clinical tests, such as allergy tests, autoimmune diseases and similar types of test that dominate activities in the diagnostics area. Components included in various types of testing equipment are also supplied to a lesser extent.

The customers often have market-leading positions and a global market presence, which suits Elos Medtech well. Close development work has been performed with a number of clients during the year and it is hoped that the projects will be mature for production very soon.



Medical Devices

Activities in the Medical Devices market segment are aimed at three main areas:

- Surgically implanted hearing devices and components for traditional hearing aids.
- The development and manufacture of high precision products for diabetes treatment.
- The development and manufacture of products for neuro and heart surgery and for alternative treatment methods for cancer etc.

The global diabetes market continued to develop during the year, with growth in the range of 5 to 10 per cent depending on market. Only weak growth was noted for the hearing apparatus area.

The Medical Devices market segment as a whole showed a negative growth of 10.7 per cent during the year. It was in particular deliveries from the operation in Tianjin, which developed more weakly than anticipated, where the greatest reduction in deliveries occurred during the second half of the year. We can note that demand gradually returned to the normal level at the beginning of 2016 and is expected to remain. Other parts of the market segment showed positive growth.

Economic developments in 2015

Net sales for Elos Medtech rose to SEK 503.7 million (380.9), an increase of 26.4 per cent after adjustment for exchange rate fluctuations. The acquisition of Onyx Medical was responsible for most of the increase, making a contribution to sales and profits from the date of acquisition on 23 April 2015. New orders increased and at year end stood at SEK 472.6 million (418.1), an increase of 8.0 per cent after adjustment for exchange rate fluctuations.

Operating profit for non-recurring items amounted to SEK 38.7 million (36.5). Operating profit after non-recurring items of SEK 8.2 million (3.4) amounted to SEK 30.5 million (33.1).

Onyx Medical showed strong development throughout the year. The slowdown at the unit in Tianjin in the second half of the year especially had a negative impact on profit.



The future

The focusing in 2015 has meant that Elos Medtech has moved its position in the market significantly forward. With activities at five production units in four countries on three continents, Elos Medtech is now truly a global manufacturing company.

The acquisition of Onyx Medical has given the group a good balance between three of the four market segments and the constant work of widening the customer base can now be increased even further. Onyx Medical has approximately 125 employees and a production facility of approximately 5,400 square metres. With modern machinery and a high level of automation in manufacture, there is room for future expansion. There are also opportunities for synergies between the various companies in the group, especially in areas such as marketing, sales and quality.

The rapid development of Elos Medtech's own products is an outstanding complement to the contract manufacturing. Starting from a low level, the high growth figures in recent years have meant that our own products now correspond to 9 per cent of sales. There are more exciting projects in the pipeline. Expansion on a wide front also means that the strengthening of the marketing organisation will continue.

Consolidation and structuring in the medical technology industry is expected to continue in the next few years. Further intensification of regulatory requirements and the customers' desire for suppliers to be geographically close also increase the pressure for clients to offer the right competence and expansion.

Elos Medtech's ability to be the first choice as partner and supplier to the world's leading medical technology companies is now stronger than ever.





Sustainability and responsible business – Corporate Social Responsibility (CSR)

During the last five-year period, Elos Medtech has developed into a specialised medical technology company with activities on three continents and a global customer base.

Being a global company in medical technology brings responsibilities that go beyond offering products of high quality.

This applies to the entire value chain, from development and design, via production, for which the regulatory requirements from supervisory authorities have successively increased in recent years, to collaboration with interest organisations and a strict attitude to marketing to both health care and our contract customers.

Elos Medtech has developed a strategy that clearly guides all parts of the group in the work of ensuring that from a social perspective we are perceived as taking responsibility for the products we manufacture, for employees and for our environment.

The method of working within the group must meet and always live up to the ethical, legal, commercial and public expectations placed on business operations by the societies in which we operate.

The objective is clear. Elos Medtech must be perceived as a commercially successful company that at the same time stands for reliability, responsibility and high ethical standards. Policies for responsible business are 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.

Elos Medtech has many stakeholders, such as customers, employees, owners, business partners, politicians, opinion formers and local, national and international authorities. Elos Medtech has its greatest influence on customers, employees and owners. Conversely it is the same groups that have the greatest opportunity to influence Elos Medtech in its daily activities.

Seen from a customer perspective, it is self-evident that Elos Medtech delivers products and services with documented quality and that the quality aspect also includes an expectation of environmental considerations in production and logistics.

For our employees, it is of great importance that Elos is a responsible employer with a safe and attractive working environment. The group's employees are in many cases specialists with unique competencies. It is therefore vital that Elos Medtech always shows by our actions that we offer an attractive workplace and act responsibly in the event of changes. It is also of importance that employees are offered continuous competence development and that owners and management are successful in communicating how Elos Medtech is developing and the future career opportunities available within the company.

The requirement from the owners, that Elos Medtech should contribute to long-term value creation, is self-evident, not least so as to be able to guarantee continued investment in what is needed to remain at the forefront of technology and thus maintain strong competitiveness. But there is also a requirement that in priority market segments the group should work continuously to achieve sustainable development and identify sustainable business opportunities as a step in ensuring future growth.

In business partnerships with other companies, such as when developing new products, there are mutual requirements between Elos Medtech and our partners for clarity and transparency. Credibility with politicians, opinion formers and local, national and international authorities is based on Elos Medtech 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 Medtech. 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.



Training and skills development

We promote a culture that is characterised by learning and the exchange of knowledge and experience throughout the group. We learn from each other's challenges and problems and we share best practice within the group.

Continuous training and competence development is a priority area. Active work is performed as both group-wide and decentralised. 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.

Employees and managers have an annual evaluation together every year of individual performance targets and development plans so as to ensure that we develop the expertise that is necessary so that our customers and our company can grow and so that our employees can develop their own potential.

All employees have annual training to ensure that they are entirely familiar with the management system: what, why and above all which commitments and undertakings there are for each of us, so that we can live up to the strict goals for meticulousness in everything we do.

Common values

Elos Medtech 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. The basic values are the foundation for our company culture and they permeate all our actions, both internally and externally, as well as uniting people from different cultures, counties and backgrounds. Common basic values are necessary for good corporate governance.

By consistently communicating the basic values within all parts of the group and ensuring that we live up to them, Elos Medtech generates confidence among customers, employees, suppliers and owners. The aim is to always live up to the expectations that those around have for Elos Medtech for quality in everything we

do. A vision of how we are to develop and have carefully prepared and well implemented 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 Medtech, 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

For Elos Medtech, it is self-evident that we offer 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.

In 2015 the average number of employees was 471 (378), of whom 62 (62) per cent were men and 38 (38) per cent women. In management posts, the breakdown was 63 (65) per cent men and 37 (35) per cent women. For senior management within the group, the proportion was 56 per cent men and 44 per cent women. The objective within the group is to progressively work at increasing the number of female managers.

Human rights

Elos Medtech 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 Medtech's 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 Medtech 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 Medtech 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.

Elos Medtech should not breach 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 Medtech provides all employees with a safe, healthy and hygienic workplace.

To safeguard employee conditions, Elos Medtech 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 Medtech 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.

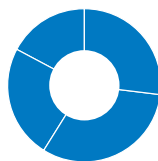
Employment period in the group

– 5 years	60 %
6 – 10 years	16 %
11 – 15 years	8 %
16 years –	16 %



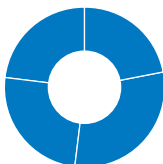
Employees by country

Sweden	27 %
Denmark	32 %
USA	24 %
China	17 %



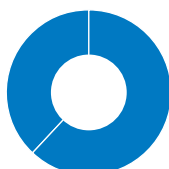
Age distribution

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



Proportion of men/women in the group

Men	62 %
Women	38 %



Working environment

Elos Medtech works continuously to improve health and safety and to eliminate potential risks in the working environment: both the organisational and the social working environment. We measure and evaluate safety levels and ensure that local laws and regulations are complied with. There are local environment and safety groups and committees that work actively on working environment issues and proposals for improvement.

Sickness absence in 2015 totalled 2.2 per cent (2.8). Absences longer than 60 days accounted for 1.0 per cent (2.1).

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 Medtech

We do not compromise quality. We continuously strive for better, appropriate solutions and pioneering innovations. Quality includes patient safety, product quality and compliance with regulatory requirements and internal policies and procedures. Our customers set high requirements for safety, security and credibility in the products and processes that we deliver, and purposeful quality management work is performed for the purpose of achieving zero faults and to ensure that regulatory requirements are met.

The concept for our basic values, which we call "Our Way" within the company, describes our core values and helps us to keep our promises: passionate, trustworthy and result-oriented are words that describe our way of thinking and our actions in everything we do. As employees, we all have a responsibility to act in accordance with Our Way and to help each other to understand what this means.

Certification and rules

Elos Medtech has a well established management system that is certified according to ISO 13485 (management system for medical technology products) and ISO 14001 (environmental management system, requirements and guidelines). There are also test methods accredited according to ISO 17025 (general competence requirements for test and calibration laboratories) within the group.

Elos Medtech also complies with applicable requirements in international legislation and product safety standards, such as the directive for technical medical products, harmonised standards for technical medical products such as ISO 14971, American FDA requirements for quality systems as well as many other European and national laws and regulations.

A great deal is happening in the medical technology industry. The new edition of ISO13485 has just been released, the revision of the EU rules for technical medical equipment is nearing completion and many countries outside the EU are tightening requirements for access to the market and checks on compliance. The

changes are comprehensive and we must know and implement the new requirements in good time so as to effectively ensure compliance.

The management system

Elos Medtech's management system covers the processes and procedures that are needed for governance and control of the business according to current standards and rules.

It is important that policies and goals for the environment and quality are in accordance with the company's overall strategies and that the environment and quality work are integrated into the core activities. Company management is involved in and committed to the work on quality and environmental issues; focus is placed on customer needs and satisfaction, risk management and continuous improvement opportunities. There are continuous and rigorous evaluations of our work and goal fulfilment. Efficiency in processes is measured and evaluated so that we can continuously strive to be better.

Integration of Onyx Medical

Onyx Medical has a well established quality management system that fulfils FDA requirements and is certified according to ISO 13485. At the time of acquisition, Onyx Medical had its own certification body and has therefore not been included in the group certificate for ISO 13485 and ISO 14001 held by the Elos Medtech group. Onyx Medical is covered by the group's common programme for internal audits, supplier control and management reviews.

During the year a GAP analysis will be performed for compliance with ISO 14001 objectives. The aim is that Onyx Medical will be covered by the group certificate for ISO 14001 by 2018 at the latest.

Monitoring and audits

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 standards, rules and their own requirements.

In 2015, a total of 69 man-days were spent by external parties on auditing the group's operations.

Number of audit days^{*)} in 2015

Production plant	Quality audits with customers, number of days	Certification audits, number of days
Elos Medtech Pinol A/S	6	9
Elos Medtech Timmersdala AB	12	9
Elos Medtech Tianjin Co. Ltd.	8	4
Elos Medtech Microplast AB	3	1
Onyx Medical LLC	12	5
Total	41	28

^{*)} Number of days = number of days multiplied by number of auditors.



Environmental work

Systematic environmental work is the basis for reducing Elos Medtech's environmental impact and increasing resource effectiveness.

Elos Medtech's greatest environmental impact comes from water and energy consumption, waste water, waste and transport. In the products' life cycle, the greatest environmental impact occurs during production and in final waste management. New reviews of energy consumption and waste will be performed in future years to set a baseline, identify areas for improvement and define measurable improvement targets.

Elos Medtech complies with statutory environmental requirements and the group is not involved in any environmental disputes. At year end 2015, Elos Medtech had operations at five facilities in four countries. One facility in Sweden is obliged to return a report on its activities in accordance with environmental legislation and the other facilities are obliged to have permits in accordance with the environmental legislation of their respective countries.

No environmental permit renewals or updating of reporting are planned for 2016. In most cases regular reporting is done to the environmental authorities and inspections are performed by the supervisory authority. No breaches of environmental legislation were recorded in 2015.

Elos Medtech's environmental policy

At Elos, environmental work is part of our daily work.

- The requirements of laws and ordinances are to be complied with. We must strive to ensure that, as far as possible, specific requirements are satisfied by a comfortable margin and to always maintain sound relations and communication with relevant supervisory authorities.
- We are to initiate and develop methods and work procedures that reduce resource consumption, prevent contamination and improve the overall environmental impact of our operations and products.
- We are to seek new ways of improving our work environment to reduce risks that could cause accidents and contamination. Through measurement and analysis, we thereby work for continuous improvement.
- We require of management personnel that they take responsibility for applying this policy and make follow up at the Group's

units. This is to take place through actively giving information, education, measurement and reporting of environmental targets.

- We encourage openness and communication of our policy, actions and results.
- We apply our policy in business transactions and influence our suppliers and partners to work in line with our policy.

It is the ambition of Elos that all units within the Group are to be certified in accordance with ISO 14001.

Future reporting in accordance with GRI

In 2016 we will prepare reporting in accordance with the GRI (Global Reporting Initiative) guidelines on processes and results to show how our group contributes to sustainable development. Decisions will be made on which standard indicators best describe the activities and their governance and which areas of sustainability involve the greatest impact/risk/opportunities for us and our stakeholders. Result indicators that show the result of the work on each of the significant aspects that have been identified will also be specified.

A sustainable and responsible enterprise strengthens Elos Medtech's future competitiveness

There is a strong conviction within Elos Medtech that continuous work on developing a responsible enterprise and work on sustainability strengthen Elos Medtech's global competitiveness in the long term.

Clearly noting the importance of taking responsibility, continuing to develop good relationships with those around us and not least living by what we learn will add value to the Elos Medtech brand.

Because Elos Medtech is a global company with the entire world as its market, 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 development and production partner, we both reinforce existing business relations and create new business opportunities.

Directors' report

General information about the organisation

After the divestment of the Metrology business area in 2014, the group's business has been entirely focused on Medical Technology. Operations are conducted at facilities in Sweden, Denmark, China and the USA. The company changed its name to Elos Medtech AB in the second quarter. The company is one of Europe's leading development and production partners for medical technology products and components, such as dental and orthopaedic implants and instruments. Our customers are mainly international medical technology companies in the market segments Dental Implant Systems, Diagnostics, Medical Devices and Trauma & Spine.

On 23 April 2015 the acquisition was completed of the North American company Onyx Medical LLC, based in Memphis, TN, USA. Onyx Medical is a strategically important acquisition and the business has contributed strongly to the year's financial results.

Net sales and results

The group's net sales during the year increased and amounted to SEK 503.7 million (380.9). Adjusted for exchange rate changes, the increase amounted to 26.4 per cent. Onyx Medical is responsible for most of the increase in sales. However the sales were affected by a temporary fall in sales from our operation in Tianjin during the second half, which resulted in negative growth of 25.4 per cent, adjusted for exchange rate changes. Developments in other units were mixed, with a positive growth of 4.9 per cent, adjusted for exchange rate changes. New orders during the year amounted to SEK 472.6 million (418.1) which, adjusted for exchange rate changes, is an increase of 8.0 per cent. Onyx Medical has continued to make a positive contribution to new orders. Lower demand at the unit in Tianjin affected the year, but the present position indicates a return to normal levels.

Operating profit for the year was SEK 30.5 million (33.1) corresponding to an operating margin of 6.1 per cent (8.7). This year's financial results have been affected by non-recurring costs relating to acquisition of SEK 4.4 million (2.0), double CEO costs of SEK 1.1 million (0) which are now final and start-up costs for the preceding year for the Cresco® system (1.4). Other than this, costs of a non-recurring nature from the final acquisition analysis amounted to SEK 2.7 million. Adjusted for these items, the operating margin amounted to 7.7 per cent (9.6). Onyx Medical made a positive contribution to the underlying results, while new product initiatives and the market integration of Onyx Medical had a negative effect. As noted, the lower activity at the operation in Tianjin continued to have a negative effect on profits.

The group's net financial items were negatively affected by translation differences of SEK -0.4 million (3.3) and amounted to SEK -8.0 million (-1.3). Profit after financial items was SEK 22.5 million (31.8).

Profit after tax for continuing operations amounted to SEK 16.1 million (23.4), equivalent to SEK 2.66 (3.87) per share. Comprehensive income for the group amounted to SEK 10.1 million (117.9*). Comprehensive income per share was SEK 1.67 (19.48*).

*Comparative figure for 2014 includes profit from divested operations.

The organisation

Work on future development and expansion continues. The ambition is to strengthen our global structure and thus our market position within existing market segments. It is important for future organic growth that work continues on streamlining and automation, and also that initiatives are taken to develop quality work. There will also continue to be an increased focus on developing service related activities and continued reinforcement of sales resources. Hand in hand with these initiatives, effective cost control is necessary.

Acquisition of activities

One stage in the expansion is growth through acquisitions that complement the existing structure, which has been partly realised through the acquisition of the North American company Onyx Medical LLC which was concluded in the second quarter and is included in the consolidated accounts with effect from 23 April 2015. The company is based in Memphis, TN, USA and is a leading supplier in the Trauma & Extremities orthopaedics area. The company employs about 125 people and had sales of around SEK 134 million in 2014. This acquisition strengthens the group's market position in the Trauma & Spine market segment and, in combination with existing activities, will function as a platform for the group's development in North America. Since the date of acquisition, sales of SEK 109.4 million and an operating profit of SEK 18.2 million have been contributed, after the effect of group surplus value. If the acquisition had occurred at the beginning of the year, sales of SEK 157.8 million and an operating profit of SEK 26.6 million would have been contributed, after the effect of group surplus value. Planned depreciation on the surplus value of intangible assets (excluding goodwill) and buildings amounted to SEK 3.0 million. An expense relating to changes in warehouse stocks of a non-recurring nature had an effect of SEK 2.7 million. The acquisition has made a significant contribution to group profits and shows strong development with positive prospects for 2016. See note 3 for a description of the acquisition.

Investments

The group's investments in buildings, land, machines and inventory amounted to SEK 71.8 million (35.1), which mainly relates to increased machine capacity to meet higher demand, plus some replacement investment and the rebuilding of Microplast's property. Also, SEK 2.0 million (1.3) was invested in balanced development costs and SEK 2.0 million (4.6) in other intangible fixed assets. Beyond this, the acquisition of Onyx Medical involved investments of SEK 311.6 million in goodwill, other intangible assets, buildings, machines and inventory.

Research and development

There is continuous development work in the companies within the group, which is a natural part of the activities. Development work is often done in close collaboration with customers. Costs that can be put under the heading of development costs amounted to SEK 13.9 million (9.9), of which depreciation of balanced development costs amounted to SEK 0.7 million (0.2), as well as the year's investment of SEK 2.0 million (1.3) which is reported as asset. Total development expenses correspond to 3.2 per cent (2.9) of the group's net sales.

Personnel

At year end the group had 505 full-time employees, compared with 387 the previous year. Information about distribution by country and remuneration to senior management, the board and other employees may be found in note 2.

Financial position and liquidity

The group's balance sheet total increased during the year and amounted to SEK 881.6 million (607.7). The increased balance sheet total is due to the acquisition of Onyx Medical. Group equity amounted to SEK 330.5 million (338.6). Equity per share was SEK 54.63 (55.96). Risk-bearing capital at year end amounted to SEK 353.4 million (359.8), which corresponds to 40.0 per cent (59.2) of total capital. Group solvency amounted to 37.5 per cent (55.7).

Group cash flow from current activities amounted to SEK 61.6 (55.3) million. Cash flow after investments and sale of fixed assets amounted to SEK -144.9 million (31.6), of which company acquisition had a negative effect of SEK 160.4 million (0.0).

The group's net debt increased during the year due to the acquisition of Onyx Medical and amounted to SEK 427.3 million (58.0). The previous year's net debt was considerably affected by the divestment of Elos Fixturlaser.

The group's liquid assets including unused credits amounted to SEK 111.6 million (182.7).

Operating risks

Risk is a natural part of business and enterprise. The group works continuously on risk management and monitoring and reporting this. The group has sought to create a focus on competence and equipment so as to give customers the best possible service and products at the lowest possible risk. Elos Medtech's customers are active in different market segments and geographical areas, which limits the effect of changes in any one market segment.

Some of the most important factors for Elos Medtech's success and minimising operating risk are:

- that Elos Medtech's customers are successful
- together with the group's customers to continuously improve our own and the customers' competitiveness
- that the business is run efficiently with regard to income, costs and capital tie-up
- that the business has the right competence, including in product development, as well as quality and manufacturing processes

Elos Medtech is active in competitive markets and seeks to achieve competitive advantages by offering products and services with a high-value content. There is continuous work to develop and streamline the development, quality, production and distribution processes within the group.

The group's activities are regulated by a number of different standards and rules. This give guidelines and set requirements for the way in which activities are performed. Examples of these include ISO 13485, ISO 14001 and the MDD directive. Deviation from these standards and rules can have a negative effect on activities. There is regular monitoring and audits in the group's companies. Audits are performed by accredited third-party organisations. Operations are also monitored in many cases by the larger customers, who check compliance with standards and their own requirements.

Financial risk and risk management

The group's financial instruments consist of derivatives, bank loans, debt instruments and financial leasing. The main purpose of these financial instruments is to finance the group's activities. The group also has other financial instruments such as liquid assets, accounts receivable and accounts payable that arise in the activities on an ongoing basis. Further information about the group's financial risk and risk management may be found in the close of accounts comments note 1 and in note 44.

Divested businesses

The subsidiary Elos Fixturlaser, which represented the Metrology business area, was disposed of on 30 June 2014. The sale gave the group a capital gain of SEK 88.2 million and cash of SEK 125.3 million before disposal costs. The supplementary purchase price, which was based on sales developments during 2014, of SEK 1.3 million was adjusted during the first quarter of 2015.

Financial results from Elos Fixturlaser for the period 1 January to 30 June 2014 are included in this report. Profit from the divested operation has been excluded from all income and expense items in the income statement and is reported as net profit after tax in the item "Profit from discontinued operations". See also note 17.

Environmental impact

The group has activities requiring a permit in four subsidiaries and activities requiring reporting in one subsidiary, according to local environmental legislation. These activities consist mainly of production of precision mechanical products and are comparatively clean, so that production involves very limited emissions to air or water. A further description of the group's environmental work and environmental impact may be found in the section "Sustainability and responsible business – CSR", see pages 12-16.

Parent company

In addition to central management issues, the parent company also handles group support activities such as marketing support, quality management, financing and financial controls.

The parent company's net turnover amounted to SEK 15.7 million (11.1). Profit after financial items was SEK 13.4 million (110.2). The profit includes internal group dividends of SEK 9.9 million (7.2) and group contributions of SEK 10.5 million (11.3). The parent company's comprehensive income amounted to SEK 11.7 million (98.5).

The proportion of risk-bearing capital was 73.5 per cent (92.8). Solvency amounted to 73.4 per cent (92.4). The parent company's liquid assets including unused credits amounted to SEK 34.2 million (145.4).

Events after the end of the financial year

The Elos Medtech group's President and CEO Johannes Lind-Widestam has decided to leave his position. He will remain in position during the notice period and will leave the group at the end of the first half of 2016.

Prospects for 2016

The group's position in the chosen market segments represents a basis for continued growth.

Remuneration to senior management

At the annual general meeting 2015 guidelines were adopted for remuneration and other conditions of employment for senior management. The guidelines cover the persons who, during the period the guidelines apply to, represent the group's management (at present CEO, CFO, Marketing Director and Group QA Director) as well as the Managing Directors of the subsidiary companies. The guidelines apply to agreements entered into after the annual general meeting's decision, as well as when amendments are made to existing agreements after this date.

The company must offer total remuneration at market levels that enables senior management to be recruited and kept. Remuneration to company management consists of fixed salary and in addition variable salary, individual pension remuneration and other remuneration may be part of the remuneration package. Together these parts represent the individual's total remuneration. The variable salary may vary depending on position and agreement and may represent a maximum of 45 per cent of the fixed salary. Individual pension remuneration is limited so that it is favourable to the company in terms of tax deduction. The retirement age is 65. Contracts of employment for management include termination provisions. According to these agreements, employment can normally cease at the employee's request with a notice period of three to six months and at the company's request with a notice period of six to twelve months. For the CEO a notice period of up to twelve months applies. Settlement against other income occurs during the notice period. See also note 2.

For the annual general meeting 2016, the board proposes that the guidelines for remuneration and other conditions of employment for senior management remain unchanged, with the exception that variable salary is changed so that it can correspond to a maximum of 50 per cent of fixed salary.

Corporate governance and the work of the board

Information about corporate governance and the work of the board during the year may be found in the Corporate Governance Report, which may be obtained on the company's website and is included on pages 45-48.

Proposed allocation of profit

Proposed allocation of profit

The following annual profit is available for disposal:

	SEK thousand
Profit carry forward	152,441
Total profit for the year	11,692
Total	164,133

Taking into account the statement that according to the Companies Act is given separately, the board proposes that this profit is allocated as follows:

	SEK thousand
Dividend of SEK 1.00 per share to shareholders	6,051
Carried forward to next year	158,082
Total	164,133

Dividend

For the financial year 2015, the Board of Directors has proposed that a dividend of SEK 1.00 per share be paid to shareholders (SEK 2.00 per share plus an extra dividend of SEK 1.00 per share). According to the proposal, the total dividend amounts to SEK 6.1 million (18.2).

In the board's opinion, a complete assessment of the company's and the group's financial position indicates that the dividend is reasonable, bearing in mind the requirements that the business's nature, scope and risks set for the amount of the company and group equity, as well as the company and group consolidation needs, liquidity and position in general.

No amount is included in disposable profit that depends on financial assets and liabilities being assessed at fair value. The proposal of the board for the date of settlement is 28 April 2016. If the annual general meeting adopts the board's proposal, it is estimated that the dividend will be paid from Euroclear on 3 May 2016.

Consolidated income statement and statement of comprehensive income

SEK thousand		2015	2014
Net sales	Note 3, 4, 5	503,661	380,856
Cost of goods sold		-367,520	-273,205
Gross profit		136,141	107,651
Selling expenses		-30,027	-21,156
Administrative expenses	Note 7	-63,244	-44,066
Development costs		-13,901	-9,869
Other operating income	Note 9	3,197	1,572
Other operating costs	Note 10	-1,680	-1,040
Operating profit	Notes 2, 5, 8, 11	30,486	33,092
<i>Profit from financial investments</i>			
Other interest income and similar profit/loss items	Note 13	406	5,198
Other interest costs and similar profit/loss items	Note 14	-8,364	-6,482
Profit after financial items		22,528	31,808
Tax expenses	Note 16	-6,439	-8,431
Annual profit for continuing operations		16,089	23,377
Profit from discontinued operations, operation	Note 2	-	5,186
Profit from discontinued operations, sales transaction		-	88,206
Profit from discontinued operations	Note 2, 5, 17	0	93,392
Profit for the year		16,089	116,769
Attributable to parent company shareholders		16,089	116,769
STATEMENT OF COMPREHENSIVE INCOME			
Profit after tax		16,089	116,769
Other comprehensive income			
Items that will not be reclassified to the income statement			
Actuarial gains and losses		420	-5,661
Tax		-92	614
		328	-5,047
Items that may be reclassified to the income statement			
Translation differences for the period		-5,647	16,841
Hedging of net investment		-690	-12,778
Tax		46	2,086
		-6,291	6,149
Other comprehensive income, net		-5,963	1,102
Comprehensive income for the year		10,126	117,871
Attributable to parent company shareholders		10,126	117,871
Earnings per share (SEK)	Note 42	2.66	19.30

Consolidated balance sheet

SEK thousand		31.12.2015	31.12.2014
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Expense carry-forward for development work	Note 18	7,151	4,640
Goodwill	Note 19	234,898	45,126
Other intangible assets	Note 20	33,695	18,701
		275,744	68,467
<i>Tangible non-current assets</i>			
	Note 21		
Buildings and land	Note 22	127,487	92,213
Plant and machinery	Note 23	187,209	114,737
Equipment, tools, fixtures and fittings	Note 24	14,344	11,098
Construction in progress	Note 25	27,642	12,070
		356,682	230,118
<i>Financial fixed assets</i>			
Deferred tax liability	Note 34	3,541	3,131
Non-current receivables		941	2,694
Other shares and interests		20	20
		4,502	5,845
Total non-current assets		636,928	304,430
Current assets			
<i>Goods in stock etc.</i>			
Raw materials and necessities		30,941	21,276
Goods under manufacture		30,202	26,358
Completed goods		68,884	64,485
Advance payments to suppliers		45	62
		130,072	112,181
<i>Current receivables</i>			
Accounts receivable	Note 44	58,907	55,174
Current tax assets		5,563	803
Other receivables	Note 28	3,646	5,211
Prepaid expenses and accrued income	Note 29	5,977	4,336
		74,093	65,524
Cash and bank balances	Note 44	40,501	125,531
Total current assets		244,666	303,236
TOTAL ASSETS		881,594	607,666

Consolidated balance sheet

SEK thousand		31.12.2015	31.12.2014
EQUITY AND LIABILITIES			
Equity	Note 30		
Equity attributable to Parents Company's shareholders			
Share capital	Note 31	37,819	37,819
Other capital contributed		55,526	55,526
Reserves		-3,266	3,025
Profit brought forward		240,516	242,252
Total equity		330,595	338,622
Non-current liabilities			
Provisions for pensions	Note 33	28,016	26,328
Deferred tax liability	Note 34	22,768	21,172
Other non-current liabilities	Note 35	39,173	-
Non-current interest-bearing liabilities	Note 37, 40, 44	241,265	115,157
Total non-current liabilities		331,222	162,657
Current liabilities			
Overdraft facility	Note 36, 40, 44	21,375	16,715
Other interest-bearing liabilities	Note 37, 40, 44	61,421	25,331
Advances from customers		-	95
Trade accounts payable	Note 44	21,940	21,620
Tax liability		42	3,758
Other liabilities	Note 38	81,837	7,582
Accrued expenses and deferred income	Note 39	33,162	31,286
Total current liabilities		219,777	106,387
TOTAL EQUITY AND LIABILITIES		881,594	607, 666
PLEDGED ASSETS			
	Note 40	270,140	158,741
CONTINGENT LIABILITIES			
	Note 41	310	292

Consolidated cash flow statement

SEK thousand		2015	2014
Current operations			
Profit after financial items		22,528	31,808
Reversed depreciation		48,773	34,720
Adjustment for non-cash items	Note 43	4,059	5,763
		75,360	72,291
Tax paid		-12,974	-10,859
Cash flow from current operations before changes in working capital		62,386	61,432
<i>Cash flow from working capital changes</i>			
Increase in goods in stock		-2,353	-9,829
Decrease/increase in operating receivables		8,032	-4,684
Decrease/increase in operating liabilities		-6,460	8,335
Cash flow from current operations	Note 43	61,605	55,254
Investment activities			
Investments in fixed assets	Note 43	-46,261	-23,871
Acquisition of other shares and holdings	Note 3	-160,436	-
Sale of fixed assets		135	206
Cash flow from investment activities		-206,562	-23,665
Financing activities			
Change in overdraft facility		3,994	-11,408
Non-current loans taken up		119,775	20,512
Amortisation of non-current loans		-44,994	-41,297
Realised financial rate differences		-2,813	-8,832
Dividend to shareholders		-18,153	-12,102
Cash flow from financing activities		57,809	-53,127
Cash flow for the year from continuing operations		-87,148	-21,538
Cash flow from discontinued operations		1,300	120,089
Cash flow for the year		-85,848	98,551
Cash and cash equivalents at start of year		125,531	31,189
Cash and cash equivalents in discontinued operations		-	-6,751
Exchange rate differences in cash and cash equivalents		818	2,542
Cash and cash equivalents at year-end	Note 36, 43	40,501	125,531

Parent company's income statement and statement of comprehensive income

SEK thousand		2015	2014
Net sales	Note 4, 6	15,677	11,061
Cost of goods sold		-	-
Gross profit		15,677	11,061
Selling expenses	Note 2	-7,125	-3,621
Administrative expenses	Note 2, 7	-17,402	-14,767
Other operating income	Note 9	44	-63
Other costs	Note 10	-235	-
Operating profit/loss	Note 8	-9,041	-7,390
<i>Profit from financial investments</i>			
Profit from interests in group companies	Note 12	20,421	18,486
Profit from sale of shares in group companies	Note 17	-	98,342
Interest income, group companies		4,750	756
Other interest income and similar profit/loss items	Note 13	44	706
Interest costs, group companies		-	-27
Other interest costs and similar profit/loss items	Note 14	-2,794	-716
Profit after financial items		13,380	110,157
Appropriations	Note 15	-135	-446
Taxes	Note 16	-1,015	-1,210
Profit for the year	Note 30	12,230	108,501

STATEMENT OF COMPREHENSIVE INCOME

Profit after tax	12,230	108,501
Other items that affect comprehensive income		
Items that may be reclassified to the income statement		
Hedging of net investment	-690	-12,778
Tax	152	2,811
	-538	-9,967
Other comprehensive income, net	-538	-9,967
Comprehensive income for the year	11,692	98,534

Parent company balance sheet

SEK thousand		31.12.2015	31.12.2014
ASSETS			
Fixed assets			
<i>Intangible fixed assets</i>			
Other intangible assets	Note 20	3,778	4,929
		3,778	4,929
<i>Tangible fixed assets</i>			
Equipment, tools, fixtures and fittings	Note 24	56	106
		56	106
<i>Financial fixed assets</i>			
Interests in group companies	Note 26	222,521	152,596
Receivables from group companies	Note 27	118,823	19,123
Deferred tax liability	Note 34	919	1,488
		342,263	173,207
Total fixed assets		346,097	178,242
Current assets			
<i>Current receivables</i>			
Receivables from group companies		11,467	5,754
Current tax assets		331	-
Other receivables	Note 28	440	1,550
Prepaid expenses and accrued income	Note 29	1,552	2,712
		13,790	10,016
Cash and bank balances	Note 44	1,132	105,357
Total current assets		14,922	115,373
TOTAL ASSETS		361,019	293,615
EQUITY AND LIABILITIES			
Equity			
<i>Restricted equity</i>			
Share capital	Note 31	37,819	37,819
Reserves		58,872	58,872
		96,691	96,691
<i>Unrestricted equity</i>			
Profit brought forward		152,441	72,060
Profit for the year		11,692	98,534
		164,133	170,594
Total equity		260,824	267,285
Untaxed reserves	Note 32	5,321	5,186
Provisions			
Provisions for pensions	Note 33	4,470	4,558
Total provisions		4,470	4,558
Non-current liabilities			
Deferred tax liability	Note 34	-	-
Non-current interest-bearing liabilities	Note 37, 40, 44	58,467	850
Total non-current liabilities		58,467	850
Current liabilities			
Overdraft facility	Note 36, 40, 44	6,954	-
Other interest-bearing liabilities	Note 37, 40, 44	16,705	1,700
Trade accounts payable	Note 44	1,322	1,429
Tax liability		-	1,177
Liabilities to group companies		3,866	6,169
Other liabilities		440	2,338
Accrued expenses and deferred income	Note 39	2,650	2,923
Total current liabilities		31,937	15,736
TOTAL EQUITY AND LIABILITIES		361,019	293,615
PLEGDED ASSETS			
	Note 40	-	2,000
CONTINGENT LIABILITIES			
	Note 41	24,594	27,941

Parent company cash flow statement

SEK thousand		2015	2014
Current operations			
Profit after financial items		13,380	110,157
Reversed depreciation		1,554	1,454
Adjustment for non-cash items	Note 43	2,518	-103,343
		17,452	8,268
Tax paid		-1,802	286
Cash flow from current operations before changes in working capital		15,650	8,554
<i>Cash flow from working capital changes</i>			
Increase in operating receivables		-1,556	-4,255
Reduction in operating liabilities		-4,581	-3,099
Cash flow from current operations	Note 43	9,513	1,200
Investment activities			
Investment in shares and interests	Note 26	-69,925	-
Investment in fixed assets		-352	-479
Sale of fixed assets	Note 17	-	121,389
Promissory note loan to subsidiary	Note 27	-104,229	-
Cash flow from investment activities		-174,506	120,910
Financing activities			
Change in overdraft facility		6,954	-
Non-current loans taken up		85,726	-
Amortisation of non-current loans		-10,945	-12,699
Realised financial rate differences		-2,814	-8,832
Dividend to shareholders		-18,153	-12,102
Cash flow from financing activities		60,768	-33,633
Cash flow for the year		-104,225	88,477
Cash and cash equivalents at start of year		105,357	16,880
Cash and cash equivalents at year-end	Note 36, 43	1,132	105,357

Report of change in equity – group and parent company

GROUP SEK thousand	Note 30	Attributable to parent company shareholders				Total equity
		Share capital	Other capital	Reserves	Profit carry forward including profit for the year	
Equity 31.12.2013		37,819	55,526	-1,004	140,513	232,854
Profit for the year					116,768	116,768
Actuarial gains or losses pensions inc. tax					-5,047	-5,047
Translation differences inc. tax				16,116		16,116
Exchange rate differences from hedging net investment in foreign operations inc. tax				-9,967		-9,967
Comprehensive income for the year				6,149	111,721	117,870
Dividend					-12,102	-12,102
Equity 31.12.2014		37,819	55,526	5,145	240,132	338,622
Profit for the year					16,089	16,089
Actuarial gains or losses pensions inc. tax					328	328
Translation differences inc. tax				-5,753		-5,753
Exchange rate differences from hedging net investment in foreign operations inc. tax				-538		-538
Comprehensive income for the year				-6,291	16,417	10,126
Dividend					-18,153	-18,153
Equity 31.12.2015		37,819	55,526	-1,146	238,396	330,595

PARENT COMPANY SEK thousand	Note 30	Share capital	Restricted reserves	Un-restricted equity	Total
Equity 31.12.2013		37,819	58,872	84,162	180,853
Profit for the year				108,501	108,501
Exchange rate differences from hedging net investment in foreign operations				-9,967	-9,967
Comprehensive income for the year				98,534	98,534
Dividend				-12,102	-12,102
Equity 31.12.2014		37,819	58,872	170,594	267,285
Profit for the year				12,230	12,230
Exchange rate differences from hedging net investment in foreign operations				-538	-538
Comprehensive income for the year				11,692	11,692
Dividend				-18,153	-18,153
Equity 31.12.2015		37,819	58,872	164,133	260,824

1 Close of accounts comments and financial reporting principles

Information about the company and the annual financial report

Elos Medtech AB, org.no. 556021-9650, is a Swedish public limited company with its headquarters in the municipality of Lidköping in the county of Västra Götaland.

Elos Medtech AB's annual financial report for the 2015 financial year was signed by the board on 24 February 2016. The income statements and balance sheets of the parent company and group are to be adopted by the annual general meeting of Elos Medtech AB which is held on 26 April 2016.

Financial reporting principles

Elos Medtech's consolidated financial report has been prepared in accordance with the International Financial Reporting Standards (IFRS). Since the parent company is a company in the EU, only IFRSs approved by the EU are applied. The consolidated financial report has been prepared in accordance with the Annual Reports Act and the Council for Financial Reporting's recommendation RFR 1 Complementary Financial Reporting Rules for Groups has been applied. The parent company's financial reports have been prepared in accordance with Swedish law and with the application of the Council for Financial Reporting's RFR 2 (reporting for corporate bodies). This means that IFRS valuation and information rules are applied with the deviations that appear in the section Parent company's financial reporting principles.

New reporting principles 2015

Only a few changes in IFRS have occurred during the year that need to be taken into consideration in the consolidated reporting when preparing the year-end statements for 2015. None of these changes are considered to have any significant effect on the Elos Medtech group's financial reports.

For further information about reporting principles, see also the section on the Parent company's financial reporting principles.

New and amended reporting principles 2016

The following new standards enter into force from the financial year that begins on 1 January 2016 or later.

IFRS 9 "Financial Instruments" covers classification, valuation and reporting of financial assets and liabilities. It replaces the parts of IAS 39 that covered classification and valuation of financial instruments. IFRS 9 maintains a mixed valuation approach but simplifies this in certain respects. IFRS 9 also reduces the requirements for application of hedge accounting in that the 80-125 criterion is replaced with a requirement for an economic relationship between hedging instrument and hedged item and that the hedging quota should be the same as used in risk management. The standard is to be applied for the financial year that begins on 1 January 2018. Earlier application is permitted. The change is not expected to have any significant effect on the group's financial reporting.

IFRS 15 "Revenue from contracts with customers" regulates how reporting of income is to be done. The principles on which IFRS 15 is based are intended to give users of the financial reports more useful information about the company's income. The extended information obligation means that information about type of income, date of adjustment, uncertainties connected with income reporting and cash flow relating to the company's customer contracts must be given. IFRS 15 replaces IAS 18 Revenues and IAS 11 Construction Contracts and the associated SIC and IFRIC. IFRS 15 enters into force on 1 January 2018 or later. The change is not expected to have any significant effect on the group's financial reporting.

IFRS 16 "Leases" is published by IASB in January 2016 and is a new leasing standard that will replace IAS 17 Leasing Agreement and associated interpretations IFRIC 4, SIC-15 and SIC-27. For lessees the present classification into operational and financial leasing disappears and is replaced by a model in which assets and liabilities for all leasing agreements where the leasing period exceeds 12 months must be reported on the balance sheet. This reporting is based on the view that the lessee has a right to use an asset during a specified period of time and also a liability to pay for this right. There is a simplification rule. On

the income statement, depreciation must be reported separately from interest costs relating to the lease liability. The standard is applicable for financial years that begin on 1 January 2019 or later. Earlier application is permitted. The EU has not yet adopted the standard. The group has not yet evaluated the effect of IFRS 16.

Elos Medtech has decided against early application of new or amended standards referring to financial years from 2016.

Consolidated financial reporting

Consolidated financial reporting is based on historical acquisition value with the exception of financial instruments that are reported at fair value.

The consolidated accounts comprise the parent company and all subsidiary companies, which refers to companies in which Elos Medtech AB owns more than 50 per cent of the shares' votes or in some other way has determining influence. The financial reports for the parent company and subsidiaries that are included in consolidated reporting refer to the same period and are prepared according to the reporting principles that apply for the group.

On 23 April the acquisition of Onyx Medical LLC by Elos Medtech U.S Holdings Inc., a newly formed, wholly owned subsidiary of Elos Medtech AB, was completed. Determining influence has been held since 23 April 2015 and the company is therefore included in the group's financial reporting. The acquisition has been reported according to the acquisition method whereby the total purchase price is divided into acquired assets and liabilities taken over. These assets and liabilities have been valued at fair value by the application of generally adopted principles. The acquisition of Onyx Medical has been reported according to IFRS 3. Goodwill refers to the amount by which transferred compensation, the fair value at the time of acquisition of previous equity in the acquired company (if the operational acquisition is performed in stages) exceeds the fair value of identifiable acquired net assets. If the amount is less than the fair value of identifiable acquired net assets, in the case of an acquisition at low price, the difference is reported directly in the income statement. Conditional purchase price is classified as either equity or financial liability.

The Metrology business area was disposed of on 30 June 2014. Profit for the period 1 January to 30 June 2014 is included in the financial report but has been excluded from all income and expense items in the income statement and is reported as net after tax in the item "Profit from discontinued operations". The divestment of the Metrology business area has been reported according to IFRS 5.

All transactions internally within the group, balances within the group, income, expenses and gains and losses attributable to internal group transactions have been eliminated entirely when preparing the consolidated financial reports.

A subsidiary is included in consolidated reporting from the point of acquisition, which is the date on which the parent company gains determining influence, and is included in consolidated reporting until the date on which determining influence ceases.

In the consolidated reporting, translation of foreign subsidiaries' income statement and balance sheet is done in accordance with the current method. In this method the balance sheet is translated at the exchange rate on the balance date and the income statement at average rate. Translation differences that arise are reported in other comprehensive income.

Critical reporting issues, estimates and assessments

In preparing Elos Medtech's consolidated reporting, the board and CEO have not identified any critical reporting issues that are of significance for the reported amounts.

Certain assumptions about the future and certain estimates and assessments on the balance date do however have significance for the valuation of assets and liabilities in the balance sheet:

Reporting of costs of defined benefit pension plans is based on actuarial calculations that in turn are based on the development of various factors. See note 33.

The value of goodwill is tested at least once a year in relation to any need for impairment. Testing requires an assessment of the useful value of the cash generating unit, or group of units, to which the good-

Note 1 Continuation

will value relates. This requires in turn that the expected future cash flow from the cash generating unit is estimated and a relevant discount rate is determined for calculating the present value of the cash flow. The assessments made as at 31 December 2015 are stated in note 19.

Reporting for segments

The Elos Medtech group was organised into two business areas, Medical Technology and Metrology, until 30 June 2014 when the Metrology business area was divested. These operating arms represented the primary basis for division for IFRS 8 Operating Segment. Since the divestment the group has only had activities in the Medical Technology business area and is therefore reported as one operating segment with effect from 1 January 2015. The operation consists of developing, manufacturing and selling medical technology products, components and services and it is managed, developed and marketed as one unit: Elos Medtech. Another factor with effect is the construction of the organisation, where activities are governed by the CEO as the highest executive decision maker and a joint operational management group that also takes decisions on allocation and resource distribution on the basis of each customer and technology. The group's report on comprehensive income and report on financial position therefore represent one operating segment in its entirety. See note 5 for information about segments and note 17 for profit from discontinued operations.

Financial instruments

Financial assets and liabilities are initially reported at acquisition value, which then corresponds to their fair value, and thereafter at accrued acquisition value. Financial assets and liabilities in foreign currencies are converted to Swedish kronor using the exchange rate on the balance date. Outstanding derivatives are reported at fair value in the balance sheet and the change is reported in other comprehensive income. See also note 44.

Financial assets and liabilities valued at fair value

Elos Medtech applies hedge accounting according to IAS 39 and IAS 21 regarding cash flow hedging and hedging of net investments in foreign operations. This means that the part of the gain or loss on a hedging instrument that is determined to be effective hedging is reported in other comprehensive income up until the time when the hedged transaction occurs.

Cash flow hedging

Cash flow hedging is done, in accordance with group policy, when an operation invests in machines in foreign currency by entering into a forward contract.

Hedging of net assets in foreign currencies

The group's exposure regarding net assets abroad consists of Elos Medtech Pinol A/S, Elos Medtech Tianjin Co. Ltd and Elos Medtech U.S Holdings, Inc. Equity in Elos Medtech Pinol and Elos Medtech Tianjin, as well as associated group goodwill, was hedged in the parent company up until the second quarter in that the parent company performed currency hedging, which in group terms reduced the effects of exchange rate changes in Danish Kroner and Chinese yuan against Swedish kronor. During the year, the group analysed the management of foreign currency risks, which resulted in a change in the group's management of these. From the third quarter, forward contracts and currency hedging are no longer used to hedge the group's net assets in foreign currencies. A new hedging relationship with loans in foreign currency is used as a hedging instrument for net assets in USD; see note 44.

Financial risk and risk management

The group's financial instruments consist of derivatives, bank loans, debt instruments and financial leasing. The main purpose of these financial instruments is to finance the group's activities. The group also has other financial instruments such as liquid assets, accounts receivable and accounts payable that arise in the activities on an ongoing basis.

The group has also performed transactions with derivatives, primarily forward buying contracts, to handle risks that arise in the group's operations and their financing. The group's policy is not to trade in financial instruments.

The greatest risks that arise through the group's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The board investigates risks and has determined a finance policy for how these are to be managed. A summary of the group's principles is given below. See also note 44.

Interest rate risks

The group's exposure to market risk of changes in interest levels relates mainly to the group's long-term promissory notes. Most of the groups loans have variable interest rates. A change in interest rate of 1 percentage point would affect net profit by approximately SEK 3 million.

Currency risks

The group's currency risks arise in connection with flow exposure and translation exposure for net assets abroad.

Flow exposure occurs when one of the group's units conducts sales or purchasing in a currency other than its own. The Elos Medtech group is active in different markets with different types of currency exposure and currency risk. The board has determined a group policy in the form of a framework for managing foreign currency risks. The main point is that 50-60 per cent of the anticipated net flow of foreign currency for the next six months must be hedged. With the present structure and trading patterns within the group, exposure of foreign currency flow is limited, which meant that no hedging in respect of these flows was done in 2015. If the Swedish krona had fallen/risen by 10 per cent against the Danish krone, Chinese yuan and US dollar, with all other variables constant during the 2015 financial year, the year's profit before tax would have been approximately SEK 2 million lower/higher as a result of foreign currency gains or losses when translating the profit from the subsidiaries.

With regard to cash flow hedging and hedging of net investment in foreign operations, see the section on financial instruments and note 44.

Credit risks

The group's sales to commercial customers mainly occur on credit and are distributed among a relatively large number of customers. The group's commercial customers are overwhelmingly well established companies or organisations. An individual credit assessment is made of all customers who receive credit. Payment terms differ from customer to customer and are included in sales agreements. Accounts receivable and other receivables are constantly monitored so as to reduce exposure to potential bad debts. Reserves for loss of value of an account receivable are made when there is an obvious risk of not receiving outstanding receivables according to the original payment terms. If the loss of value becomes definite it is written off against the account for confirmed customer losses. The group's assessment and experience is that credit risk in accounts receivable is low in all markets in which the group is active.

The group uses a number of banks and has a number of available overdraft facilities.

Liquidity risks

The group's policy is that the financing horizon should be long term. The objective is that the credit limits found with external credit providers should cover the capital requirement that is assessed to arise in the next year and also provide the group with good contingency liquidity.

The policy is that liquid assets, including unused overdraft facilities, should amount to 6-12 per cent of the group's net sales. The year's outcome amounted to 22 per cent (48) and was affected by the acquisition of Onyx Medical, while the previous year's outcome was considerably affected by the purchase price received for divested operations. Investment of liquid assets must only occur in bank-related instruments.

Management of equity

Equity is defined as the reported equity in the balance sheet and amounted to SEK 331 million (339). The definition is the same as previous years. The return on equity should exceed the risk-free long-term interest rate by 5 to 10 per cent, depending on the share of capital. The return should exceed 15 per cent in the current situation. The return on operating capital should be at least 15 per cent. The proportion of risk-bearing capital should be at least 30 per cent. The year's outcome

on return on equity amounted to 5 per cent (41), return on operating capital amounted to 5 per cent (8) and the proportion of risk-bearing capital amounted to 40 per cent (59).

In connection with the group's long-term financing, the parent company has entered in to an agreement on special conditions with the groups three banks. These special conditions comprise a quota relationship between the group's EBITDA and its net liabilities and also minimum values for the group's and the subsidiaries' equity/assets ratio.

The 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.

Income

Income is reported when the goods are delivered and ownership right has transferred to the buyer.

Depreciation

Planned depreciation is calculated on the asset's acquisition value. Previous appreciation has been calculated into the asset's acquisition value. Depreciation rates are based on the asset's estimated useful lifetime.

Planned depreciation uses the following percentage rates:

Buildings	2 - 4%
Land installations	3.75 - 5%
Vehicles and light machines	20%
Other machines	10 - 20%
Computers and office machines	20 - 33%
Other inventory	10%
Patents and other intangible assets	10 - 33%
Capitalised expenditure for R&D	see below

Capitalised expenditure for R&D consists of development costs for producing new products. The capitalised expenditure is depreciated on a straight line basis over the asset's estimated useful lifetime. The assets presently being reported on are assessed to have a useful life of three to five years.

Impairments

Elos Medtech applies IAS 36 Impairment of Assets, which means that an assessment is made of each asset's, group of assets' or cash-generating unit's recoverable value when there are indications that an asset has lost value. If the book value is higher than the recoverable value, impairment to the recoverable value is performed. The recoverable value is the higher of net sales value and useful value.

Tax

Income tax and deferred tax are reported according to IAS 12 Income taxes.

Current tax is tax to be paid or received that refers to the current year. Adjustment of current tax relating to previous periods also belongs here.

Deferred tax is calculated based on temporary differences between reported and taxable value of assets and liabilities. The amount is calculated according to how the temporary differences are expected to be adjusted and with application of the tax rates and rules that have been decided or advised on the balance date. Temporary differences are not taken into account in differences relating to shares in group companies. In the consolidated reporting, untaxed reserves are divided into deferred tax liability and equity. Deferred tax assets referring to non-deductible temporary differences and deficit deductions are only reported to the extent that it is probable that these will lead to lower tax payments in the future.

The tax rate for Sweden in this year's accounts is 22.0 per cent (22.0). See note 16.

Pensions

Elos Medtech's pension undertakings are met through ongoing payments to independent authorities or insurance companies as well as through provisions and payments that are covered by the so-called FPG/PRI system.

Pension undertakings through defined benefit plans are calculated

in the group with actuarial methods and the compensation amount is calculated according to the so-called Project Unit Credit Method and is reduced by the market value of plan assets. The method means that each service period is considered to give rise to a future unit of the final obligation. Each unit is calculated separately and together they represent the total obligation on the balance date. The intention of the principle is to expense the pension payments on a straight line basis during the period of employment. The calculation is done annually by independent actuaries. The defined benefit liability is thereby valued at the present value of anticipated future payments using a discount rate, which corresponds to the rate stated in note 33.

Reporting applies to all identified defined benefit pension plans in the group. The group's payments in respect of defined contribution pension plans are reported as costs during the period the employee performed the services that the contribution relates to.

Capitalised expenditure on development work

Expenses for the development of our own products are reported as intangible assets in the balance sheet under the heading "Capitalised expenditure on development work", when the following conditions apply:

It is technically possible to complete the newly developed product so that it can be sold. It is the company's intention to complete the product and sell it. The company has the conditions to sell the product and it is judged to have financial advantages for the company. There are adequate technical, financial and other resources to complete the development and sell the product. The company must also be able to reliably calculate the expenses for development that can be related to the new product.

Goodwill

The need for impairment is tested at least annually for intangible assets, including goodwill, with an indeterminate useful life. The need for impairment of goodwill is tested by the following procedure.

The goodwill value determined at the time of acquisition is divided into cash generating units or groups of cash generating units. Assets and liabilities that already existed in the group at the time of acquisition can also be related to these cash generating units. Each such cash flow that goodwill is distributed to corresponds to the lowest level within the group at which goodwill is monitored by company management and is not a larger part of the group than one segment.

There is a need for impairment when the recoverable amount for a cash generating unit (or group of cash generating units) is less than reported value. Any impairment is reported in the income statement.

Leasing agreements

Leasing agreements are reported in the group according to IAS 17 Leasing Agreements. Leasing is classified in the consolidated report as either financial or operational leasing. Financial leasing is when the financial risks and benefits that are associated with ownership are substantially transferred to the lessee. If this is not the case, then it is operational leasing. Briefly, financial leasing means that the relevant fixed asset is reported as an asset item in the balance sheet while a corresponding liability is entered on the liability side of the balance sheet. In the income statement planned depreciation of the asset is reported according to the company's depreciation principles. The part of the leasing agreement that refers to interest is reported as a financial cost in the income statement, while the rest of the leasing agreement reduces book liability. In brief, operational leasing means that no asset or corresponding liabilities item is entered in the balance sheet by the lessee.

Goods in stock

Goods in stock are valued at the lower of acquisition value, according to the first in first out principle, and fair value. Necessary deductions have been made for obsolescence.

Provisions

Provisions are reported according to IAS 37 Provisions, Contingent Liabilities and Contingent Assets. A provision is reported in the balance sheet when an undertaking exists and it is probable that an outward flow of resources will be needed to regulate the undertaking and a reliable estimate of the amount can be made.

Note 1 Continuation

The parent company's financial reporting principles

The parent company applies RFR 2 (reporting for corporate bodies) for financial reporting. This means that the parent company applies IFRS valuation and information rules with the deviations given below, among others.

The parent company applies IAS 1 for reporting of comprehensive income. Paid pension premiums and changes in reported pension liabilities for FPG/PRI are reported on an ongoing basis as a pension cost.

All leasing agreements are reported according to the rules for operational leasing.

Group contributions received from/given to a subsidiary company are reported by the parent company as financial income/cost in the income statement according to RFR 2. Associated tax effects are reported in the income statement according to IAS 12.

The parent company's financial reporting principles are unchanged compared with previous years.

2 Personnel and personnel costs

In 2015, Onyx Medical LLC is included with effect from the acquisition date, which is 23 April 2015.

In 2014, discontinued operations are included up until the date of sale, which is 30 June 2014.

Average number of employees divided into women and men	2015			2014		
	Men	Women	Total	Men	Women	Total
Group						
Sweden	88	49	137	104	54	158
Denmark	91	59	150	85	53	138
Italy	-	-	-	1	-	1
China	56	44	100	62	44	106
USA	59	25	84	-	-	-
	294	177	471	252	151	403
Parent company - Sweden	2	5	7	1	4	5
Salary, other remuneration and social costs	Board and CEO	Other employees	Total	Board and CEO	Other employees	Total
Salary and other remuneration – group	11,548	176,524	188,072	8,865	137,547	146,412
(of which profit-based salary)	(233)	(4,895)	(5,128)	(487)	(2,078)	(2,565)
social costs	3,239	34,839	38,078	3,816	33,722	37,538
(of which pension costs)	(1,335)	(13,820)	(15,155)	(1,947)	(14,216)	(16,163)
	14,787	211,363	226,150	12,681	171,269	183,950
Salary and other remuneration – parent company	3,753	4,539	8,292	2,869	2,517	5,386
(of which profit-based salary)	(-)	(100)	(100)	(-)	(84)	(84)
social costs	1,915	2,538	4,453	1,828	1,255	3,083
(of which pension costs)	(786)	(1,075)	(1,861)	(905)	(690)	(1,595)
	5,668	7,077	12,745	4,697	3,772	8,469
Salary and other remuneration by country						
Parent company in Sweden	3,753	4,539	8,292	2,869	2,517	5,386
Subsidiaries in Sweden	2,060	44,251	46,311	2,649	57,932	60,581
Subsidiaries in Denmark	1,878	79,388	81,266	2,055	68,557	70,612
Subsidiaries in China	2,263	11,401	13,664	1,292	7,833	9,125
Subsidiaries in the USA	1,594	36,945	38,539	-	-	-
Subsidiaries in other countries	-	-	-	-	708	708
	11,548	176,524	188,072	8,865	137,547	146,412
Gender distribution in the board and company management						
(number of persons)						
Board members – group	Men	Women	Total	Men	Women	Total
of which parent company	11	4	15	11	2	13
	4	2	6	6	1	7
Company management – group	19	11	30	13	7	20
of which parent company	1	3	4	1	3	4

Remuneration to the board

Reasons for the principles for setting salaries and other remuneration to senior management appear in the Corporate Governance Report. Fees according to the decision of the annual general meeting were paid to the chair and members of the board and totalled SEK 1,200,000 (SEK 1,150,000).

Fees to board members	2015	2014
Agneta Bengtsson Runmarker	175	175
Stig-Arne Blom (chair)	325	275
Erik Löwenadler	-	175
Jeppe Magnusson	175	175
Yvonne Mårtensson *)	175	-
Mats Nilsson	175	175
Thomas Öster	175	175
	1,200	1,150

Fees refer to board fees and remuneration for work on remuneration and audit committees. *) Joined in connection with the annual general meeting 2015.

Preparation and decision process

The board has appointed a remuneration committee that discusses and decides on remuneration to the CEO and to members of management who report directly to the CEO.

Remuneration and other benefits to senior management

Remuneration to senior group management, which consists of CEO, CFO, Marketing Director and Group QA Director, consists of basic salary, car benefits, variable remuneration and pension. The variable remuneration may vary depending on position and may represent a maximum of 45 per cent of the fixed salary. The variable remuneration is based on the profit outcome in the group's individual pension remuneration limited so that it is favourable to the company in terms of tax deduction.

The present CEO, who took up the position on 1 February 2015, has received salary and other remuneration including car benefits of SEK 1,868,000 in total (0). No profit based salary has been paid during the year to the present CEO. The former CEO has received salary and other remuneration including car benefits of SEK 1,363,000 (1,891,000) in total. No profit based salary has been paid to the former CEO in 2015 or 2014.

The retirement age for the CEO is 65. The company pays an annual premium for the CEO's pension insurance corresponding to the ITP plan and service group life insurance and work injury insurance. The annual pension premium may not exceed what is favourable to the company in terms of tax deduction. Pension-entitled salary is the basic salary and an average of the previous three years' variable remuneration. The pension is defined contribution. The pension premium paid in 2015 amounted in total to SEK 391,000 (0). In the event of termination by the company, there is a notice period of 12 months with settlement against other income during the notice period. In the event of termination by the CEO, there is a notice period of six months. There is no special agreement regarding severance payment. The pension premium paid in 2015 for the former CEO amounted in total to SEK 246,000 (728,000).

Other persons in group management have received salary and other remuneration including car benefits in 2015 totalling SEK 2,805,000 (1,973,000). The year's remuneration includes profit related salary of SEK 100,000 (84,000). The retirement age for other persons in group management is 65. For these persons the company pays an annual premium corresponding to the ITP plan. Individual pension remuneration is limited so that it is favourable to the company in terms of tax deduction. Pension-entitled salary is the basic salary and an average of the previous three years' variable remuneration. The pension is defined contribution. The pension insurance paid in 2015 amounted to SEK 462,000 (224,000). Agreements for other persons in group management correspond with the decision of the annual general meeting on guidelines for senior management.

Senior management in subsidiary companies, consisting of members of the subsidiaries' management groups including MDs, a total of 26 persons (19), received salary and other remuneration including car benefit totalling SEK 15,562,000 (17,290,000). The pension costs for these amounted to SEK 768,000 (2,403,000).

3 Description of acquisition

Acquisition of Onyx Medical LLC

Description of acquisition

On 23 April the acquisition of 100 per cent of the share capital of Onyx Medical LLC by Elos Medtech U.S Holdings Inc., a newly formed, wholly owned subsidiary of Elos Medtech AB, was completed. Determining influence has been held since 23 April 2015 and the company is therefore included in the group's financial reporting. The acquisition has been reported according to the acquisition method whereby the total purchase price is divided into acquired assets and liabilities taken over. These assets and liabilities have been valued at fair value by the application of generally adopted principles.

The purchase price after deduction of net debt for the acquired operation amounted to SEK 164.9 million plus a conditional purchase price, based on the operation's development during 2015 and 2016, of

SEK 118.8 million (according to the exchange rate at the time of acquisition) corresponding to the maximum amount according to the conditions of the agreement. Transaction costs for the acquisition amounted to SEK 6.4 million, of which SEK 2.0 million was included in operating costs for the fourth quarter of 2014 and SEK 4.4 million was included in operating costs in 2015. The transaction costs are reported on the administrative expenses row in the consolidated income statement.

Goodwill that arose in connection with the acquisition consists mainly of strategic advantages and synergy effects that are particularly expected to be achieved in marketing, sales and quality. According to tax rules in the USA, goodwill is tax deductible over a 15 year period.

Since the date of acquisition, sales of SEK 109.4 million and an operating profit of SEK 18.2 million have been contributed, after the effect of group depreciation. If the acquisition had occurred at the beginning of the year, sales of SEK 157.8 million and an operating profit of SEK 26.6 million would have been contributed, after the effect of group surplus value. Planned depreciation on the surplus value of intangible assets (excluding goodwill) and buildings amounted to SEK 3.0 million. An expense relating to changes in warehouse stocks of a non-recurring nature is included at SEK 2.7 million.

Description of the company

Onyx Medical LLC based in Memphis, TN, USA and is a leading supplier in the Trauma & Extremities orthopaedics area. The company employs about 125 people and had sales of around SEK 135 million in 2014. The former management will continue to lead the company after acquisition and also become part of Elos Medtech's management organisation. The company's customers consist of global medical technology companies. The company has a production facility of approximately 5,400 square metres with modern equipment and automated production processes and is suitable for future expansion. The operation is certified in line with the requirements demanded by the medical technology market.

This acquisition strengthens the Elos Medtech's market position in the Trauma & Spine market segment and, in combination with existing activities, will function as a platform for the group's development in North America. Following the acquisition, Elos Medtech has a presence in Asia, Europe and North America and, with the existing operation, will be better positioned with better opportunities to serve the global market.

Acquisition value, goodwill and cash flow effects

The exchange rate that applied at the time of acquisition has been used. SEK millions

Purchase price:		
- purchase price paid cash	164.9	
- estimated additional purchase price	118.8	
Total purchase price	283.7	
Total of fair value of acquired assets and liabilities	-86.5	
Goodwill	197.2	
Cash flow effects:		
- purchase price paid cash	-164.9	
- liquid assets acquired	4.5	
Effect on group's liquid assets	-160.4	

	Balance sheet at time of acquisition	Adjust- ment for fair value	Fair value
SEK millions			
Intangible assets	-	20.8	20.8
Property, plant and equipment	93.2	9.5	102.7
Goods in stock	11.9	6.7	18.6
Receivables	14.8	-	14.8
Cash and cash equivalents	4.5	-	4.5
Interest-bearing liabilities	-65.7	-	-65.7
Other liabilities	-9.2	-	-9.2
Total net assets taken over	49.5	37.0	86.5

Fair value is tax deductible and is therefore reported without deferred tax

4 Net Sales

Sales by market segment

The table below shows the distribution of the group's sales by market segment, regardless of where the product was manufactured.

SEK millions	2015	2014
Dental Implant Systems	153.7	141.4
Diagnostics	23.6	19.1
Medical Devices	168.7	173.8
Trauma & Spine	157.7	46.6
Total	503.7	380.9

Sales by market area

The table below shows the distribution of the group's sales by market area, regardless of where the product was manufactured.

SEK millions	2015	2014
Sweden	113.0	121.5
Nordics except Sweden	64.3	66.1
Europe except Nordics	139.6	93.1
North America	119.4	29.6
Asia	63.8	62.9
Other markets	3.6	7.7
Total	503.7	380.9

The parent company's income is internal and refers to administrative fees and is made up as follows:

SEK millions	2015	2014
Sweden	5.0	4.3
Nordics except Sweden	6.5	4.3
Asia	2.1	2.5
North America	2.1	-
Total	15.7	11.1

5 Information about segments

After the divestment of the Metrology business area in Q2 2014, the group's activities are entirely focused on Medical Technology and therefore report as one operating segment with effect from 1 January 2015. The operation is managed, developed and marketed as one unit: Elos Medtech.

The group's income statement, report of comprehensive income and report on financial position therefore entirely refer to the group's activities. The income statement for 2014 is reported as financial results from continuing operations and financial results from discontinued operations. Financial results from discontinued operations appear in note 17.

The group's single operating segment, Medical Technology, develops, manufactures and sells medical technology products, components and services.

For information about the composition of the segment, refer to note 4.

Assets and investments by geographical area

The table below shows the reported value of assets and investments by geographical area of where the assets are located. Investments for 2014 refer to continuing operations.

SEK millions	Assets		Investments	
	2015	2014	2015	2014
Sweden	211.2	305.6	34.6	16.5
Denmark	198.7	199.7	22.0	12.1
China	97.7	102.4	3.6	12.4
USA	374.0	-	15.6	-
Total	881.6	607.7	75.8	41.0

Sales in 2015 include sales to a single customer of SEK 55.9 million (61.2).

6 Buying and selling between group companies

SEK 15.7 million (11.1) of the parent company's income refers to income from group companies. During the year, there has been purchasing from group companies of SEK 0.1 million (0.7) for IT and marketing services.

7 Information regarding remuneration to auditor

Fee and reimbursement of costs for continuing operations	Group		Parent company	
	2015	2014	2015	2014
PWC				
Auditing assignments	1,337	650	323	248
Other assignments	335	98	298	19
Other auditors				
Auditing assignments	174	45	-	-
Total	1,846	793	621	267

Auditing assignments refers to investigation of consolidated accounting, statutory auditing of parent and subsidiary companies, bookkeeping and the board's and CEO's management, as well as consultancy and other contributions driving from investigation considerations. Everything else is other assignments. PWC is the group's chosen auditor for the financial years 2014 and 2015.

8 Depreciations as per schedule

Group 2015	Cost of goods sold	Development costs	Sales costs	Admin costs	Total
Other intangible assets	229	803	2,913	1,828	5,773
Capitalised development costs	-	665	-	-	665
Buildings	4,956	120	50	286	5,412
Land installations	44	-	-	2	46
Machines and other technical plant	32,131	-	-	662	32,793
Equipment, tools, fixtures and fittings	2,546	-	245	1,293	4,084
Total	39,906	1,588	3,208	4,071	48,773

Group 2014	Cost of goods sold	Development costs	Sales costs	Admin costs	Total
Other intangible assets	178	738	31	1,823	2,770
Capitalised development costs	-	229	-	-	229
Buildings	4,211	123	68	358	4,760
Land installations	44	-	-	2	46
Machines and other technical plant	22,768	-	-	708	23,476
Equipment, tools, fixtures and fittings	2,451	-	219	769	3,439
Total	29,652	1,090	318	3,660	34,720
Parent company 2015				Admin. costs	Total
Other intangible assets				1,503	1,503
Inventory				51	51
Total				1,554	1,554
2014				Admin. costs	Total
Other intangible assets				1,321	1,321
Inventory				133	133
Total				1,454	1,454

9 Other operating income

	Group		Parent company	
	2015	2014	2015	2014
Profit from sale of other fixed assets	218	178	-	-
Foreign currency gains	1,440	890	44	-
Other	1,539	504	-	-
Total	3,197	1,572	44	0

10 Other operating costs

	Group		Parent company	
	2015	2014	2015	2014
Losses from sale of other fixed assets	-78	-335	-10	-
Foreign currency losses	-1,560	-692	-225	-63
Other	-42	-13	-	-
Total	-1,680	-1,040	-235	-63

11 Costs by type

The costs below include cost of sold goods, selling costs, administrative costs and development costs for continuing operations.

Group	2015	2014
Material inc. subcontractors	102,783	77,720
Remuneration to employees	226,150	166,355
Depreciation	48,773	34,720
Other costs	96,986	69,501
Total	474,692	348,296

12 Profit from participations in group companies

Parent company	2015	2014
Group contributions received	14,400	11,250
Group contributions paid	-3,900	-
Dividend received	9,921	7,236
Total	20,421	18,486

13 Other interest income and similar income items

Group	2015	2014
Interest income	406	1,082
Rate differences	-	4,116
Total	406	5,198
Parent company	2015	2014
Interest income	44	706
Rate differences	-	-
Total	44	706

14 Other interest expenses and similar income items

Group	2015	2014
Interest expenses	-7,983	-5,667
Rate differences	-381	-815
Total	-8,364	-6,482
Parent company	2015	2014
Interest expenses	-1,681	-716
Rate differences	-1,113	-
Total	-2,794	-716

15 Appropriations

Parent company	2015	2014
Provision for tax allocation reserve	-	-
Difference between depreciation entered and depreciation according to plan	-135	-446
Total	-135	-446

16 Tax

Group	2015	2014
Current tax	-5,235	-9,367
Deferred tax referring to deficit deductions	-102	-
Deferred tax referring to temporary differences	-1,102	936
Total tax	-6,439	-8,431

Difference between the group's reported tax cost and the tax cost based on current tax rates consists of the following components:

Group	2015	2014
Reported profit before tax	22,528	31,808
Tax at the current rate	-4,956	-6,998

Note 16 Continuation

Group	2015	2014
Tax effects of:		
Effect of changed tax rate	1,110	636
Depreciation/impairment of group surplus value	48	48
Current tax attributable to previous years	-21	10
Differences in foreign tax rates	-1,645	-1,628
Other	-975	-499
Reported tax cost	-6,439	-8,431

The tax rate in Sweden has been used as the current tax rate for 2015: 22.0 per cent (22.0).

Goodwill of SEK 191.4 million arose in connection with the acquisition of Onyx Medical. According to tax rules in the USA, goodwill is tax deductible over a 15 year period. This means that current tax is affected by a lower tax costs of approximately SEK 5 million during this period, which also had a positive effect on cash flow. For 2015, current tax costs has been reduced by approximately SEK 3.4 million since the acquisition occurred on 23 April.

Parent company	2015	2014
Current tax in income statement	-913	-2,230
Deferred tax referring to deficit deductions	-102	1,020
Total	-1,015	-1,210

Parent company	2015	2014
Reported profit before tax	13,380	110,157

Tax at the current rate	-2,944	-24,235
Tax effects of:		
Non-deductible costs	-55	-76
Tax-free income	4,494	25,724
Hedging of net investment in other comprehensive income	-619	-1,943
Unused deficit deductions	-918	-1,020
Other	-973	340
Reported tax cost	-1,015	-1,210

17 Profit from discontinued operations

Divested businesses

On 30 June 2014 operations in the Metrology segment were divested that were operated by the subsidiary Elos Fixturlaser AB with subsidiaries. At the time of divestment the group value of assets and liabilities in the segment were as follows:

Assets	
Capitalised development costs	18,615
Machines and other technical plant	1,362
Inventories, tools and installations	1,773
Goods in stock	20,713
Current receivables	23,067
Cash and cash equivalents	6,751
Total assets	72,281
Liabilities	
Provisions for pensions	15,075
Other provisions	76
Deferred tax	2,224
Interest-bearing liabilities	4,125
Current liabilities	17,598
Total liabilities	39,098
Net assets sold	33,183

The total purchase price after deduction of net debt amounted to SEK 126,623,000. Of the purchase price, SEK 125,323,000 cash was received in 2014 and the remaining SEK 1,300,000 additional purchase price was received in the first quarter of 2015.

Specification of discontinued operations	
Purchase price received after deduction of net debt	125,323
Additional purchase price received	1,300
Net assets sold	-33,183
Costs relating to divestment	-5,234
Ongoing profit in sold company after tax	5,186
Profit discontinued operations	93,392

Income and costs from the discontinued operations in 2014 appear below:

	2014
Income	52,039
Costs	-45,226
Profit before tax	6,813
Tax	-1,627
Profit discontinued operations	5,186

The parent company's profit from discontinued operations for 2014 amounted to SEK 98,342,000.

18 Capitalised expenditure on development work

Group	2015	2014
Opening acquisition value	4,640	53,740
Purchases for the year	1,974	1,269
Reclassification	920	-
Discontinued operations	-	-50,369
Closing acquisition value	7,534	4,640
Opening depreciation	0	31,874
Depreciation for the year	383	-
Discontinued operations	-	-31,874
Closing accumulated depreciation according to plan	383	0
Reported value at year end	7,151	4,640

The useful period for capitalised expenses for development work is assessed to be between three and five years.

19 Goodwill

Group	2015	2014
Opening acquisition value	45,126	42,756
Acquired operations	191,379	-
Translation difference	-1,607	2,370
Closing acquisition value	234,898	45,126
Opening impairment	-	-
Closing accumulated impairment	0	0
Reported value at year end	234,898	45,126

Group goodwill refers to acquisition of subsidiary and its operations. Goodwill is allocated to cash generating units for the purpose of assessing whether a need for impairment exists. Allocation is made to the cash generating unit that is expected to benefit from the acquisition. The group's goodwill is allocated and measured in cash generating units: Onyx Medical SEK 191.4 million in market segment Trauma & Spine, market segment Medical Devices, SEK 36.5 million and market

segment Diagnostics, SEK 7.0 million. Goodwill is tested for impairment annually and otherwise when changes and circumstances indicate that the asset is too highly valued.

In the annual testing of whether a need for impairment exists in the cash generating unit to which goodwill has been allocated, the following assumptions are used. Valuations are based on the present value of future cash flow within each cash generating unit or group of cash generating units. The starting point was the budget for 2016 and an assumed annual growth of 10-12 per cent (8-15) for 3 years and thereafter a growth of 2 per cent (2). Operating margins have been estimated at 8-17 per cent (7-15). In the forecast, which is produced internally by company management, significant assumptions have been based on management's assessment of the group's future development taking into account historical data, management's combined experience, customers' strategy and long-term delivery plans, developments and trends within the different market segments where the group is active and global economic developments. The most important variables in the forecast are growth, gross margins, investment needs and tax effects. Working capital has been assumed to change in relation to growth and debt/equity ratio has been assumed to remain unchanged.

Taking into consideration inflation expectations, interest rate levels and external risk in the cash generating units' domicile, discount rate before tax has been set at 8.63 per cent (8.38) and after tax at 8.25 per cent (8.05).

The above assumptions indicate that no need for impairment of goodwill exists. Raising the discount rate by 1 percentage point, reducing the operating margin by 3 per cent or halving the pace of growth do not lead to any need for impairment of the value of goodwill.

20 Other intangible assets

Group	Group		Parent company	
	2015	2014	2015	2014
Opening acquisition value	30,132	24,586	8,941	8,462
Purchasing for the year	2,007	4,671	352	479
Reclassification	-921	-	-	-
Acquired operations	20,255	-	-	-
Discontinued operations	-	-199	-	-
Translation difference	-630	1,074	-	-
Closing acquisition value	50,843	30,132	9,293	8,941
Opening depreciation	11,431	8,150	4,012	2,692
Depreciation for the year	5,987	3,091	1,503	1,320
Discontinued operations	-	-199	-	-
Translation difference	-270	389	-	-
Closing accumulated depreciation	17,148	11,431	5,515	4,012
Reported value at year end	33,695	18,701	3,778	4,929

New acquisitions for the year refer mainly to acquired software.

21 Operational leasing agreements

The group's expenses for operational leasing agreements in 2015 amounted to SEK 3,499,000 (3,040,000). The operational leasing agreements consist mostly of lease agreements for premises, primarily Elos Medtech Tianjin's facility in China. There are no significant variable charges in the amount. The group's future undertakings for continuing operations amount to the following:

Charges that fall due – Group	2015	2014
Year 1	3,076	2,784
Year 2	2,452	2,144
Year 3	1,994	1,830
Year 4	1,559	1,418
after year 4	16	-

22 Buildings and land

Buildings – Group	2015	2014
Opening acquisition value	133,270	125,953
Purchases for the year	743	2,377
Reclassification	4,374	-
Acquired operations	30,545	-
Discontinued operations	-	-1,114
Sale and decommissioning	-618	-
Translation difference	-2,639	6,054
Closing acquisition value	165,675	133,270
Opening depreciation	44,951	39,422
Depreciation for the year	5,315	5,020
Discontinued operations	-	-1,114
Sale and decommissioning	-316	-
Translation difference	-694	1,623
Closing accumulated depreciation	49,256	44,951
Reported value at year end	116,419	88,319
Land installations – Group	2015	2014
Opening acquisition value	938	938
Reclassification	-4,327	-
Acquired operations	4,327	-
Closing acquisition value	938	938
Opening depreciation	459	413
Depreciation for the year	47	46
Closing accumulated depreciation	506	459
Reported value at year end	432	479
Land – Group	2015	2014
Opening acquisition value	3,415	3,287
Acquired operations	7,308	-
Translation difference	-87	128
Closing acquisition value	10,636	3,415
Reported value at year end	10,636	3,415
Reported value at year end buildings and land	127,487	92,213

23 Plant and machinery

Machines etc. – Group	2015	2014
Opening acquisition value	337,236	308,042
Purchases for the year	41,234	17,574
Reclassification	8,037	-
Acquired operations	56,212	-
Discontinued operations	-	-5,612
Sale and decommissioning	-28,126	-118
Translation difference	-4,020	17,350
Closing acquisition value	410,573	337,236
Opening depreciation	222,499	194,219
Depreciation for the year	32,081	24,964
Discontinued operations	-	-4,311
Sale and decommissioning	-28,139	-108
Translation difference	-3,077	7,735
Closing accumulated depreciation	223,364	222,499
Reported value at year end	187,209	114,737
Leasing objects included in book value above at	39,090	31,527

Of the year's investments, SEK 27.2 million (15.4) have been financed through leasing and repayment contracts. The leasing objects consist mainly of lathes, milling machines and similar machines at Elos Medtech Pinol. The total minimum leasing charges amount to SEK 41.7 million (30.8). The present value of these amounts to SEK 37.7 million (28.1).

24 Inventory and tools

Inventory etc.	Group		Parent company	
	2015	2014	2015	2014
Opening acquisition value	48,422	56,342	1,235	1,235
Purchases for the year	4,237	4,240	-	-
Reclassification	2,098	705	1	-
Acquired operations	1,620	-	-	-
Discontinued operations	-	-10,304	-	-
Sale and decommissioning	-4,254	-3,876	-273	-
Translation difference	-54	1,315	-	-
Closing acquisition value	52,069	48,422	963	1,235
Opening depreciation	37,324	44,176	1,129	994
Depreciation for the year	4,014	3,584	51	135
Discontinued operations	-	-7,737	-	-
Sale and decommissioning	-3,535	-3,454	-273	-
Translation difference	-78	755	-	-
Closing accumulated depreciation	37,725	37,324	907	1,129
Reported value at year end	14,344	11,098	56	106
Leasing objects included in book value above at	3,106	2,240	-	-

The leasing objects consist mainly of cars and the year's acquisitions amount to SEK 2.3 million (1.0). The total minimum leasing charges amount to SEK 3.1 million (2.9). The present value of these amounts to SEK 2.9 million (2.7).

25 Construction in progress

Construction in progress – Group	2015	2014
Opening acquisition value	12,070	1,857
Purchases for the year	25,562	10,876
Reclassification	-10,182	-705
Sale and decommissioning	-	-28
Translation difference	192	70
Closing acquisition value	27,642	12,070
Reported value at year end	27,642	12,070

26 Interests in group companies

Parent company	2015	2014
Opening acquisition value	152,596	175,643
Discontinued operations	-	-23,047
Acquired operations	69,925	-
Closing acquisition value	222,521	152,596
Opening impairment	-	-
Closing accumulated impairment	0	0
Reported value at year end	222,521	152,596

Subsidiaries	Subsidiary	Voting right share	Number of shares	Book value
Elos Medtech Pinol A/S		100%	1 000	70,149
Elos Medtech Tianjin Co. Ltd.		100%		32,571
Elos Medtech Timmersdala AB		100%	2,600	27,987
	Tio Tec AB	100%		-
Elos Medtech Microplast AB		100%	1 000	21,673
Elos Medtech U.S Holdings Inc.		100%	1,000	69,925
	Onyx Medical LLC	100%		-
Elos AB		100%	1,000	116
AB Westment		100%	1,000	100
	Elos Medical AB	100%		-
	EM Group AB	100%		-
Total				222,521

Information about the subsidiaries' organisation number and head-quarters:

Subsidiaries	Subsidiary	Org. number	Headquarters
Elos Medtech Pinol A/S		13746184	Hillerød, Denmark
Elos Medtech Tianjin Co. Ltd.		91120111697431125P	Tianjin, China
Elos Medtech Timmersdala AB		556055-1201	Skövde
	TioTec AB	556443-5153	Skövde
Elos Medtech Microplast AB		556344-0790	Skara
Elos Medtech U.S Holdings Inc.		47-3691218	Memphis, TN, USA
	Onyx Medical LLC	62-1445666	Memphis, TN, USA
Elos AB		556280-2784	Lidköping
AB Westment		556245-0089	Lidköping
	Elos Medical AB	556193-2913	Lidköping
	EM Group AB	556259-0215	Lidköping

27 Receivables from group companies

Parent company	2015	2014
Long-term loan to Elos Medtech U.S Holdings, refers to financing of acquisition	100,222	-
Long-term loan to Elos Medtech Tianjin, refers to financing of the group's net investment in subsidiary	18,000	18,522
Other	601	601
Total	118,823	19,123

28 Other receivables

	Group		Parent company	
	2015	2014	2015	2014
Promissory note.	1,546	1,722	-	-
Value added tax	1,174	879	440	243
Other	926	2,610	-	1,307
Total	3,646	5,211	440	1,550

29 Deferred costs and accrued income

	Group		Parent company	
	2015	2014	2015	2014
Accrued income	-	346	-	346
Deferred costs	4,711	3,761	1,297	1,200
Other	1,266	229	255	1,166
Total	5,977	4,336	1,552	2,712

30 Equity

Group

Reserves include translation differences as below:

Translation differences			
net assets foreign currency			
	2015	2014	
Opening accumulated translation differences	10,433	-5,683	
Translation differences for the year	-5,753	16,116	
Closing accumulated translation differences	4,680	10,433	
Exchange rate differences from hedging			
net investment in foreign operations			
	2015	2014	
Opening accumulated exchange rate differences	-5,288	4,679	
Exchange rate differences for the year	-538	-9,967	
Closing accumulated exchange rate differences	-5,826	-5,288	
Total closing accumulated translation and exchange rate differences	-1,146	5,145	

Parent company – Dividend

For the financial year 2015, the Board of Directors has proposed that a dividend of SEK 1.00 per share be paid to shareholders (SEK 2.00 per share plus an extra dividend of SEK 1.00 per share).

31 Share capital

No Series A shares were converted into Series B shares during the year. On 31 December 2015 the share capital consisted of 6,051,000 shares with a quota value of SEK 6.25 per share. All shares are unrestricted. Division into types of share is as follows:

Series A (1 vote)	1,099,740
Series B (1/10 vote)	4,951,260
Total number	6,051,000

In accordance with Elos Medtech's 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. Before Series A shares are transferred to a new owner who is not previously a Series A shareholder in the company, the other Series A shareholders must immediately be offered the opportunity to acquire the shares by means of a written notification to the company's board. Access to the shares must then be confirmed and information given about the purchase price, where the share transfer is by purchase.

32 Untaxed reserves

Parent company	2015	2014
Accumulated overdepreciation	1,679	1,544
Tax allocation reserve, tax year 2010	400	400
Tax allocation reserve, tax year 2012	352	352
Tax allocation reserve, tax year 2013	2,890	2,890
Total	5,321	5,186

33 Provisions for pensions

	Group		Parent company	
	2015	2014	2015	2014
Provision for FPG/PRI pensions	28,016	26,328	4,470	4,558
Other pensions	-	-	-	-
Total	28,016	26,328	4,470	4,558

The following actuarial assumptions have been made in calculating defined benefit pension obligations:

Group	2015	2014
Discount rate	3.00%	3.00%
Annual pay increase	3.00%	3.00%
Annual increase in income basic amount	3.00%	3.00%
Annual inflation	1.75%	1.75%
Attrition rate	5.00%	5.00%

The discount rate has been determined for 2015 as for 2014 based on the development of the market rate on mortgage-backed bonds with a duration corresponding to an average remaining term for the obligation of 23 years.

Sensitivity analysis of the assumed discount rate +/- 0.5% shows:

	2.50%	3.00%	3.50%
The obligation's present value at the end of the period	28,601	25,581	22,991

Specification of change of pension liability in the group

	2015	2014
The obligation's present value at the start of the period	24,036	30,875
Benefits earned during the period	1,637	1,395
Pension payments	-519	-666
Interest	765	1,035
Value of obligation relating to discontinued operations	-	-13,160
Actuarial gains (-) and losses (+)	-338	4,557
The obligation's present value at the end of the period	25,581	24,036
Payroll tax	2,435	2,292
Book value	28,016	26,328

The interest portion of the pension liability is reported in the income statement as interest expenses. Other part changes in the pension liability are reported in the operating profit, except for actuarial gains and losses, which are reported in other comprehensive income.

Group	2015	2014
Costs for service current year	1,736	2,524
Interest costs	765	1,035
Actuarial gains (-) and losses (+), including payroll tax	-420	5,661
Total costs for defined benefit plans	2,081	9,220
Costs for defined contribution plans	13,419	13,639
Sum total pension costs	15,500	22,859

Estimated charges for payment to pension plans in 2016 are expected to amount to approximately SEK 900,000.

34 Deferred tax liability/assets

Deferred tax liability	Group		Parent company	
	2015	2014	2015	2014
Untaxed reserves	2,081	2,571	-	-
Provisions for pensions	-2,745	-2,583	-	-
Loss carryforwards	-919	-1,020	-	-
Temporary differences fixed assets	24,461	22,878	-	-
Other	-110	-674	-	-
Total	22,768	21,172	0	0
Deferred tax assets				
Loss carryforwards	-	-	919	1,020
Temporary differences fixed assets	3,541	3,131	-	-
Other	-	-	-	468
Total	3,541	3,131	919	1,488
Deferred tax liability/assets net	19,227	18,041	-919	-1,488

Deferred tax liabilities and receivables have been offset where there is a legal right to this. The parent company's deferred tax liability is included in the balance sheet item untaxed reserves (see note 32).

Changes in deferred tax – Group	2015	2014
Opening balance	18,041	23,211
Acquisition/divestment of subsidiaries	2,969	-2,224
Unused deficit deductions not previously reported	-	-1,020
Exchange rate differences	-728	-514
Other items in income statement	-1,101	1,288
Hedging of net investment in other comprehensive income	-46	-2,086
Revaluation of net pension obligations in other comprehensive income	92	-614
Closing balance	19,227	18,041

35 Other non-current liabilities

Group	2015	2014
Long-term part of calculated additional purchase price from acquisition	39,173	-
Total	39,173	0

36 Overdraft facility

Group

The overdraft facility extended amounts to SEK 92.5 million (73.9), of which the unused amount is SEK 71.1 million (57.2).

Parent company

The overdraft facility extended amounts to SEK 40.0 million (40.0), of which the unused amount is SEK 33.0 million (40.0).

37 Interest-bearing liabilities

Non-current liabilities – Group	2015	2014
Loan liabilities	214,470	95,926
Liabilities on financial leasing agreements	26,795	19,231
Total	241,265	115,157
Current liabilities – Group	2015	2014
Loan liabilities	51,386	17,230
Liabilities on financial leasing agreements	10,035	8,101
Total	61,421	25,331

Of the group's loan liabilities, the amount falling due in more than 5 years is SEK 53.2 million (33.7). The corresponding amount for the parent company is SEK 0.0 million (0.0).

Financial leasing agreements

The group's liabilities fall due for payment as follows:

Group	2015	2014
Year 1	9,941	8,101
Year 2	7,634	7,622
Year 3	6,425	5,025
Year 4	4,908	3,460
Year 5	4,530	1,705
After year 5	2,527	1,420

The leasing objects consist mainly of lathes, milling machines and similar machines at Elos Medtech Pinol.

38 Other liabilities

	Group		Parent company	
	2015	2014	2015	2014
Value added tax	966	563	-	-
Holiday liabilities, not paid out	1,512	-	-	-
Unrealised currency loss from forward buying	-	2,124	-	2,124
Short-term part of calculated additional purchase price from acquisition	76,600	-	-	-
Other	2,759	4,895	440	214
Total	81,837	7,582	440	2,338

39 Accrued costs and deferred income

	Group		Parent company	
	2015	2014	2015	2014
Holiday and salary liabilities	19,816	18,324	1,025	1,262
Social expenses	4,630	5,804	684	878
Other accrued costs	8,716	7,158	941	783
Total	33,162	31,286	2,650	2,923

40 Pledged assets

For liabilities to credit institutions inc. overdraft facilities	Group		Parent company	
	2015	2014	2015	2014
Property mortgages	132,310	79,714	-	-
Company mortgages	21,775	23,775	-	2,000
Leasing objects	35,531	27,126	-	-
Machines with ownership rights reservations	80,524	28,126	-	-
Total	270,140	158,741	0	2,000

41 Contingent liabilities

	Group		Parent company	
	2015	2014	2015	2014
Guarantee commitments for subsidiaries	-	-	24,505	27,850
Other contingent liabilities	310	292	89	91
Total	310	292	24,594	27,941

Information about the group's pension undertakings appears in notes 2 and 33.

42 Profit per share

The profit per share has been calculated by dividing the profit for the year attributable to parent company shareholders, SEK 16,089,000 (116,769,000), by the average number of outstanding shares, which is 6,051,000 (6,051,000). The number of shares at the end of the period was 6,051,000 (6,051,000).

The profit per share is calculated as SEK 2.66 (19.30). The profit per share for 2014 for continuing operations has been calculated by dividing the profit for continuing operations, SEK 23,377,000, by the average number of outstanding shares, which is 6,051,000. The profit per share for 2014 for continuing operations has been calculated as SEK 3.87.

43 Cash flow

Adjustment for items not included in cash flow	Group		Parent company	
	2015	2014	2015	2014
Provisions	2,108	1,283	-88	-35
Profit on sold fixed assets	852	-155	-	-98,342
Rate differences	-713	-	2,606	-3,946
Other	1,812	4,635	-	-1,020
Total	4,059	5,763	2,518	-103,343

Information about paid interest	Group		Parent company	
	2015	2014	2015	2014
Interest paid during the year	7,993	6,102	1,514	770
Interest received during the year	373	982	37	706

During the year the parent has received interest from subsidiaries amounting to SEK 3,304,000 (525,000). Liquid assets in the cash flow analysis consist of cash and bank balances.

Of total investments of SEK 75.8 million (41.0), SEK 29.5 million (17.1) is loan financed.

44 Financial instruments

According to IFRS 13, financial instruments valued at fair value are classified in a hierarchy of three different levels depending on the information used to determine fair value. Level 1 is use when fair value is determined on the basis of listed prices on an active market for identical financial assets and liabilities. Level 2 refers to when fair value is determined on the basis of other observable information than listed prices included in Level 1. Level 3 refers to when fair value is determined from valuation models where significant input data is based on non-observable data. The group has no financial instruments that are valued according to level 1. At the end of 2015, the group had no remaining currency derivatives for hedging purposes valued according to level 2. Since the group only holds financial instruments valued at fair value according to valuation methods belonging to this level, other than liabilities for additional purchase price that are valued according to level 3, there have not been any transfers between the different valuation categories during 2015 or 2014.

Management determines the classification of financial instruments according to IAS 39 when they are first reported and retests this decision for every subsequent report. This classification appears in the respective sections below.

Financial assets

The financial assets that exist and are used in the group are liquid assets, accounts receivable, other receivables, shares, long-term receivables and forward contracts that were concluded during 2015. All the amounts stated below correspond to book value in the group. Loan receivables and accounts receivable are financial assets that are not derivatives, which have fixed or fixable payments and which are not listed on an active market. It should be noted that they occur when the group provides money, goods or services directly to a customer with no intention of trading the receivable that arises. They are included in current assets, with the exception of items with maturity dates more than 12 months after the balance date, which are classified as non-current assets. Loan receivables and accounts receivable are included as appropriate in the items Accounts receivable and Other receivables in the balance sheet.

Liquid assets

The liquid assets consist of SEK, CNY, DKK, EUR and USD and are deposited in bank accounts on the usual interest terms. At year end the liquid assets amounted to SEK 40.5 million (125.5) for the group and SEK 1.1 million (105.4) for the parent company. Book value corresponds to fair value.

Accounts receivable

The group's accounts receivable mainly consist of receivables in SEK, CNY, DKK, EUR and USD. All receivables are valued at the exchange rate on the balance date. Payment terms for accounts receivable are 10-60 days. At year end, accounts receivable in the group amounted to SEK 58.9 million (55.2) and in the parent company to SEK 0 (0). Book value is judged to correspond to fair value. Maximum exposure to credit risk as at balance date is the reported value below. The group holds no security for current receivables.

Age distribution of accounts receivable – Group	2015	2014
Receivables not yet due	45,965	42,347
Receivables that fell due 1-30 days before	10,858	12,202
Receivables that fell due 31-60 days before	1,110	84
Receivables that fell due 61-90 days before	624	536
Receivables that fell due > 91 days before	684	5
Total that has fallen due	13,276	12,827
Reserved accounts receivable	-334	-
Total accounts receivable	58,907	55,174

Note 44 Continuation

Other receivables

The group's other receivables fall due for payment within one year.

Exposure of net assets in foreign currencies

The group's exposure of net assets in foreign currencies on the balance date amounts to 99.2 million DKK (95.7), 8.6 million USD (-) and 34.5 million CNY (36.6).

Net investment in foreign currency

During the year the parent company took a USD loan of 10 million USD, for onward lending to the subsidiary Elos Medtech U.S Holdings, Inc. External borrowing has been used to provide onward lending to the subsidiary and represents financial hedging in the parent company where the effects of exchange rate changes are reported net in the income statement. Remaining net assets in USD in the subsidiary are converted at the balance date rate with exchange rate changes reported against other comprehensive income.

Forward buying contracts

During the year, the group analysed the management of foreign currency risks, which resulted in a change in the group's management of these. From the third quarter, forward contracts and currency hedging are no longer used to hedge the group's net assets in foreign currencies. This hedging procedure has been assessed to have no material effect on the group's financial position. A new hedging relationship with loans in foreign currency is used as a hedging instrument for net assets in USD.

During the year the parent company has secured equity in Elos Medtech Pinol A/S and group goodwill by means of a forward buying contract in DKK of 93.2 million DKK. This contract matured in June 2015 and gave a realised currency gain of SEK 1.3 million, which is reported in other comprehensive income. The parent company has thereafter chosen not to enter into new forward buying contracts. During the year the parent company has secured equity in Elos Medtech Tianjin Co Ltd. by taking currency hedging (NDF) in CNY of 43.6 million CNY. This hedging matured in June 2015 and gave a realised currency loss of SEK 4.1 million, which is reported in other comprehensive income. The parent company has thereafter chosen not to enter into new currency hedging. The group had no remaining forward buying contracts at year end (0).

Financial liabilities

The financial liabilities that exist and are used in the group are trade accounts payable, overdraft facilities and loans from credit institutions. All the amounts stated below as financial liabilities, except the liability for additional purchase price, correspond to book value in the group and are calculated according to level 2 in the IFRS 13 valuation hierarchy. Most of the group's lending is at variable interest rate for which reason the book value is judged to almost entirely correspond to fair value. Liabilities for additional purchase price are valued according to level 3 on the basis of the terms and conditions of the purchase agreement; see also note 3.

Conversion from foreign currency to SEK has been done at the balance date rate.

Trade accounts payable

The group's trade accounts payable mainly consist of liabilities in SEK, CNY, DKK, EUR and USD. Payment terms for trade accounts payable are 10-60 days.

Overdraft facilities

The group has three (three) different overdraft facilities with a total credit of SEK 92.5 million (73.9). At year end, the unused amount was SEK 71.1 million (57.2). The interest rates on the overdraft facilities are variable.

Other interest-bearing liabilities

At year end, the group's loans from credit institutions amounted to SEK 302.7 million (140.5). The loans consist of loans against traditional security such as mortgage deeds and company mortgages, repayment contracts and leasing agreements.

Payments including calculated interest payments per year	Group 2015	2014	Parent company 2015	2014
Conditional purchase price that falls due in year 1	76,600	-	-	-
Loans that fall due in year 1	69,407	28,781	18,735	1,751
Conditional purchase price that falls due in year 2	39,173	-	-	-
Loans that fall due in year 2	66,898	38,218	18,284	866
Loans that fall due in year 3	56,170	24,129	17,833	-
Loans that fall due in year 4	48,889	14,827	17,382	-
Loans that fall due in year 5	31,498	10,333	8,803	-
Loans that fall due after year 5	67,982	47,848	-	-
Total	456,617	164,136	81,037	2,617

Of the total loans including interest payments, SEK 105.2 million (92.3) are contracted in SEK, SEK 66.2 million (64.7) in DKK, SEK 161.9 million (-) in USD and SEK 7.5 million (7.1) in EUR.

All loans from credit institutions in SEK and EUR have variable interest rates. Of the loans in DKK, SEK 60.7 million (57.5) is at variable interest rate and SEK 2.0 million (3.1) is at fixed rate. Of the loans in USD, SEK 75.2 million (-) is at variable interest rate and SEK 70.3 million (-) is at fixed rate. The average interest rate on the group's total loan liabilities is 2.6 per cent (4.3). See also note 37.

45 Closely-related transactions

During the reporting period, the company has had transactions with members of senior management. These transactions consist of interest-free liability that arose in connection with the purchase price of the acquisition of Onyx Medical LLC of a total of SEK 115.8 million. Other than this, salaries and remuneration to the board and senior management are covered in note 2.

46 Events after the balance date

The Elos Medtech group's President and CEO Johannes Lind-Widestam has decided to leave his position. He will remain in position during the notice period and will leave the group at the end of the first half of 2016.

The Board and CEO also confirm that the consolidated financial report has been prepared in accordance with good financial reporting practice, gives a true picture of the parent company's position and profit and that the administration report gives a true summary of the development of the parent company's activities, position and profit and describes material risks and uncertainties facing the parent company. The Board and CEO also confirm that the consolidated financial report has been prepared in accordance with the International Financial Reporting Standards (IFRS) as these have been adopted by the EU and gives a true picture of the group's position and profit and that the administration report for the group gives a true summary of the development of the group's activities, position and profit and describes material risks and uncertainties facing the companies in the group.

Lidköping, 24 February 2016

Stig-Arne Blom
Chair of the Board

Agneta Bengtsson Runmarker
Board Member

Jeppe Magnusson
Board Member

Yvonne Mårtensson
Board Member

Mats Nilsson
Board Member

Thomas Öster
Board Member

Johannes Lind-Widestam
President and CEO

Our auditor's report was presented on 15 March 2016
Öhrlings PricewaterhouseCoopers AB

Bror Frid
Authorised Public Accountant

Auditor's report

To the annual meeting of the shareholders of Elos Medtech AB (publ), corporate identity number 556021-9650

Report on the annual accounts and consolidated accounts

We have audited the annual accounts and consolidated accounts of Elos Medtech AB (publ) for the year 2015. The annual accounts and consolidated accounts of the company are included in the printed version of this document on pages 17-43.

Responsibilities of the Board of Directors and the Managing Director for the annual accounts and consolidated accounts

The Board of Directors and the Managing Director are responsible for the preparation and fair presentation of these annual accounts in accordance with the Annual Accounts Act and of the consolidated accounts in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act, and for such internal control as the Board of Directors and the Managing Director 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.

Auditor's responsibility

Our responsibility is to express an opinion on these annual accounts and consolidated accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts and consolidated accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the annual accounts and consolidated accounts in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the Managing Director, as well as evaluating the overall presentation of the annual accounts and consolidated accounts.

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

Opinions

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2015

and of its financial performance and its cash flows 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 2015 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopt the income statement and balance sheet for the parent company and the group.

Report on other legal and regulatory requirements

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the proposed appropriations of the company's profit or loss and the administration of the Board of Directors and the Managing Director of Elos Medtech AB (publ) for the year 2015.

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, and the Board of Directors and the Managing Director are responsible for administration under the Companies Act.

Auditor's responsibility

Our responsibility is to express an opinion with reasonable assurance on the proposed appropriations of the company's profit or loss and on the administration based on our audit. We conducted the audit in accordance with generally accepted auditing standards in Sweden.

As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined whether the proposal is in accordance with the Companies Act.

As a basis for our opinion concerning discharge from liability, in addition to our audit of the annual accounts and consolidated accounts, we examined significant decisions, actions taken and circumstances of the company in order to determine whether any member of the Board of Directors or the Managing Director is liable to the company. We also examined whether any member of the Board of Directors or the Managing Director has, in any other way, acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

Opinions

We recommend to the annual 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.

Göteborg, 15 March 2016
Öhrlings PricewaterhouseCoopers AB
Bror Frid
Authorised Public Accountant

Corporate governance report

Elos Medtech AB is a Swedish limited liability company, whose Class B share is listed on NASDAQ Stockholm AB, Small Cap. Elos Medtech AB is classified under the Health Care segment.

Corporate governance at Elos Medtech is based on Swedish legislation and the listing agreement with NASDAQ Stockholm AB. The governance of Elos Medtech is effected via general meetings of shareholders, the Board of Directors and the CEO in accordance with the Swedish Companies Act and in accordance with the company's Articles of Association and rules of procedure. The currently applicable Articles of Association are available from the Elos Medtech website, www.elosmedtech.com, under the heading IR/Financial information.

From 1 July 2008, all companies whose shares are registered for trading on a regulated market are to apply the Swedish Corporate Governance Code (the "Code"). Accordingly, Elos Medtech has applied the Code from this date. Adaptations to the revised Code, which came into effect on 1 November 2015, were implemented during the year and are included in the description below.

General meetings of shareholders

The shareholders' entitlement to make decisions influencing the company's affairs is exercised at general meetings of shareholders. The Annual General Meeting (AGM) is held within six months of the end of the financial year. Elos Medtech's 2016 AGM will be held on 26 April in Lidköping. At the AGM, all shareholders who are registered and have notified their intention to participate at the Meeting, can vote in relation to their shareholdings. A number of key issues are addressed at the AGM, such as adoption of the company's income statement and balance sheet for the preceding year, discharge from liability for the Board, election of Board members and auditors and remuneration of the Board and auditors, as well as other matters according to the Swedish Companies Act and the Articles of Association. All shareholders are entitled to submit motions for resolution to the AGM. In order for the company to have sufficient time to include such motions in the notice of the AGM, a request must be submitted not later than six weeks prior to the AGM.

The 2015 AGM authorised the Board during the period through the close of the next AGM to make decisions on one or more occasions to increase the company's share capital by a maximum of SEK 3,750,000 through new issues of not more than 600,000 Class B shares and/or convertible shares exchangeable for not more than 600,000 Class B shares. The authorisation to make decisions concerning new share issues was intended to create opportunities for the company to acquire all or parts of other companies. Full exercise of the authorisation corresponds to approximately 9 per cent of the total number of shares. No decisions concerning new share issues were made during 2015.

The 2015 AGM also resolved to approve the Board of Directors' motion regarding a change in the company's registered name to Elos Medtech AB and to complement the description of operations by adding "injection moulding of thermoplastics".

Nomination Committee

At the 2015 AGM, it was resolved that the Nomination Committee is to comprise a minimum of four and a maximum of six members, of whom one is to be the Chairman of the Board. Other members are to be elected, by the end of August, by the three largest shareholders in terms of voting rights in the company, and thereafter by the largest shareholders in terms of capital. Should one shareholder decline to elect a member, the right to elect a member will transfer to the next shareholder in line in terms of voting rights. The Chairman of the Nomination Committee is to represent the largest shareholder in terms of voting rights on the Nomination Committee unless the Nomination Committee unanimously decides to elect someone else. When appointing the Nomination Committee, the regulations stipulated in the Items 2.2, 2.3 and 2.4 of the Swedish Code of Corporate Governance (the Code) must be followed, entailing that no member of company management may be a member of the Nomination Committee, that Board members are not to comprise a majority and that a maximum of one Board member may be dependent in relation to any of the company's major shareholders. Before accepting the assignment, a prospective member of the Nomination Committee should carefully consider whether a conflict of interest prevails.

Prior to the 2016 AGM, the Nomination Committee's task is to submit proposals for the election of the Chairman of the AGM, the number of Board members and auditors, fees to be paid to the Board members and remuneration for committee work, as well as fees for auditors, election of Board members, proposal for Chairman of the Board and election of auditors. In addition, the Nomination Committee is to submit proposals concerning duties and principles for the Nomination Committee.

When assessing the evaluation of the Board of Directors and in its proposal according to Item 4.1, the Nomination Committee must particularly take into account the requirement of versatility and breadth on the Board of Directors and endeavour to achieve an even gender distribution.

Prior to the 2016 AGM, the Nomination Committee comprises Bo Nilsson, Ulf Runmarker and Thomas Öster representing the three largest shareholders, Stig-Arne Blom (Chairman of the Board) and Bengt Belfrage representing other shareholders. The Chairman of the Nomination Committee, appointed by the Nomination Committee, is Bengt Belfrage.

Board of Directors

The Board of Directors has overall responsibility for the organisation, administration and management of the Elos Medtech Group's operations in the interests of the company and the shareholders. The Board determines the Group's overall objectives, strategies and policies, as well as acquisitions, divestments and investments according to the current attestation and decision-making regulations for investments and development projects.

Other duties include:

- establishing necessary guidelines for the company's conduct in society in order to safeguard its long-term value-generation
- capability ensuring the existence of effective systems for the follow-up and control of the company's operations, and the risks for the company to which its operations are associated
- ensuring the existence of satisfactory controls of the company's compliance with laws and other regulations governing the company's operations, as well as the company's compliance with internal guidelines.

According to Elos Medtech's Articles of Association, the Board is to consist of no fewer than three and no more than ten members. During the 2015 financial year, the Elos Medtech Board of Directors had six members.

The Board's work

In accordance with the stipulations of the Swedish Companies Act, the Board of Directors annually adopts rules of procedure for its work in respect of the division of duties within between the Board, the division of duties between the Board and the CEO and financial reporting to the Board. During the year, the Board held six scheduled meetings, in addition to the statutory meeting, plus two unscheduled meetings, of which one was held by conference phone. At these meetings, the Board discussed standing items on the agenda of the respective meetings, such as status of the business, budget, year-end accounts and interim reports. Issues relating to investments, structural and organisational changes were also addressed, including the acquisition of Onyx Medical LLC, which was completed on 23 April 2015.

The Chairman of the Board is responsible for ensuring that the Board continuously expands its knowledge of the company and that the Board's work is evaluated every year with a view to developing the work formats and efficiency of the Board. The Nomination Committee held personal discussions with each member of the Board, during which the Board of Directors' work processes, competencies and composition were addressed, including evaluations of the Board members' background, experience and diver-

sity. The observations were subsequently presented to the Board. The Chairman participates in the evaluation of the CEO/President and other senior managers.

Work of the Board's Committees

The Board has a Remuneration Committee and an Audit Committee. The Remuneration Committee discusses and decides on remuneration of the CEO and senior managers who report directly to the CEO. The members of the Remuneration Committee are Stig-Arne Blom, Yvonne Mårtensson and Mats Nilsson. The Remuneration Committee has held one meeting since the 2015 AGM.

The Audit Committee comprises Agneta Bengtsson Runmarker, Jeppe Magnusson and Thomas Öster (all of whom possess accounting expertise). The Committee has held one meeting since the 2015 AGM, at which the company's auditor participated. Issues concerning accounting, acquisitions, internal control and IT security were discussed at the meeting.

Remuneration of senior managers

The 2015 AGM resolved on guidelines for remuneration of and other terms of employment for senior managers. More information about these guidelines can be found in the Annual Report on page 19 and in Note 2 on page 32.

Internal control

Under the Swedish Companies Act and the Swedish Corporate Governance Code, the Board is responsible for the internal control. The section below describes how the internal control over the financial reporting is organised. Elos Medtech's financial reporting follows the laws and rules applicable to companies listed on the Stockholm Stock Exchange and the local regulations that apply in each country in which operations are conducted. In addition to external rules and recommendations, internal instructions, guidelines, systems and internal divisions of roles and responsibilities are in place to ensure a high level of internal control in the financial reporting.

Name Board member	Represents percentage of votes	Attended total Board meetings	Independent in relation to the company	Independent in relation to major shareholders
Agneta Bengtsson Runmarker	20.0 %	9/9	Yes	No
Stig-Arne Blom (Chairman)		9/9	Yes	Yes
Göran Brorsson*		4/4	No	Yes
Erik Löwenadler*		4/4	Yes	Yes
Jeppe Magnusson		9/9	Yes	Yes
Yvonne Mårtensson**		5/5	Yes	Yes
Mats Nilsson	16.9%	9/9	Yes	No
Thomas Öster	25.2%	9/9	Yes	No

* Stepped down in connection with the 2015 AGM. ** Elected to the Board in connection with the 2015 AGM.

Additional information concerning each member of the Board, and the CEO, is available on the website and in the annual report, pages 50.

Control environment

The basis of internal control comprises the overall control environment, with organisation, decision-making channels, authorities and responsibilities that are documented and communicated. Some of the key components of the control environment are documented in the form of policies, such as the Management Policy, the Attestation and Decision-Making Policy, the Finance Policy and principles and manuals concerning financial reporting and accounting, which are distributed on an ongoing basis to the subsidiaries.

Risk management

Elos Medtech has noted that the most material risks associated with the financial reporting, in addition to financial risks, are deemed to be goodwill, inventories and accounts receivables. If not handled correctly, these may lead to misstatements in the financial reporting and/or impact the company's earnings. The company has identified that the Group has systems for ensuring that efficient risk management is in place. These systems include procedures for reporting, following up and analysing at both Group and subsidiary level. The company's financial reporting occurs through a Group-wide reporting system featuring predefined templates and built-in control functions.

Control activities

The internal control is safeguarded on the basis of both automated controls in, for example, IT-based systems that handle authorisations and authorisation rights, and manual controls in the form of, for example, reconciliations and stocktaking. The detailed economic analyses of results and follow-ups against budgets and forecasts that are continuously made throughout the year can also be viewed as a supplement to other controls and provide overall confirmation of the quality of the reporting.

Information and communication

Significant accounting policies, manuals, etc. of importance to the financial reporting are continuously updated and communicated to relevant employees. There is an Information Policy for external communication that ensures that the company complies with the applicable requirements for providing the correct information to the market.

Monitoring

Financial departments and management at both company and Group level conduct detailed monthly analyses of the financial reporting. During the year, staff in the finance departments met twice to review improvements and changes to the financial reporting, including follow-ups of compliance with the Group's policies. The Board continuously evaluates the financial information provided by management and studies the auditors' reports on observations made.

Internal audit

The Board is responsible for ensuring that the company has efficient internal control which, in addition to the financial statements, also includes ensuring that reports are prepared in compliance with laws, applicable accounting standards and other requirements placed on listed companies. The Board monitors the company's assessment of the internal control, for example, through contact with the company's auditors. The Board annually assesses the need of a special audit function (internal auditor) in relation to the size of the Group, and that reporting to the Board proceeds in a satisfactory manner; the Board has decided not to appoint a separate internal auditor at the current time and that the work of internally auditing the Group's subsidiaries be managed by the finance department via the head office.

External auditor

Öhrlings PricewaterhouseCoopers AB was re-elected as the company's auditor at the 2015 AGM until the close of the 2016 AGM, with Authorised Public Accountant Bror Frid as Auditor in Charge.

The elected auditor participates in the AGM and describe the audit work performed and observations made.

Ownership structure

At year-end 2015, Elos Medtech AB's share capital amounted to SEK 37,800,000. The share capital is divided into Class A and Class B shares. Apart from the fact that Class A shares each carry one vote and Class B shares carry one-tenth of a vote, there is no distinction as regards the rights of the different share series in the company. The Class B shares are listed on the NASDAQ Stockholm AB, while the Class A shares carrying stronger voting rights are not listed.

The total share capital of 6,051,000 shares was distributed between 1,099,740 Class A shares and 4,951,260 Class B shares. In 2015, no Class A shares were converted into Class B shares.

The number of shareholders on 31 December 2015 was 1,786 (1,534). The ten largest shareholders hold shares equivalent to 58.0 per cent of the share capital and 84.0 per cent of the votes.

The shareholders who directly or indirectly have shareholdings in the company representing at least one-tenth of the votes for all shares in the company are as follows:

	Class A shares	Class B shares	Total shares	% of votes
Öster Family incl. companies	378,826	232,564	611,390	25.2
Runmarker Family	297,946	207,870	505,816	20.0
Nilsson Family	260,880	93,517	354,397	16.9

More detailed information about the share and ownership structure is available on pages 4-5 of the Annual Report.

Lidköping, 24 February 2016

Stig-Arne Blom
Chairman of the Board

Agneta Bengtsson Runmarker
Board Member

Jeppe Magnusson
Board Member

Yvonne Mårtensson
Board Member

Mats Nilsson
Board Member

Thomas Öster
Board Member

Our Auditor's Opinion was submitted on 15 March 2016
Öhrlings PricewaterhouseCoopers AB

Bror Frid
Authorised Public Accountant

Auditor's report on the corporate governance statement

To the annual meeting of the shareholders in Elos Medtech AB (publ) corporate identity number 556021-9650

Engagement and responsibility

We have audited the corporate governance statement for the year 2015 on pages 45-48. It is the board of directors who is responsible for the corporate governance statement and that it has been prepared in accordance with the Annual Accounts Act. My responsibility is to express an opinion on the corporate governance statement based on my audit.

The scope of the audit

We conducted my audit in accordance with Fars auditing standard RevU 16 The auditor's examination of the corporate governance statement. That standard require that We have planned and per-

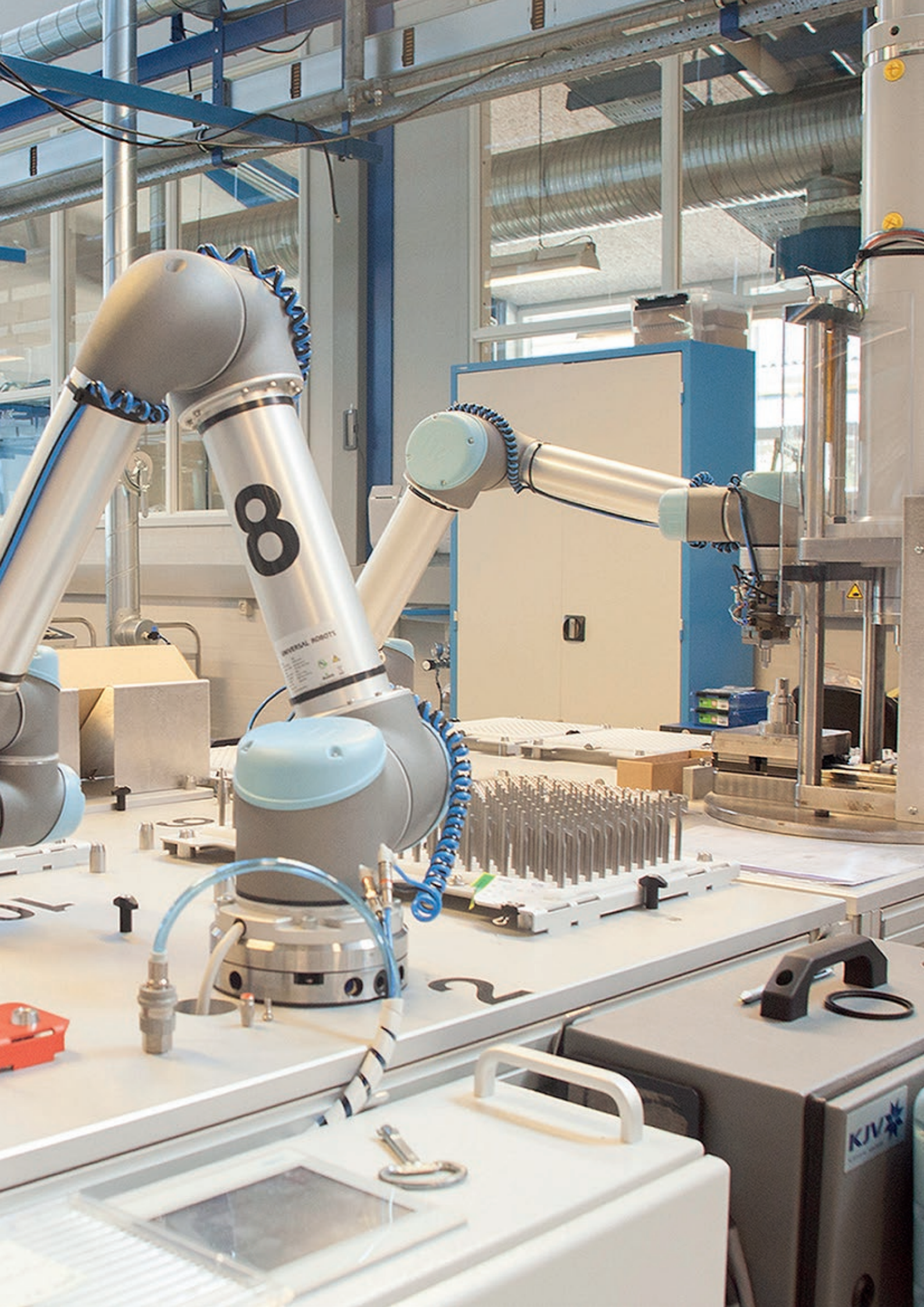
formed the audit to obtain reasonable assurance that the corporate governance statement is free of material misstatements. An audit includes examining, on a test basis, evidence supporting the information included in the corporate governance statement. We believe that our audit procedures provide a reasonable basis for our opinion set out below.

Opinion

In our opinion, the corporate governance statement has been prepared and is consistent with the annual accounts and the consolidated accounts.

Göteborg, 15 March 2016
Öhrlings PricewaterhouseCoopers AB

Bror Frid
Authorised Public Accountant



Board of Directors and auditor

Directors



Stig-Arne Blom

Chairman of the Board
Ulricehamn, born 1948, Master of Engineering.
Chairman of the Board. Director since 2002. Chairman of the Board of Pulsen AB and Scandinavian Enviro Systems AB. Director of the Board of Handelsbankens Region Väst and Precomp Solutions AB.
Shareholding: 200 Series B shares.



Agneta Bengtsson Runmarker

Board director
Stockholm, born 1960, Bachelor of Law. Director since 2003. Legal Adviser at the Swedish Data Protection Authority. Chair of the Board of AB Westergyllen and its subsidiaries, and Director of Investment AB Brunnslöykan its subsidiaries.
Shareholding: 14,600 Series B shares incl. family.



Jeppe Magnusson

Board director
Lerum, born 1952, Master of Science. Ph.D from Chalmers University of Technology, Göteborg. Director since 2012. Partner in ISEA, Industry Senior Advisors. Director of the board of Episurf Medical AB, Premune AB, Swecure AB and Auremune AB.
Shareholding: 2,860 Series B shares.



Yvonne Mårtensson

Board director
Malmö, born 1953, Master of Engineering of Industrial Economics at Linköping University of Technology.
Director since 2015. Director of Arcoma AB and SwedenBIO.
Shareholding: 1,000 Series B shares.



Mats Nilsson

Board director
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

Board director
Stockholm, born 1963, Master of Science in Electrical Engineering at Chalmers University of Technology. Director since 2005. Global Sales and Business Management Director, Ericsson AB Stockholm. Chairman of the Board of Venova AB. Director of Forsway Scandinavia AB.
Shareholding: 66,005 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



Johannes Lind-Widestam

President and CEO
Kungsbacka, Sweden, born 1972,
Bachelor of Economics.
Employed since 2015.
Shareholding: 38,500 series B shares.



Ulrica Ehn

CFO
Lidköping, Sweden, born 1967,
Bachelor of Economics.
Employed since 2011.
Shareholding: None.



Malin Gustavsson

Marketing Director
Lerum, Sweden, born 1972,
Degree of Bachelor of Science in Business Administration and Economics.
Employed since 2013.
Shareholding: 355 series B shares.



Lotta Ljungberg

Group QA/RA Director
Helsingborg, Sweden, born 1966,
Master of Science.
Employed since 2014.
Shareholding: None.



Peter Johansson

Managing Director –
Elos Medtech Timmersdala AB
Skövde, Sweden, born 1978,
Master of Engineering.
Employed since 2012.
Shareholding: None.



Mathias Andersson

Managing Director –
Elos Medtech Microplast AB
Lidköping, Sweden, born 1971,
Engineer.
Employed since 2012.
Shareholding: 14,000 Series B shares.



Søren Olesen

Managing Director –
Elos Medtech Pinol A/S
Gørlose, Denmark, born 1961,
Economist.
Employed since 1984.
Shareholding: 180,400 Series B share via company.



Pär Teike

Managing Director –
Elos Medtech Tianjin Co. Ltd.
Tianjin, China, born 1962, Bachelor of Social Science, Business Administration major.
Employed since 2016.
Shareholding: None.



Jodie Gilmore

Managing Director – Onyx Medical LLC
Memphis, USA, born 1971,
Bachelor of Business Administration.
Employed since 1997.
Shareholding: None.

Multi-year summary

Income statements		2015*	2014**	2013***	2013	2012****	2011
Net sales	SEK millions	503.7	380.9	368.1	479.4	433.8	414.2
Operating profit	SEK millions	30.5	33.1	27.2	48.0	18.1	22.6
Net financial items	SEK millions	-8.0	-1.3	-5.7	-6.4	-9.5	-4.6
Profit after financial items	SEK millions	22.5	31.8	21.5	41.6	8.6	17.9
Taxes	SEK millions	-6.4	-8.4	-4.6	-9.0	-0.4	-5.1
Profit for the year, continuing operations	SEK millions	16.1	23.4	16.9	32.6	8.2	12.8
Profit for the year, discontinued operations	SEK millions	-	93.4	15.7	-	-	-
Net profit for the year	SEK millions	16.1	116.8	32.6	32.6	8.2	12.8
Balance sheets							
Fixed assets	SEK millions	636.9	304.5	304.0	304.0	321.8	304.0
Receivables and goods in stock	SEK millions	204.2	177.7	195.2	195.2	193.8	199.0
Cash and cash equivalents	SEK millions	40.5	125.5	31.2	31.2	23.5	29.8
Assets held for sale	SEK millions	-	-	-	-	-	-
Total assets	SEK millions	881.6	607.7	530.4	530.4	539.1	532.8
Equity	SEK millions	330.5	338.6	232.8	232.8	201.9	216.2
Non-current liabilities	SEK millions	331.2	162.7	167.2	167.2	202.6	200.5
Current liabilities	SEK millions	219.9	106.4	130.4	130.4	134.6	116.1
Total equity and liabilities	SEK millions	881.6	607.7	530.4	530.4	539.1	532.8
Cash flow							
Cash flow from operating activities	SEK millions	62.9	55.3	71.6	87.3	39.5	34.4
Cash flow after investments	SEK millions	-143.6	31.6	59.4	66.9	-2.0	-20.7
Key data							
Operating margin before depreciation (EBITDA)	%	15.7	17.8	17.3	18.5	12.5	13.4
Operating margin after depreciation (EBIT)	%	6.1	8.7	7.4	10.0	4.2	5.5
Risk bearing capital	SEK millions	353.4	361.4	258.3	258.3	228.8	243.2
Proportion risk bearing capital	%	40.0	59.2	48.7	48.7	42.4	45.6
Equity/assets ratio	%	37.5	55.7	43.9	43.9	37.5	40.6
Return on operating capital	%	5.3	8.2	7.1	11.7	4.4	6.0
Return on equity	%	4.8	40.9	15.0	15.0	3.9	6.0
Interest coverage ratio	multiple	3.7	5.9	5.2	5.2	1.5	2.9
Net debt	SEK millions	427.3	58.0	172.6	172.6	223.8	196.0
Debt/equity ratio	multiple	1.3	0.2	0.7	0.7	1.0	0.9
Gross investments excl. shares	SEK millions	75.7	41.0	16.5	24.7	51.2	85.7
Average number of employees		471	378	376	424	424	373

* Including acquisition of Onyx Medical which occurred on 23 April 2015. ** 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 in 2014. **** Comparative figures for 2012 have been adjusted due to change of accounting principle for pensions according to IAS 19R.

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 and non-interest-bearing financial 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.

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