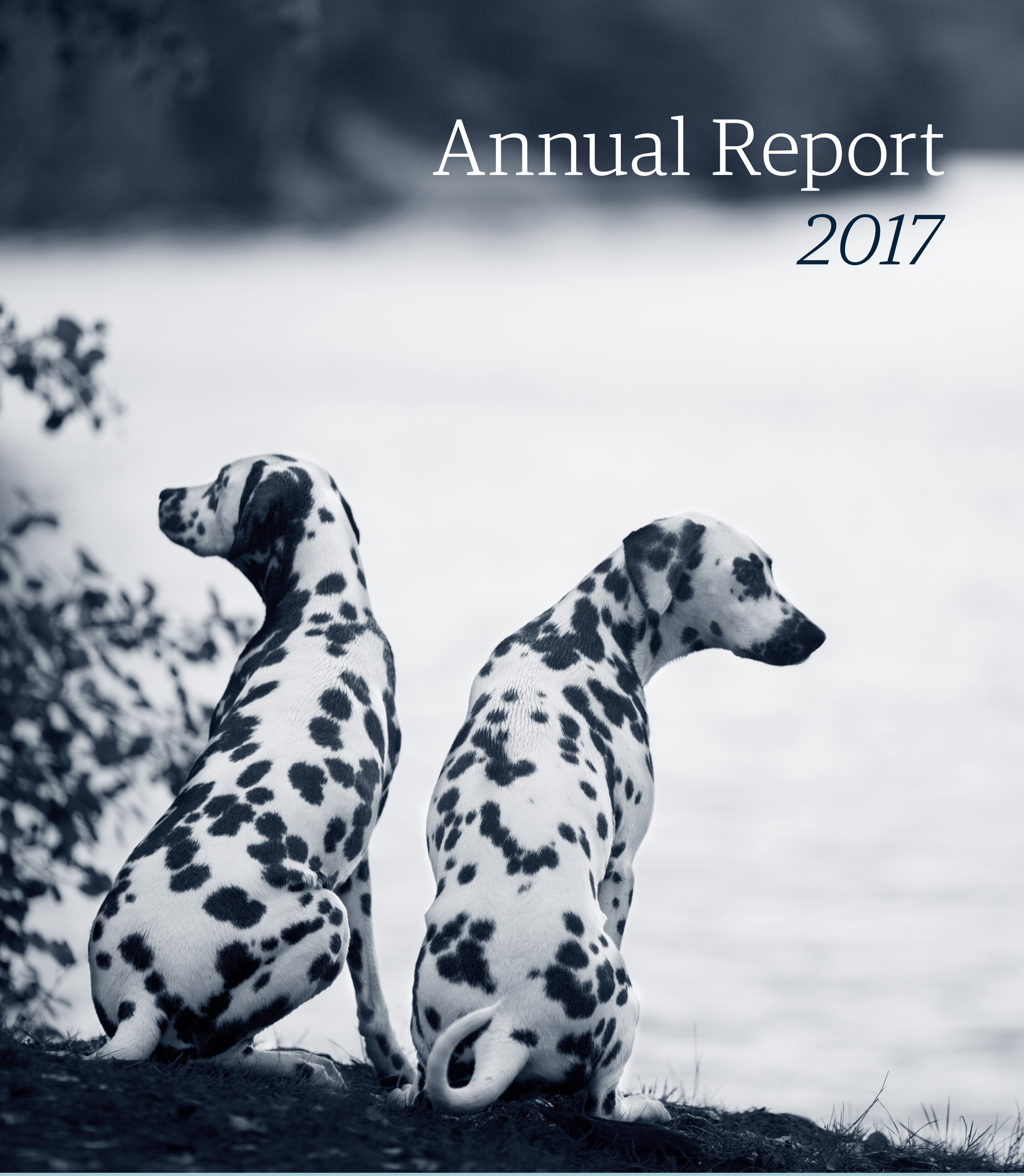
Annual Report
2017



AniCura

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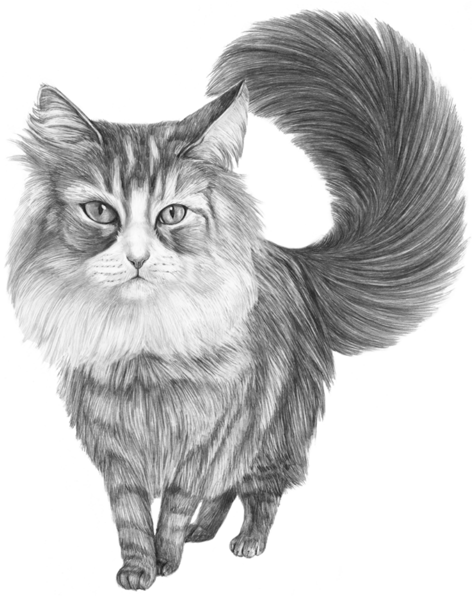


CEO statement 2017

Shaping the future of veterinary care

AniCura showed continued strong performance in 2017 with healthy organic growth levels, an increased number of referrals and continued high employee and customer satisfaction. Our 4 000 veterinary professionals treat two million companion animal patients across seven countries.

AniCura continues to be a preferred partner for independent specialised clinics in Europe, and during the year 30 new veterinary clinics joined AniCura. The vast majority of AniCura's customers recommend AniCura to other pet owners and patient visits are increasing year on year with a large share of referrals. In line with previous years, prices have increased with on average 2-3% in 2017.

Investments in quality and advanced care

For the third year running we have published our annual quality report, highlighting developments, new findings and areas we need to continue to focus on.

AniCura's proprietary quality program QualiCura continues to generate tangible and measurable improvements at AniCura's clinics. For example, the use of antibiotics was reduced in several countries during 2017, and 24 000 patient records were reviewed to improve quality and accuracy.

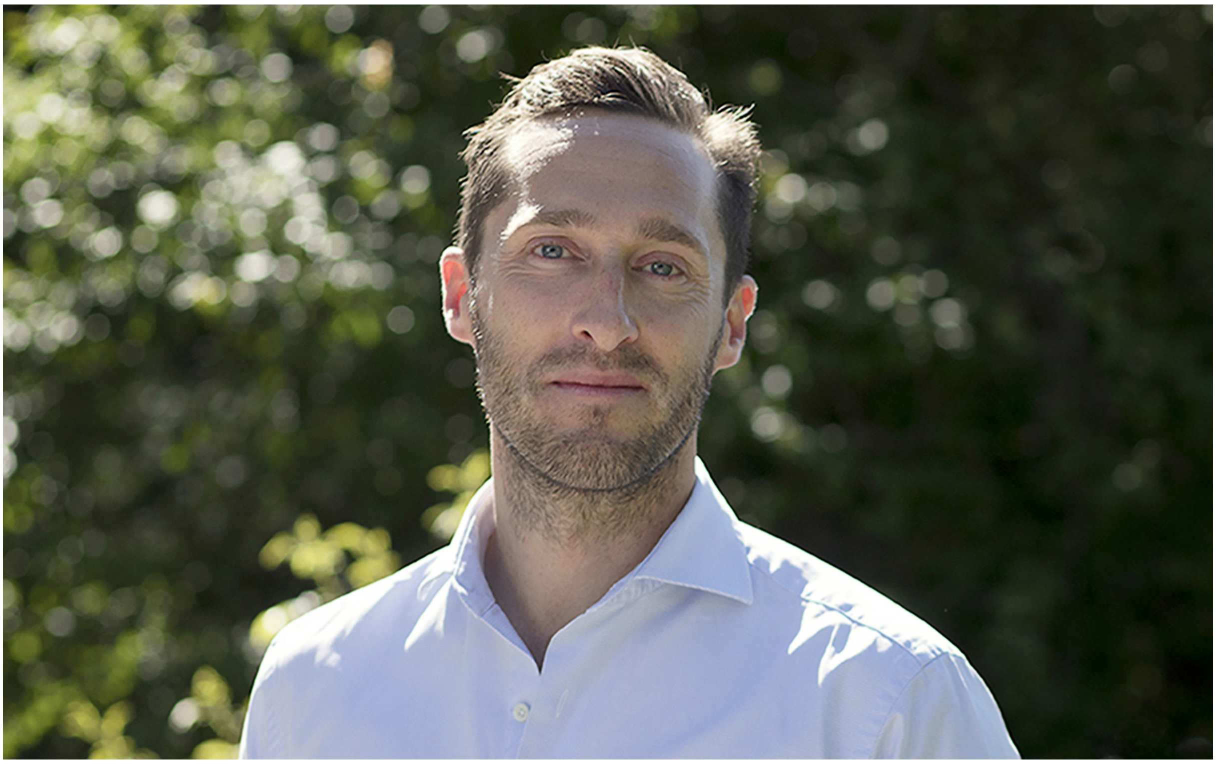
Investments in research and advanced equipment continues to be significant. Through our research fund, we provide funding for clinical research with the potential to significantly improve patient outcome and drive innovation in veterinary care.

Since 2011, total investments in education, research, equipment and premises amounts to more than SEK 1 billion. Since we started AniCura in 2011, all surpluses have been reinvested in our business and no owner receives a dividend.

Focus on people

Employee satisfaction remained high with high levels of engagement and motivation across AniCura. Continuing education, knowledge sharing and leadership are key themes for AniCura and continues to receive high focus and investments.

In 2017 a new program for continuing education was launched in all countries and leadership programs are now running on both international and national levels.



Outlook

Long-term trends including an increased demand for advanced veterinary care, heightened awareness on general pet health and increasing frequency of visits to the veterinarian continues to support market growth across western Europe. AniCura's attractive operating model with decentralised decision-making close to the patient and customer, a strong commitment to improve quality and patient safety as well as significant investments in modern equipment and research, make us well-positioned for future growth over the years to come.

Together, we continue to shape the future of veterinary care.

PETER DAHLBERG
CHIEF EXECUTIVE OFFICER, CEO, ANICURA

The Board of Directors of **Anicura Holding AB** 556854-1378
hereby present the annual report and consolidated accounts for the financial year January 1, 2017 – December 31, 2017

Administration Report

INFORMATION REGARDING THE OPERATIONS

AniCura is a family of well-known animal hospitals and clinics specialised in veterinary care for companion animals. Born out of the idea that sharing resources creates opportunities for better veterinary care, the company was established in 2011 as the first merger of companion animal hospitals in the Nordic region. Today, AniCura is a role model within specialised veterinary care and a valued partner for pet owners and referring veterinarians across Europe.

The company offers a wide range of high quality medical services covering preventive and basic health care as well as advanced diagnostics, internal medicine, intensive care, surgery and orthopaedics. AniCura also provides rehabilitation, physiotherapy and dietary advice and offers selected pet food and care products. AniCura provides modern, high-quality veterinary care for pets at approximately 200 European locations and creates peace of mind for pet owners through excellent access and patient safety. Every year, AniCura's 4 000 veterinary professionals attend to more than 2 million companion animal patients. AniCura is a trusted training and referral body.

IMPORTANT CIRCUMSTANCES

During 2017, AniCura further strengthened its position through selected acquisitions in existing markets in Scandinavia, and continued its expansion into Germany, Austria, Switzerland and the Netherlands with the addition of a number of reputable animal hospitals in the respective countries.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

In line with the strategy of creating the future of veterinary care, AniCura has made a number of acquisitions in existing geographies and also in one new country.

EXPECTATIONS FOR FUTURE DEVELOPMENT, SIGNIFICANT RISKS AND FACTORS OF UNCERTAINTY

The operations are expected to continue to exhibit strong development and expansion. Extensive investments will continue with the aim of developing and professionalising the operations, and there will be significant investments in competence development, veterinary medical equipment and improved infrastructure.

MULTIPLE-YEAR OVERVIEW

	2017	2016	2015	2014	2013	2012
Net sales	2 646 581	1 799 660	1 258 382	914 226	685 473	396 478
Operating profit/loss	-7 193	-15 564	-263	3 350	3 468	-4 138
Profit/loss after financial items	-113 966	-77 303	-53 285	-23 958	-17 054	-18 952
Balance sheet total	3 251 054	2 465 143	1 434 169	925 928	761 416	476 406
Equity/assets ratio	2 %	6 %	12 %	26 %	23 %	19 %
Average number of employees	3 667	2 862	1 921	1 054	807	609

Through its operations, AniCura is exposed to financial, commercial and operational risks.
The major financial risks comprise interest rate and currency risks, credit risks and liquidity risks.
AniCura's commercial risks primarily consist of exposure and concentration to certain geographical areas and change of market conditions which may negatively impact profitability. Some of AniCura's services are financed through pet owners insuring their animals. If insurance companies were to ignore the importance of quality and limit their customers' right to freely choose which veterinarian to perform certain services or change their criteria for compensation, this could potentially impact AniCura's profitability negatively. Another commercial risk is negative attention in media. Unbalanced or incorrect portrays of our operations or of veterinary care in general, bear an inherent risk to negatively impact both our brand and the public's perception of veterinary care.
Operational risks are linked above all to changes and developments in our operating activities, brought about by the creation and introduction of a new infrastructure, processes and systems, organisational and personnel-related risks and specific risks associated with highly specialised medical treatments.

OPERATIONS WITHIN RESEARCH AND DEVELOPMENT

AniCura has a great many employees engaged in clinical research, often in collaboration with leading specialists and institutions. AniCura has established the AniCura Research Fund to further strengthen research and development. The purpose of the fund is to provide means for research projects conducted by employees within AniCura. AniCura´s Scientific Council decides which projects will be awarded funds, based on the highest standards of scientific quality and methods.

Parent company

INFORMATION REGARDING THE OPERATIONS/SIGNIFICANT EVENTS

Anicura Holding AB´s operations primarily consists of managing the shares in the subsidiary Anicura AB (556854-1386). Anicura Holding AB is a subsidiary (100%) of Anicura BC AB (556972-6713).
No significant events have occurred during the year.

PROPOSED APPROPRIATION OF PROFITS

The following profits are at the disposal of the annual general meeting:

	SEK
Retained earnings	159 022 326
Share premium reserve	288 924 449
Net profit for the year	0
Available profits	**447 946 775**

The Board of Directors proposes that the available profits be appropriated as follows:

To be carried forward	447 946 775
Total	**447 946 775**

For information regarding the company's results and financial position, refer to the following income statement and balance sheet, with associated notes.

This annual report is available on the AniCura website.

Income Statement, Group

GROUP

AMOUNTS IN TSEK	NOTE	1 JAN 2017 -31 DEC 2017	1 JAN 2016 -31 DEC 2016
Net sales	3	2 646 581	1 799 660
Cost of goods and services sold		-2 424 072	-1 666 757
Gross profit/loss		222 509	132 903
Costs for market and sales		-32 518	-27 779
Administrative expenses		-189 146	-117 123
Other operating income/operating expenses		-4 653	-6 024
Share of net profit/loss in associated companies		-1 871	1 766
Capital gains/losses on sales of fixed assets		-1 514	693
Operating profit/loss	4,5,6,7	-7 193	-15 564
Profit/loss from other securities and receivables		-54	943
Interest income and similar profit/loss items		1 239	2 751
Interest expenses and similar profit/loss items	8	-99 013	-16 288
Profit/loss after financial items		-105 021	-28 158
Group contributions paid		-8 945	-49 145
Profit/loss before tax		-113 966	-77 303
Current tax		-17 659	-9 766
Deferred tax		413	2 332
Tax on profit for the year	9	-17 246	-7 434
Net profit/loss for the year		-131 212	-84 737
Contributable to			
Shareholders in parent company		-134 925	-85 874
Minority interest		3 713	1 137
NET PROFIT/LOSS FOR THE YEAR		-131 212	-84 737

Balance Sheet, Group

GROUP

AMOUNTS IN TSEK	NOTE	31 DEC 2017	31 DEC 2016
ASSETS			
Fixed Assets			
Intangible Fixed Assets			
Goodwill	10	1 892 485	1 372 265
Other intangible fixed assets	11	16 816	19 718
Projects in progress in intangible fixed assets	12	34 112	16 632
Total intangible fixed assets		1 943 413	1 408 615
Tangible Fixed Assets			
Land and buildings	13	331 669	294 478
Cost of improvements to leased property	14	30 673	28 820
Plant and equipment	15	216 430	184 032
Constructions in progress in tangible fixed assets	16	26 597	10 091
Total tangible fixed assets		605 369	517 421
Financial Fixed Assets			
Deferred tax assets	9	8 764	5 848
Participating interests in associated companies	18	18 538	20 975
Other non-current receivables		8 987	68 216
Total financial fixed assets		36 289	95 039
Total fixed assets		2 585 071	2 021 075
Current Assets			
Inventories			
Finished products and goods for resale		127 970	76 363
Total inventories		127 970	76 363
Current Receivables			
Accounts receivable - trade		83 895	68 177
Tax assets	9	6 473	6 532
Other current receivables		34 593	32 910
Prepaid expenses and accrued income	19	43 175	41 229
Total current receivables		168 136	148 848
Current investments			
Current investments		637	734
Cash and Bank Balances			
Cash and Bank Balances		369 240	218 123
Total current assets		665 983	444 068
TOTAL ASSETS		3 251 054	2 465 143

Balance Sheet, Group

GROUP

AMOUNTS IN TSEK	NOTE	31 DEC 2017	31 DEC 2016
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	20	692	692
Other restricted equity		1 608	7 670
Capitalized development expenditure		26 277	10 397
Total restricted equity		28 577	18 759
Non-restricted equity			
Other contributed capital		289 188	289 188
Capitalized development expenditure		-26 277	-10 397
Retained earnings		-95 004	-85 022
Net loss for the year		-134 925	-85 874
Total non-restricted equity		32 982	107 895
Equity attributable to shareholders in the parent company		61 559	126 654
Minority interest		4 280	13 217
Total equity		65 839	139 871
Provisions			
Deferred tax liabilities	9	17 752	15 777
Other provisions		194 103	169 086
Total provisions	21	211 855	184 863
Non-current Liabilities			
Liabilities to credit institutions	22	2 263 763	1 516 144
Other non-current liabilities	23	313 167	291 803
Total non-current liabilities		2 576 930	1 807 947
Current Liabilities			
Liabilities to credit institutions	22	0	10 327
Accounts payable - trade		126 522	89 773
Tax liabilities	9	9 494	11 240
Other liabilities		131 235	125 136
Accrued expenses and deferred income	24	129 179	95 986
Total current liabilities		396 430	332 462
TOTAL EQUITY AND LIABILITIES		3 251 054	2 465 143

Changes in Equity, Group

GROUP AMOUNTS IN TSEK	SHARE CAPITAL	OTHER CON-TRIBUTED CAPITAL	OTHER EQUITY, INCLUDING NET PROFIT/LOSS FOR THE YEAR	CAPITALIZED DEVELOPMENT EXPENDITURE	SHARE-HOLDERS IN THE PARENT COMPANY	MINORITY INTEREST	TOTAL EQUITY
Opening balance, Jan 1 2016	692	289 188	-151 659	0	26 599	11 642	176 462
New share issue							0
Shareholders' contribution received					49 186		49 186
Translation difference			-1 478				-1 478
Acquisitions			-10 397	10 397			0
Minority interest in equity						1 575	1 575
Net loss for the year			-85 874				-85 874
Closing balance, Dec 31 2016	692	289 188	-249 408	10 397	75 785	13 217	139 871
New share issue							0
Shareholders' contribution received					83 240		83 240
Translation difference			3 280			453	3 733
Acquisitions			-15 880	15 880			0
Minority interest in equity			-16 690			-13 103	-29 793
Net loss for the year			-134 925			3 713	-131 212
Closing balance, Dec 31, 2017	692	289 188	-413 623	26 277	159 025	4 280	65 839

Cash Flow Statement, Group

GROUP

	AMOUNTS IN TSEK	31 DEC 2017	31 DEC 2016
Operating activities			
Loss after financial items		-113 966	-77 303
Adjustment for items not included in the cash flow	26	436 469	274 592
		322 503	197 289
Income tax paid		-13 602	-13 361
Cash flow from operating activities before changes in working capital		308 901	183 929
Cash flow from changes in working capital			
Increase(-)/decrease(+) in inventories		-17 590	-29 439
Increase(-)/decrease(+) in operating receivables		5 525	-42 596
Increase(+)/decrease(-) in operating liabilities		29 906	-71 715
Cash flow from operating activities		326 742	40 179
Investing activities			
Acquisitions of subsidiaries		-774 634	-788 600
Acquisitions of intangible fixed assets		-21 548	-17 407
Acquisitions of tangible fixed assets		-91 030	-145 678
Sales of tangible fixed assets		6 208	5 311
Investments in financial assets		59 647	-54 184
Sales/reductions of financial assets		-54	739
Cash flow from investing activities		-821 411	-999 819
Financing activities			
Interests received		1 182	2 713
Interests paid		-96 347	-45 297
Shareholders' contribution received		83 239	47 195
Group contribution paid		-49 044	-19 219
New borrowings		700 236	1 164 678
Repayments of borrowings		-	-67 629
Cash flow from financing activities		639 266	1 082 441
Cash flow for the year		144 597	122 801
Cash and cash equivalents at the beginning of the year		218 857	104 547
Translation difference in cash and cash equivalents		6 423	-8 491
Cash and cash equivalents at year-end		369 877	218 857

Income Statement, Parent Company

PARENT COMPANY

AMOUNTS IN TSEK	NOTE	1 JAN 2017 -31 DEC 2017	1 JAN 2016 -31 DEC 2016
Net sales		-	-
Cost of goods and services sold		-568	-
Gross profit/loss		-568	-
Costs for market and sales		0	0
Administrative expenses		-126	-419
Other operating income/operating expenses		0	0
Operating profit/loss		-694	-419
Interest income from Group companies		1 424	-
Other financial income		10	-
Interest expenses and similar profit/loss items	8	-1 089	-
Profit/loss after financial items		-349	-419
Group contributions received		349	562
Profit/loss before tax		0	143
Current tax		0	-
Deferred tax		0	-10
Tax on profit for the year	9	0	-10
NET PROFIT/LOSS FOR THE YEAR		0	133

Balance Sheet, Parent Company

PARENT COMPANY

AMOUNTS IN TSEK	NOTE	31 DEC 2017	31 DEC 2016
ASSETS			
Fixed Assets			
Financial Fixed Assets			
Participations in Group companies	17	322 727	239 487
Non-current receivables from Group companies		2 599 278	335 725
Total financial fixed assets		2 922 005	575 212
Total fixed assets		2 922 005	575 212
Current Assets			
Current receivables from Group companies		341 604	562
Other current receivables		6	-
Cash and bank balances		133 608	13
Total current assets		475 218	575
TOTAL ASSETS		3 397 223	575 787
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	20	691	691
Total restricted equity		691	691
Non-restricted equity			
Share premium reserve		288 924	288 924
Retained earnings		159 023	75 651
Net profit/loss for the year		0	133
Total non-restricted equity		447 947	364 708
Total equity		448 638	365 399
Non-current Liabilities			
Long term liabilities to Group companies	23	223 973	209 973
Other non-current liabilities	22	2 263 763	-
Total non-current liabilities		2 487 736	209 973
Current liabilities			
Accounts payables		19	-
Other short term liabilities		53	-
Short term liabilities to Group companies		460 488	50
Accrued expenses and deferred income	24	289	365
Total current liabilities		460 849	415
TOTAL EQUITY AND LIABILITIES		3 397 223	575 787

Changes in Equity, Parent Company

PARENT COMPANY	SHARE CAPITAL	SHARE PREMIUM	RETAINED EARNINGS	NET PROFIT/LOSS FOR THE YEAR	TOTAL EQUITY
Opening balance Jan 1 2016	691	288 925	26 563	-99	316 080
New share issue					-
Shareholders' contribution received			49 186		49 186
Transfer of net profit/loss for the year			-99	99	0
Net profit/loss for the year				133	133
Closing balance, 31 DEC 2016	691	288 925	75 650	133	365 399
New share issue					-
Shareholders' contribution received			83 239		83 239
Transfer of net profit/loss for the year			133	-133	0
Net profit/loss for the year				0	0
Closing balance, 31 DEC 2017	691	288 925	159 022	0	448 638

Cash Flow Statement Parent Company

PARENT COMPANY

AMOUNTS IN TSEK	31 DEC 2017	31 DEC 2016
Operating activities		
Loss after financial items	-349	-419
Adjustment for items not included in the cash flow	-	-
Cash flow from operating activities before paid tax and changes in working capital	-349	-419
Income tax paid	-	-
Cash flow from operating activities before changes in working capital	-349	-419
Cash flow from changes in working capital		
Increase(-)/decrease(+) in inventories	-	-
Increase(-)/decrease(+) in operating receivables	555	-
Increase(+)/decrease(-) in operating liabilities	-3	415
Cash flow from operating activities	203	-4
Financing activities		
New borrowings	2 263 763	-
Long term loans to Group companies	-2 263 553	-
Long term loans from Group companies	14 000	-
Takeover of receivable, cash pool	-341 254	-
Takeover of liability, cash pool	460 436	-
Shareholders' contribution received	83 239	49 186
Shareholders' contribution paid	-83 239	-49 186
Cash flow from financing activities	133 392	-
Cash flow for the year	133 595	-4
Cash and cash equivalents at the beginning of the year	13	17
Cash and cash equivalents at year-end	133 608	13

During 2017 Anicura Holding AB took over the Group cash pool from Anicura AB.

Accounting and valuation principles and associated notes

Note 1: ACCOUNTING AND VALUATION PRINCIPLES

The annual report for the parent company and the group has been prepared in accordance with the Annual Accounts Act and BFNAR 2012:1 (K3). The most important accounting and valuation principles applied in the preparation of the financial statements are summarised below. All amounts are stated in TSEK.

OWNERSHIP STRUCTURE

The company is the parent company in a group and prepares the comprehensive consolidated accounts. The ultimate parent company is Anicura TC AB, 556972-6689, with its registered offices in Stockholm.

CONSOLIDATED ACCOUNTS

The consolidated accounts include the parent company, subsidiaries in which the parent company, either directly or indirectly, owns a proportion of the shares corresponding to 50% of the voting rights, and associated companies in which the parent company owns a proportion of the shares corresponding to a minimum of 20% but less than 50% of the voting rights. Special purpose entities are also consolidated if the parent company exercises a controlling influence, regardless of whether or not the parent company has a participating interest. The financial years of all subsidiaries end on 31 December, and all subsidiaries apply the same accounting principles as the parent company.

The consolidated accounts have been prepared in accordance with the purchase method. This implies that the assets and liabilities of acquired subsidiaries are reported at market value, this being the value which formed the basis for determining the purchase price for the shares. The difference between the purchase price and the acquired company's equity is reported as goodwill. The acquisition cost for the acquired operations is deemed to be the sum of:

- The purchase price, i.e the fair value, as per the acquisition date, for the assets provided as payment plus liabilities assumed and arising via the acquisition
- Expenditure which is directly attributable to the acquisition
- Additional purchase price or similar if this can be reliably estimated
- The value of any minority interest is added to the acquisition cost

The consolidated accounts are presented in SEK, which is also the parent company's reporting currency. Profit/loss from subsidiaries acquired or divested during the year is reported from the date on which the acquisition/divestment took place, as applicable. Minority interest, reported in equity, represents the portion of a subsidiary's profit/loss which does not accrue to the group. The group divides net profit/loss from subsidiaries between shareholders in the parent company and minority interest based on their respective participating interests.
Intra-group transactions and balance sheet items, including unrealised gains and losses on transactions between group companies, are eliminated on consolidation.
Assets and liabilities, including goodwill and other goodwill/negative goodwill arising on consolidation, are translated on consolidation to SEK with the application of the closing rate. Income and expenses are translated to SEK at the average rate over the reporting period, representing an approximation of the transaction rate. Exchange rate differences arising on the translation of foreign operations are reported in equity.

PARTICIPATING INTERESTS IN ASSOCIATED COMPANIES

Associated companies are companies in which the group is able to exercise a significant influence, but which are neither subsidiaries nor joint ventures, usually resulting from the group controlling between 20-50% of the votes. Participating interests in associated companies are initially reported at acquisition cost and thereafter in accordance with the equity method, i.e. the owner company's share of net profit/loss is reported in the consolidated accounts. Share of net profit/loss in associated companies is reported separately under operating profit/loss. The reported value of a participating interest in an associated company increases or decreases accordingly with the group's share of net profit/loss in the associated company.

TRANSLATION OF FOREIGN OPERATIONS

Assets and liabilities, including goodwill and other items arising on consolidation, are translated to SEK with the application of the closing rate. Income and expenses are translated to SEK at the average rate over the reporting period, representing an approximation of the transaction rate. Exchange rate differences arising on the translation of foreign operations are reported in equity.

VALUATION PRINCIPLES, INCOME STATEMENT

Income

Income arises from sales of goods and the rendering of services and is reported in the item 'Net sales'. Income is valued at the fair value of the amounts received or expected to be received for delivered goods and rendered services, i.e. at sales price excluding trade discounts, quantity discounts and similar price reductions, and also excluding VAT. Amounts received on behalf of other entities are not included in the group's income.

Dividend income is recognised when the right to receive the dividend is deemed to be secure. Dividends from subsidiaries are recognised as income when the company's right to receive the dividend is deemed to be secure and the amount can be reliably estimated.

Leasing

All lease fees are classified as operational lease and are charged to expenses on a straight-line basis over the tenor of the lease.

Borrowing costs

All borrowing costs are charged to expenses in the period to which they refer and are reported in the item 'Interest expenses and similar profit/loss items'.

Group contributions

All group contributions, both paid and received, are reported as appropriations.

VALUATION PRINCIPLES, BALANCE SHEET

Intangible fixed assets

Intangible fixed assets are valued at acquisition cost less accumulated amortisation and impairment. The acquisition cost does not include borrowing costs.

Capitalized development expenditure

Expenditure which is directly attributable to the developing phase of a project is reported as intangible fixed assets if the following criteria can be applied:

- It is possible from a technical perspective to complete the asset in order for it to be used or sold.
- The group´s intent is to complete the asset and to use or sell it.
- The group has the ability to use or sell the asset.
- It is likely that the asset will generate future financial advantages.
- There is enough resources to complete the asset and to use or sell it.
- The development expenditure can be measured in a reliable way.

If these criteria can not be applied the development expenditure will be charged to expense when they arise.

The acquisition cost for capitalized expenditure include expenditure for developing the asset. Direct expenditure include personnel costs connected to development of the asset and an appropriate share of indirect costs. The corresponding amount has been transferred to Fund for Capitalized development expenditure, in Equity.

Goodwill

Goodwill represents the difference between the acquisition cost for a business combination and the fair value of the acquired assets and the assumed liabilities and contingent liabilities. Goodwill in the group arises when the acquisition cost for the acquisition of shares in a subsidiary exceeds the fair value of the acquired company's identifiable net assets. Goodwill is reported at acquisition cost less accumulated amortisation and impairment.

Software

Capitalised expenditure for acquired software is comprised of costs for the purchase and installation of the software in question.

Trademarks

Trademarks acquired by the company are reported at acquisition cost less accumulated amortisation and any impairment.

Amortisation
The amortisation of the amortisable amount is undertaken on a straight-line basis over the asset's estimated useful life. Amortisation is initiated when the asset becomes available for use. Licences are amortised over their contractually-agreed duration. Useful lives are reviewed on each balance sheet date. The following useful lives are applied:
- Goodwill: 10 years
- Trademarks: 5 years
- Software: 5 years

An amortisation period in excess of 5 years can be motivated if the investment is made from a long-term, strategic perspective in order to create long-term value growth.

Tangible fixed assets
Tangible fixed assets are initially reported at acquisition cost, including costs incurred to transport the asset to its final location and to ready it for use as intended. The acquisition cost includes the purchase price and other directly-attributable costs such as charges for delivery, handling, installation, assembly, registration of title and consultancy services. Expendable equipment and equipment of insignificant value are charged to expenses as incurred.

The acquisition cost does not include borrowing costs. Tangible fixed assets also include machinery held via financial lease agreements. The acquisition cost for the group's buildings has been allocated to components. Tangible fixed assets are valued thereafter at acquisition cost less accumulated depreciation and impairment, plus any amounts arising from positive revaluations. Land is valued at acquisition cost less any impairment.

Depreciation
The depreciation of tangible fixed assets is undertaken on the asset's/component's depreciable amount over its useful life and is initiated when the asset/component is put into use. Depreciation is undertaken on a straight-line basis. The following useful lives are applied:

- Buildings: average useful life of 50 years
- Component depreciation;

Component	*Useful life*
Frame - other	*100 years*
Facade	*80 years*
Roof	*50 years*
Windows	*50 years*
Fixtures and fittings	*40 years*
Interior surface layers	*15 years*

- Plant and machinery: 5-10 years
- Equipment, tools, fixtures and fittings: 3-10 years
- Improvements to leased property: 10-20 years

Additional costs
Replacements of components and new components are included in an asset's acquisition cost. Other additional costs are included in the asset's acquisition cost if it is probable that the future economic benefits associated with the asset will accrue to the company and the acquisition cost can be reliably estimated. If these conditions are not fulfilled, the costs are charged to expenses.

Removal from the balance sheet
Tangible fixed assets or components are removed from the balance sheet upon sale or disposal, or when no future economic benefits are expected from the use, disposal or sale of the asset or component. When tangible fixed assets are sold, the capital gain/loss is established as the difference between the sales price and the asset's reported value, and is reported in the income statement in either 'Other operating income' or 'Other operating expenses'.

Leasing - lessee
Lease agreements are classified upon the signing of the lease as either financial or operating leases.

A financial lease is a lease agreement under which the economic risks and benefits associated with the ownership of an asset are, in all material respects, transferred from the lessor to the lessee. When the company is lessee in an agreement of this type, the inherent rights and obligations are reported as assets and liabilities, respectively. Such assets and liabilities are reported when the lease agreement becomes effective at the lower of the lease asset's fair value and the present value of minimum future lease fees. Minimum future lease fees are divided between interest and repayment. The depreciation of assets leased under financial leases is undertaken over the asset's estimated useful life. Variables costs are charged to expenses in the financial year during which they arise.

Lease agreements other than financial leases are operating leases. When the company is lessee, the lease fees for operating leases are charged to expenses on a straight-line basis over the tenor of the lease. Associated costs, such as maintenance and insurance, are charged to expenses as and when they arise.

IMPAIRMENT TESTING FOR INTANGIBLE AND TANGIBLE FIXED ASSETS
On each balance sheet date, an assessment is made as to whether there is an indication that an asset's value is lower than its reported value. In the event that such an indication is identified, the asset's recoverable amount is determined. If the recoverable amount is lower than the reported value, the asset is impaired to the recoverable amount, with the impairment being charged to expenses. The recoverable amount for an asset or a

cash-generating unit is the higher of the fair value less selling expenses and the value in use.

Fair value less selling expenses is the price which the company deems it can obtain via a sale between informed parties which are independent of each other and for which the completion of the transaction would be beneficial. Deductions are made for costs which are directly attributable to the sale. The value in use is comprised of the future cash flows which an asset or cash-generating unit is expected to give rise to.

For the purposes of impairment testing, assets are grouped into cash-generating units. A cash-generating unit is the smallest identifiable group in which, in all material respects, independent incoming payments are made. The consequence of such an approach is that certain assets' impairment requirements are tested individually, while other assets are tested as part of a cash-generating unit. Goodwill is allocated to those cash-generating units that are expected to benefit from the synergy effects of the business combination in question and which represent the lowest level at which goodwill is considered.

Impairment on cash-generating units initially reduces the goodwill allocated to the cash-generating unit. Any further impairment which is required entails a proportional reduction of the other assets which comprise the cash-generating unit.

With the exception of goodwill, all assets are regularly re-assessed in order to ascertain whether there are indications that a previous impairment is no longer motivated. Impairment is reversed if the asset's or cash-generating unit's recoverable amount exceeds its reported value, with this reversal being distributed proportionally between all assets except goodwill.

PARTICIPATIONS IN SUBSIDIARIES

Participations in subsidiaries are valued at acquisition cost less any impairment. Dividends from subsidiaries are recognised as income.

RECEIVABLES AND LIABILITIES IN FOREIGN CURRENCIES

Monetary items in foreign currencies are translated at the closing rate, and the exchange rate differences that arise on translation are reported in the income statement. Exchange gains and losses on operating receivables and operating liabilities in foreign currencies are reported in the items 'Other operating income' and 'Other operating expenses'. Other exchange gains and losses are reported under the heading 'Profit/loss from financial items'.

ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE

Accounts receivable are valued at acquisition cost less expected losses. Accounts payable and other non-interest-bearing liabilities are valued at their nominal amount.

INVENTORIES

Inventories are valued at the lower of acquisition cost or net realisable value. The acquisition cost is calculated with the application of the first-in, first-out principle. The net realisable value is the expected sales price for the item applying terms which are normal for the operations, less any applicable selling expenses which can be directly attributed to the sales transaction.

INCOME TAX

Income tax comprises current and deferred tax. Tax is reported in the income statement, except when the underlying transaction is reported in equity, in which case the associated tax effect is also reported in equity.

Current tax is the tax expense for the current financial year, referring to the taxable profit for the year and any portion of income tax from previous financial years which has not yet been reported. Current tax is valued according to the tax rates and tax regulations applicable as per the balance sheet date and is not subjected to a present value computation.

Deferred tax is income tax on taxable profit referring to future financial years, arising as a result of transactions or events which have already taken place. Deferred tax is calculated with the application of the balance sheet method on all temporary differences, i.e. differences between the reported values of assets and liabilities and these items' values for tax purposes, plus any tax deficit. No provisions are made for deferred tax on temporary differences attributable to participations in subsidiaries or joint ventures, as the company is able to determine that date on which the temporary differences are reversed, and such a reversal is not expected to take place in the foreseeable future. Similarly, no provisions are made deferred tax on the initial reporting of goodwill. Changes in deferred tax are reported in the income statement.

Deferred tax assets are reported for all deductible temporary differences and when there is a possibility that unutilised loss carry-forwards will be usable in the future.

Valuations of deferred tax assets and tax liabilities are based on the company's expectations regarding how it expects to recover/settle the reported value of the corresponding asset/liability. These valuations are determined without discounting and made according to the tax rates and tax regulations applicable or announced as per the balance sheet date. A deferred tax asset is valued at a maximum of the amount which can likely be recovered, based on current or future taxable profit, and is re-assessed on each balance sheet date.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash and available balances held with banks and other credit institutions, as well as short-term, liquid investments which can be easily converted to a known amount and which is exposed to an immaterial risk of value fluctuations. Such investments have a maximum duration of three months. The item 'Cash and cash equivalents' in the cash flow statement includes the company's balance in the group's group account.

RECEIVABLES AND LIABILITIES IN FOREIGN CURRENCIES

Monetary items in foreign currencies are translated at the closing rate, and the exchange rate differences that arise on translation are reported in the income statement. Exchange gains and losses on operating receivables and operating liabilities in foreign currencies are reported in the items 'Other operating income' and 'Other operating expenses'. Other exchange gains and losses are reported under the heading 'Profit/loss from financial items'.

EQUITY

The group's equity is comprised of the following items:

- Share capital, representing the nominal value of issued and registered shares
- Other contributed capital refers to any share premiums received in conjunction with new issues of share capital
- Other equity including net profit/loss for the year includes the following;
    - Statutory reserve
    - Fund for capitalized development expenditure
    - Equity portion of untaxed reserves
    - Translation reserve
    - Retained earnings/Accumulated losses

Transactions with shareholders in the company, as well as shareholders' contributions and dividends, are reported separately in equity.

SHAREHOLDERS' CONTRIBUTIONS

The company reports shareholders' contributions provided as an increase or decrease in the value of the participation in the receiving subsidiary. Repayments of shareholders' contributions reduce the reported value of the participation in the subsidiary. Shareholders' contributions received are reported as an increase in equity. Repayments of shareholders' contributions received entail a reduction in equity.

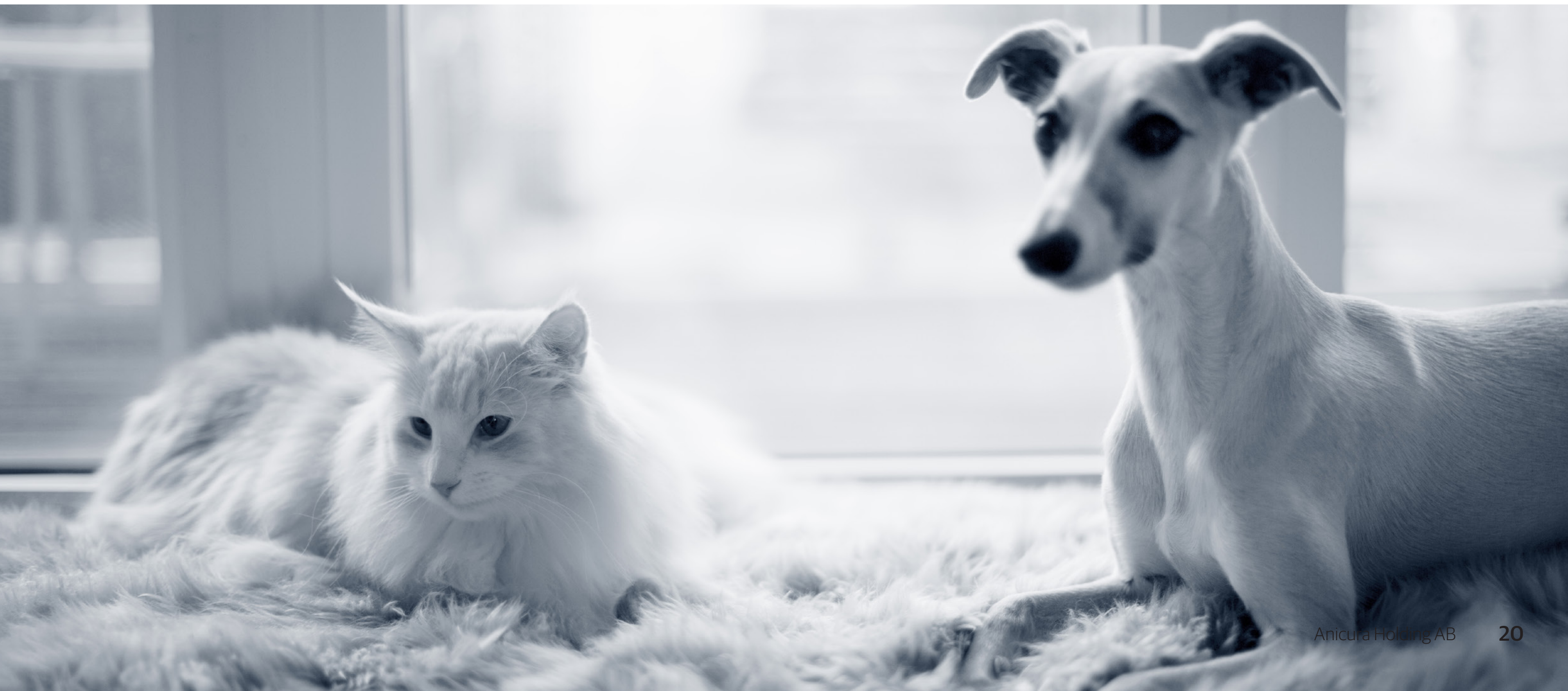
EMPLOYEE BENEFITS

Short-term employee benefits, such as salaries, holiday pay and bonuses, are forms of employee remuneration which fall due for payment within 12 months of the balance sheet date of the year during which the employee has earned the remuneration. Short-term remuneration is valued at the undiscounted amount which the company expects to pay as a result of the unexercised right.

The company provides post-employment benefits in the form of pensions, via various defined contribution plans. The company pays predetermined fees to a separate legal entity for a number of government plans and insurance policies for individual employees. The company has no legal or informal obligations to pay any additional amounts after the payment of the predetermined fees, which are reported as an expense in the period in which the relevant service is performed.

PROVISIONS

Provisions are reported when the group has a legal or informal duty to do so as a result of events that have arisen, when it is probable that an outflow of resources will be required to settle the obligation and when the amount has been calculated in a reliable manner. The date or amount of the outflow does not need to



be known. Provisions are initially at the company's best estimation of the amount required to settle the existing obligation, based on the most reliable information available as per the balance sheet date. Provisions are only utilised to cover the expenses for which the provision was originally intended. Provisions are re-assessed on each balance sheet date, with any adjustments being reported in the income statement.

CONTINGENT LIABILITIES

Contingent liabilities are reported for

- A potential obligation arising as a result of events which have occurred, the existence of which is only confirmed when one or several uncertain events which are not entirely within the company's control do or do not occur, or
- An existing obligation arising as a result of events which have occurred, but which is not reported as a liability or provision as it is not likely that an outflow of resources will be required to settle the obligation, or the amount of the obligation cannot be reliably estimated.

UNTAXED RESERVES

Due to the link between reporting and taxation, the company reports untaxed reserves. These are comprised to 22 % of deferred tax.

TRANSACTIONS WITH ASSOCIATED COMPANIES

All transactions with associated companies take place on commercial, market-based terms and prices.

ACCOUNTING PRINCIPLES IN PARENT COMPANY

The parent company apply the same accounting principles as the group.

Note 2: ESSENTIAL ESTIMATES AND ASSESSMENTS

When applying the company's accounting and valuation principles in the preparation of the financial statements, the Board of Directors is required to make certain estimates, assessments and assumptions which impact the reporting and valuation of assets, provisions, liabilities, income and expenses. Those areas in which estimates and assessments can be of material significance for the group, and which can, thereby, impact future income statements and balance sheets, are described below.

SIGNIFICANT ASSESSMENTS

The following represent the significant assessments made in the application of the company's accounting principles which have a material impact on the financial statements.

Reporting of deferred tax assets

The assessment of the scope to which tax assets can be reported is based on an assessment of the companys probable taxable income accrued in the future, against which deferred tax can be utilised.

Goodwill

Each year, the group assesses whether there is evidence of an impairment requirement in goodwill. Goodwill is valued on the basis of a multiple valuation approach. The operations have been divided into cash-generating units. No impairment of goodwill took place in 2017.

Intangible assets

Allocation between research and development in new software development projects and the determination if the criteria for capitalized expenditure is met requires assessments. When expenditure has been capitalized there are continues controls that the accounting requirements for capitalized development expenditure are met and if there are indications of impairment.

Assessment of doubtful debts

Accounts receivable are valued at the cash flow expected to accrue to the company. In order to ensure the most accurate estimation possible of these cash flows, a detailed and objective review of all outstanding amounts is undertaken as per the balance sheet date.

UNCERTAINTIES IN ESTIMATIONS

Information is provided below regarding estimates and assumptions which have the most significant impact of the reporting and valuation of assets, liabilities, income and expenses. The actual outcomes may differ substantially from these estimates and assumptions.

Business acquisitions

When calculating the fair value, valuation techniques are applied to determine the values in various parts of a business acquisition. Above all, the fair value of additional purchase price is dependent on the outcome of several variables.

Note 3 DISTRIBUTION OF NET SALES

	1 JAN 2017 -31 DEC 2017	1 JAN 2016 -31 DEC 2016
Group		
Sweden	929 547	775 193
Norway	506 368	410 669
Denmark	263 997	208 516
Europe	946 669	405 282
	2 646 581	**1 799 660**

Note 4 AUDITOR'S FEES AND REMUNERATION

	1 JAN 2017 -31 DEC 2017	1 JAN 2016 -31 DEC 2016
Group		
Grant Thornton		
Audit assignment	3 100	2 717
Other assignments	2 097	385
	5 197	**3 102**
Other accounting firms		
Audit assignment	1 335	851
	1 335	**851**

Note 5 EMPLOYEES AND PERSONNEL COSTS

	1 JAN 2017 -31 DEC 2017	1 JAN 2016 -31 DEC 2016
AVERAGE NUMBER OF EMPLOYEES		
Parent company		
Men	-	-
Women	2	-
Total	2	-
Group		
Men	346	250
Women	2 461	1 834
Total	2 807	2 084

GENDER DISTRIBUTION IN COMPANY MANAGEMENT

Parent company		
Board of Directors	4	4
proportion of women	50%	50%
Other senior management (Managing Director)	-	-
Group		
Board of Directors	162	110
proportion of women	33%	33%
Other senior management (Managing Director)	-	-
proportion of women	-	-

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY CONTRIBUTIONS

Parent company		
Salaries and remuneration	220	-
Social security contributions	81	-
(of which pension costs)	11	-
Group		
Salaries and remuneration	1 119 864	736 491
Social security contributions	293 461	199 676
(of which pension costs)	57 326	34 991
Group total	**1 413 325**	**936 167**

SALARIES AND REMUNERATION TO THE BOARD OF DIRECTORS

Parent company		
Salaries and remuneration to the Board and Managing Director	-	-
Subsidiaries in Sweden		
Salaries and remuneration to Board of directors and Managing Directors	13 087	19 440
(of which bonuses)	-	-
Salaries and remuneration to other employees	375 903	299 031
(of which bonuses)	-	-
	388 990	**318 471**
Subsidiaries in Norway		
Salaries and remuneration to Board of directors and Managing Directors	28 542	26 040
(of which bonuses)	611	-
Salaries and remuneration to other employees	176 335	141 475
(of which bonuses)	-	-
	204 877	**167 515**
Subsidiaries in Denmark		
Salaries and remuneration to Board of directors and Managing Directors	17 785	15 912
(of which bonuses)	244	-
Salaries and remuneration to other employees	95 922	60 921
(of which bonuses)	-	-
	113 707	**76 833**
Subsidiaries in Europe		
Salaries and remuneration to Board of directors and Managing Directors	71 053	34 580
(of which bonuses)	-	-
Salaries and remuneration to other employees	341 237	139 092
(of which bonuses)	-	-
	412 290	**173 672**

The CEO is employed in the parent company Anicura BC AB, 556972-6713. There is no agreement regarding severance pay for the CEO.

Note 6 AMORTISATION AND DEPRECIATION

	1 JAN 2017 -31 DEC 2017	1 JAN 2016 -31 DEC 2016
Cost of goods sold	-270 493	-187 002
Selling expenses	-1 501	-1 609
Administrative expenses	-42 854	-29 229
	-314 848	**-217 840**

Note 7 OPERATING LEASES

The group leases premises under operating lease agreements.

Summary of operating lease agreements

MINIMUM LEASE FEES	WITHIN 1 YEAR	1-5 YEARS	AFTER 5 YEARS	TOTAL
31 December 2017	97 537	244 753	39 656	**381 946**
31 December 2016	21 013	65 769	1 433	**88 215**

Lease fees for medical equipment during the reporting period amount to TSEK 7 410 (5 897).

Note 8 INTEREST EXPENSES AND SIMILAR PROFIT/LOSS ITEMS

	1 JAN 2017 -31 DEC 2017	1 JAN 2016 -31 DEC 2016
Parent company		
Exchange rates gains and losses	14	-
Intrest expense to Group companies	-1 113	-
Other financial expenses	10	-
	-1 089	**-**
Group		
Interest expenses to credit institutions	-85 771	-43 220
Interest expenses, subordinated credit	-14	-1 845
Interest expenses, financial leases	-107	-190
Exchange rates gains and losses	-10 327	21 016
Other financial expenses	-2 794	7 951
	-99 013	**-16 288**

Note 9 TAX ON PROFIT FOR THE YEAR

	1 JAN 2017 -31 DEC 2017	1 JAN 2016 -31 DEC 2016
Parent company		
Current tax	-	-
Deferred tax	-	-10
Tax on profit for the year	**-**	**-10**
Reconciliation of effective tax		
Profit/loss after financial items	-	143
Tax according to current tax rate	-	-31
Revaluation loss carryforwards	-	-10
Loss carryforwards used	-	31
	-	**-10**
Group		
Current tax	-17 658	-9 766
Deferred tax	413	2 332
Tax on profit for the year	**-17 245**	**-7 434**
Reconciliation of effective tax		
Profit/loss after financial items	-113 966	-77 303
Tax according to weighted average applicable rate	29 919	17 007
Adjustment of tax, previous tax assessments	1 186	-
Temporary differences	-	2 332
Utilization of tax losses, previously unrecognized	885	-
Unrecognized tax losses current year	-10 968	-
Permanent differences, other tax adjustments	-38 268	-26 773
	-17 246	**-7 434**
Current tax assets	6 473	6 532
Deferred tax assets	8 764	5 848
Current tax liabilities	9 494	11 240
Deferred tax liabilities	17 752	15 777

Note 10 GOODWILL

	31 DEC 2017	31 DEC 2016
Opening acquisition cost	1 711 199	945 786
Adjustments for netted opening balances	1 295	4 149
Balances in acquired companies	755 053	713 240
Translation differences	9 912	48 024
Closing accumulated acquisition cost	2 477 459	1 711 199
Opening amortisation	-338 934	-174 327
Adjustments for netted opening balances	-1 295	-4 149
Balances in acquired companies	-15 958	-4 184
Amortisation for the year	-226 837	-152 383
Translation differences	-1 950	-3 891
Closing accumulated amortisation	**-584 974**	**-338 934**
Closing residual value according to plan	1 892 485	1 372 265

Note 11 OTHER INTANGIBLE FIXED ASSETS

	31 DEC 2017	31 DEC 2016
Trademarks		
Opening acquisition cost	8 482	8 478
Acquisitions for the year	-	-
Translation differences	-2	4
Closing accumulated acquisition cost	**8 480**	**8 482**
Opening amortisation	-4 004	-2 391
Amortisation for the year	-1 500	-1 609
Translation differences	2	-4
Closing accumulated amortisation	**-5 502**	**-4 004**
Closing residual value according to plan	**2 978**	**4 478**
Capitalised expenditure		
Opening acquisition cost	23 085	21 133
Adjustments for netted opening balances	103	191
Transferred from projects in progress	82	-57
Assets in i acquired companies	263	-
Sales/disposals	-	-1
Acquisitions for the year	2 139	1 713
Translation differences	28	106
Closing accumulated acquisition cost	**25 700**	**23 085**
Opening amortisation	-7 987	-3 725
Adjustments for netted opening balances	-103	-191
Assets in i acquired companies	-7	-
Sales/disposals	-	1
Amortisation for the year	-4 388	-4 090
Reclassifications	-	99
Translation differences	-57	-81
Closing accumulated amortisation	**-12 542**	**-7 987**
Closing residual value according to plan	**13 158**	**15 098**
Other Intangible Assets		
Opening acquisition cost	171	-
Assets in i acquired companies	167	-
Acquisitions for the year	627	112
Reclassifications	-	57
Translation differences	-1	2
Closing accumulated acquisition cost	**964**	**171**
Opening amortisation	-29	-
Assets in i acquired companies	-167	-
Amortisation for the year	-84	-37
Translation differences	-4	8
Closing accumulated amortisation	**-284**	**-29**
Closing residual value according to plan	**680**	**142**
Total closing residual value according to plan	**16 816**	**19 718**

Note 12 PROJECTS IN PROGRESS IN INTANGIBLE FIXED ASSETS

	31 DEC 2017	31 DEC 2016
Opening acquisition cost	16 632	819
Transferred to intangible fixed assets	-82	-
Sales / disposals	-1 134	-
Acquisitions for the year	18 696	15 813
Closing accumulated acquisition cost	**34 112**	**16 632**

Note 13 LAND AND BUILDNINGS

	31 DEC 2017	31 DEC 2016
Opening acquisition cost	354 418	231 224
Adjustments for netted opening balances	-	519
Assets in acquired companies	55 070	73 814
Acquisitions	8 532	45 632
Sales / disposals	-123	-
Reclassifications	6 822	167
Translation difference	2 397	3 062
Closing accumulated acquisition cost	**427 116**	**354 418**
Opening depreciation	-59 940	-40 684
Adjustments for netted opening balances	-	-519
Assets in acquired companies	-11 696	-10 046
Depreciation for the year	-12 705	-8 737
Sales / disposals	432	-
Raclassifications	-12 028	-
Translation difference	490	46
Closing accumulated depreciation	**-95 447**	**-59 940**
Closing residual value according to plan	**331 669**	**294 478**

Note 14 COST OF IMPROVEMENTS TO LEASED PROPERTY

	31 DEC 2017	31 DEC 2016
Opening acquisition cost	45 262	36 904
Adjustments for netted opening balances	-	874
Assets in acquired companies	15 914	3 408
Acquisitions	1 170	4 977
Sales/disposals	-2 150	-2 631
Reclassifications	1 317	1 320
Translation difference	-438	410
Closing accumulated acquisition cost	**61 075**	**45 262**
Opening depreciation	-16 442	-8 753
Adjustments for netted opening balances	-	-874
Assets in acquired companies	-8 251	-1 390
Sales/disposals	2 066	69
Depreciation for the year	-7 017	-5 433
Reclassifications	-893	-
Translation difference	135	-61
Closing accumulated depreciation	**-30 402**	**-16 442**
Closing residual value according to plan	**30 673**	**28 820**

Note 15 PLANT AND EQUIPMENT

	31 DEC 2017	31 DEC 2016
Opening acquisition cost	390 651	263 646
Adjustments for netted opening balances	-	7 379
Assets in acquired companies	79 954	35 035
Acquisitions	58 889	87 804
Sales/disposals	-19 333	-12 270
Reclassifications	22 487	1 307
Translation difference	-2 909	7 750
Closing accumulated acquisition cost	**529 739**	**390 651**
Opening depreciation	-206 619	-132 241
Adjustments for netted opening balances	-	-7 379
Assets in acquired companies	-37 248	-19 379
Sales/disposals	11 421	3 625
Depreciation for the year	-62 412	-47 957
Reclassifications	-20 246	-92
Translation difference	1 795	-3 196
Closing accumulated depreciation	**-313 309**	**-206 619**
Closing residual value according to plan	**216 430**	**184 032**

Note 16 CONSTRUCTIONS IN PROGRESS IN TANGIBLE FIXED ASSETS

	31 DEC 2017	31 DEC 2016
Opening acquisition cost	10 091	3 898
Acquisitions for the year	22 768	10 081
Transferred to buildings and land	-148	-3 898
Transferred to plant and equipment	-6 115	-
Translation difference	1	10
Closing accumulated acquisition cost	**26 597**	**10 091**

Note 17 PARTICIPATING INTERESTS IN GROUP COMPANIES

	31 DEC 2017	31 DEC 2016
Parent company		
Opening acquisition cost	239 487	190 301
Shareholders' contribution paid	83 240	49 186
Closing accumulated acquisition cost	**322 727**	**239 487**

	CORPORATE IDENTITY NUMBER	REGISTERED OFFICES	NUMBER OF SHARES	SHARE OF EQUITY
Directly-owned;				
Anicura AB	556854-1386	Stockholm	50 000	100%

A complete specification over participating interests in group companies is available at Anicura Holding AB.

Note 18 PARTICIPATING INTERESTS IN ASSOCIATED COMPANIES

	CORPORATE IDENTITY NUMBER	REGISTERED OFFICES	NUMBER OF SHARES	SHARE OF EQUITY	BOOK VALUE
Group					
Nya Östersunds Djursjukhus Holding AB (group)	556988-9495	Östersund	245	49%	17 886
MittNorrlands Djursjukvård AB	*556853-9919*	*Östersund*	*245*	*49%*	
Bromee Fastighetsförvaltning AB	*556854-0545*	*Östersund*	*245*	*49%*	
Anima Dyreklinikk og Butikk AS	986825649	Bærum	2 000	20%	523
MCD-CT te Amsterdam	50282360	Amsterdam	-	50%	114
Other investments	-	-	-	-	15
					18 538

	31 DEC 2017	31 DEC 2016
Opening acquisition cost	20 975	27 378
Acquisitions	58	-
Reclassifications	-	-6 403
Change in equity contribution	-2 495	-
Closing accumulated acquisition cost	**18 538**	**20 975**

Note 19 PREPAID EXPENSES AND ACCRUED INCOME

	31 DEC 2017	31 DEC 2016
Group		
Prepaid rent	5 525	4 693
Prepaid interests	314	177
Prepaid lease fees	68	118
Accrued income	16 128	9 758
Other items	21 140	26 483
Total	**43 175**	**41 229**

Note 20 SHARE CAPITAL

	31 DEC 2017	31 DEC 2016
Parent company		
Reconciliation number of shares		
Number of shares 2017-01-01	1 383 433	1 383 433
New share issue	-	-
Number of shares 2017-12-31	1 383 433	1 383 433

A - shares	946 366	946 366
B - shares	437 067	437 067

Note 21 PROVISIONS

	31 DEC 2017	31 DEC 2016
Group		
Provision for deferred tax	17 752	15 777
Provision for pensions	206	2 081
Other provisions	193 897	167 005
	211 855	**184 863**

Other provisions primarily consists of future estimated additional considerations regarding acquisitions of subsidiaries.

Note 22 LIABILITIES TO CREDIT INSTITUTIONS

	31 DEC 2017	31 DEC 2016
Parent company		
Due date 1 year from balance sheet date	-	-
Due date 2-5 years from balance sheet date	2 263 763	-
Due date >5 years from balance sheet date	-	-
	2 263 763	-
Group		
Due date 1 year from balance sheet date	-	10 327
Due date 2-5 years from balance sheet date	2 263 763	1 516 144
Due date >5 years from balance sheet date	-	-
	2 263 763	1 516 144

The Group has been granted credit facilities totalling TSEK 126 000. Of these facilities, an amount of TSEK 0 has been utilised.

Note 23 OTHER NON-CURRENT LIABILITIES

	31 DEC 2017	31 DEC 2016
Parent company		
Liabilities to Group companies	223 973	209 973
	223 973	209 973
Group		
Financial lease liabilities	1 032	2 259
Liabilities to group companies	257 854	280 661
Other non-current liabilities	54 281	8 883
	313 167	291 803

Note 24 ACCRUED EXPENSES AND DEFERRED INCOME

	31 DEC 2017	31 DEC 2016
Parent company		
Other accrued exenses	289	365
Total	289	365
Group		
Accrued salaries and holiday pay	90 845	64 820
Accrued social security contributions	14 084	10 398
Accrued pension costs	2 504	1 176
Accrued interest expenses	17	96
Other items	21 729	19 496
Total	129 179	95 986

Note 25 ASSETS PLEDGED AND CONTINGENT LIABILITIES

	31 DEC 2017	31 DEC 2016
Parent company		
Assets Pledged		
Shares in subsidiaries	322 727	239 487
Contingent Liabilities	-	-
Group		
Assets Pledged		
Property mortgages	100 851	109 614
Floating charges	85 206	100 188
Shares in subsidiaries	1 659 916	1 343 624
Total assets pledged	1 845 973	1 553 426
Contingent Liabilities		
Parent company guarantee	12 739	7 008
Bank guarantee	219 616	1 822
Total contingent liabilities	232 355	8 830

Note 26 ADJUSTMENTS FOR ITEMS NOT INCLUDED IN CASH FLOW

	31 DEC 2017	31 DEC 2016
Exchange rates gains/losses	10 327	-21 016
Depreciation of goodwill	224 842	150 693
Depreciation of other intangible and tangible fixed assets	91 113	67 217
Interest expense and other financial costs	88 685	37 304
Interest income	-1 239	-2 751
Group contribution paid	8 945	49 145
Other adjustments	13 796	-6 000
Total	436 469	274 592

Stockholm, 2018-05-31

Peter Dahlberg
Chairman

Anna Sörelius Nordenborg

Björn Larsson

Sara Dahlström

My audit report was presented on May 31, 2018

Carl-Johan Regell
Authorised Public Accountant

Auditor's report

TO THE GENERAL MEETING OF THE SHAREHOLDERS OF ANICURA HOLDING AB, CORPORATE IDENTITY NUMBER 556854-1378

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

OPINIONS

I have audited the annual accounts and consolidated accounts of Anicura Holding AB for the year 2017.

In my opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2017 and their financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

I therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

BASIS FOR OPINIONS

I conducted my audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. My responsibilities under those standards are further described in the Auditor's Responsibilities section. I am independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled my ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

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

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

AUDITOR'S RESPONSIBILITY

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

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

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to my audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. I also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify my opinion about the annual accounts and consolidated accounts. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my opinions.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

OPINIONS

In addition to my audit of the annual accounts and consolidated accounts, I have also audited the administration of the Board of Directors of Anicura Holding AB for the year 2017 and the proposed appropriations of the company's profit or loss.

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

BASIS FOR OPINIONS

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS

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

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

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

Stockholm, 31 May 2018
Grant Thornton Sweden AB

Carl-Johan Regell
Authorized/Approved Public Accountant