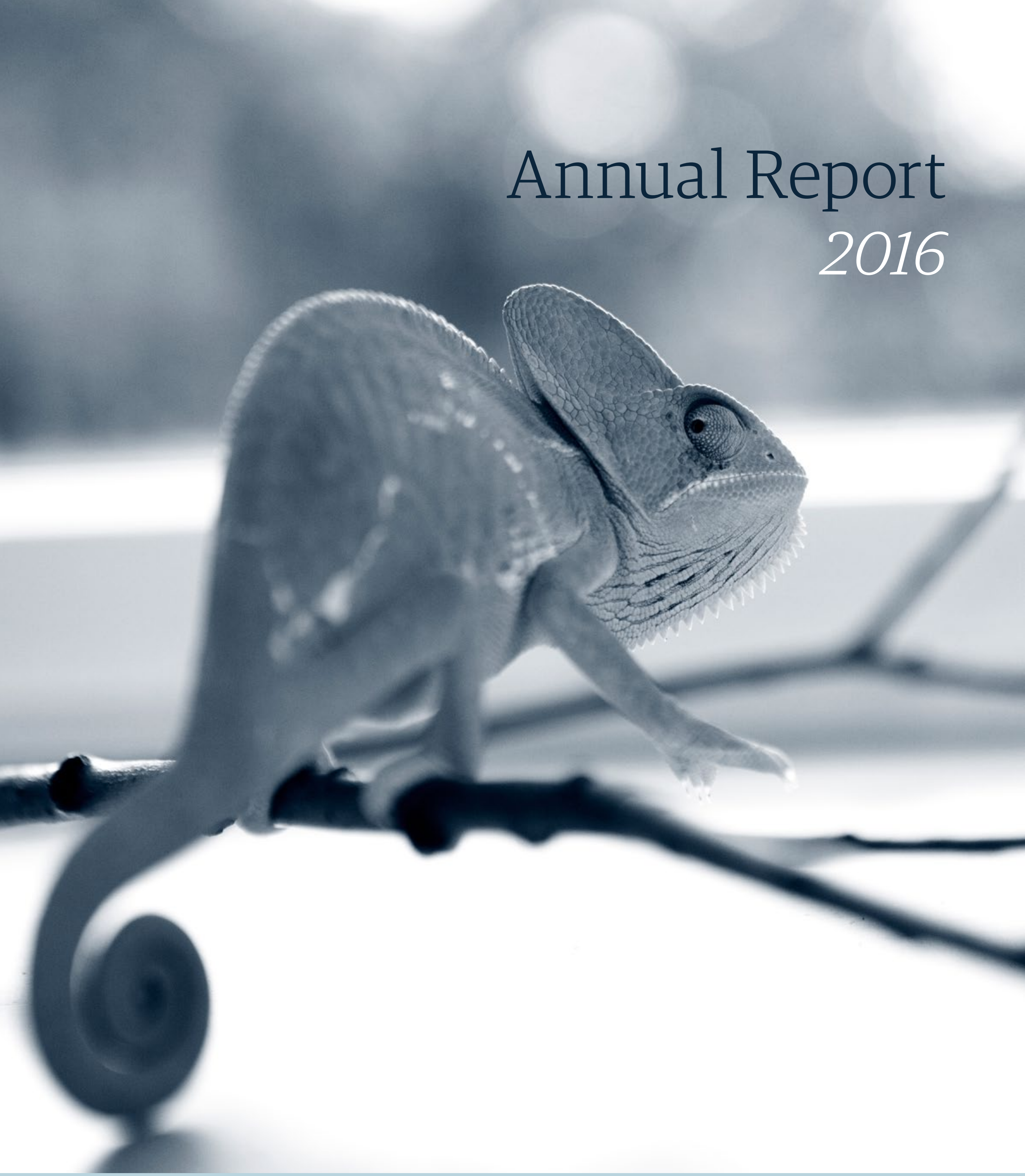
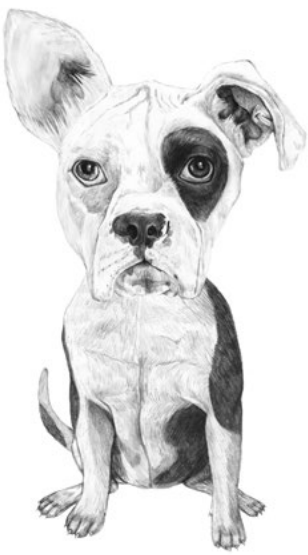
Annual Report
2016



AniCura

Contents



CEO statement 2016

Shaping the future of veterinary care

2016 was yet another remarkable year in our history that culminated in the celebration of our fifth anniversary.

Looking back, AniCura has had an exceptional development over the past five years. The company has grown from four Swedish animal hospitals with 270 employees at its inception in November 2011 to more than 150 animal hospitals and clinics with 3 000 employees across seven countries in Europe at the end of 2016. To ensure being at the forefront of industry development, we have invested more than SEK half a billion in modern equipment, education, research and facilities. Today, AniCura treats over 1.5 million patients per year and is a role model within specialised veterinary care throughout Europe.

Quality at the core of our business

Last year, we passed several milestones on the journey to realize our vision of shaping the future of veterinary care, together. Our work with medical quality remains at the very core of our business and as the first larger veterinary care provider in history, we published a quality report presenting some unique findings around European veterinary medicine. We continued to implement tangible quality improvements across the Group as well as to encourage best practice sharing between clinics and specialists by providing both digital and physical platforms.

Our long term commitment to improve quality of care was reflected in AniCura's customer survey 2016 that revealed an exceptionally strong customer satisfaction and awareness of our relative quality. Achievements that could only be realised when numerous veterinary clinics and specialists come together in a joint mission and vast amounts of knowledge is combined in a larger setting.

Strong reputation and growth

AniCura's focus on quality, our values driven organisation and decentralised operating model where decisions are taken as close to the patient and pet owner as possible have resulted in a strong reputation within European veterinary care. Last year, we carefully selected and welcomed 31 new clinics to AniCura. We reinforced our presence in the German market now totalling 20% of revenues, strengthened our position in the Netherlands and we welcomed our first clinic in Switzerland.

Total revenue for 2016 amounted to SEK 1 800 million including a solid organic sales growth of 10%, driven by an increase in the number of patient visits, a shift towards more specialised care and price increases of on average 2–3%. 2016 marks the sixth year with organic growth of at least 10%.

Overall, AniCura has a satisfying financial development with a healthy operating profit that is fully

reinvested in the business and ensures long-term commitment to developing medical quality.

Looking ahead, the veterinary care market continues to trend positively due to an increasing demand for more advanced care, an increasing number of patient visits and an ageing pet population. With a strong focus on medical quality and specialised care, AniCura is well equipped to take a leading position going forward.

Employee focus

AniCura's employees are our most valuable asset and their knowledge and expertise are crucial to our success. Going forward, finding and recruiting the industry's top talent will be key to AniCura's success. Therefore, we put substantial efforts and resources into educational initiatives, leadership development and work environment.

In 2016, we launched a Group wide employee survey as well as a unique leadership program to professionalize leadership within veterinary care. We continued to build upon our values and train our leaders to ensure that our values encompass everything we do and guide all employees in their daily work.

Looking ahead, we will continue our rapid expansion in Northern Europe, reap more benefits of being together in a larger setting and maintain a strong focus on medical quality and excellent customer service.

As stated already at our inception in 2011, we shape the future of veterinary care, together.

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, 2016 – December 31, 2016

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 150 European locations and creates peace of mind for pet owners through excellent access and patient safety. Every year, AniCura's 3000 veterinary professionals attend to more than 1.5 million companion animal patients. AniCura is a trusted training and referral body.

IMPORTANT CIRCUMSTANCES

During 2016, AniCura further strengthened its position through selected acquisitions in existing markets in Scandinavia, and continued its expansion into Germany, Austria and the Netherlands with the addition of a number of reputable animal hospitals in the respective countries. Switzerland became AniCura´s seventh country.

AniCura continues to attract significant attention in the veterinary industry and is evaluating additional acquisitions to supplement and develop its network with animal hospitals that share our values and will complement our community. This includes operations both in existing and new locations. It should be expected that AniCura will continue its strong acquisition growth during 2017. We will continue our strategy of being very discerning in our selection process for new members of our veterinary family.

MULTIPLE-YEAR OVERVIEW

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

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

In line with the above mentioned strategy, AniCura has made a number of acquisitions in existing geographies including a strategic investment of a franchise including a dozen clinics in the Netherlands.

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. 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	75 649 789
Share premium reserve	288 924 449
Net profit for the year	133 103
Available profits	**364 707 341**

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

To be carried forward	364 707 341
Total	**364 707 341**

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 2016 -31 DEC 2016	1 JAN 2015 -31 DEC 2015
Net sales	3	1 799 660	1 258 382
Cost of goods and services sold		-1 666 757	-1 146 868
Gross profit/loss		132 903	111 514
Costs for market and sales		-27 779	-19 988
Administrative expenses		-117 123	-91 698
Other operating income/operating expenses		-6 024	125
Share of net profit/loss in associated companies		1 766	253
Capital gains/losses on sales of fixed assets		693	-468
Operating profit/loss	4,5,6,7	-15 564	-263
Profit/loss from other securities and receivables		943	5 637
Interest income and similar profit/loss items		2 751	759
Interest expenses and similar profit/loss items	8	-16 288	-36 601
Profit/loss after financial items		-28 158	-30 468
Group contributions paid		-49 145	-22 817
Profit/loss before tax		-77 303	-53 285
Current tax		-9 766	-10 050
Deferred tax		2 332	-4 097
Tax on profit for the year	9	-7 434	-14 147
Net profit/loss for the year		-84 737	-67 432
Contributable to			
Shareholders in parent company		-85 874	-68 080
Minority interest		1 137	648
NET PROFIT/LOSS FOR THE YEAR		-84 737	-67 432

Balance Sheet, Group

GROUP

AMOUNTS IN TSEK	NOTE	31 DEC 2016	31 DEC 2015
ASSETS			
Fixed Assets			
Intangible Fixed Assets			
Goodwill	10	1 372 265	771 460
Other intangible fixed assets	11	19 718	23 495
Projects in progress in intangible fixed assets	12	16 632	819
Total intangible fixed assets		1 408 615	795 774
Tangible Fixed Assets			
Land and buildings	13	294 478	190 540
Cost of improvements to leased property	14	28 820	28 150
Plant and equipment	15	184 032	131 405
Constructions in progress in tangible fixed assets	16	10 091	3 898
Total tangible fixed assets		517 421	353 992
Financial Fixed Assets			
Deferred tax assets	9	5 848	2 484
Participating interests in associated companies	18	20 975	27 378
Other non-current receivables		68 216	14 536
Total financial fixed assets		95 039	44 399
Total fixed assets		2 021 075	1 194 165
Current Assets			
Inventories			
Finished products and goods for resale		76 363	44 702
Total inventories		76 363	44 702
Current Receivables			
Accounts receivable - trade		68 177	46 395
Tax assets	9	6 532	4 417
Other current receivables		32 910	15 033
Prepaid expenses and accrued income	19	41 229	24 912
Total current receivables		148 848	90 757
Current investments			
Current investments		734	553
Cash and Bank Balances			
Cash and Bank Balances		218 123	103 993
Total current assets		444 068	240 005
TOTAL ASSETS		2 465 143	1 434 169

Balance Sheet, Group

GROUP

AMOUNTS IN TSEK	NOTE	31 DEC 2016	31 DEC 2015
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	20	692	692
Other restricted equity		7 670	8 648
Capitalized development expenditure		10 397	-
Total restricted equity		18 759	9 339
Non-restricted equity			
Other contributed capital		289 188	289 188
Capitalized development expenditure		-10 397	-
Retained earnings		-85 022	-65 628
Net loss for the year		-85 874	-68 080
Total non-restricted equity		107 895	155 480
Equity attributable to shareholders in the parent company		126 654	164 819
Minority interest		13 217	11 642
Total equity		139 871	176 462
Provisions			
Deferred tax liabilities	9	15 777	13 586
Other provisions		169 086	27 310
Total provisions	21	184 863	40 897
Non-current Liabilities			
Liabilities to credit institutions	22	1 516 144	496 954
Other non-current liabilities	23	291 803	347 692
Total non-current liabilities		1 807 947	844 646
Current Liabilities			
Liabilities to credit institutions	22	10 327	43 845
Accounts payable - trade		89 773	63 558
Tax liabilities	9	11 240	9 716
Other liabilities		125 136	170 742
Accrued expenses and deferred income	24	95 986	84 304
Total current liabilities		332 462	372 164
TOTAL EQUITY AND LIABILITIES		2 465 143	1 434 169

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, annual report 1 Jan 2015	692	289 188	-82 690	-	20 099	15 897	243 186
New share issue							-
Shareholders' contribution received					6 500		6 500
Translation difference			-889				-889
Tax adjustment							-
Minority interest in equity						-4 255	-4255
Net loss for the year			-68 080				-68 080
Opening balance, 1 Jan 2016	692	289 188	-151 659	-	26 599	11 642	176 462
New share issue							-
Shareholders' contribution received					49 186		49 186
Translation difference			-1 478				-1 478
Acquisitions			-10 397	10 397			-
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

Cash Flow Statement

GROUP

	AMOUNTS IN TSEK	31 DEC 2016	31 DEC 2015
Operating activities			
Loss after financial items		-77 303	-53 285
Adjustment for items not included in the cash flow	26	274 592	88 962
Cash flow from operating activities before paid tax and changes in working capital		197 289	35 677
Income tax paid		-13 361	-15 116
Cash flow from operating activities before changes in working capital		183 929	20 561
Cash flow from changes in working capital			
Increase(-)/decrease(+) in inventories		-29 439	-9 669
Increase(-)/decrease(+) in operating receivables		-42 596	-22 340
Increase(+)/decrease(-) in operating liabilities		-71 715	54 178
Cash flow from operating activities		40 179	42 730
Investing activities			
Acquisitions of subsidiaries		-788 600	-293 288
Acquisitions of intangible fixed assets		-17 407	-71 299
Acquisitions of tangible fixed assets		-145 678	-78 116
Sales of tangible fixed assets		5 311	10 288
Investments in financial assets		-54 184	-19 039
Sales/reductions of financial assets		739	2 807
Cash flow from investing activities		-999 819	-448 647
Financing activities			
Interests received		2 713	-
Interests paid		-45 297	-
Shareholders' contribution received		47 195	6 500
Group contribution paid		-19 219	-22 817
New borrowings		1 164 678	496 625
Repayments of borrowings		-67 629	-54 547
Cash flow from financing activities		1 082 441	425 761
Cash flow for the year		122 801	19 844
Cash and cash equivalents at the beginning of the year		104 547	62 942
Translation difference in cash and cash equivalents		-8 491	21 761
Cash and cash equivalents at year-end		218 857	104 547

Income Statement, Parent Company

PARENT COMPANY

AMOUNTS IN TSEK	NOTE	1 JAN 2016 -31 DEC 2016	1 JAN 2015 -31 DEC 2015
Net sales		-	-
Cost of goods and services sold		-	-
Gross profit/loss		-	-
Costs for market and sales		0	-1
Administrative expenses		-419	-98
Other operating income/operating expenses		0	-
Operating profit/loss		-419	-99
Group contributions received		-	-
Interest income from Group companies		-	-
Other financial income		-	-
Interest expenses and similar profit/loss items	8	-	-
Profit/loss after financial items		-419	-99
Group contributions received		562	-
Profit/loss before tax		143	-99
Current tax		-	-
Deferred tax		-10	-
Tax on profit for the year	9	-10	-
NET PROFIT/LOSS FOR THE YEAR		133	-99

Balance Sheet, Parent Company

PARENT COMPANY

AMOUNTS IN TSEK	NOTE	31 DEC 2016	31 DEC 2015
ASSETS			
Fixed Assets			
Financial Fixed Assets			
Participations in Group companies	17	239 487	190 301
Deferred tax assets	9	-	10
Non-current receivables from Group companies		335 725	335 725
Total financial fixed assets		575 212	526 036
Total fixed assets		575 212	526 036
Current Assets			
Current receivables from Group companies		562	-
Cash and bank balances		13	17
Total current assets		575	17
TOTAL ASSETS		575 787	526 053
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		75 651	26 562
Net profit/loss for the year		133	-99
Total non-restricted equity		364 708	315 388
Total equity		365 399	316 080
Non-current Liabilities			
Other non-current liabilities	23	209 973	209 973
Total non-current liabilities		209 973	209 973
Current liabilities			
Short term liabilities to Group companies		50	-
Accrued expenses and deferred income	24	365	-
Total current liabilities		415	0
TOTAL EQUITY AND LIABILITIES		575 787	526 053

Changes in Equity, Parent Company

PARENT COMPANY	SHARE CAPITAL	SHARE PREMIUM RESERVE	RETAINED EARNINGS	NET PROFIT/ LOSS FOR THE YEAR	TOTAL EQUITY
Opening balance, annual report	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	-
Net profit/loss for the year				133	133
Closing balance, 31 DEC 2016	691	288 925	75 650	133	365 399

Cash Flow Statement

PARENT COMPANY

AMOUNTS IN TSEK	31 DEC 2016	31 DEC 2015
Operating activities		
Loss after financial items	-419	-99
Adjustment for items not included in the cash flow	-	-
Cash flow from operating activities before paid tax and changes in working capital	**-419**	**-99**
Income tax paid	-	-
Cash flow from operating activities before changes in working capital	**-419**	**-99**
Cash flow from changes in working capital		
Increase(-)/decrease(+) in inventories	-	-
Increase(-)/decrease(+) in operating receivables	-	-
Increase(+)/decrease(-) in operating liabilities	415	-
Cash flow from operating activities	**-4**	**-99**
Financing activities		
Shareholders' contribution received	49 186	6 500
Shareholders' contribution paid	-49 186	-6 500
Cash flow from financing activities	**-**	**-**
Cash flow for the year	**-4**	**-99**
Cash and cash equivalents at the beginning of the year	17	116
Cash and cash equivalents at year-end	**13**	**17**

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: 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 2016.

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 2016 -31 DEC 2016	1 JAN 2015 -31 DEC 2015
Group		
Sweden	775 193	737 681
Norway	410 669	284 391
Denmark	208 516	171 099
Europe	405 282	65 211
	1 799 660	1 258 382

Note 4 AUDITOR'S FEES AND REMUNERATION

	1 JAN 2016 -31 DEC 2016	1 JAN 2015 -31 DEC 2015
Group and parent company		
Grant Thornton		
Audit assignment	2 717	2 804
Other assignments	385	531
	3 102	3 335
Other accounting firms		
Audit assignment	851	490
	851	490

Note 5 EMPLOYEES AND PERSONNEL COSTS

	1 JAN 2016 -31 DEC 2016	1 JAN 2015 -31 DEC 2015
AVERAGE NUMBER OF EMPLOYEES		
Group		
Men	250	156
Women	1 834	1 147
Total	2 084	1 303
Parent company	-	-
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	110	148
proportion of women	33%	18%
Other senior management (Managing Director)	-	44
proportion of women	-	48%

SALARIES, OTHER REMUNERATION AND SOCIAL SECURITY CONTRIBUTIONS

Parent company		
Salaries, remuneration and social security contributions	-	-
Subsidiaries		
Salaries and remuneration	736 491	504 224
Social security contributions	199 676	118 415
(of which pension costs)	34 991	28 971
Group total	936 167	622 639

SALARIES AND REMUNERATION TO THE BOARD OF DIRECTORS AND SENIOR EXECUTIVES

Parent company		
Salaries and remuneration to the Board and Managing Director	-	-
Subsidiaries in Sweden		
Salaries and remuneration to Boards of Directors and Managing Directors	19 440	14 607
(of which bonuses)	-	-
Salaries and remuneration to other employees	299 031	356 485
(of which bonuses)	-	-
	318 471	371 092
Subsidiaries in Norway		
Salaries and remuneration to Boards of Directors and Managing Directors	26 040	18 907
(of which bonuses)	-	-
Salaries and remuneration to other employees	141 475	134 547
(of which bonuses)	-	-
	167 515	153 454
Subsidiaries in Denmark		
Salaries and remuneration to Boards of Directors and Managing Directors	15 912	4 794
(of which bonuses)	-	-
Salaries and remuneration to other employees	60 921	47 335
(of which bonuses)	-	-
	76 833	52 129
Subsidiaries in Europe		
Salaries and remuneration to Boards of Directors and Managing Directors	34 580	7 043
(of which bonuses)	-	-
Salaries and remuneration to other employees	139 092	67 893
(of which bonuses)	-	-
	173 672	74 935

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 2016 -31 DEC 2016	1 JAN 2015 -31 DEC 2015
Cost of goods sold	-187 002	-78 914
Selling expenses	-1 609	-1 187
Administrative expenses	-29 229	-11 653
	-217 840	**-91 752**

Note 7 OPERATING LEASES

The group leases premises under operating lease agreements.

Summary of operating lease agreements

	1-2 YEARS	3-4 YEARS	5 YEARS	TOTAL
Number of agreements, duration in years	2	32	1	35

MINIMUM LEASE FEES	WITHIN 1 YEAR	1-5 YEARS	AFTER 5 YEARS	TOTAL
31 December 2015	16 869	12 138	4 834	**33 841**
31 December 2016	21 013	65 769	1 433	**88 215**

Lease fees during the reporting period amount to TSEK 5 897 (4 189).

Note 8 INTEREST EXPENSES AND SIMILAR PROFIT/LOSS ITEMS

	1 JAN 2016 -31 DEC 2016	1 JAN 2015 -31 DEC 2015
Parent company		
Interest expenses to credit institutions	-	-
Interest expenses, subordinated credit	-	-
Other financial expenses	-	-
	-	**-**
Group		
Interest expenses to credit institutions	-43 220	-14 318
Interest expenses, subordinated credit	-1 845	-850
Interest expenses, financial leases	-190	-194
Exchange rates gains and losses	21 016	-20 477
Other financial expenses	7 951	-762
	-16 288	**-36 601**

Note 9 TAX ON PROFIT FOR THE YEAR

	1 JAN 2016 -31 DEC 2016	1 JAN 2015 -31 DEC 2015
Parent company		
Current tax	-	-
Deferred tax	-10	0
Tax on profit for the year	**-10**	**0**
Reconciliation of effective tax		
Profit/loss after financial items	143	-99
Tax according to current tax rate	-31	-22
Revaluation loss carryforwards	-10	-
Loss carryforwards used	31	-
	-10	**-22**
Deferred tax assets	0	10
Group		
Current tax	-9 766	-10 050
Deferred tax	2 332	-4 097
Tax on profit for the year	**-7 434**	**-14 147**
Reconciliation of effective tax		
Profit/loss after financial items	-77 303	-53 285
Tax according to current tax rates	17 007	-10 657
Temporary differences	2 332	-1 437
Permanent differences	-26 773	-2 053
	-7 434	**-14 147**
Current tax assets	6 532	4 417
Deferred tax assets	5 848	2 484
Current tax liabilities	11 240	9 716
Deferred tax liabilities	15 777	13 586

Note 10 GOODWILL

	31 DEC 2016	31 DEC 2015
Opening acquisition cost	945 786	541 043
Adjustments for netted opening balances	4 149	-
Balances in acquired companies	5 520	-
Acquisitions	707 720	405 499
Translation differences	48 024	-755
Closing accumulated acquisition cost	**1 711 199**	**945 786**
Opening amortisation	-174 327	-109 145
Adjustments for netted opening balances	-4 149	-
Balances in acquired companies	-4 184	-
Translation differences	-3 891	-
Amortisation for the year	-152 383	-65 182
Closing accumulated amortisation	**-338 934**	**-174 327**
Closing residual value according to plan	**1 372 265**	**771 459**

Note 11 OTHER INTANGIBLE FIXED ASSETS

	31 DEC 2016	31 DEC 2015
Trademarks		
Opening acquisition cost	8 478	4 695
Translation differences	4	-
Acquisitions for the year	-	3 783
Closing accumulated acquisition cost	**8 482**	**8 478**
Opening amortisation	-2 391	-1 288
Translation differences	-4	-
Amortisation for the year	-1 609	-1 103
Closing accumulated amortisation	**-4 004**	**-2 391**
Closing residual value according to plan	**4 478**	**6 087**
Capitalised expenditure		
Opening acquisition cost	21 133	3 820
Adjustments for netted opening balances	191	-
Transferred from projects in progress	-57	9 037
Translation differences	106	-
Sales/disposals	-1	-
Acquisitions for the year	1 713	8 276
Closing accumulated acquisition cost	**23 085**	**21 133**
Opening amortisation	-3 725	-2 797
Adjustments for netted opening balances	-191	-
Reclassifications	99	-
Sales/disposals	1	-
Translation differences	-81	-
Amortisation for the year	-4 090	-928
Closing accumulated amortisation	**-7 987**	**-3 725**
Closing residual value according to plan	**15 098**	**17 408**
Other Intangible Assets		
Opening acquisition cost	-	-
Reclassifications	57	-
Translation differences	2	-
Acquisitions for the year	112	-
Closing accumulated acquisition cost	**171**	**-**
Opening amortisation	-	-
Translation differences	8	-
Amortisation for the year	-37	-
Closing accumulated amortisation	**-29**	**-**
Closing residual value according to plan	**142**	**-**
Total closing residual value according to plan	**19 718**	**23 495**

Note 12 PROJECTS IN PROGRESS IN INTANGIBLE FIXED ASSETS

	31 DEC 2016	31 DEC 2015
Opening acquisition cost	819	7 455
Transferred to intangible fixed assets	-	-7 455
Acquisitions for the year	15 813	819
Closing accumulated acquisition cost	**16 632**	**819**

Note 13 LAND AND BUILDNINGS

	31 DEC 2016	31 DEC 2015
Opening acquisition cost	231 224	195 022
Adjustments for netted opening balances	519	-
Balances in acquired companies	73 814	-
Acquisitions	45 632	36 136
Reclassifications	167	66
Translation difference	3 062	-
Closing accumulated acquisition cost	**354 418**	**231 224**
Opening depreciation	-40 684	-35 383
Adjustments for netted opening balances	-519	-
Balances in acquired companies	-10 046	-
Reclassifications	-	-66
Depreciation for the year	-8 737	-5 236
Translation difference	46	1
Closing accumulated depreciation	**-59 940**	**-40 684**
Closing residual value according to plan	**294 478**	**190 540**

Note 14 COST OF IMPROVEMENTS TO LEASED PROPERTY

	31 DEC 2016	31 DEC 2015
Opening acquisition cost	36 904	42 176
Adjustments for netted opening balances	874	-
Balances in acquired companies	3 408	-
Acquisitions	4 977	704
Sales/disposals	-2 631	-
Reclassifications	1 320	-5 978
Translation difference	410	2
Closing accumulated acquisition cost	45 262	36 904
Opening depreciation	-8 753	-5 746
Adjustments for netted opening balances	-874	-
Balances in acquired companies	-1 390	-
Sales/Disposals	69	-
Depreciation for the year	-5 433	-3 007
Translation difference	-61	-
Closing accumulated depreciation	-16 442	-8 753
Closing residual value according to plan	28 820	28 150

Note 15 PLANT AND EQUIPMENT

	31 DEC 2016	31 DEC 2015
Opening acquisition cost	263 646	239 280
Adjustments for netted opening balances	7 379	-
Balances in acquired companies	35 035	-
Acquisitions	87 804	37 379
Sales/disposals	-12 270	-13 022
Reclassifications	1 307	-
Translation difference	7 750	9
Closing accumulated acquisition cost	390 651	263 646
Opening depreciation	-132 241	-137 451
Adjustments for netted opening balances	-7 379	-
Balances in acquired companies	-19 379	-
Sales/disposals	3 625	21 566
Reclassifications	-92	-
Translation difference	-3 196	-10
Depreciation for the year	-47 957	-16 346
Closing accumulated depreciation	-206 619	-132 241
Closing residual value according to plan	184 032	131 405

Note 16 CONSTRUCTIONS IN PROGRESS IN TANGIBLE FIXED ASSETS

	31 DEC 2016	31 DEC 2015
Opening acquisition cost	3 898	9 561
Acquisitions for the year	10 081	3 898
Transferred to buildings and land	-3 898	-8 787
Transferred to plant and equipment	-	-774
Translation difference	10	-
Closing accumulated acquisition cost	10 091	3 898

Note 17 PARTICIPATING INTERESTS IN GROUP COMPANIES

	31 DEC 2016	31 DEC 2015
Parent company		
Opening acquisition cost	190 301	183 801
Shareholders' contribution paid	49 186	6 500
Closing accumulated acquisition cost	**239 487**	**190 301**

Directly-owned	CORPORATE IDENTITY NUMBER	REGISTERED OFFICES	NUMBER OF SHARES	SHARE OF EQUITY
Anicura AB	556854-1386	Stockholm	50000	100%
The group's participating interests in group companies				
Anicura Falu Djursjukhus AB	556603-4061	Falun	3 000	100%
Anicura Västra Djursjukhuset AB	556718-4915	Göteborg	1 400	100%
Anicura Stockholms Regiondjursjukhus AB	556636-5895	Stockholm	5 000	100%
Anicura Djursjukhuset i Jönköping AB	556547-6248	Jönköping	252	100%
Anicura Läckeby Djursjukhus AB	556384-6764	Kalmar	1 000	100%
Anicura Kalmar Djursjukhus AB	556485-1169	Kalmar	1 500	100%
Anicura Norsholms Djursjukhus AB	556285-0791	Norrköping	1 000	100%
Anicura Djursjukhuset i Hässleholm AB	556421-1414	Hässleholm	4 000	100%
Anicura Veterinärhuset i Värnamo AB	556312-3560	Värnamo	1 000	100%
Anicura Djurdoktorn i Linköping AB	556586-2702	Linköping	1 000	100%
Anicura Arboga Djurklinik AB	556475-7267	Arboga	1 000	100%
Anicura Djurkliniken i Katrineholm AB	556428-6499	Katrineholm	1 000	100%
Anicura Smådjursmottagningen i Finspång AB	556465-8390	Finspång	100	100%
Anicura Veterinärboden AB	556640-9537	Stockholm	1 000	100%
Anicura Strängnäs Djurklinik AB	556625-9981	Strängnäs	1 000	100%
AniCura Jägarvallens Djursjukhus AB	556527-9428	Linköping	1 000	100%
AniCura Veterinärmottagningen Bromölla AB	556255-4583	Bromölla	1 000	100%
Anicura Property AB	556962-2359	Stockholm	50 000	100%
VetFamily AB	556969-5371	Stockholm	50 000	100%
Anicura Odalbygden 8 Jägarvallen AB	556641-7456	Linköping	1 000	100%
Rosenholm 2 Katrineholm AB	556962-2367	Stockholm	50 000	100%
AniCura Holding AS	998675375	Oslo	30	100%
AniCura AS	911627604	Oslo	30	100%
AniCura Veterinærmedisin AS	998656176	Oslo	30	100%
VetFamily AS	914470595	Oslo	30	100%
AniCura Dyresykehus Oslo AS	997841646	Oslo	100 000	100%
AniCura Dyreklinikk Majorstuen AS	997238311	Oslo	100	100%
AniCura Dyreklinikk Oslo AS	944047166	Oslo	100	100%
AniCura Dyreklinikk Ekeberg AS	983392423	Oslo	10 000	100%
AniCura Dyresykehuset Bergen Nord AS	988469521	Bergen	30 000	100%
AniCura Dyreklinikken Askøy AS	986617590	Asköy	200	100%
AniCura Dyreklinikken Sotra AS	988350885	Fjell	500	100%
AniCura Dyresykehuset Bergen Sør AS	951216879	Stend	335	100%
AniCura Dyreklinikk Østerås AS	979687680	Bærum	2 400	100%
AniCura Dyresykehuset Tromsø AS	882239152	Tromsø	1 000	100%
AniCura Dyreklinikken Telemark AS	982173566	Sauherad	1 000	100%
AniCura Dyreklinikk Drammen AS	983797547	Drammen	120	100%
AniCura Dyreklinikk Rising AS	985580448	Skien	3 000	100%
AniCura Dyreklinikk Grimstad AS	888985972	Grimstad	153	100%
Sørlandets Dyreklinikk AS	982803438	Kristiansand	150	100%
Byåsen Dyrehospital AS	987884169	Trondheim	300	100%
AniCura Dyresykehus Stavanger AS	982161800	Stavanger	100	100%
Eidsvoll Dyreklinikk AS	913476743	Eidsvoll	300	100%
Stjørdal Dyreklinikk AS	998462452	Stjørdal	100	100%
Elverum Dyrehospital AS	987239093	Elverum	150	100%
Gjøvik Dyreklinikk AS	989068024	Gjøvik	100	100%
Kongsvinger Veterinærklinikk AS	975961850	Kongsvinger	200	100%

Follo Dyreklinikk AS	981320735	Ski	100	100%
Jeløy Dyreklinikk AS	912049205	Moss	100	100%
Dyrelegene på Lilleaker AS	998462452	Oslo	30	100%
Anicura Skien Dyreklinikk AS	913529219	Skien	30 000	100%
Vennesla Dyreklinikk AS	887005192	Vennesla	100	100%
Vågsbygd Dyreklinikk AS	996691861	Kristiansand	100 000	100%
Fana Dyresykehus AS	915264549	Bergen	100	100%
Heimdal Dyreklinikk AS	928988217	Trondheim	100	100%
Mandal Dyreklinikk AS	987584653	Mandal	1 000	100%
Vetscan AS	998838487	Bergen	30	100%
AniCura Holding Aps	34897743	Birkerød	80 000	100%
AniCura Aps	34897778	Birkerød	80 000	100%
Århus Dyrehospital A/S	27237096	Aarhus	11 120	100%
AniCura Property ApS	34897786	Birkerød	80 000	100%
AniCura Tanddyrekliniken ApS	35637761	Målöv	51 407	49%
Københavns Dyrehospital P/S	33256825	Köpenhamn	710 002	93%
Københavns Dyrehospital Komplementarselskab ApS	33250258	Köpenhamn	80 000	100%
Gistrup Dyrehospital APS	30359194	Gistrup	125	100%
Vet-Shoppen A/S	25157257	Odense	500	100%
Centrum Dyrehospital A/S	25706455	Rödovre	510 000	51%
VetFamily ApS	26416418	Højbjerg	4 300	100%
Anicura Property FX ApS	36557354	Birkerød	50 000	100%
Anicura FX ApS	36557265	Birkerød	50 000	100%
Vangede Dyreklinik ApS	21105686	Gentofte	125 000	100%
Hjørring Dyrehospital ApS	19562433	Hjørring	126 000	100%
Djursjukhusgruppen Finland Holding AB	2481707-4	Helsingfors	2 500	100%
AniCura Netherlands Holding B.V.	64331326	Amsterdam	1	100%
Specialistische Dierenkliniek Utrecht B.V.	63048590	Utrecht	1 000	100%
De Tweede Lijn B.V.	55415431	Wilhelminaoord	18 000	100%
Anicura Dierenziekenhuis Drechtstreek B.V.	643317769	Amsterdam	1	100%
Kliniek Voor Gezelschapsdieren Eersel B.V.	17166134	Eersel	300	100%
Anicura MCD B.V.	65851706	Amsterdam	1	100%
Spoedkliniek voor Dieren Zuid-Holland B.V.	56660081	Delft	2	100%
Spoedkliniek voor Dieren Amsterdam B.V.	33241355	Amsterdam	1 500	100%
MCD B.V.	34287839	Amsterdam	12 486	69%
AniCura Austria Holding GmbH	FN 431218 w	Wien	1	100%
Anicura HB Service GmbH	FN 426614 z	Hollabrunn	1	100%
TK Hollabrunn Betriebsgesellschaft m.b.H	FN 429798 g	Hollabrunn	1	100%
Tierklinik FGW Service GmbH	FN 442955 f	Korneuburg	1	100%
AniCura maka Service GmbH	FN 443248 k	Wien	1	100%
Maka TK & thz ASPERN BgmbH	FN 443252 t	Wien	1	100%
OpCO TK Korneuburg Gmbh & Co KG	FN 442955 f	Korneuburg	1	100%
AniCura Germany TC GmbH	HRB 135014	München	25 000	100%
AniCura Germany Holding GmbH	HRB 135219	München	25 000	100%
Anicura Tierärztliche Spezialisten Hamburg GmbH	HRB 135395	Hamburg	25 000	100%
AniCura Kleintierspezialisten Ravensburg GmbH	HRB 21311	Ravensburg	25 000	100%
AniCura Kleintiermedizinisches Zentrum Hüttig GmbH	HRB 751474	Reutlingen	25 000	100%
AniCura Tierärztliche Klinik Neu-Ulm GmbH	HRB 216422	Neu-Ulm	25 000	100%
AniCura Kleintierzentrum Heilbronn GmbH	HRB 216423	Heilbronn	25 000	100%
Tierarztpraxis Dr. Baronetzky-Mercier GmbH	HRB 209763	Mayen	25 000	100%
Anicura Kleintierspezialisten Augsburg GmbH	HRB 723328	Augsburg	25 000	100%
Anicura Kleintierzentrum Neckarwiesen GmbH	HRB 173499	Berlin	25 000	100%
Anicura Kleintierklinik Babenhausen GmbH	HRB 223935	Babenhausen	25 000	100%
Anicura Kleintierklinik Bretzenheim GmbH	HRB 723262	Bretzenheim	25 000	100%
Anicura Kleintierorthopädie Wiesbaden GmbH	HRB 173499	Berlin	25 000	100%
Anicura Bielefeld GmbH – Tierärztliche Klinik fur Kleintiere GmbH	HRB 209781	Bielefeld	25 000	100%
Anicura Tierärztliche Klinik Praxis Dr. Xaver Rösch	HRB 223734	Hassloch	25 000	100%

Tierklinik Bamberg GmbH	HRB 223984	Bamberg	25 000	100%
Tierärztliche Klinik fur Kleintiere am Forstgarten GmbH	HRB 755508	Kleve	25 000	100%
Anicura Tierärztliche Klinik vom Bökelberg GmbH	HRB 720580	Mönchengladbach	25 000	100%
Anicura Kleintiermedizinisches Zentrum Dr. Nees GmbH	HRB 219330	Weingarten	25 000	100%
Anicura Switzerland AB	559052-1976	Stockholm	50 000	100%
AOI Animal Oncology and Imaging Center AG	CH-170.3.030.350-3	Hüneberg	3 231	100%

Note 18 PARTICIPATING INTERESTS IN ASSOCIATED COMPANIES

	CORPORATE IDENTITY NUMBER	REGISTERED OFFICES	NUMBER OF SHARES	SHARE OF EQUITY
Group				
MittNorrlands Djursjukvård AB	556853-9919	Östersund	245	49%
Nya Östersunds Djursjukhus Holding AB	556988-9495	Östersund	245	49%
Bromee Fastighetsförvaltning AB	556854-0545	Östersund	245	49%
Anima Dyreklinikk og Butikk AS	986825649	Bærum	2000	20%

	31 DEC 2016	31 DEC 2015
Opening acquisition cost	27 378	9 273
Acquisitions	-	18 105
Reclassifications	-6 403	-
Closing accumulated acquisition cost	**20 975**	**27 378**

Note 19 PREPAID EXPENSES AND ACCRUED INCOME

	31 DEC 2016	31 DEC 2015
Group		
Prepaid rent	4 693	3 602
Prepaid interests	177	291
Prepaid lease fees	118	98
Accrued income	9 758	8 033
Other items	26 483	12 888
	41 229	**24 912**

Note 20 SHARE CAPITAL

	31 DEC 2016	31 DEC 2015
Parent company		
Reconciliation number of shares		
Number of shares 2016-01-01	1 383 433	1 383 433
New share issue	-	-
Number of shares 2016-12-31	1 383 433	1 383 433

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

Note 21 PROVISIONS

	31 DEC 2016	31 DEC 2015
Group		
Provision for deferred tax	15 777	13 586
Provision for pensions	2 081	2 223
Other provisions	167 005	25 088
	184 863	**40 897**

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

Note 22 LIABILITIES TO CREDIT INSTITUTIONS

	31 DEC 2016	31 DEC 2015
Group		
Due date 1 year from balance sheet date	10 327	43 845
	10 327	**43 845**
Due date 2-5 years from balance sheet date	1 516 144	496 954
Due date >5 years from balance sheet date	-	-
	1 516 144	**496 954**

The Group has been granted overdraft totaling TSEK 66,000. Of these facilities, an amount of TSEK 11,623 has been utilised.

Note 23 OTHER NON-CURRENT LIABILITIES

	31 DEC 2016	31 DEC 2015
Parent company		
Liabilities to Group companies	209 973	209 973
	209 973	**209 973**
Group		
Financial lease liabilities	2 259	7 325
Liabilities to group companies	280 661	339 377
Other non-current liabilities	8 883	990
	291 803	**347 692**

Note 24 ACCRUED EXPENSES AND DEFERRED INCOME

	31 DEC 2016	31 DEC 2015
Parent company		
Other accrued exenses	365	-
Total	**365**	**-**
Group		
Accrued salaries and holiday pay	64 820	51 669
Accrued social security contributions	10 398	10 372
Accrued pension costs	1 176	399
Accrued interest expenses	96	135
Other items	19 496	21 728
Total	**95 986**	**84 304**

Note 25 ASSETS PLEDGED AND CONTINGENT LIABILITIES

	31 DEC 2016	31 DEC 2015
Parent company		
Assets Pledged		
Shares in subsidiaries	239 487	190 301
Contingent Liabilities	-	-
Group		
Assets Pledged		
Property mortgages	109 614	109 525
Floating charges	100 188	12 850
Shares in subsidiaries	1 343 624	732 373
Total assets pledged	**1 553 426**	**854 748**
Contingent Liabilities		
Parent company guarantee	7 008	4 383
Bank guarantee	1 822	320
Total contingent liabilities	**8 830**	**4 703**

Note 26 ADJUSTMENTS FOR ITEMS NOT INCLUDED IN CASH FLOW

	31 DEC 2016	31 DEC 2015
Exchange rates gains/losses	-21 016	20 477
Depreciation of goodwill	150 693	78 615
Depreciation of other intangible and tangible fixed assets	67 217	13 137
Interest expense	37 304	16 123
Interest income	-2 751	-759
Group contribution paid	49 145	22 817
Other adjustments	-6 000	-61 448
Total	**274 592**	**88 962**

Stockholm, 2017-06-30

Peter Dahlberg
Chairman

Anna Sörelius Nordenborg

Björn Larsson

Sara Dahlström

My audit report was presented on June 30, 2017

Carl-Johan Regell
Authorised Public Accountant

Audit 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 2016.

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 2016 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 intend 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 scepticism 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 2016 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 scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on 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, 30 June 2017

Carl-Johan Regell
Authorised Public Accountant

Together, we shape the future of high quality specialized veterinary care.