

AddLife 



ANNUAL REPORT 2023

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ADDLIFE IN BRIEF

A leading partner in Life Science

AddLife is a leading independent European partner with a diversified portfolio in Life Science. AddLife owns, develops, and acquires companies primarily in the fields of healthcare and research. The Group has a well established, entrepreneur-driven culture with strong values, where sustainability is integrated into the business.



AddLife is active in the European Life Sciences market. The Group has a decentralised and entrepreneur-driven business model, with more than 85 operating subsidiaries. The Group is organised based on its customer groups in two business areas, Labtech and Medtech. Labtech includes the Biomedical and Research and Diagnostics business units, while Medtech includes the Hospital and Homecare business units.

AddLife's companies offer high-quality products and services to both the private and public sectors. The Group's product portfolio consists predominantly of distribution and partly of own manufactured products.

The service portfolio includes advisory service, product service and training in all markets where the subsidiaries operate. The product portfolio is adapted to suit the unique needs of every customer group and is constantly improved. AddLife operates in 30 countries in Europe and has about 2,300 employees. The AddLife share is listed on NASDAQ Stockholm, Nordic Large Cap list.

ADDLIFE IN BRIEF

- Active in the European Life Science market
- Owns, develops and acquires profitable, market-leading, niche companies with offerings aimed primarily at the healthcare sector, from research to medical care
- Uses a decentralised and entrepreneur driven organisational structure, with subsidiaries functioning as independent entities
- The subsidiaries are divided into two business areas: Labtech and Medtech
- The AddLife share is listed on NASDAQ Stockholm, Nordic Large Cap list

VISION

To improve people's lives by being a leading, value-adding partner in Life Sciences.

MISSION

AddLife provides added value to its customers who are active in the healthcare sector – from research to medical care. This is done by offering high-quality, cost-effective solutions of services and products to both the private and public sectors in Europe.

CORE VALUES

Simplicity – Responsibility – Commitment – Innovativeness. The Group's core values guide AddLife's entrepreneurial business model.



THE YEAR IN BRIEF

AddLife 2023

During the year, AddLife has steadily adapted to support healthcare systems in the return to a normalised situation after COVID-19, while also helping to manage the healthcare queues that grew significantly during the pandemic.

Sales in all business areas showed a favourable trend and organic growth, excluding COVID-19 related sales and exchange rate fluctuations, reached a robust 10%.



9 685

NET SALES
SEKm

1 135

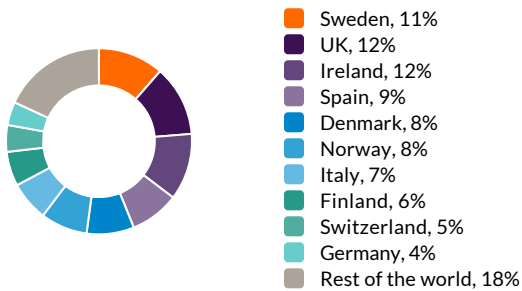
EBITA
SEKm

773

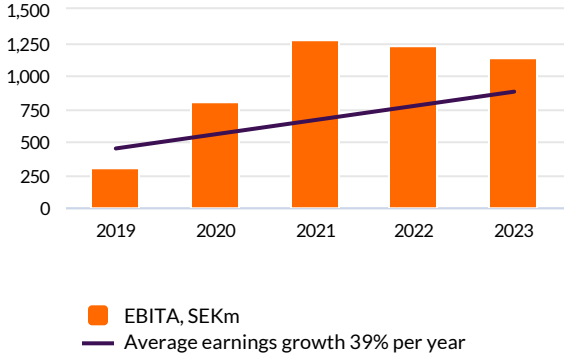
OPERATING
CASH FLOW SEKm

As expected, COVID-19-related sales gradually ceased and were replaced in 2022 by acquired growth, mainly in the Medtech business area, followed by strong organic growth in both business areas in 2023.

ADDLIFE NET SALES BY MARKET 2023



EARNINGS GROWTH



Improving profitability and cash flow was a priority during the year. Following a thorough analysis of eye surgery and digital solutions in Homecare, strategic measures were adopted at year-end which will generate substantial positive effects on growth, profitability, and cash flow in 2024 and beyond. The positive market trend and robust cash flow in the latter part of the year align with our aim to reduce net debt through internally generated cash flow and, over time, increase the pace of acquisitions.



COMMENTS BY THE CEO

Organic growth at record level in 2023



“Organic growth at historically high levels in 2023 confirms the successful long-term positioning of AddLife for post-pandemic market conditions. The robust organic growth is also an indication of the good health and prosperity of the companies within the AddLife family, including both long-standing members and recent additions. Comprehensive initiatives aimed at enhancing profitability and cash flow were undertaken throughout the year, resulting in strong cash flow at the end of 2023, with further profitability improvements expected for 2024. AddLife is now a significantly larger entity, with strong positions across Europe. During the year we have updated our organization and strategy, so that we based on our new position will continue to meet our financial targets and again double our business in the coming years”

Organic growth at record levels

Organic growth, excluding currency effects, reached 10% for the year, significantly outperforming the market. This achievement demonstrates that AddLife is positioned in attractive, rapidly growing niches and is gaining market share. A key focus this year has been nurturing our companies within the AddLife family and upgrading the organisation through investments in personnel, activities, and resources to drive future organic growth. AddLife's companies are active in healthcare and research, sectors characterized by stable growth and resilience to economic fluctuations.

Significant actions to improve profitability

The more than 85 companies within the AddLife family are developing well with strong profitability. However, in two isolated areas: eye surgery and digital solutions in Homecare profitability has not been satisfactory. Following a thorough analysis, significant actions were taken in 2023 that will lead to annual cost savings of around SEK 100 million, effective from 2024 onwards. The changes will also result in increased decentralisation, strengthening local responsibility and customer focus.

Strengthened cash flow and balance sheet

The AddLife business model is largely based on efficiency, profitability and efficient use of capital. Activities aimed at improving cash flow by reducing working capital were vigorously pursued throughout 2023 across all companies, with particular emphasis on larger entities recently acquired by AddLife. We saw clear results of these efforts in the latter half of 2023, reflected in improved cash flow and a strengthened balance sheet.

Corporate culture and sustainability

AddLife's vision is to improve people's lives by being a reliable and value-creating supplier to the healthcare and research communities. Our sustainability efforts are deeply rooted in this vision, complemented by our company culture and values, which encompass commitment and accountability. Sustainability efforts have intensified over the year, focusing on three main areas: sustainable health, sustainable culture, and sustainable supply chain. In 2023, we introduced a set of targets and key metrics that we regularly monitor, which have also been integrated into our incentive programs.

Organisation and strategy for growth

Decentralised decision-making, accountability combined with autonomy, and a culture of active ownership are key pillars of AddLife's culture and business model. Our ongoing efforts focus on improving profitability and cash flow, while maintaining high ambitions for organic and acquired growth. To ensure the success of this model within the larger and more European-wide company we are today, we have updated the organisation with strengthened leadership of the business units, fostering continuous active ownership, development, and future growth. Our newfound scale and European coverage also afford us significant new opportunities for development and expansion, prompting us to update our strategy to capitalise on these prospects.

Increased acquisition activity

Over the past few years, AddLife has undertaken numerous acquisitions, some of which have been substantially larger than previously and have involved expanding into new geographical markets. The primary focus in 2023 has been on taking care of these acquisitions and ensuring that their development aligns with our expectations. Over the course of the year we have also identified prioritized areas for acquisitions, refined our acquisition process and strengthened organisational resources to efficiently manage our acquisitions. The stable positive trend in our market and the robust cash flow in the second half of 2023 support our ambition to reduce net debt through internally generated cash flow and, over time, resume an increased pace of acquisitions.

Summary and future outlook

In conclusion, I'd like to express my sincere gratitude to all employees for their dedicated and committed work, always with the customer's best interest in mind and with the ambition to help improve lives. Common characteristics across our companies are dedication, expertise, initiative, strong community, and a positive atmosphere. We have invested in personnel, resources, and employee development opportunities, which has also been reflected in employee satisfaction surveys. The initiatives and achievements in 2023 provide a solid foundation for substantial progress in 2024 and beyond!

Stockholm March 2024



Fredrik Dalborg
President and CEO

BUSINESS MODEL

Long-term profitable growth

AddLife develops and acquires profitable, market-leading companies in selected niches within Life Science.

AddLife's proven and decentralised business model focuses on long-term profitable growth and sustainable development. While the company continued to successfully execute the growth plan for 2023, actions were taken to support continued positive profitability growth and improved cash flow.

At AddLife, the combined resources, networks and expertise of a large company are complemented with the flexibility, personality and efficiency of an entrepreneur. AddLife acts as a long-term and active owner, with a focus on business development and improved profitability. The subsidiaries are responsible for their own business operations within the context of the clear targets set by the Group for profit growth, profitability and sustainable development. The decentralised company structure fosters networking and knowledge sharing, while at the same time mitigating the risk of the Group relying on individual customers or suppliers.



AddLife combines the resources, networks and expertise of a large company and complements them with the flexibility, personality and efficiency of an entrepreneur.

Market leader in selected niches

The European Life Science market is large, relatively fragmented and steadily growing, regardless of economic fluctuations. AddLife leads the market in selected niches across various geographical markets where the subsidiaries, within their respective product segments, aim to deliver added value and provide customers with differentiated products and services. To ensure long-term growth and demand for the Group's products and services, AddLife focuses on four customer categories: Biomedical and Research, Diagnostics, Hospital and Homecare.

ADDLIFE'S PRODUCT SEGMENTS



Customer contact through the subsidiaries

Proximity to customers is a key competitive advantage. AddLife's subsidiaries are present in numerous European countries and maintain a robust commercial organisation comprising sales representatives, product specialists, marketing resources, and customer support, as well as technical service and customer training personnel.

All customer contacts and business relationships are managed through the subsidiaries, which maintain close collaboration with customers and suppliers through well-established local sales and service organisations. Customers can be found in both the private and public sectors, primarily in hospitals, home care, laboratories within the healthcare system, research, colleges, universities and the food and pharmaceutical industries. The majority of AddLife's customers are in the public sector, with sales usually managed through public procurement.

Subsidiaries handle supplier relationships

Close customer relationships combined with a strong, locally rooted service offering foster a unique understanding of current and future customer needs, as well as the ability to help customers implement new technologies. The subsidiaries offer highly competitive product portfolios that are constantly being updated and improved. The subsidiaries manage what are often long-term relationships with suppliers; in some cases, the subsidiaries may co-operate to provide suppliers with access to more geographical markets.

PRIORITIES 2023

Following several years of strong acquisition and COVID-19-related growth, 2023 was dominated by organic growth. Top priority has been given to defending and improving profitability, followed by organic growth, cash flow and acquisitions. In addition to the normal profitability-enhancing processes, several significant actions were implemented to improve profitability in 2024. Following a detailed review of the eye surgery company AddVision and within Homecare, substantial measures have been implemented to improve profitability.

In 2023, healthcare saw a gradual rise in elective surgeries, something that had been down-prioritized during the pandemic which resulted in lengthy waiting lists for surgeries, including in orthopaedics, oncology, cardiovascular diseases, and ophthalmology. Organic growth benefitted from this increased activity in 2023 and the positive trend is expected to continue in 2024.

Improved cash flow has been a priority throughout the year to reduce debt, and the company has strengthened its standard processes in this area with targeted measures that have delivered results in the second half of the year.

Over the course of the year, the company has identified prioritised growth segments and geographical regions, along with criteria for future acquisitions. The focus for future acquisitions is on entrepreneur-driven, profitable small and medium-sized companies within the Life Science sector. AddLife is actively engaged in maintaining and expanding its list of potential acquisition targets. Given the emphasis on improving profitability and reducing debt in 2023, few acquisitions were made during the year. A gradual increase in the pace of acquisitions is expected in 2024 and 2025.



**PROTECT AND
IMPROVE PROFIT**



**ORGANIC
GROWTH**



CASH FLOW



ACQUISITIONS

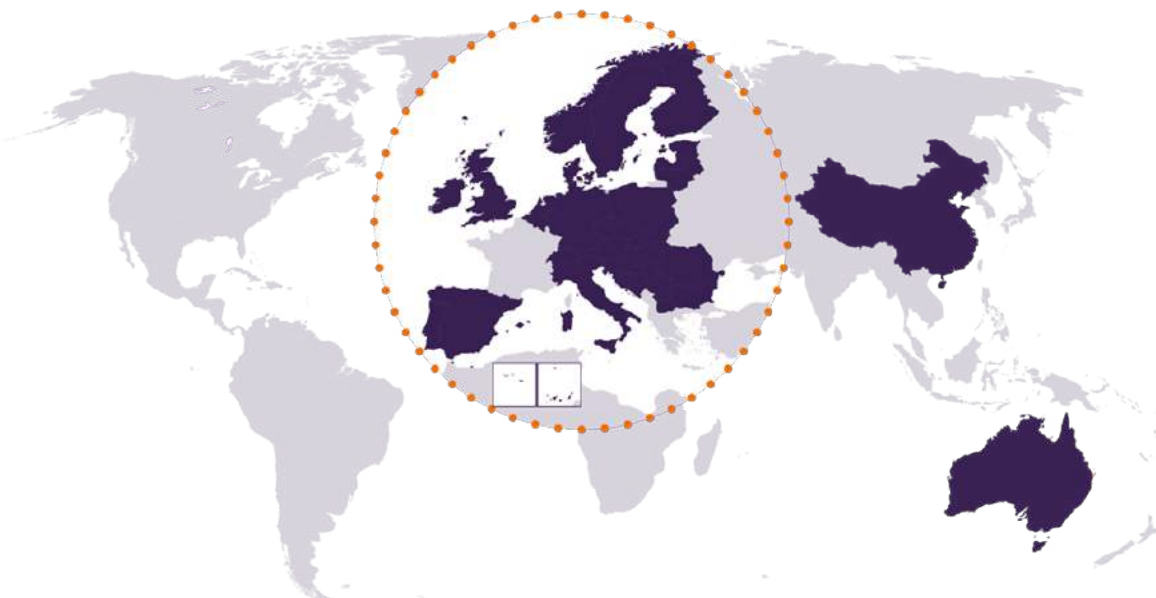
MARKET

High activity in the European Life Science market

AddLife is a leading player in Life Science with a strong presence across Europe, strategically well positioned for the post-pandemic market conditions. Through a decentralised business model targeting specific segments and a strong commitment to customer proximity and value-creating offerings, AddLife's companies can adjust to and benefit from the prevailing structural drivers and market trends.



AddLife is well positioned to benefit from the high level of activity in the European Life Science market, having strengthened its position through expanded geographical coverage. As more surgeries are conducted and healthcare budgets return to normal, the demand for resource-efficient products and services, advanced instruments, and consumables is on the rise. In 2023, the company also identified several prioritised growth segments expected to contribute to further profit growth.



The European Medtech market reached around EUR 140 billion in 2022. This market is growing at a rate of 5% per year and is insensitive to economic fluctuations. With a value of approximately EUR 17 billion, the diagnostics market has been growing steadily at an annual rate of 2-3 percent before the pandemic (around 4% including the volatile swings of the pandemic years) [1]. The combined Medtech and diagnostics market is forecasted to reach EUR 180 billion by 2025.

The market is fragmented, consisting of about 35,000 companies - 92 percent of which are small and medium-sized enterprises. The five largest regional markets are Germany, France, the United Kingdom, Italy, and Spain.

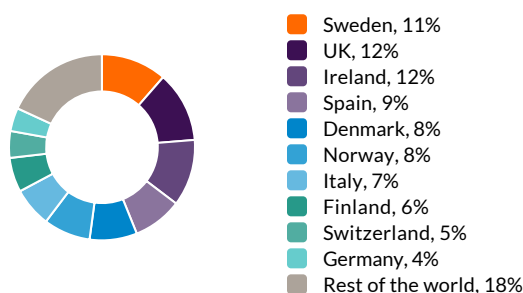
In Europe, an average of 11 percent of GDP is spent on health services, of which almost 8 percent is spent on medical devices. In the markets where AddLife's companies operate, public funding plays a significant role in healthcare financing, resulting in a substantial portion of business transactions taking place through public procurement.

Public procurement is expanding in scope, often entailing long contract periods. A trend is emerging away from purely price-driven procurement towards models that also prioritise sustainability and the quality of service and support.

While clinical needs and healthcare products are similar worldwide, regulatory requirements, healthcare systems, procurement processes, and patient preferences vary significantly across countries and regions. Moreover, service and clinical support is becoming increasingly important for advanced treatments. Consequently, proximity to customers, flexibility, and a strong local presence are important attributes for suppliers to the healthcare sector.

AddLife's presence in 30 European markets has strengthened relationships with both new and existing suppliers, broadened the group's network and facilitated sales of both proprietary and distributed products in new markets. AddLife's sales are relatively evenly distributed across multiple European markets, thereby reducing exposure to local market fluctuations.

ADDLIFE NET SALES BY MARKET 2023



Prioritised segments for AddLife

AddLife has identified several prioritised segments in its portfolio that offer higher potential for both organic and inorganic growth. The selected segments demonstrate significant growth, with an average growth of 9.5 percent for Labtech segments and 7.5 percent for Medtech segments, both well above the industry average.

	Prioritized segment	Current Share of sales	Expected margins	Addressable market (USDm)	Market CAGR 2023 - 2028	Description & rationale
DIAGNOSTICS	Microbiology	2%	>12%	1,300	8.2%	New technologies are appearing, e.g. nanotechnology used to develop biosensors, metagenomics or rapid PCR
	Molecular diagnostics & genetic testing	5%	>12%	5,300	10.4%	New technologies are appearing and new markets opening towards PoC
	Immunology	2%	>12%	35,400	7.7%	Growing segments, e.g., allergy, autoimmunity & infection serology
	Cytology & pathology	2%	>12%	5,300	13.6%	Digital pathology is the key driver for segment expansion
	POC (Point of Care)	5%	10-12%	15,200	10.2%	Growing market with new technology and fragmented competition
BIOMEDICAL & RESEARCH	Molecular biology	3%	>12%	6,200	13.3%	New technologies are market drivers, e.g. single-cell sequencing or CRISPR-Cas9 technology
	Cell biology & culturing	1%	10-12%	9,300	11.8%	Biotech research is growing
	Advanced instruments for laboratory analysis	3%	10-12%	22,800	8.7%	Advanced niche applications which often supports sales of reagents (instrument values > 10 KEUR)

	Prioritized segment	Current share of sales	Expected margins	Addressable market (USDm)	Market CAGR 2023 - 2028	Description & rationale
HOSPITAL	Surgery	11%	>10%	4,600	8.2%	High demand, interesting sub-segments, e.g., ENT (own products) or bariatric surgery
	Orthopaedic Surgery	9%	>10%	9,200	4.2%	High margins and growth, opportunities for geographical expansion
	Interventional radiology	2%	>10%	8,000	5.3%	Part of fast-growing minimal invasive surgery
	Endoscopy	2%	>10%	9,700	6.7%	Part of fast-growing minimal invasive surgery
	Ophthalmology	7%	>10%	20,600	4.3%	Growing demand, unique AddLife platform
	Hospital Consumables	5%	8-10%	103,400	8.4%	Opportunities with own products in existing channels, adding stable volumes to business
HOMECARE	Construction	1%	6-8%	1,400	11.6%	Demographic changes is a market driver for increased need for accessible bathrooms and kitchens
	Welfare technology	2%	8-10%	3,600	11.8%	New digital technologies, high growth and potential in selected geographical markets

Markets: Europe and Australia. Welfare technology, only Europe 2021-2027.
 Source: Market Data Forecast, Berg Insight, AddLife analysis, AddLife sales 2023.

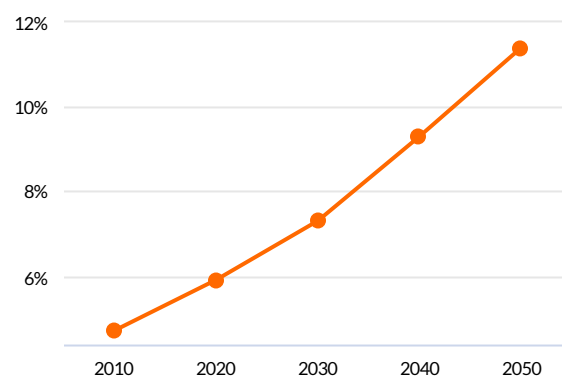
Long-term structural drivers

The Life Science market is strongly influenced by structural drivers that fundamentally affect the market and provide a framework for long-term development.

Ageing population

The ageing population is a key factor; over the next 25 years, the EU's population segment aged 80 or above is predicted to substantially rise from the current 6 percent to 11 percent [2]. Individuals in this age bracket are major consumers of healthcare, homecare, and diagnostic products and services. Healthcare expenditures per capita accelerate from the age of 55-60 and peak around 80-85 years, remaining high thereafter.

SHARE OF EU CITIZENS 80+



Simultaneously, the prevalence of chronic illnesses is on the rise, leading to a progressively ageing population living longer with one or more chronic diseases. Consequently, there is sustained long-term demand for healthcare products, services, and solutions that facilitate more efficient care for an aging population.

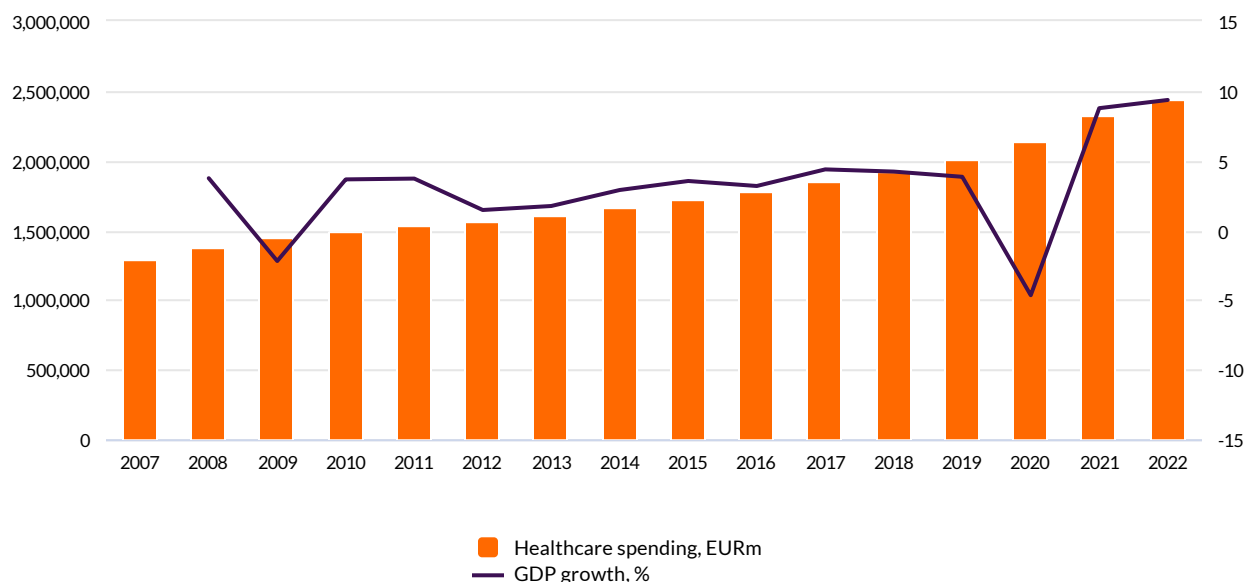
Economic factors

In Europe, healthcare is largely funded by taxes and faces a constantly growing demand. Healthcare is a high-priority in society, especially in the wake of the pandemic. The demand remains constant, providing a certain level of resilience against

budget cuts, even in times of economic austerity.

This stable growth can be observed by analysing GDP growth in relation to healthcare expenditure over time in the markets where AddLife is active. This indicates that AddLife operates in a market with consistently growing demand, which also remains relatively insulated from economic fluctuations [3].

HEALTHCARE SPENDING



Graph includes AddLife's markets in Europe and Australia.

Regulatory framework

An important characteristic of the market is its rigorous regulatory framework, which applies universally to both private and public entities. This creates a degree of caution and inertia, yet also ensures stability and predictability.

Suppliers are subject to rigorous standards concerning product quality, certifications, procurement specifications, regulatory compliance, and oversight, creating significant barriers to entry. The industry is in the process of implementing new EU regulations for medical devices (MDR) and in vitro diagnostic products (IVDR), although these efforts have faced some delays. In many cases, the new regulations will require renewed and more complex testing for CE certification. This task will be both costly and burdensome for small players with limited resources. As a result, large non-European suppliers may also seek out strong local partners for support in this effort. Furthermore, new sustainability standards are continuously introduced, with some variability in implementation across different regions.

Global factors

The local market relies heavily on international product development and manufacturing, rendering it vulnerable to global disruptions. The impact of protectionist trade agreements, pandemics, and geopolitical tensions, such as Russia's invasion of Ukraine and unrest in the Middle East, can disrupt the availability and delivery of raw materials and products to Europe. The risks associated with these global disruptions are mitigated by regional sourcing, the ability to find alternative suppliers, and close partnerships with local customers.

Technological developments

Technological advancements worldwide are rapidly transforming the Life Science sector through innovations in product development, research, and healthcare. The adoption of connected devices, automation, artificial intelligence (AI), and other technologies is not only fostering the creation of new products, but also paving the way for novel applications of instruments and diagnostic tests. This opens up avenues for new business opportunities through innovative treatment and care methods and also impacts the operational activities of suppliers. Key factors for success include understanding the needs of local customers, having the ability to expand the range of new technology (regardless of supplier) and offering a strong service and support organisations to assist the healthcare providers in implementing new technology.

Competition creates opportunities

AddLife is active in a dynamic market, interacting with competitors, suppliers, or potential acquisition targets - frequently with roles that overlap.

The year 2023 saw many changes, such as restructuring among global manufacturers and shifts in ownership among multinational distribution groups. These developments have provided favourable conditions for AddLife's future organic and inorganic growth.

PROFILE	GLOBAL PRODUCT COMPANIES	MULTINATIONAL DISTRIBUTORS	SMALLER LOCAL DISTRIBUTORS
DESCRIPTION	<ul style="list-style-type: none"> Develop & manufacture products Mixed go-to-market strategies - direct and distribution 	<ul style="list-style-type: none"> Acquisitions part of growth strategy None with full European coverage or Medtech - Labtech combination 	<ul style="list-style-type: none"> Large number of local distributors Often owner operated
RELATION	COMPETITOR AND/OR SUPPLIER	COMPETITOR (AddLife's profile group)	COMPETITOR/POTENTIAL ACQUISITION TARGETS
CURRENT TRENDS	<ul style="list-style-type: none"> Focus shifted to core portfolios, profits instead of market share Updating go-to-market strategies 	<ul style="list-style-type: none"> Ambition to expand into higher margin segments Ownership changes expected 	<ul style="list-style-type: none"> Capital requirements Regulatory environment Limitations in succession, talent and business development
OPPORTUNITIES FOR ADDLIFE	<ul style="list-style-type: none"> Take market share New product portfolios 	<ul style="list-style-type: none"> Distracted competition 	<ul style="list-style-type: none"> Take market share Acquisition potential

Market trends

Dynamic and shorter-term trends also affect the market. These trends mirror present or recently emerged phenomena impacting the sector and its suppliers, requiring adaptability and flexibility. The decentralised nature of AddLife's business model enables swift adaptation and management of these trends by its companies.

Overarching trends

STAFFING SHORTAGES IN HEALTHCARE

- There is a shortage of healthcare personnel across Europe, especially for nurses and primary care staff. The demand is expected to rise with the ageing population and higher prevalence of chronic diseases. The ageing workforce exacerbates the challenge, coupled with rising competency demands in digital skills. Consequently, healthcare faces capacity issues, with a heightened need for process and resource efficiency.
- AddLife offers an extensive range of products that address healthcare needs for more efficient patient care. The staffing shortage has resulted in increased demand for our resource-efficient and advanced technological solutions, such as minimally invasive surgery, thereby strengthening our position in the market.

HEALTHCARE SYSTEMS RETURN TO NORMAL BUDGET LEVELS

- During the pandemic, healthcare budgets were supplemented with additional funds, primarily aimed at expanding resources and meeting COVID-19-related needs, including procurement of protective equipment. Starting in 2023, budgets have stabilised at more normal levels, increasing the need to innovate and streamline healthcare work practices.
- AddLife, with its extensive product range, has been a dependable partner for the healthcare system throughout all phases of the pandemic, thanks to a decentralised business model allowing for swift decision-making to address rapidly evolving customer needs. With the transition back to more normal working conditions and budgets, the focus shifts to developing new healthcare methods and optimising processes, areas where AddLife companies are well positioned to support the healthcare sector.

ARTIFICIAL INTELLIGENCE

- In 2023, the gradual rise in the use of AI in healthcare raises expectations that new technologies will enhance both operational efficiency and clinical outcomes. The sector faces hurdles in adaptation due to strict regulations and the necessity for clinical trials, resulting in slower progress compared to other sectors.
- AddLife currently offers AI-based solutions, such as digital pathology and digital monitoring services, and is proactively developing and expanding its product offerings to meet the rising demand.

Labtech

GROWING APPLICATION AREA FOR DIAGNOSTICS

- Advances in technology are fuelling market expansion by enabling the creation of increasingly cost-effective testing methods. One example is personalised medicine, which involves genetic testing to identify specific genetic markers and determine the most effective treatment for individual patients. Another example involves rapid tests for the rising challenge of antibiotic resistance.
- AddLife is actively involved in advancing this development by providing products, consulting, and services in advanced diagnostics. In addition, AddLife has the potential to play a significant role as new technologies transition from research to clinical diagnostics. In 2023, collaborations with several current suppliers been expanded to new markets, such as Next Generation Sequencing (NGS) in genetic engineering and sepsis diagnostics.

DECENTRALISATION IN DIAGNOSTICS

- During the pandemic years, the trend towards smaller and more user-friendly diagnostic instruments, maintaining laboratory quality at reduced costs and enhanced accessibility, has been accelerated. These instruments, commonly used in Point-of-Care (PoC) settings, are now reaching new customer segments such as hospital wards and pharmacies. An increase in demand for multi-parameter instruments, allowing for multiple tests from a single sample, has also been noted.
- AddLife has solidified its position as an expert in the field, forging successful partnerships in Sweden, Norway, and Finland, and is actively pursuing new opportunities to address customer needs.

OUTSOURCING IN BIOTECH AND PHARMA

- The increased growth in drug discovery and development has sparked a higher need for outsourcing, particularly among smaller, innovative biotech firms that enlist external services and analysis functions. Consequently, both existing and new service offerings in the field have expanded.
- At present, AddLife offers comprehensive application support and development of analytical methods to this customer segment, while exploring avenues to improve its service offering.

DIGITAL SALES CHANNELS IN RESEARCH

- Non-European research suppliers are increasingly offering non-exclusive distribution agreements. Consequently, digital sales are on the rise, with manufacturers selling directly to customers and distributors reaching multiple geographic markets.
- AddLife has several companies offering products in this field, with the majority of sales occurring digitally. Additional companies within the Group are exploring opportunities to expand these services across their customer demographics and segments.

Medtech

ELECTIVE SURGERY

- Europe is still feeling the prolonged effects of the pandemic, with healthcare waiting lists continuing to grow and the recovery activities progressing at a slow pace. Some countries have implemented measures such as increased funding and personnel to address the healthcare backlog, including expanding the use of private healthcare and digital appointments.
- AddLife's comprehensive range of products and strong service offerings in elective surgery have contributed to reducing the healthcare backlog. Leveraging our decentralised business model and proximity to customers enables us to take a flexible approach to sales, and thereby taking market shares from competitors.

COST CONSCIOUSNESS

- In the wake of the pandemic, healthcare systems have transitioned to more normal budget levels, prompting heightened cost consciousness among customers amid rising expenses. Consequently, there are constraints on price increases and a more challenging competitive landscape, especially in less complex product segments.
- With its offering of more advanced products and services, AddLife has been able to flexibly adapt to the new situation. By offering value-added services related to its products, AddLife is also positioned to implement price increases.

DIGITALISATION

- Healthcare digitalisation is reshaping the development of certain products and the delivery of care. For example, hospitals can reduce surgical operation times and thus patient risks through digital surgical planning. Localised solutions are frequently customised to fit the unique practices of each hospital, driving up demand for locally procured solutions and favouring suppliers with close customer relationships.
- AddLife's companies offer digital solutions in several product areas, including cardiology and orthopaedics. The companies' customer relationships, along with their understanding of treatment methods and healthcare procedures and protocols, are strengths in this regard.

CIRCULAR BUSINESS MODELS

- Interest in circular business models is growing, especially in the assistive devices sector, where products that can be refurbished and reused are becoming increasingly desirable. While this trend reduces demand in certain areas, it also paves the way for the emergence of novel business models.
- AddLife is actively engaging in this trend by providing services such as maintenance, refurbishment, and sterilisation of assistive medical devices in Ireland, along with equipment leasing for hospitals and private residences. The company is actively investigating options to broaden its product range with reusable items and devise new business models.

HOME CARE

- Changing demographics, rising healthcare costs, staff shortages and individual preferences are fuelling the trend of elderly individuals with care needs remaining in their homes longer. Adapting homes, implementing assistive technology, and leveraging digital innovations are vital for enabling this transition.
- AddLife contributes by offering welfare technology in multiple Nordic markets, including innovative solutions such as Hepro's "Night Owl", a digital supervision service that uses anonymisation features and AI for continuous learning.

1. The 2021 Aging Report, European Commission

2. Eurostat

3. OECD, WHO, European Central Bank

STRATEGY

Achieving sustainable growth

AddLife's strategy is based on achieving market leadership, operational agility and acquisitions, all derived from the Group's business model, culture and values.



AddLife has formulated a strategic platform aligned with its vision of enhancing people's lives through its position as a leading value-adding partner in Life Science, reflecting its proven business model and core values.

In 2023, AddLife introduced six strategic initiatives based on the Group's competitive advantages, expanded scale and strengthened geographic position, while aligning with current market trends.

Strategy



1. Lead the market

Market leadership in selected niches is important to achieve stable profit growth and sustainable profitability. To achieve this goal, our businesses seek to:

- create value and build positions in selected niches
- be qualified suppliers and advisors to customers in selected areas
- build sales based on close relationships with customers, manufacturers and suppliers and the delivery of a continually updated portfolio of high-quality market-leading products

2. Be agile and mobile

An agile approach enables AddLife to create better conditions for business and profitable growth. To achieve this goal:

- the subsidiaries act with speed and flexibility to harness new business opportunities
- AddLife develops the business as a whole, through active ownership

3. Growth through acquisitions

Acquisitions are important to deliver long-term profit growth together with organic growth. To achieve this goal:

- AddLife continuously searches for new Life Science companies with leading positions in selected niches
- AddLife has a structured acquisition process based on extensive experience of both acquisitions and the market
- AddLife develops the acquired subsidiaries in the long term

STRATEGIC INITIATIVES

In 2023, AddLife outlined six initiatives that, through its subsidiaries harnesses AddLife's market potential and leveraging on the company's increased size and presence.

European market coverage: AddLife's unique European presence, coupled with active internal networking, provides opportunities for broader dialogue with new, strategically selected suppliers. Risk is also minimised as the companies gain increased and quicker insights into global market trends.

Digital solutions: AddLife is broadening its offering of digital solutions, individually or in combination with other products and services in the portfolio, as well as using digital solutions to improve the efficiency of the business operation. Simultaneously, IT security is continuously being strengthened.

Value and productivity sales: AddLife aims to identify additional product and service offerings that can assist healthcare providers in creating more efficient processes to achieve more (e.g. perform more surgical procedures) with available staff and resources, thereby contributing to increased efficiency in healthcare and research, as well as shorter healthcare waiting lists.

Service offering: AddLife aims to expand its service offerings to strengthen customer relationships and enhance its differentiation and pricing power. AddLife provides cutting-edge products that assist customers in improving clinical outcomes, streamlining processes and developing new treatment modalities. Users of these advanced products rely on comprehensive training, service, and support. This offering is a top priority for the companies within AddLife, crucial for establishing trust as a supplier of advanced products, with the associated high margins. In addition, the high level of service cultivates loyalty, creates a meaningful differentiation, and offers the potential for a high and stable market share.

Proprietary products: By leveraging extensive understanding of its customers and its close customer relationships, AddLife will harness the potential to promote and sell its own products via internal market channels. This can be a critical element in a product portfolio tailored to the customer group and can also support efforts to increase margins.

Acquisitions in selected segments: The Group is actively seeking acquisition targets in prioritised growth segments and geographical regions, primarily focusing on small and mid-sized standalone or bolt-on acquisitions with attractive margins. The unrivalled local market networks and deep product expertise of the subsidiaries are unique assets in this initiative, complemented by established and continuously refined processes and methodologies.



FINANCIAL TARGETS

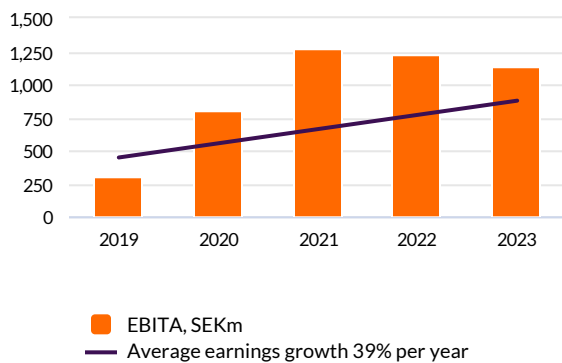
Long-term financial targets

In 2023, AddLife reaffirmed its long-term financial targets. The underlying objective continues to be to double AddLife's profit (EBITA) over a five-year period through growth of 15 percent per year. Growth will be generated both organically and through acquisitions. Acquisitions are largely financed with own cash flow through high profitability (P/WC) of at least 45 percent.

Profit growth EBITA 15 percent

Profit growth (EBITA) for the long term shall be 15 percent per year. The decline in 2023 can largely be attributed to the absence of significant COVID-19-related sales that occurred in 2022 but were not repeated in 2023.

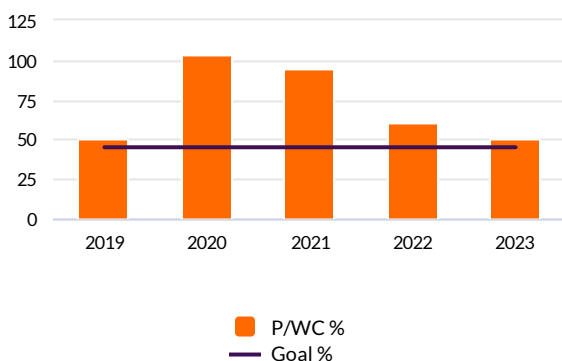
EARNINGS GROWTH EBITA



Profitability 45 percent

Profitability (P/WC), i.e. the ratio of operating profit (EBITA) to working capital, must exceed 45%.

P/WC



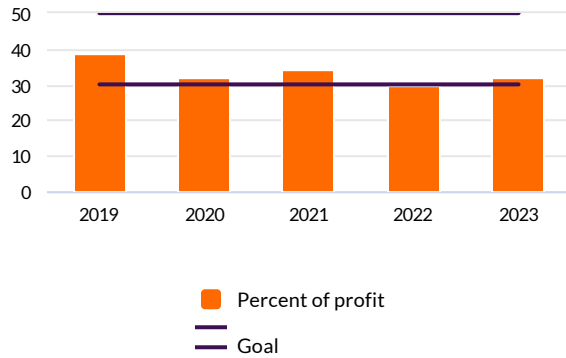
Financial governance model

Based on the overarching long-term financial targets of the Group, and the situation, financial position and circumstances of each subsidiary, all subsidiaries have individual targets and financial focus areas for both profit growth and profitability (P/WC). About 25 percent of the subsidiaries focus mainly on the EBITA margin, while 50 percent focus on increased profit growth and 25 percent focus primarily on streamlining working capital.

Dividend policy 30-50 percent

AddLife's dividend policy is to pay a dividend equivalent to 30-50 percent of consolidated profit after tax. Consideration is taken to investment needs and other factors that the Board of Directors of the company considers to be relevant. The group exhibits robust and reliable cash generation, supported by a business model resilient to economic fluctuations. The robust cash flow performance in the latter half of the year underpins our objective to reduce net debt through internally generated cash flow. Consequently, the Board proposes a dividend of SEK 0.50 per share for 2023, amounting to 30 percent of the group's profit after tax.

DIVIDEND



BUSINESS AREA

Labtech Business Area

The Labtech business area provides products, solutions and services in fields such as diagnostics, biomedical research and laboratory analysis. The business area consists of two business units: Biomedical and Research and Diagnostics. The most important customer groups are hospital laboratories, academic research and pharmaceutical companies, mainly in the Nordic region and increasingly in the rest of Europe.

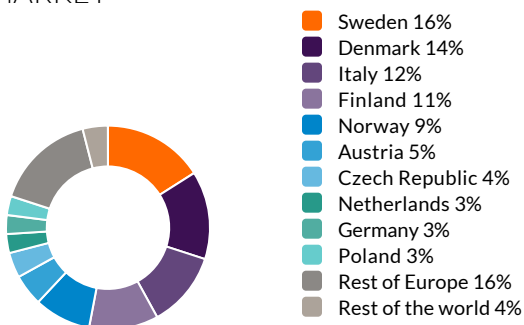


The business area offers products and solutions, including equipment, consumables and reagents, used to diagnose diseases and conduct research. Labtech also provides training and technical service to facilitate effective use of the equipment. Approximately 80 percent of sales in 2023 originated from procurements and long-term contracts associated with installed instruments.

AddLife offers suppliers a strong commercial organisation with a local presence in 30 European countries. As a distributor, Labtech can swiftly adapt to market changes and offer tailored solutions to meet customer needs. New distribution agreements for innovative products have been established in multiple countries, and are expected to provide additional potential for future growth. Profitability remained robust in 2023 exceeding pre-pandemic levels. Organic growth, excluding COVID-19 related sales and exchange rate fluctuations, totalled 10 percent for full-year 2023. COVID-19-related sales have stopped and are now recognised as SEK 0 million (760).



LABTECH NET SALES BY MARKET



LABTECH IN FIGURES

Net sales: SEK 3,654 m
 EBITA: SEK 473 m
 EBITA margin: 12.9 %
 Organic growth (excl. currency and Covid): 10 %
 Employees: 805
 Share of group net sales: 38 %

Market trend 2023

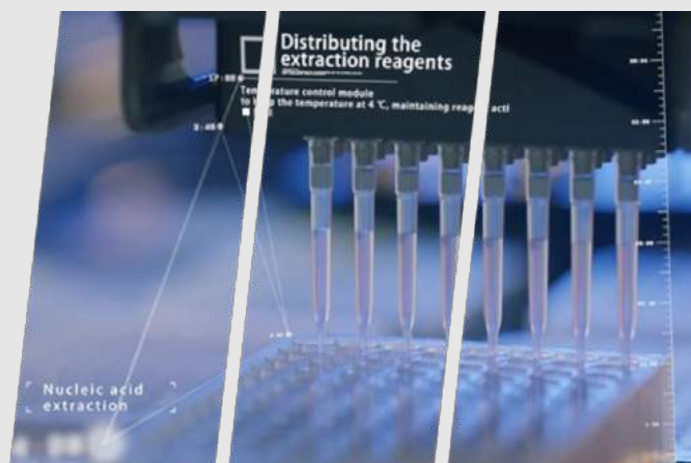
As the pandemic receded, the remaining aspects of the business resumed, with a surge in demand for diagnostics, research and drug development. Funding within government-backed and academic research budgets remained steady, accompanied by high levels of activity. The uncertainty about future research funding in some countries during the year was offset by research efforts in other countries, along with strong demand for development of new therapies in both the pharmaceutical industry and biomedicine.

Labtech sales mainly focus on instruments with recurring revenues from consumables, providing long-term stability in demand. Although some markets showed caution regarding major investments, AddLife's operations were largely unaffected since its portfolio primarily consists of instruments and equipment that do not require substantial investments. Several of the global manufacturing companies are undergoing changes in both organisation and market strategy, presenting opportunities for the subsidiaries to adopt new products and increase their market shares. Demand increased for traditional laboratory reagents along with products related to gene sequencing, cell therapy, cancer immunology and instrumentation. Labtech is constantly upgrading its product portfolio towards more advanced products and in the field of gene sequencing, Next Generation Sequencing (NGS) was launched in both Italy and Scandinavia during the year. Sales of proprietary advanced instruments showed robust growth in the US, Europe and China.

During the year AddLife identified prioritised growth segments in Labtech. Within the Diagnostics business unit, the company has identified microbiology, molecular diagnostics and genetic testing as profitable growth segments. Within the Biomedical and Research business unit, AddLife has identified molecular biology and advanced instruments for laboratory analysis as growth segments. The common denominator for the prioritised segments is that while the subsidiaries already hold a solid position and possess considerable expertise in these segments, they currently account for a only small proportion of sales (5 percent or less). Additionally, they exhibit stronger growth compared to the broader diagnostics market, with expected margins in most cases exceeding 12 percent. Consequently, an increased presence in these segments will improve both the growth potential and profitability of the Labtech business area.

PRESTIGIOUS AWARDS FOR EUROCLONE

Over the course of the year, EuroClone received several distinguished awards for best distributor from global leaders in supply, among them 10x Genomics, MGI, and Cell Signaling Technology, each a front-runner in the fields of biotech and innovation. Our supplier relationships are built on a commitment to openness, transparency, and long-term partnerships. Through their commitment and many years of experience in their segment, EuroClone employees have established important supplier relationships, including in the field of Next Generation Sequencing (NGS), a technique used for purposes such as diagnosing genetic diseases.



LABTECH'S PRODUCT SEGMENTS



BIOMEDICAL AND RESEARCH

- Advanced instruments
- Plastic consumables
- General lab
- Cell biology
- Reagents

DIAGNOSTICS

- Microbiology
- Molecular/genetics
- Clinical chemistry
- Immunology
- Hematology
- Cytology and pathology
- Point of Care

LABTECH'S STRENGTHS

- Dedicated employees with a high level of education and many years of experience in each segment
- High quality products, services, training programmes and advisory services
- Long-term cooperation with leading suppliers and exclusive distribution rights
- Well-developed technical service organisation with local roots
- Good margins, steadily growing demand, low level of tied-up capital



BUSINESS AREA

Medtech Business Area

In the Medtech business area, the subsidiaries offer products and services in the field of medical technology, as well as assistive equipment and digital solutions for use in home care. Medtech has two business units - Hospital and Homecare. The Medtech offering mainly focuses on publicly funded healthcare care, home care and social care in Europe.



The Medtech subsidiaries offer their own products and a wide range of products from other suppliers as well as training, support and service. The product line ranges from simple consumables to advanced instruments for surgical procedures, as well as welfare technology and assistive technology for the elderly and people with disabilities. The range of products requires a solid foundation of medical knowledge to guide customers in the right direction. Around 85 percent of sales are made through public procurement.

An important trend during the year was the post-pandemic recovery in elective surgery, which AddLife had planned for, resulting in increased demand for Medtech's products. Organic growth, excluding exchange rate fluctuations, amounted to 9 percent for full-year 2023.

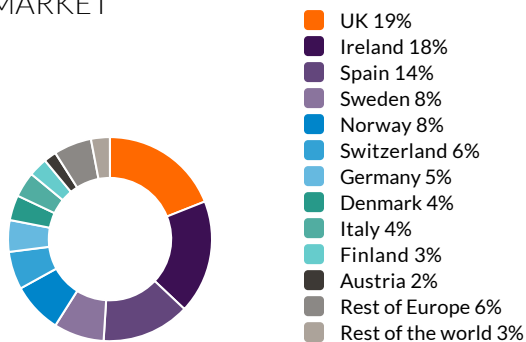
Key strategic measures were taken during the year to improve profitability going forward. The eye surgery company AddVision implemented restructuring activities during the year, focusing primarily on improvements in the following areas: a more agile, decentralised and efficient organisation, improved commercial offering and working methods, as well as cost-cutting measures.

In 2023, a thorough review of Homecare's digital development projects was also carried out. Development projects include solutions for self-monitoring (Camano Health) and social alarms (Camano Care). As a result of the review, both development projects have been cancelled and the subsidiary Camano has been wound up. The Homecare companies will continue to offer a portfolio of digital products and services, but they will no longer be proprietary.

These profitability improvement measures are expected to result in a total cost reduction of SEK 80 million on a full-year basis, to be gradually realised in 2024. The total positive cash flow effect of the measures is expected to be SEK 110 million on an annual basis. The measures resulted in a restructuring reserve of SEK 8 million and impairment of property, plant and equipment of SEK 19 million and intangible assets of SEK 106 million in the fourth quarter of 2023.



MEDTECH NET SALES BY MARKET



MEDTECH IN FIGURES

Net sales: SEK 6,042 m
 EBITA: SEK 684 m
 EBITA margin: 11.3%
 Organic growth
 (excluding currency and COVID): 9%
 Employees: 1,477
 Share of group net sales: 62%

Market trend 2023

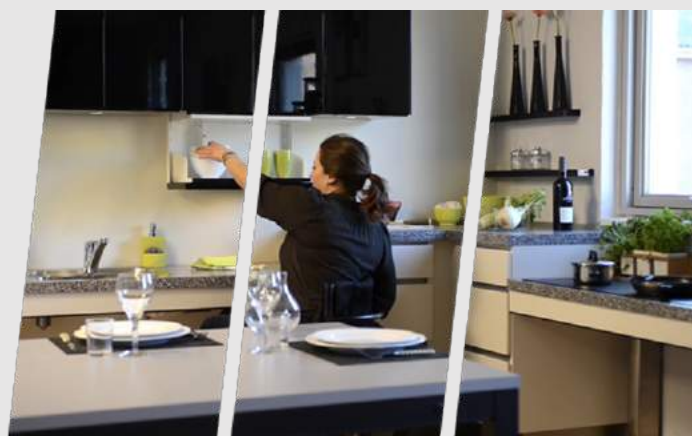
In the Hospital business unit, the recovery in elective surgery gained momentum in 2023, although lengthy waiting lists for surgical procedures remained significant across Europe, and even grew in some countries such as the UK. The pace of recovery was slowed by staff shortages, which are expected to lead to a longer period of increased surgical activity. Increased activity in elective surgery spurred demand, primarily in the product areas of orthopaedics, surgery, respiratory medicine and endoscopy. With restrictions on visits eased or lifted during the year, customers were more receptive to visits, seminars, fairs and product demonstrations. Homecare also benefitted from the eased restrictions, since home visits to try out equipment became feasible once again. In Medtech, AddLife has identified prioritised growth segments that are expected to contribute to profit growth. For example, orthopaedics and endoscopy, with margins of over 10 percent, are prioritised growth segments for the Hospital business unit. In Homecare, the company has identified welfare technology and construction, with margins of 6-10 percent, as growth segments.

Acquisitions

In the third quarter, AddLife acquired all shares in the company Emmat Medical Ltd. The acquired company, which will be integrated with the Healthcare 21 Group's operations in the UK, is active in surgery and has sales of about SEK 28 million with solid profitability and growth potential.

ROPOX IMPROVES LIFE FOR PEOPLE WITH DISABILITIES

Ropox has over 60 years of experience in developing products that help people live independent lives. As world-leading specialists and manufacturers of assistive devices and furniture, they provide custom solutions that ease the lives of users and their families. Ropox offers a comprehensive range of housing adaptations, enabling people with disabilities to live more independent lives. One example is the adjustable height solution for kitchen counters, enabling wheelchair users to optimally use their kitchen.



MEDTECH'S PRODUCT SEGMENTS



HOSPITAL

- Surgery
- Orthopedic
- Hospital consumables
- Critical care

HOMECARE

- Endoscopy
- Woundcare
- Healthcare IT
- Ophthalmology
- Home adaptation
- Aid supply & equipment
- Welfare technology
- Construction

MEDTECH'S STRENGTHS

- Employees with extensive medical experience, local knowledge and a high level of service, as well as product developers in welfare technology
- Broad range including both in-house developed products and products from other respected manufacturers
- Great flexibility regarding customised solutions, as well as cutting edge expertise in public procurement procedures
- European distribution and service network for the Group's own products and services, as well as the products and services of other suppliers
- Large accessible market with high growth and good margins, especially in advanced products



ACQUISITIONS

Acquisitions

Acquisitions are a key aspect of AddLife's growth strategy and we have a well-established and structured process for identifying, acquiring, integrating and developing companies. The new acquisition process can take several years. We encourage close dialogue with entrepreneurs over the long term, based on our core values and decentralised governance model. Prior to any acquisition, a common vision and plan for the future of the company is formulated.



Identification

AddLife constantly seeks to acquire well-established and profitable European Life Science companies that want to continue to develop as part of the AddLife family. New companies can contribute new market niches, a presence in new geographical markets and/or complement existing product and service offerings. Preferred candidates are small or medium-sized companies with good profitability, a sustainable business model and a corporate culture in line with AddLife's, as well as a strong position in selected segments and geographic regions. Another important criterion is the continued involvement of management and key personnel.

AddLife has a continuous inflow of new interesting and attractive acquisition targets, partly through AddLife's network of subsidiaries, partly through the company's own structured search process, and partly through external business advisors and brokers. The aim is to establish a close and exclusive dialogue with the company's owners early in the process.

Evaluation

Once a potential acquisition target has been identified and both parties agree to continue the dialogue, the process enters an evaluation phase. Potential acquisitions are evaluated based on a variety of criteria such as market position and brand, product offering, customers, well-established supplier relationships, knowledge and technology content, competitors, ESG parameters, financial position, and the leadership and continued involvement of key individuals. Conducting business in a committed and responsible manner is essential for achieving sustainable long-term growth and profitability, making it a critical factor in the evaluation process.

Transaction

In the transaction phase, AddLife and the acquisition target reach an agreement on a price that makes the deal create value for both parties. We usually use an acquisition structure with an additional contingent consideration, which means that part of the total purchase price is paid out if the company reaches a certain level of profitability after the acquisition. It is also important that the acquired company's most important suppliers and partners agree to the acquisition. The agreement culminates in a share purchase agreement and, after signing, the transaction is communicated in a press release.

Limited integration

In AddLife's decentralised business model, each company has its own responsibility for its strategy and performance and retains its brand and identity. The business continues to operate independently with significant freedom with responsibility. Integration is thus relatively limited and mainly consists of the introduction of AddLife's model for financial governance and AddLife's corporate culture through training in AddLife's core values, code of conduct, financial goals and sustainability. In this way, the acquired companies maintain their entrepreneurial spirit and their customer and business focus, while avoiding the burden of administrative processes and integration projects.

Continuous development

As part of AddLife's commitment to continuous development, evaluation and improvement are integral to our acquisition process. At the end of the process, regardless of whether the acquisition reaches completion, meetings are held to address the lessons of the process. All involved parties are invited to discuss strengths and potential areas for improvement. For completed acquisitions, representatives from the acquisition target also participate. The evaluation also includes close financial monitoring to ensure that the acquisition targets are developing in line with expectations.

Active and value-creating ownership

By becoming part of AddLife, the acquired company will have a long-term owner with industry expertise that supports the management through active and committed ownership. Financial stability, resources and tools are offered that make it easier and more efficient to grow the business. AddLife also provides support by appointing a board of directors with expertise adapted to the size, segment and business situation of the companies.

ACQUISITIONS

Acquisitions during the year

In 2023, AddLife completed one acquisition. The acquisition, which is expected to add a total of about SEK 28 million to annual sales, has four employees.

EMMAT MEDICAL LTD

Emmat Medical is an independent distributor providing surgical instruments for healthcare professionals across the UK. Emmat Medical has sales of approximately SEK 28 million and four employees. The company is being integrated into the Healthcare 21 Group, which is part of the Medtech business area.



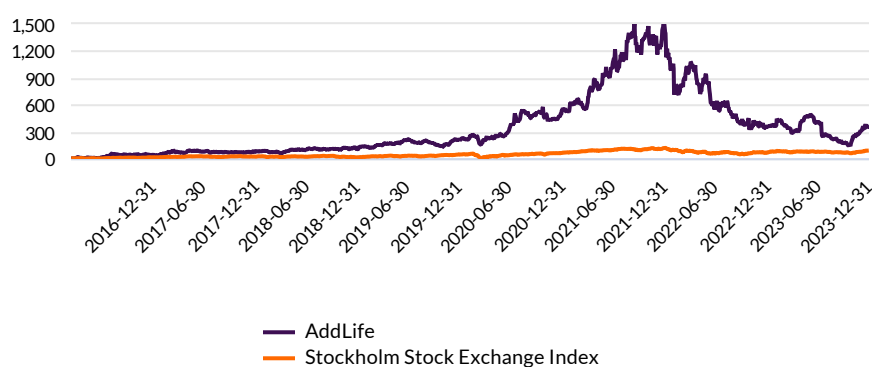
- Date of acquisition: 1 September
- Sales: approximately SEK 28 million
- Number of employees: 4

THE SHARE

The AddLife share

The AddLife share was listed on NASDAQ Stockholm, Nordic Mid Cap list, on 16 March 2016. The Company's market capitalisation on 31 December 2023 was SEK 13,421 million (13,298). There were 14,142 (13,131) shareholders on 31 December 2023.

SHARE DEVELOPMENT IN ADDLIFE



Market performance of the share and turnover

AddLife increased in value by 1 percent during the financial year. The OMX Stockholm index on the Stockholm Stock Exchange increased by 15 percent in the corresponding period. The highest price paid during the year was SEK 140.60, recorded on 5 June. The lowest was SEK 56.00, recorded on 25 October. The final price paid before the end of the financial year was SEK 109.40. During the financial year from 1 January to 31 December 2023, 77 million shares (71) were traded at a total value of approximately SEK 7,529 million (13,337). Broken down by trading day, an average of 305,911 (281,731) AddLife shares were traded at an average value of about SEK 30 million (53). The average number of trades per day is 1,063 (1,622).

Dividend policy

The Board of Directors of AddLife aims to propose a dividend equivalent to 30-50 percent of profit after tax. When determining dividends, the Board considers investment needs and other factors that it deems relevant.

OWNER STRUCTURE



- Swedish institutes and mutual funds (51.6%)
- Foreign investors (35.3%)
- Swedish private investors (13.1%)

Shareholders 2023-12-31	Share in %	
	of capital	of votes
Roosgruppen AB	4.5	15.7
Tom Hedelius	1.7	12.6
SEB Fonder	10.2	7.6
AMF - Försäkring och Fonder	8.3	6.2
Verdipapirfond Odin	7.3	5.4
Första AP-fonden	4.5	3.4
State Street Bank & Trust Company	4.5	3.4
Clients Fonder	4.3	3.2
JP Morgan Chase Bank	3.3	2.4
Fjärde AP-fonden	2.4	1.8
Total the 10 biggest shareholders	51.0	61.7

Source: Euroclear

THE SHARE

Four reasons to own shares in AddLife



Attractive non-cyclical growth market

AddLife predicts that the medtech market has an average annual growth rate of 5 percent and the diagnostics market 2-3 percent. Many of the niches that AddLife has prioritised are growing even faster. The market is relatively insensitive to cyclical fluctuations and is driven by demographic factors, an ageing population and the increasing prevalence of chronic diseases. The demographic factors, together with technological development, an increased demand for preventive and personalised medicine and an increased focus on time-saving processes are increasing the demand for AddLife's products in healthcare, Homecare, diagnostics and research.

Cash flow finances growth

The company aims to reduce net debt by using its own cash flow. The company bases its acquisition agenda on financing acquisitions through its own cash flow. AddLife strives for profitable organic growth and has a high proportion of recurring sales and long-term contracts that generate stable cash flows. By focusing on working capital and profitability, the company generates strong and stable cash flows over time.

Clear strategy to create additional growth

A key element of AddLife's growth strategy is acquisitions, with a focus on small and mid-sized bolt-on acquisitions or standalone acquisitions with attractive margins. The company has extensive experience in acquisitions, with an established process for identifying target companies and executing successful transactions. The goal is for the acquired subsidiaries to continue to develop based on their strengths, with the foundation of a decentralised business model, and with the support of an active owner with extensive experience of the Life Science market. Company-specific targets are set for the independent subsidiaries, which are linked to the Group's financial targets.

Strong market position in Europe

AddLife's business model is based on AddLife creating value through its subsidiaries and building leading market positions in selected market niches in Europe. The company has a broad geographical spread with operations in 30 countries, where AddLife's subsidiaries have well-established sales organisations with high technical expertise that, coupled with the differentiated product and service portfolio, create strong long-term customer relationships and conditions for good business.



AddLife and sustainability

Below is AddLife's sustainability report, which describes AddLife's operations and value chain from a sustainability perspective. The report can be viewed as preparation for the new legal requirement for sustainability reporting, the Corporate Sustainability Reporting Directive (CSRD).



AddLife's business model in relation to sustainability

AddLife's vision is to improve people's lives by being a leading, value-creating partner in Life Science. By offering high-quality products and value-added services, we add value to our customers who are active in this sector. Consequently, our business can help enhance opportunities and delivery of healthcare and social services. Our product and service offerings also help our customers in lowering their environmental footprint by providing options with reduced packaging, products and services with lower carbon footprint, and supporting product reuse.

Our success depends on the dedication and experience of our employees. It is therefore essential to ensure a positive working environment, provide ample growth opportunities and foster an inclusive corporate culture so that we can retain our current employees and attract new potential talent. The products and services we sell are subject to strict quality assurance regulations. This ensures that the product does not result in any significant harm to patients and users. Maintaining high quality and safety standards for our products and services is critical to prevent both customer loss and damage to our reputation. Our business model relies on our business relationships with suppliers, the products we distribute and the raw materials from which they are derived.

Sustainability strategy

The external landscape, the healthcare sector, and sustainability itself are all undergoing changes that AddLife must address to successfully run our business. AddLife has formulated a sustainability strategy to navigate these challenges. It was revised in 2023, following stakeholder dialogues and an update of our materiality analysis. See pages 36-37 for more information. The sustainability strategy mirrors our key sustainability issues: our positive contribution to the Life Science sector, the well-being and development of our employees, and our supply chain management. We recognise business opportunities in working with sustainability and believe that our sustainability efforts can provide added value for our customers.



Sustainable health solutions

AddLife creates competitive advantages by offering high-quality products and value-adding services, coupled with sustainable solutions. Our position in the value chain, primarily as a distributor, entails close dialogue with many local-level customers and collaboration with major global suppliers. This offers a unique opportunity to facilitate a sustainable transition alongside our partners and develop solutions that could positively impact our business operations. We encourage innovative and intelligent solutions to remain at the forefront, while also reviewing existing products and services to identify areas for improvement, with a focus on material consumption, packaging, transportation and reuse opportunities.

IMPROVE PEOPLE'S LIVES

AddLife offers Life Science solutions that improve people's lives by:

- Providing products and services that improve human health and well-being and facilitate research in Life Sciences
- Creating competitive advantages through high-quality products and value-adding services, coupled with climate-smart and circular solutions
- Working together on sustainable offerings aimed at benefitting research, healthcare systems, healthcare professionals, care providers, patients and users



TARGET: Reduce the intensity of emissions in scope 1 and scope 2 per SEK million sales by 25% by 2025, using 2021 as the base year.

Sustainable culture

The dedication of our employees is the key to our success. We aim to foster an inclusive environment for our talented and dedicated colleagues, characterised by diversity. To accomplish this, we concentrate on aspects related to employee contentment, diversity, and inclusion. We are proud of our corporate culture and we take responsibility for how we do business.

ENTREPRENEURIAL CULTURE

AddLife builds an entrepreneurial, inclusive and responsible culture by:

- Supporting the professional development of our employees through training, knowledge sharing and growth opportunities.
- Creating a diverse, inclusive and entrepreneurial organisation that ensures the well-being of our employees.
- Running our business responsibly with integrity and transparency

TARGET: 40/60% gender balanced representation at all levels of management by 2027.



Sustainable supply chain

Our commitment to environmental and social issues extends throughout the supply chain. The work involves evaluating, engaging with, and exerting influence on our suppliers, while also identifying new market-leading alternatives. Our position in the value chain offers us the opportunity to collaborate with our partners in developing solutions to responsibly address our shared impact. Each subsidiary is tasked with selecting and evaluating new and current suppliers, an ongoing process where adherence to the principles of the UN Global Compact is a key criterion.

SUSTAINABILITY IN THE SUPPLY CHAIN

AddLife wants to strengthen its sustainability efforts in the supply chain by:

- Cooperating with our suppliers to reduce the climate footprint of our products.
- Respecting human and labour rights, protecting the environment and fighting corruption in our supply chain together with our suppliers
- Supporting our customers in developing new procurement models to ensure a sustainable supply chain.

TARGET: Evaluate 100% of our new suppliers from a sustainability perspective in 2023

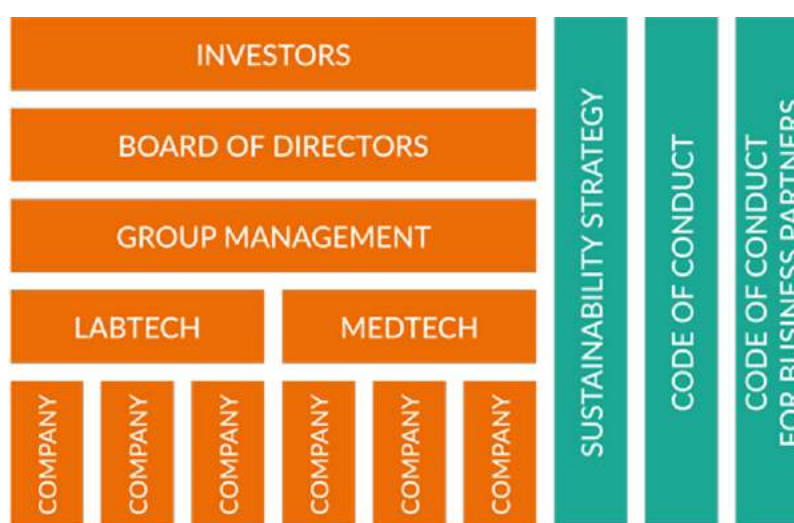


SUSTAINABILITY

Sustainability governance

The Board of Directors is responsible for the organisation of AddLife and for managing the affairs of the company in the best interests of the shareholders. The CEO is responsible for the daily management of the company and for ensuring that AddLife operates in compliance with the regulations and standards applicable to a listed company. Consequently, the Board of Directors and the CEO are indirectly responsible for ensuring that AddLife addresses its impact, as well as its risks and opportunities, concerning sustainability. In 2023, AddLife began to systemise its sustainability reporting to the Board, with the process set to be completed in 2024. In 2023, a sustainability manager was hired to ensure that AddLife's sustainability efforts comply with legal requirements and meet the expectations of our key stakeholders. The sustainability manager is also tasked with expanding the understanding of sustainability within the organisation. In 2023, the Board, Group Management and the business division managers received sustainability training, a programme that will extend into 2024.

Under our decentralised business model, we use a blend of central and local approaches to manage sustainability-related impacts, risks, and opportunities. AddLife has a group-wide sustainability strategy and Code of Conduct, as well as a Code of Conduct for business partners. Each subsidiary is responsible for its own business activities within the context of the requirements for growth, profitability and sustainability set by the Group. Our decentralised model, with about 85 operating



subsidiaries, numerous product suppliers and a considerably larger number of product categories, poses challenges. Local responsibility and entrepreneurship, combined with a wide range of company sizes make it challenging to have a "one size fits all" model. Consequently, our sustainability approach is adapted from company to company. The incentive programmes offered to employees of the parent company and the managing directors of the subsidiaries include the fulfilment of AddLife's sustainability goals. Several of our subsidiaries are certified to ISO 14001 and ISO 9001, which serve as the cornerstone of their business development initiatives. Components of the management system include dialogue with customers and other key stakeholders, company risk analyses, and formulation of goals and action plans. The proportion of the business certified to ISO 9001 and ISO 14001 has declined because the sales of certified subsidiaries have decreased compared with those that are not certified.

The share of the business certified according to any management system based on turnover.	2023	2022
ISO 9001	73%	87%
ISO 13485	39%	-
ISO 14001	49%	52%
ISO 45001	7%	-
Other management systems	6%	-

In 2024, AddLife will begin work on establishing a due diligence process for sustainability issues. Processes, procedures and activities that could be part of such a process have been formulated, but have not yet been integrated. We aim to implement the due diligence process in all relevant processes and procedures, across the Group, in order to comply with future legal requirements and meet the expectations of our key stakeholders. In 2023, we launched a project to formulate an internal control process regarding sustainability information, which will extend into 2024.

SUSTAINABILITY

Materiality assessment

In 2023, AddLife conducted a new materiality assessment based on the double materiality approach, in compliance with the new requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standard (ESRS).



Results of the materiality assessment

The following ESRS standards are considered material from a double materiality perspective. For a more detailed discussion of the justification for considering a standard as material, see the relevant sections for environmental, social and governance information.

Significant standards in ESRS to report under

Standard	Part of the value chain
E1 Climate change	The whole value chain
E2 Pollution	Upstream in the value chain and the own operations
E4 Biodiversity and ecosystems	Upstream in the value chain
S1 Own workforce	The own operations
S2 Workers in the value chain	Upstream in the value chain
S4 Consumers and end-users	Downstream in the value chain
G1 Business conduct	The whole value chain

Results of stakeholder dialogue

In 2023, AddLife engaged in dialogue on the topic of sustainability with our key stakeholders. We interviewed our investors, equity analysts, bankers and experts, and we also conducted an employee survey aimed at all employees. In 2024, our dialogues with our key stakeholders will continue, with a focus on our customers and suppliers. The most critical concerns for our key stakeholders include, in no particular order: reducing our climate footprint, improving resource efficiency, ensuring employee well-being and skills development, product safety, making a positive contribution to healthcare and social services, addressing sustainability risks in the supply chain, and adhering to ethical business practices.

Methodology for the materiality analysis and stakeholder dialogues

The materiality analysis was conducted by analysing the operations and value chain based on the topics, sub-topics, and sub-sub-topics as specified in the ESRS. The materiality assessment considers the negative and positive sustainability impacts of different activities in different geographic locations and different segments of the value chain. The materiality assessment also considers whether AddLife is involved in impacts either through our own operations or as a consequence of business relationships. We have engaged in dialogue with key stakeholders and external experts to inform and validate the materiality assessment. Where direct dialogue with relevant stakeholders has not been feasible, we have assessed their

viewpoints based on available resources.

Impacts, risks and opportunities have been prioritised based on their materiality. Materiality has been calculated based on various parameters, depending on whether positive impacts, negative impacts, risks or opportunities have been assessed. The threshold has been continually monitored and adjusted during the assessment process in relation to the completed materiality assessments. This approach ensures that no material impact, risk or opportunity is deemed non-material and therefore omitted from the sustainability report.

Materiality for negative impacts is based on their severity and likelihood. Severity is based on the scale, scope and irremediable character of negative impacts. Materiality for positive impacts is based on scale, scope and likelihood. For sustainability-related risks and opportunities, the materiality analysis is based on the potential financial effect on the Group, along with the likelihood of the risk or opportunity. Risks and opportunities have been identified based on the impact AddLife generates and the relationships and resources on which AddLife relies.

In 2023, sustainability-related risks have been assessed separately from other business-related risks within the Group. From 2024 onwards, this information will be integrated into the overarching risk analysis.

AddLife has updated the methodology for its materiality assessment in compliance with ESRS and CSRD. Previously, the materiality assessment only included sustainability-related risks and opportunities for AddLife's operations. Now the perspective of AddLife's impact on people and the environment is also included.

SUSTAINABILITY

About the 2023 Sustainability Report

AddLife has prepared a sustainability report for the 2023 financial year that covers the parent company AddLife AB (publ) company ID no. 556995-8126 and its approximately 85 operating subsidiaries. The Board of Directors approved the sustainability report at the same time that it signed the 2023 annual report. While no standardised model for sustainability reporting has been applied in full, the European Sustainability Reporting Standard has been used as a point of departure. The purpose of the sustainability report is to provide an overarching description of AddLife's business from the perspective of sustainability and to inform about the sustainability aspects that are necessary to understand the company's development, position, and performance, as well as the consequences of its operations. AddLife's sustainability report is integrated in part into the annual report. Pages 32-48 comprise AddLife's statutory sustainability report.

Environmental information

This part of the sustainability report concerns AddLife's work on environmental matters in its own operations and value chain. A more detailed description of AddLife's work on pollution and biodiversity in the supply chain can be found on page 47.



Climate change

Impacts, risks and opportunities

AddLife's negative climate impact is concentrated upstream in the value chain. Specifically, the extraction of resources required to manufacture the products and components we distribute and use in our own production has a negative impact on the climate. In particular, mining, to extract minerals and metals, and oil extraction, to produce plastics, rely heavily on fossil energy. The manufacture of components and the final production of the products we distribute use less energy-intensive processes than are used for extraction of raw materials, for which reason they have a lower climate impact in relative terms. In our own operations, the largest sources of emissions are fuel consumption by company-owned cars, electricity consumption, and district heating and cooling for offices. The use of refrigerants to cool some of our products also gives rise to greenhouse gas emissions. Customers cause greenhouse gas emissions in the downstream value chain by using our products and in their waste management. Along with climate impact and resource use, we also distribute some products containing substances of concern and substances of very high concern.

Given the decentralised nature of the AddLife Group, with about 85 operating companies that are active in different geographic locations, as well as in different niche markets in Life Science, physical climate-related risks are not considered likely to be significant from a Group perspective. The expected financial consequences of AddLife's significant climate risks are primarily transition risks that affect all companies in the Group. Compliance with the EU Directive on corporate sustainability due diligence in particular may have adverse effects on AddLife's financial position and performance in the medium and long term, especially through increased costs associated with managing our climate impact in the supply chain. The potential to reduce its customers' greenhouse gas emissions could have a positive financial effect on AddLife.

Governance and strategy

AddLife's climate efforts are guided by our group-wide Code of Conduct, which mandates that we should take responsibility for our environmental impact across the entire value chain and work towards climate-smart solutions. AddLife's current climate target is to reduce greenhouse gas emissions in scope 1 and scope 2 by 25% per SEK million in sales by 2025, compared to the base year of 2021. This target will be reviewed and updated in the future. Developing a climate goal in line with the Paris Agreement and the 1.5-degree target, along with a corresponding transition plan, presents challenges for AddLife. This is because AddLife operates as an acquirer with a decentralised business model, primarily distributing products



from other companies. We also have numerous suppliers, product categories and subsidiaries, which add to the complexity of our operations from a climate perspective. Since our emissions primarily occur in the upstream value chain, emission reduction relies heavily on our suppliers, especially their subcontractors. In our Code of Conduct for Business Partners, we urge our suppliers to assume responsibility for, be transparent about and reduce their negative environmental impact. In 2023, we initiated efforts to understand how we can best address future legal requirements and the expectations of our key stakeholders concerning our climate work.

CLIMATE TARGET 2023

- Reduce the intensity of emissions in scope 1 and scope 2 per SEKm sales by 25% by 2025, using 2021 as the baseline year.



Metrics

Energy consumption and mix

This is the first year that AddLife is gathering data on energy consumption broken down by energy source, which makes it impossible to compare with energy consumption from the previous year since the same detailed breakdown is not available. Much of the Group's energy consumption derives from the subsidiaries' cars, which are primarily used in sales operations and usually use fossil fuels, although electric cars are becoming more common. This source is followed by energy consumption from our offices and manufacturing units, which use electricity, as well as district heating and cooling. Some of our premises are heated by furnaces, which usually use natural gas or similar fuel.

Energy consumption and mix (MWh)	2023
Total fossil energy consumption	14,392
Share of fossil sources in total energy consumption (%)	61%
Consumption from nuclear sources	400
Share of consumption from nuclear sources in total energy consumption (%)	2%
Fuel consumption from renewable sources	677
Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources	7,950
The consumption of self-generated non-fuel renewable energy	0
Total renewable energy consumption	8,627
Share of renewable sources in total energy consumption	37%
Total energy consumption	23,419

Energy intensity

Since AddLife has no activities in high climate impact sectors, our energy intensity per net sales in these sectors is zero.

Energy intensity per net revenue in high climate impact sectors (kWh/MSEK)	2023
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors	0

Greenhouse gas emissions

AddLife's greenhouse gas emissions increased between 2022 and 2023. The main reason is better data coverage; for example, the use of district heating is now included, whereas in previous years it was difficult to obtain that information from our landlords. The increase in emissions is also due to an increase in our energy consumption, especially fuel consumption from our fleet of vehicles, which travelled further in 2023 than in 2022, as well as a refrigerant leak at one of our subsidiaries that had a significant climate impact. We have also updated our emission factors and calculation methods. Therefore, it is not possible to compare greenhouse gas emissions between 2023 and 2022. Our climate calculations comply with the GHG Protocol Corporate Standard.

Emissions of greenhouse gases (Tonne CO₂e)	2023	2022
Gross Scope 1 GHG emissions	8,491	3,966
Gross location-based Scope 2 GHG emissions	1,193	859
Gross market-based Scope 2 GHG emissions	1,846	514
Total Gross indirect (Scope 3) GHG emissions	16,244	-
where of Category 3: Fuel- and energy-related activities	1,437	-
where of Category 5: Waste generated in operations	7,624	-
where of Category 6: Business travel	7,183	-
Total GHG emissions (Scope 1 + Scope 2 market-based + Scope 3)	26,581	4,480
Total GHG emissions (location-based)	25,928	4,825
Total GHG emissions (market-based)	26,581	4,480
GHG intensity per net revenue (tCO₂eq/SEKm)	2023	2022
Total GHG emissions (location-based) per net revenue	2.7	0.5
Total GHG emissions (market-based) per net revenue	2.7	0.5
GHG emissions in Scope 1 and Scope 2 market-based per net revenue	1.1	0.5

HC21 NOMINATED FOR GREEN AWARDS 2023

AddLife's subsidiary HC21 delivers products and solutions for primary care and home healthcare that promote independence for the elderly and people with disabilities. In 2015, they invested in one of the first large-scale decontamination and recycling centres for healthcare products. The team handles everything from electric beds, toilet aids and dynamic air mattresses to pressure-relieving cushions, electric wheelchairs and lifting devices. In 2023, HC21 reviewed its processes and was nominated for The Green Transformation Award and The Excellence in Waste Management Award for their efforts.



SUSTAINABILITY

EU Taxonomy Report 2023

This is AddLife's EU Taxonomy Report, based on the EU regulation establishing a framework to facilitate sustainable investment (the "EU Taxonomy"). The purpose of the EU taxonomy is to establish common definitions and reporting on which economic activities are in line with the EU's 2030 sustainability goals. The EU taxonomy describes which sectors should report, which economic activities 'should be covered by the taxonomy' (are within its scope) and which activities fulfil the technical screening criteria to be 'taxonomy compliant' in line with EU objectives.

Identification and assessment of activities covered by the taxonomy

AddLife has reviewed its financial activities in accordance with the EU Taxonomy Regulation (EU 2020/852) and related provisions, known as the Taxonomy. The distribution and manufacturing of products within Life Science, which is AddLife's main activity, does not fall within the scope of the current version of the taxonomy. To assess relevant economic activities, a threshold is used based on external revenue, i.e. net sales in the group's income statement. Internal consumption that does not generate external revenue is not considered to be part of the economic activities in the taxonomy. Economic activities related to climate change adaptation have not been considered relevant as they do not generate external revenue, operating costs or investments. Two relevant financial activities related to capital expenditure were identified during the review. No relevant economic activities were identified for sales or operating expenditure. AddLife lacks sufficient data to determine the requirements for substantial contribution or the principles of not causing significant harm (DNSH) are met for the relevant economic activities. Consequently, a conservative assessment has been made to report these activities as non-aligned.

Accounting principles - denominator

The proportion of the business operations that are environmentally sustainable according to the EU Taxonomy Regulation should be reported using three financial metrics. To calculate the three ratios, turnover, capital expenditure (CapEx) and operational expenditure (OpEx) must be identified according to the taxonomy.

Turnover

The Group's total turnover equals net sales (note 5) in the consolidated income statement under IFRS.

Capital expenditure

Reporting of total capital expenditure refers to additions to tangible assets during the year before depreciation, revaluation and impairment and excluding changes in fair value. Also included are property, plant and equipment arising from business combinations. See Notes 15 and 16.

Operational expenditure

In the framework of the EU taxonomy and according to the Regulation, operational expenditure is defined as direct non-capitalised costs that relate to research and development (R&D), building renovations, short-term leases, maintenance and repairs, as well as direct expenditure related to the day-to-day maintenance of the assets, i.e. not the total operating costs, but only costs related to the maintenance of the assets. This report only includes R&D, repairs and maintenance, as the other areas are considered to be of negligible importance.

Transport by motorbikes, passenger cars and light commercial vehicles

Several companies in the Group use leased cars in their operations, where the investment costs related to these vehicles become relevant from a taxonomy standpoint. No assessment has been made to determine whether these are aligned environmentally sustainable activities.

Acquisition and ownership of buildings

AddLife leases premises that are recognised as right-of-use assets in Note 15, which is covered by the taxonomy. No assessment has been made to determine whether these are aligned environmentally sustainable activities.

Tables EU taxonomy

Proportion of OpEx from products or services associated with Taxonomy-aligned economic activities – disclosure covering year 2023

Financial year 2023	Year		Substantial contribution criteria							DNSH criteria ("Does Not Significantly Harm")						Minimum Safeguards (17)	Proportion of Taxonomy-aligned (A.1.) or -eligible (A.2.) turnover, year 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
	Economic Activities (1)	Code (2)	Turnover (3)	Proportion of Turnover, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution(8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation(11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)				
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	N77.1.1	0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	-	-	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	-	-	
				EL	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	-	-	
				EL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
				EL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	N77.1.1	2	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	-	-	
Turnover of Taxonomy- eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		2	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	-	-	
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		2	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-	-	-	
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy- non-eligible activities		167	99%																
TOTAL		169	100%																

Nuclear and fossil gas related activities

Nuclear energy related activities		
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Social information

This section of the sustainability report presents AddLife's involvement with social issues with respect to our employees, as well as our patients and users. For information on AddLife's management of workers in the value chain, see page 47 for a description of our sustainability efforts in the supply chain.



Own workforce

Impacts, risks and opportunities

Our staff primarily comprise salaried employees working in sales, administration and service. In some subsidiaries, employees also commonly work in warehouse management and production, or as service technicians. AddLife's negative impact on our employees is mainly involves work-related stress, as well as gender equality and inclusion. In our annual employee survey, 19% of our employees reported that they frequently or very frequently experience stress. Overall, the gender balance in the group is even, although this is not mirrored in senior management. Currently, the gender balance in the company is 56% men and 44% women, while in management positions the gender balance is 65% men and 35% women. In all, 81% of our staff experience the workplace culture as inclusive; however, 4% feel they face discrimination. AddLife's primary positive impact on our employees is chiefly through skills development at our business school, AddLife Academy. For more information on the AddLife Academy, see pages 44-46.

Strategy and governance

AddLife's work with employees is governed by our group-wide Code of Conduct. AddLife currently has a gender equality target to achieve an average gender balance of 40%/60% in management positions across the entire Group by 2027. In addition to the gender equality target, AddLife has ambitions relating to our employees that we aim to achieve, see table below.

AddLife wants to achieve a culture in which all employees thrive and grow. Our success relies on the dedication of our staff, motivated by the aim to improve both themselves and the organisation they serve. As an employer, we are committed to providing a safe and positive working environment. We value job security and opportunities for personal development. We want to attract and retain employees who support our core values and have the right skills to develop the business. One of our most important tools in this endeavour is our business school AddLife Academy, where our employees learn about our corporate culture and are offered training in business skills. Within AddLife Academy, we offer digital and in-person courses in subjects that our staff can implement in their daily work. AddLife Academy also serves as a networking platform for employees from different subsidiaries and countries. Some of AddLife's subsidiaries also offer additional educational initiatives for their staff regarding products, services or specific local regulations.



At AddLife, maintaining a high ethical standard is paramount, and we value transparency and integrity. We have a zero-tolerance policy towards discrimination, harassment, and other forms of behaviour that do not align with our values. Employees will be given equal opportunities regardless of gender, sex, age, ethnic or national origin, religion, sexual orientation or disability. Ensuring equal opportunities for employees is crucial to continue fostering a sustainable organizational culture. These positions are set out in our Code of Conduct.

Every year we conduct an employee survey to identify areas for improvement across the group. In this year's survey, 91% of the approximately 2,300 employees responded, compared to the previous 86% (2022), 84% (2021) and 85% (2020). Results for each subsidiary are reported at the company level, with improvement initiatives based on outcomes. We also monitor the employee index, which measures the working environment in terms of health, safety and well-being. In 2023, 39% of our employees were covered by collective agreements. In many European countries where AddLife operates, labour law issues are regulated by legislation and thus collective agreements are less common.

GENDER EQUALITY TARGET

- 40/60% gender balanced representation at all levels of management by 2027.

35/65 %

WOMEN/MEN IN
MANAGEMENT

Social ambitions and outcomes for 2023

In addition to our gender equality target, AddLife has ambitions in social sustainability that we aim to achieve. The purpose of these ambitions, and related KPIs, is to understand how healthy the culture is within the group and each subsidiary.

Ambitions	2023	2022
Employee satisfaction score at 4.3	4.1	4.0
Zero tolerance towards corruption or non-compliant behavior towards AddLife's Code of Conduct	0	0
100% of employees completing and signing off AddLife's Code of Conduct training	97%	-
Unadjusted gender pay gap at 0%	14%	14%
90% of employees find AddLife to be an inclusive workplace	81%	79%
No cases of discrimination	7 cases	4 cases
100% of our employees shall have career performance and development reviews	78%	76%

Metrics

Number of employees divided by gender (headcount)	2023
Male	1,284
Female	1,017
Other	0
Not reported	0
Total employees	2,301

Number of employees divided by country (headcount)	2023
UK	492
Spain	280
Sweden	270
Denmark	228
Norway	147
Germany	135
Austria	134
Finland	134
Italy	130
Switzerland	56
Other	333
Total number of employees	2,301

Non-employees	2023
Number of non-employees (consultants)	142

Share of employees covered by a collective bargaining agreement or social dialogue

Coverage	Collective Bargaining Coverage		Social dialogue
	Employees - EEA	Employees - Non-EEA	Workplace representation only*
0-19%	Denmark, Germany, Italy, Norway, Switzerland	UK	
20-39%			
40-59%			
60-79%	Finland, Sweden		
80-100%	Austria, Spain		

*The information regarding social dialogue for 2023 is missing. We plan to gather this information for 2024 and beyond

Share of men and women in management level	2023	2022
Men	65%	68%
Women	35%	32%
Others	0%	0%

Share of employees divided by age	Share
<30	10%
30-50	54%
>50	36%

Training and development*	Men	Women	Other	Total
Share of employees that participated in performance and career development reviews	-	-	-	78%
Average training hours per employee	-	-	-	5.5h

*The information on the share of employees who participated in performance reviews and the average training hours per employee, broken down by gender, is missing for 2023. We plan to gather this information for 2024 and beyond

Remuneration metrics	2023
Unadjusted gender pay gap*	14%

*The wage gap mainly stems from gender differences in occupational roles and compensation structures. A majority of men work in roles with variable compensation, such as sales, while women work more in areas that typically lack variable compensation, such as administration. Additionally, men are more frequently in leadership positions, resulting in higher compensation.

Incidents, complaints and severe human rights impacts	2023
Total number of incidents of discrimination and harassment	7
Number of complaints filed	4
Total amount of fines, penalties, and compensation for damages as a result of the incidents and complaints disclosed above	0

Patients and users

Impacts, risks and opportunities

AddLife's vision is to improve people's lives by being a leading, value-creating player in Life Science. We have a positive impact on patients and users who use our products and services. We also make a positive contribution by supplying the products and services needed to conduct research. However, failure of these products could result in incorrect diagnoses and surgical complications. Should this occur, it could potentially have serious negative consequences for the individual involved, but also poses a financial risk for the group, as we could become liable for damages and it could harm our brand. Indemnities may not always be fully covered by AddLife's insurance, and AddLife may encounter challenges in claiming reimbursement from its suppliers for these costs. We work with our suppliers to improve product safety and quality. We regularly evaluate our insurance coverage to reduce the risk of unexpected costs. In addition, AddLife has an ongoing quality assessment process for our own products. At group level, the risk is therefore considered low. If we could quantify the beneficial social impact of our products and services, it would simplify the process of highlighting the advantages of our products to our customers, not solely from a cost-saving perspective.

Strategy and governance

Our positive impact on people's lives and health is at the core of our business offering, and a vital aspect of our business strategy. We are committed to finding the right products and services for our customers, so that they can provide high-quality healthcare, social services and research. For more information on our efforts to improve people's lives, see page 33. Our subsidiaries are responsible for ensuring that our products and services are of adequate quality to avoid endangering patients and users. Product safety is regulated within the EU through the Medical Devices Regulation (MDR) and the Regulation on In Vitro Diagnostic Medical Devices (IVDR), ensuring a high level of product safety. Several of our subsidiaries are also certified to ISO 9001 and ISO 13485 to ensure quality.

SUSTAINABILITY

AddLife Academy

Skills development and corporate culture

AddLife's most valuable asset is its employees, and through our business school, AddLife Academy, we provide opportunities for development and foster a shared culture. The business school is crucial for our success and ensures a focus on our financial targets.



AddLife Academy consists of different components

Corporate Philosophy is a teacher-led course that describes AddLife's development as a company, our most important

goals, how we work with sustainability and how we will live up to our values. AddLife's "Code of Conduct" is carried out digitally in our LMS (Learning Management System), clarifying for every employee the expectations and obligations of working for the company and the manner in which the code of conduct should be integrated into daily operations.

Our open scheduled training programmes have been in high demand in 2023. We arrange both teacher-led courses, which gather participants from all companies, and digital courses. Our employees can sign up based on their needs and their position; for example, specialised training courses are available for salespeople or managers. We mainly focus on teacher-led training programmes, as we know that participants also benefit from sharing their experience and networking. In 2023, we offered three different teacher-led training programmes in sales, leadership and negotiation skills. During the year, we also developed the AddLife Academy to provide even greater support to companies in commercial excellence.

ADDLIFE ACADEMY TRAINING

- Vision and corporate philosophy
- Code of Conduct
- Leadership
- Effective sales 1
- Effective sales 2
- Soft selling
- Negotiation skills
- Public procurement
- Digital customer meetings
- Presentation skills
- Sales Psychology with Persuasion Skills

Throughout the year, we have conducted several company-specific projects where we tailor training programmes to support a company's specific needs, often related to "commercial excellence.". For example, we worked extensively with the eye surgery company AddVision in 2023.

Throughout 2023, we have conducted several company-specific projects where we tailor training programmes to support a company's specific needs, often related to "commercial excellence.". For example, we worked extensively with the eye surgery company AddVision in 2023.

In addition to training through AddLife Academy, most subsidiaries also offer local training opportunities for their employees. Blending centralised training via AddLife Academy with local training in the employee's native language is key to maximising employee development.

Governance information

Sustainability in the supply chain



Impacts, risks and opportunities

About 90 percent of our sales are generated from distribution and 10 percent from own production. Our negative sustainability impact is therefore mainly indirect, through business relationships with our suppliers, and is concentrated in the upstream value chain. This is particularly the case for mining and oil extraction, which use fossil fuels, pollute the local environment and often take place in countries with low respect for human rights, poor protection for workers and a high risk of corruption. The consequences of the final production of the more complex products we distribute are deemed to have a lower negative impact on people and the environment, as they often take place in countries with good environmental protection, high respect for human and labour rights and a lower risk of corruption. The consequences of the final production of consumables and other simple products can have a greater negative impact on people and the environment, depending on where in the world they are produced.

The expected financial consequences of AddLife's significant sustainability risks primarily concern sustainability-related legislation, which affects all companies in the Group. In particular, the EU directive on corporate due diligence regarding sustainability may, in the medium and long term, have adverse effects on AddLife's financial position and performance, especially through increased costs to address negative impacts on people and the environment along the supply chain.

Strategy and governance

AddLife manages sustainability initiatives within the supply chain through our group-wide Code of Conduct for Business Partners. Our goal in 2023 was to evaluate all new suppliers from a sustainability perspective, using a risk assessment tool we developed. We achieved this goal during the year. AddLife has approximately 7,000 suppliers of products and materials, and probably many more subcontractors. In our decentralised business model, the subsidiaries are responsible for their suppliers, which makes it more challenging to identify and manage sustainability-related risks. In 2023, AddLife implemented a group-wide system for identifying, assessing and managing sustainability-related risks in the supply chain. The work will continue throughout 2024, in parallel with our development of the due diligence process regarding sustainability, which will be implemented across the entire group.



SUPPLIER TARGET

- Evaluate 100% of our new suppliers from a sustainability perspective in 2023



Metrics

Evaluation of new suppliers based on sustainability criteria	2023
Share of new suppliers evaluated based on sustainability criteria	100%

Anti-corruption

Impacts, risks and opportunities

AddLife's negative impact through corruption is mainly concentrated within the supply chain, although the risk of corruption also exists within public procurement. The risk of corruption in the supply chain depends on where in the world the products are manufactured. The risk is particularly high in the extraction of raw materials in the mining and oil industry, and slightly lower in the manufacture of materials, components and products. Public procurement is considered to have a relatively high risk of corruption, especially after a contract has been concluded, as contract monitoring and management are often neglected in the public sector.

Strategy and governance

In 2023, several subsidiaries have joined our group-wide whistleblowing channel, which enables anonymous reporting of suspected corruption or other breaches of the Code of Conduct. We have zero tolerance for corruption as well as for deviations from our Code of Conduct, which is an important commitment in our sustainability work. It is also a commitment to our suppliers, who entrust us with their brand, and to our customers, who rely on fair and long-term business relationships.

In 2022, we launched an updated code of conduct for our employees, based on the UN Global Compact, the ILO Core Conventions and the OECD Guidelines for Multinational Enterprises. All employees receive training on this topic through our digital training system at AddLife Academy. Employees have an obligation to live up to the Code of Conduct and to reflect it in their work and in their relations with colleagues and the community. By 2023, 97% of our employees had completed this training.

Metrics

Corruption and bribes	2023
Number of convictions or violation of anti-corruption and anti- bribery laws	0
Amount of fines for violation of anti-corruption and anti- bribery laws	0
Total number of confirmed incidents of corruption or bribery	0
Number of confirmed incidents in which own workers were dismissed or disciplined for corruption or bribery-related incidents	0
Number of confirmed incidents relating to contracts with business partners that were terminated or not renewed due to violations related to corruption or bribery	0

ADMINISTRATION REPORT

1 January 2023 - 31 December 2023

The Board of Directors and CEO of AddLife AB (publ), company registration number 556995-8126, hereby submit the annual report and consolidated financial statements for the financial year 2023, which comprise pages 7-9, 32-48 and 49-129. The Corporate Governance report is part of the administration report and is presented on pages 64-76. The Company's sustainability report is incorporated into the annual report and Consolidated Financial Statements on pages 7-9 and 32-48.

Operations

AddLife is a Swedish-listed medical technology company operating mainly in the European market and consisting of approximately 85 operating subsidiaries in the Labtech and Medtech business areas. The Group has 2,301 employees in 30 countries and offers high-quality, cost-effective solutions and products. The product portfolio consists partly of self-manufactured products and partly of products that are made by other manufacturers. The service portfolio includes advice, service and education.

Its customers are primarily active in the healthcare sector – from research to medical care. AddLife currently has a presence in 30 countries, mainly in the Nordic region, Western, Central and Eastern Europe, China and Australia. The AddLife share has been listed on Nasdaq Stockholm since March 2016.

Key events during the year

As we summarise the year, we can conclude that the strong positive impact of sales related to COVID-19 over the last three years has ended. These sales generated good margins since they could be handled by the existing organisation without increasing costs. Thanks to several major acquisitions in 2021 and 2022, we have replaced the loss of COVID-19 sales with acquired sales at more normal margins.

In 2023, AddLife adeptly steered through a landscape shaped by the aftermath of the pandemic. The year kicked off with a robust first quarter, marked by noticeable signs of recovery in healthcare activity across all markets and a rise in elective surgeries. Throughout the year, AddLife has continuously responded to the increased demand in elective surgery, spurred by the substantial healthcare queues that have arisen in Europe. The sales performance across all business segments has been favourable, with solid market positions in expanding niches mirrored in the Group's organic growth of 10 percent.

Improving profitability and cash flow have been primary objectives for the year, with a dedicated effort to streamline inventory management, reduce tied-up capital, and strengthen margins.

The companies within AddLife performed well in 2023 and profitability improved. This trend applies to both large and small companies, including those that have been part of AddLife for a long time and those that have joined the AddLife family more recently. However, AddVision and Homecare have faced challenges and following careful analysis, strong measures were implemented.

We restructured AddVision, closed its main office and simplified the organisation, which has resulted in more efficient and decentralised decision-making. The restructuring, completed in the second half of 2023, is expected to lead to a more targeted sales approach and faster adaptations to local market conditions.

Homecare's digital development projects also underwent a thorough review during the year. Development projects include solutions for self-monitoring (Camanio Health) and care alarms (Camanio Care). This has resulted in the closure of both Camanio Health and Camanio Care. The Homecare companies will continue to offer a portfolio of digital products and services, but they will no longer be proprietary.

As AddLife continues to expand and improve its business, the company is well positioned for the future. The stable positive market trend and the robust cash flow during the year align with our ambition to reduce net debt through internally generated cash flow and, over time, increase the pace of acquisitions.

Acquisitions

AddLife is constantly looking for companies to acquire and is engaged in discussions with several potential companies. One small acquisition was made in the Medtech business area during the financial year.

AddLife's acquisition strategy

- The subsidiaries can make small bolt-on acquisitions to strengthen existing businesses in their niche
- The business areas can expand and build market and/or product positions in selected market segments
- The business areas can add new market segments in areas where we see opportunities to gain market leadership

The following acquisitions were completed during the year:

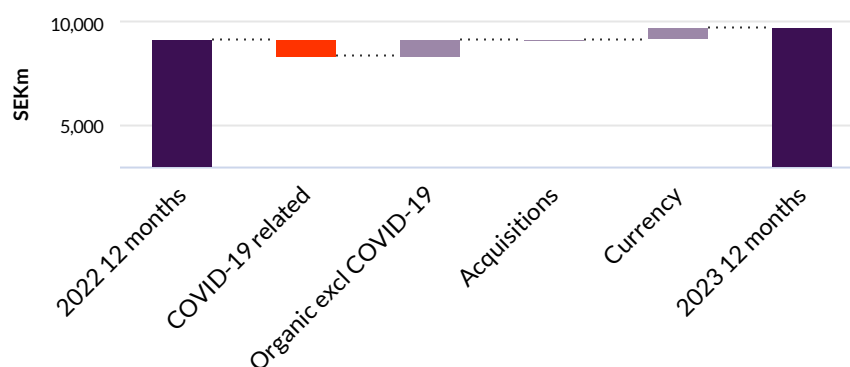
- On 1 September 2023 AddLife acquired all shares in the company Emmat Medical Ltd for the Medtech business area. Emmat is active in surgical products in the UK and has sales of approximately SEK 28 million and four employees. The company has been integrated into the Healthcare 21 Group.

Financial development during the year

Net sales and profit

The AddLife Group's net sales increased by 7 percent (14) and totalled SEK 9,685 million (9,084). Acquired growth was 1 percent (22) and organic growth excluding COVID-19-related sales and exchange rate fluctuations was 10 percent (4). COVID-19-related sales have now stopped and are recognised as SEK 0 million (760). Exchange rate fluctuations had a favourable impact on net sales of 6 percent (4), corresponding to SEK 520 million (352).

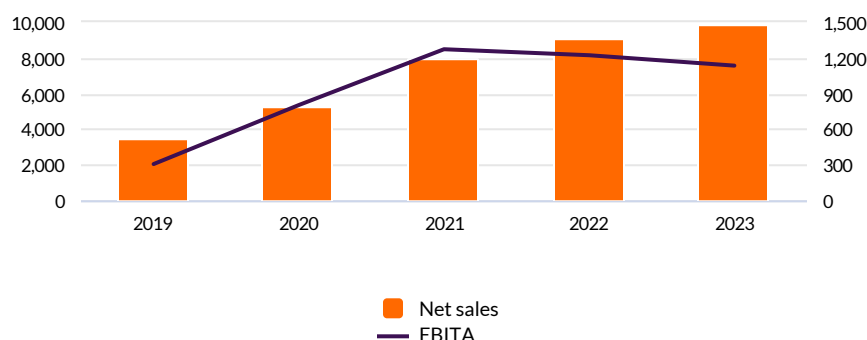
NET SALES 12 MONTHS



Non-recurring costs related to profitability improvement measures in Homecare and AddVision had a negative impact of SEK 134 million on the financial year. The costs related to restructuring costs of SEK 8 million, as well as impairment charges of SEK 106 million of intangible assets and SEK 19 million of property, plant and equipment. Non-recurring costs negatively impacted selling expenses by SEK 54 million and administrative expenses by SEK 8 million, while impairment of intangible assets had a negative impact of SEK 70 million on research and development. Moreover, heightened commercial activity and an expanded sales organisation have raised selling expenses, while also pushing sales growth and enhancing growth prospects for the future.

EBITA decreased by 7 percent to SEK 1,135 million (1,221) and the EBITA margin amounted to 11.7 percent (13.4). The decrease is largely attributable to the absence of COVID-19-related sales. The reversal of previously reserved contingent considerations had a positive impact of SEK 147 million (101) on operating profit in the financial year. Exchange rate fluctuations had a favourable impact on EBITA of 5 percent, corresponding to SEK 59 million.

NET SALES AND EBITA



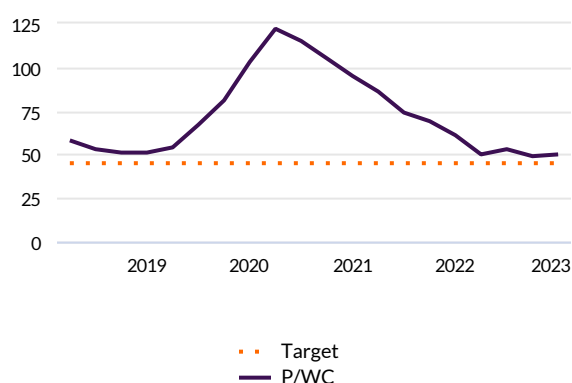
Net financial items amounted to SEK -246 million (-206) and profit after financial items amounted to SEK 339 million (602). Net financial items mainly include interest expenses related to the financing of previous acquisitions and exchange rate fluctuations. Net interest income was SEK -267 million (-103), while exchange rate gains were SEK 30 million (loss: -95). Exchange rate fluctuations relate to translation of loans and contingent considerations denominated in foreign currency. Profit after tax for the year totalled SEK 192 million (483) and the effective tax rate was 43 percent (20), impacted by the effect of non-deductible interest and losses not deemed to be capitalised in the subsidiary Camanio.

Profitability, financial position and cash flow

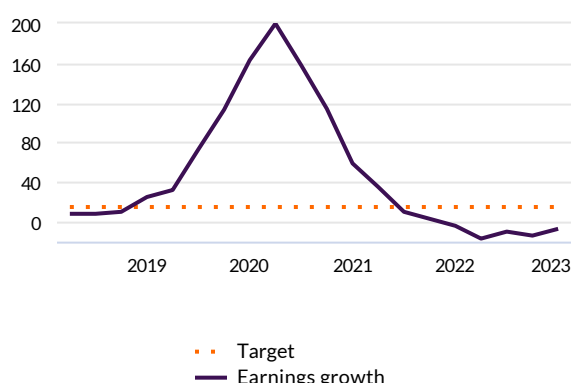
Return on equity at the end of the financial year was 4 percent (10). The equity ratio at the close of the financial year was 39 percent (38). Equity per share, excluding non-controlling interests, totalled SEK 40.69 (40.76).

Return on working capital (P/WC) totalled 50 percent (61). The long-term P/WC target for the Group and all of its companies is 45 percent. The profitability benchmark P/WC ratio encourages high operating profit and low levels of tied-up capital. When combined with the growth target of 15 percent, this creates conditions that promote long-term profitable growth for the companies and the Group. Average working capital, which when calculating P/WC includes inventories with the addition of the net of accounts receivable and accounts payable, amounted to SEK 2,290 million (2,008) at the close of the financial year.

P/WC



EARNINGS GROWTH



The Group's interest-bearing net debt decreased during the financial year by SEK 218 million and amounted to SEK 5,192 million (5,410) at the end of the financial year, including pension liabilities of SEK 64 million (60), lease liabilities of SEK 498 million (351) and contingent considerations corresponding to SEK 87 million (266). The outstanding bank loans at the end of the financial year amount to SEK 4,698 million (4,968), of which short-term bank loans amount to SEK 2,212 million (2,432). The Group has a good margin in the covenants applicable under the banking agreements, which stipulate an interest coverage ratio of at least 4.0 times and an equity ratio exceeding 25 percent. At the end of the financial year, the interest coverage ratio was 5.7 times as defined in the banking agreements.

Cash and cash equivalents, consisting of cash and bank balances together with approved but non-utilised credit facilities, totalled SEK 1,013 million (890) at 31 December 2023. The net debt/equity ratio was 1.0, compared with 1.1 at the beginning of the financial year. The aim is to lower debt through internally generated cash flow.

Cash flow from operating activities reached SEK 773 million (909) during the financial year, mainly because of a lower profit after financial items. Contingent consideration paid related to company acquisitions in previous years totalled SEK 16 million (818). Net investments in non-current assets for the financial year totalled SEK 286 million (268) and mainly relate to investments in instruments for rentals to customers. Repurchase of treasury shares amounted to SEK 0 million (60). Issued, exercised and repurchased call options totalled SEK 9 million (33). Shareholders of the parent company were paid a dividend of SEK 146 million (243).

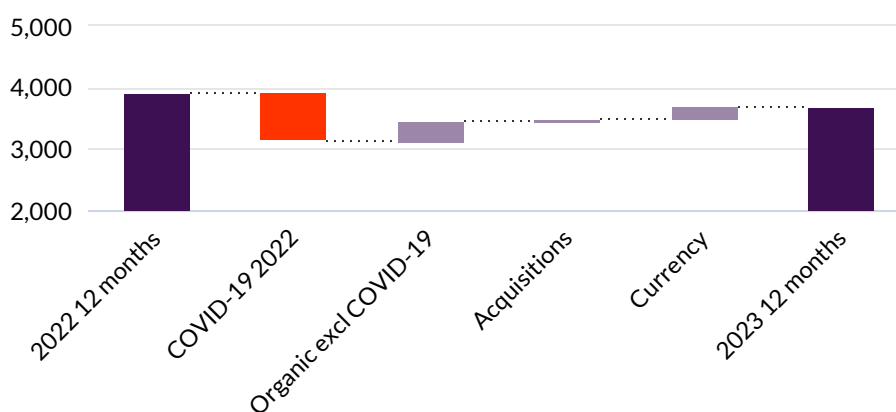
Business areas

AddLife's operations during the financial year were organised in two business areas: Labtech and Medtech.

Labtech

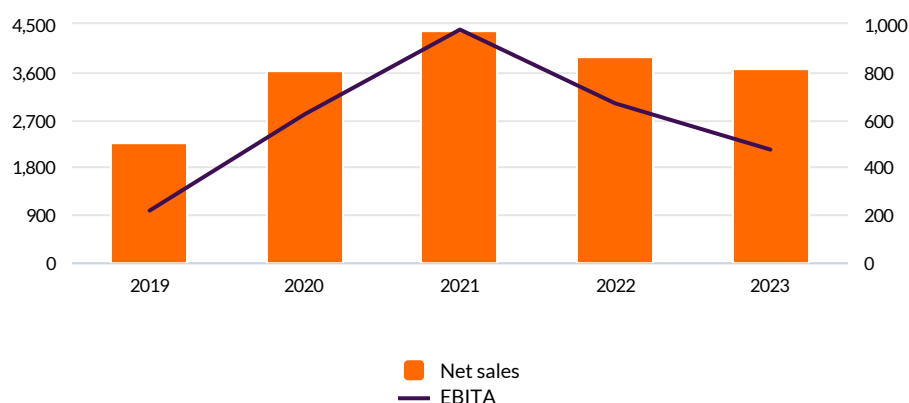
During the financial year, net sales decreased by 6 percent to SEK 3,654 million (3,880), of which organic sales, excluding COVID-19-related sales and exchange rate fluctuations, increased by 10 percent and acquired growth was 1 percent. COVID-19-related sales have stopped and are now recognised as SEK 0 million (760). Exchange rate fluctuations had a favourable impact on net sales of 5 percent.

LABTECH NET SALES 12 MONTHS



EBITA declined by 29 percent to SEK 473 million (667), corresponding to an EBITA margin of 12.9 percent (17.2).

LABTECH NET SALES AND EBITA

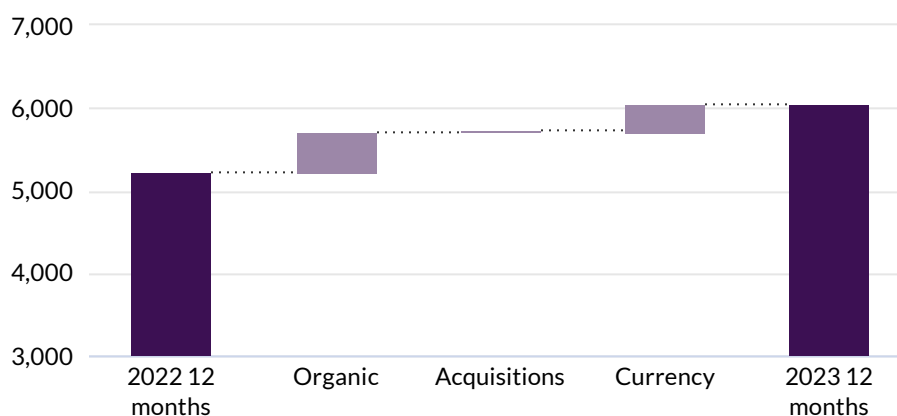


The organic growth emphasises a strategic commitment to innovation and expansion in areas that continue to show strong demand for advanced technology and solutions, such as Next Generation Sequencing (NGS). By focusing on organic growth, the business area has been able to continue to advance and bolster its position as a leading player in diagnostics and biomedical research.

Medtech

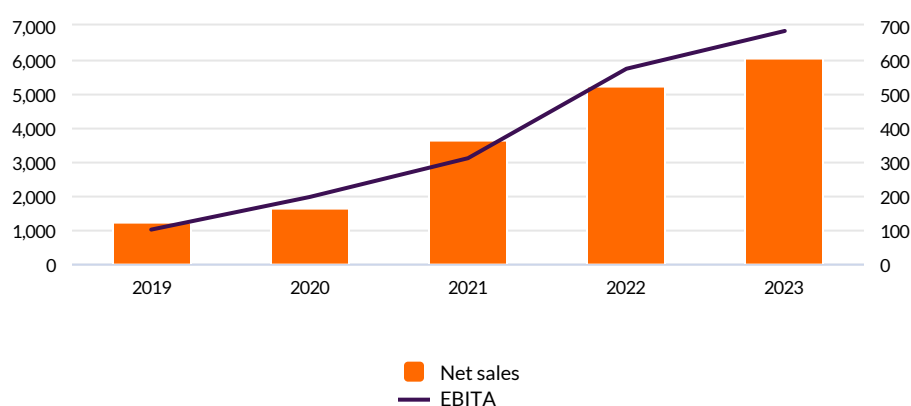
During the financial year, net sales increased by 16 percent to SEK 6,042 million (5,210), of which organic growth, excluding exchange rate fluctuations, was 9 percent and acquired growth was 1 percent. Exchange rate fluctuations had a favourable impact on net sales of 6 percent.

MEDTECH NET SALES 12 MONTHS



EBITA increased by 19 percent to SEK 684 million (573), corresponding to an EBITA margin of 11.3 percent (11.0). The reversal of previously recognised contingent considerations, primarily related to the acquisition of AddVision and Healthcare 21, had a positive impact on operating profit of SEK 128 million (87) and, adjusted for these, the EBITA margin was 9.2 percent (9.3). The investment in digital solutions for self-monitoring and care alarms had a negative impact on earnings of SEK 77 million (54).

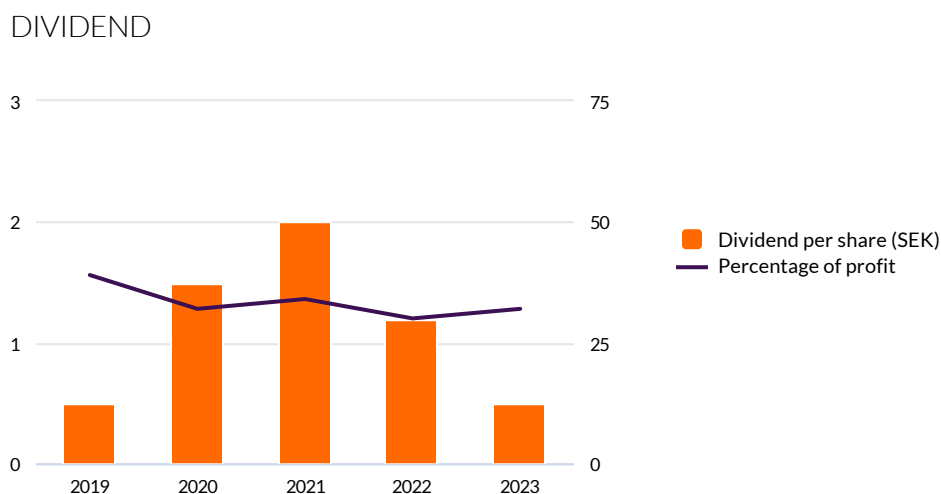
MEDTECH NET SALES AND EBITA



The year was also marked by a recovery in elective surgery in the aftermath of the pandemic, resulting in increased demand for Medtech's products in areas such as orthopaedic surgery, anaesthesia, laparoscopy and general surgery. Key strategic measures were taken during the year to improve profitability going forward.

Dividend

AddLife's dividend policy involves a target of a dividend corresponding to 30-50 per cent of the Group's average profit after tax over a business cycle. The Board has resolved to propose that the AGM in May 2024 pay a dividend of SEK 0.50 (1.20) for the 2023 financial year. For the appropriation of profits, see [note 36](#).



Historical data for dividend per share have been restated based on new issue and share split. The conversion factor is 4.041.

Risks and uncertainties

AddLife works with risk management on both a strategic and operational level. Risk management aims to identify and analyse the company's most significant risks and potential events that may affect AddLife's ability to implement the company's strategy and achieve its defined goals and vision. Identified risks are analysed, quantified and prioritised, after which plans are formulated to prevent and mitigate risks. In addition, continuous improvements are made to mitigate future risks. Our risk management focuses on business risks, financial risks and other potentially significant risks such as legal risks. The AddLife Group has policies and guidelines that provide responsible managers with tools to identify deviations that could develop into risks. The level of risk in the operations is systematically monitored in monthly reports, in which negative deviations or risks are identified and remedied.

AddLife's earnings and financial position, as well as its strategic position, are affected by various internal factors within AddLife's control and various external factors over which AddLife has limited influence. General economic and political conditions, public procurement and healthcare reimbursement systems, technological developments, customers and suppliers are the external risk factors that have the greatest impact on AddLife.

In addition, AddLife is affected by financial risks such as transaction exposure, translation exposure, financing and interest rate risk, as well as credit and counterparty risk. See [Note 4](#) for a more detailed description of how AddLife manages financial risks.

Risk/Description

Management

General economic and political conditions

Geopolitical instability (trade wars, protectionist policies, wars and conflicts) in various global, regional or national contexts may directly or indirectly affect AddLife's business or supply chain, with longer lead times, higher costs, or disruptions in delivery.

General global economic, financial and political conditions can have an impact on AddLife. Demand for the company's products and solutions depends to some extent on macroeconomic trends. Uncertainty regarding future economic prospects, including political unrest, may adversely affect customers' purchases of AddLife products, which would have an adverse effect on the company's operations, financial position and earnings. Higher interest rates also entail a financial risk for AddLife.

A significant proportion of the company's sales are made to publicly funded operations in healthcare, research and care. Weakened government finances could have a negative impact on AddLife's operations and earnings.

Furthermore, changes in the political situation in a region or country, or political decisions affecting an industry or country, could also have a material impact on the sale of the company's products.

AddLife's decentralised business model enables diversification regarding business areas, suppliers and supply chains. This approach reduces exposure to local geopolitical instability. Some of AddLife's larger and more vulnerable companies are also analysing their supply chains to diversify where possible.

AddLife's subsidiaries operate in a largely or partly non-cyclical market, which generally makes the Group less sensitive to economic fluctuations. In most countries and situations, care is prioritised even in when times are difficult. The fact that operations are conducted in many different segments and geographic markets also limits these risks for the group as a whole. AddLife is concentrating on reducing tied-up working capital and ensuring optimisation of cash flow to address higher interest rates.

The decentralised business model means that Group companies have a high degree of adaptability as decisions are taken quickly and close to the business. By continuously acquiring companies in new customer segments and in new markets, the Group can reduce market risks and better respond to economic fluctuations. Furthermore, AddLife is working on strengthening its value-based sales to reduce exposure to weakened government finances.

Public procurement and healthcare reimbursement systems

A significant portion of AddLife's revenue is derived from the sale of products to public sector entities. Political decisions in some countries have led to a reduction in the number of contracting customers by consolidating regions into larger units. This has resulted in larger procurements and often longer contractual periods, leading to increased price pressure and competition.

Sales of some of the company's products rely on different reimbursement systems in the various markets. In several of the company's markets, in many cases, an insurance company finances or subsidises the purchase of the patient's care products within the framework of existing political reimbursement systems. Part of the success of the sales of AddLife's products in these markets depends on

The organisation and its subsidiaries have a strong focus on public procurement processes. Considerable effort is dedicated to preparing for and ensuring compliance with procurement requirements, as well as to internal training. In addition, the companies have a clearly differentiated offering that creates unique value for customers, which can lead to a less single-minded focus on price, while also improving competitiveness. This offering is based on extensive understanding of customer needs, often involving unique, high-quality products combined with a comprehensive service offer.

Risk/Description

whether they qualify for reimbursement under these different reimbursement schemes.

Management

Because AddLife operates in many different countries and markets, these risks are limited for the Group as a whole.

Technological development

AddLife's future growth depends, among other things, on new innovative products and thus the Group's ability to influence, anticipate, identify and respond to changing customer preferences and needs. There is a risk that the subsidiaries within the AddLife Group are unable to implement new technology or adapt their product range and business model in time to be able to leverage the benefits of new or existing technology. The costs associated with keeping up with product and technology developments can be high. Moreover, the level and timing of future operating expenses and capital requirements could significantly differ from current estimates.

There is a strong focus on proactive business development within the subsidiaries, as well as a focus on future technological adaptation with new acquisitions. Several subsidiaries are making significant investments in research and development and, where necessary, are entering into co-operation with business partners to ensure technological development. Regarding distribution of third-party products, there is a strong ongoing collaboration with suppliers with respect to technological developments. There is also a structured effort to identify new suppliers with innovative products. The companies within AddLife are mainly distributors, which provides greater opportunities to adapt to technological developments by changing suppliers.

Customers

AddLife has a large number of customers of varying sizes, some of whom are public and some private operators. Because of the number of customers and the Group structure, agreements with customers vary in character with regard to factors such as contract length, warranties, liability limitations and scope. Moreover, there is a risk that such variation could result in unforeseen liability exposure for AddLife, especially in cases where no specific limitations of liability have been incorporated into the agreements. There are also financial risks in some customer contracts that require the commitment of more working capital. Some long-term customer contracts that do not allow for price adjustments may also entail financial risks.

Although there are contractual risks associated with the scattered customer base that AddLife subsidiaries have, there are also advantages. An individual subsidiary may be highly dependent on an individual customer, but AddLife as a Group is not dependent on any individual customer and no customer accounts for more than about 4 percent of sales. This is a strength in the AddLife business model. AddLife has implemented measures to reduce tied-up working capital and trains employees in pricing strategies and risk management.

Suppliers

In order to deliver products, AddLife depends on external suppliers who must meet the terms of the agreements regarding matters such as volume, quality and delivery date. Incorrect, delayed or missed deliveries could have a negative impact on AddLife's financial position and results. AddLife has agreements with a large number of suppliers over which the company cannot exercise control nor can it have full insight into their operations. Consequently, AddLife is exposed to the

In a longer perspective, AddLife is not dependent on any single supplier for the survival of the business. The company's largest supplier accounted for approximately 5 (7) percent of net sales for 2023. AddLife works strategically with the larger suppliers and conducts regular supplier evaluations, with the aim that suppliers will live up to the AddLife Code of Conduct. Processes to regularly review the number of suppliers and focus on the most profitable ones are well

Risk/Description

risk that suppliers could act in a way that could harm AddLife. A further risk involves management of too many suppliers simultaneously, which is resource intensive and creates inefficiencies for the companies.

Some countries and segments are seeing a trend towards consolidation, as suppliers merge to become fewer in number and larger in size. Other countries and segments are instead seeing a trend towards streamlining by spinning off businesses. In addition, new technologies and suppliers are becoming established as a result of continuous development. In this environment, there is a risk that suppliers could be lost, or that existing suppliers could lose their market potential.

Additionally, there is the risk of suppliers moving from a collaboration with an AddLife subsidiary to another distributor, or opting for their own sales.

Management

integrated into AddLife's daily procedures.

AddLife's subsidiaries choose suppliers who see cooperation with them as the best sales method. Stable supplier partnerships are also one of the parameters evaluated when acquiring companies. AddLife's decentralized business model and its operations as a distributor allow for rapid changes on relatively short notice.

The companies within AddLife continuously work to update the supplier structure and to proactively replace lost suppliers and suppliers with declining market potential. With its growing presence in several European countries, AddLife companies are potentially becoming an even more attractive partner to suppliers.

Acquisitions

AddLife acquires companies on an ongoing basis and in 2023 one company was acquired. However, there is a risk that AddLife will not be able to identify acquisition targets or to carry out acquisitions because of, for example, competition with other acquirers or lack of financing.

Acquisitions generally carry risks. In addition to company-specific risks, the acquired company's relationships with important customers, key personnel and suppliers could be adversely affected. There are risks in terms of the ability to retain talent and the possibility of creating a common culture. Moreover, acquisitions could expose AddLife to unknown obligations. Acquisitions usually involve not only the assumption of all of the assets of the acquired company, but also its obligations. There is a risk that not all potential obligations or commitments have been identified prior to the acquisition, or that the seller lacks the financial ability to compensate AddLife in the event of a breach of warranty.

It is important that the acquisition process and especially the pre-acquisition evaluation (due-diligence) is both thorough and effective and includes legal, financial and sustainability aspects. If companies with significant problems are acquired, for example regarding financial earning capacity or important sustainability aspects, AddLife's reputation or financial performance may become worse than expected.

AddLife constantly pursues acquisitions to ensure that there is an inflow of interesting objects for the Group.

AddLife has many years of experience in carrying out acquisitions and has a structured process for the acquisition process, integration and follow-up. This process is constantly evolving based on, among other things, lessons learnt from previous acquisitions. AddLife's financial and sustainability-related processes and procedures are built on long experience and are continuously developed and refined. Guarantees to limit the risk of unknown obligations are one of the tools used in contract negotiation.

AddLife works continuously to improve and update its acquisition process and has also strengthened and expanded its expertise in this area.

Risk/Description

Management

Organisational risk

AddLife applies a decentralised organisational model, which means that subsidiaries in the Group are largely responsible for and conduct business independently. Corporate governance in a decentralised organisation places high demands on financial reporting and monitoring and deficiencies in reporting and monitoring entail a risk of inadequate operational control. The decentralised organisational model has historically been an advantage for the Group.

Group Management controls, checks and monitors the business in the subsidiaries through active board work, group-wide policies, financial targets and instructions regarding financial reporting.

In addition, AddLife works with weekly follow-up of order intake, monthly reporting and follow-up of the financial development of all subsidiaries. This means that the parent company always has good insight and understanding of current and upcoming challenges and opportunities.

Ability to recruit and retain staff

AddLife's continued success depends on experienced employees with specific skills. There are key employees among senior executives in the companies, in Group management and among the Group's employees in general. There is a risk that one or several senior executives or other key personnel could leave the AddLife Group at short notice. If AddLife fails to retain key employees or recruit new competent key personnel in the future, this could have a negative impact on AddLife's financial position and results.

AddLife invests time and effort in the internal skills development and refinement of the corporate culture through the work with AddLife Academy. In the case of acquisitions, the aim is for key employees to remain in the companies and continue to develop the companies' operations and also be given the opportunity for further education as well as career and personal development within the Group's framework.

AddLife conducts an annual employee survey and follows up the results from these to ensure that employees are given the conditions required to develop and thrive at work. AddLife also has an incentive programme for senior executives and key employees within the Group.

Product liability

AddLife's business entails risk associated with product liability. AddLife could be subject to product liability claims if the products that are produced or purchased cause personal injury or property damage. There is a risk that such product liability claims are not fully covered by AddLife's insurance policy. If a product is defective, AddLife may be forced to recall it. In such a situation there is a risk that AddLife cannot make corresponding claims against its own suppliers to receive compensation for the costs incurred by AddLife due to the defective product.

AddLife works continually with suppliers to increase product safety and ensure that products meet the quality requirements that are in place. AddLife regularly reviews its insurance coverage to reduce the risk of unforeseen expenses. AddLife's own products are subjected to ongoing quality assessment and follow-up.

Risk/Description

Management

Environmental risk

New environmental legislation linked to transports and product materials could have an impact on sales for AddLife's subsidiaries. AddLife owns a few properties and according to the Swedish Environmental Code, a property owner is responsible for any pollution or other environmental damage, with responsibility for remediation, which may also include damage caused by previous operations. Increased requirements for sustainability reporting and for certain products in certain markets require more resources from AddLife and the companies. It may also entail financial risks with increased overhead for AddLife.

AddLife's subsidiaries are primarily engaged in commerce and businesses that have a limited direct environmental impact. At the time of each acquisition, earlier environmental impact are noted and reviewed, and contractual protection is negotiated. AddLife has updated its sustainability strategy and strengthened resources and expertise in sustainability issues. The companies within the group are also engaged in sustainability issues and in the future new alternative product offerings may need to be explored in certain areas.

IT-incidents

An IT incident refers to the risk that critical data or one or more of the IT systems used in any way become unusable, locked, fail, or destroyed, such as if AddLife is exposed to cybercrime. AddLife's operations are dependent on the IT systems working and, especially in the event of long-term or extensive interruptions or other IT incidents, there is a risk that certain operations will not be able to be conducted for some time – or in the worst case at all – or will only be able to be conducted with difficulty or at increased costs.

AddLife works with risk assessments regarding IT infrastructure and sensitive data, and has defined processes and controls to protect the company. The control environment consists of firewalls, patch management, virus programs, penetration testing and automatic scanning of incoming and outgoing email traffic to catch phishing. To increase knowledge, encourage caution and ensure that employees know and follow the company's IT policy and directives, training in IT security was implemented during the year.

Because of AddLife's decentralised business model with independent subsidiaries, only a few companies share an IT platform and infrastructure. Consequently, the risk of a significant financial impact in the event of a major IT incident for the Group is relatively limited.

Risk/Description

Management

Regulatory

The healthcare market is highly regulated in all countries where AddLife operates. The company's product range is subject to legislation, such as EU directives and related quality system requirements.

AddLife puts significant effort and resources into implementing and applying policies to ensure compliance. Annual audits are conducted by designated accredited bodies to ensure compliance. In 2023, the company continued its efforts to comply with the EU MDR, which entered into force in May 2021, and the EU IVDR, which entered into force in May 2022. All of the Group's production facilities are also certified according to the medical device quality standard ISO 13485 and / or the general quality standard ISO 9001.

Business ethics and sustainability governance

With operations in about 85 companies and 30 countries, there are risks linked to unethical or illegal behaviour, both within AddLife's companies and among our companies' customers and suppliers. AddLife's continued success is highly dependent on our good reputation and business ethics. Violations of human rights in its own or its suppliers' operations would have a negative impact on the Group's reputation among employees, customers and other stakeholders and affect the demand for the Group's products.

The Group works internally with business ethics through, for example, training programmes in the AddLife Academy and annual follow-up of our internal code of conduct. To ensure the Group's high standard of business ethics, AddLife's Code of Conduct for Suppliers shall be followed.

AddLife also has a group-wide whistleblowing system.

Remuneration

Principles for the remuneration of senior executives

The Board of Directors will propose to the Annual General Meeting in May 2024 the following guidelines regarding remuneration to senior executives, which are essentially the same as those approved by the Annual General Meeting in May 2020:

The Board's proposal on new guidelines for remuneration to senior executives

The Board of Directors proposes guidelines for remuneration to the CEO and other senior executives. The guidelines also encompass any remuneration to Board members, other than Directors' fees. The guidelines apply to remuneration agreed after the Annual General Meeting 2024 and amendments to agreed remuneration made thereafter.

The guidelines do not apply to remuneration resolved by the general meeting. For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines. The provisions regarding the company also apply to the Group where appropriate.

The guidelines' promotion of the Company's business strategy, long-term interests and sustainability

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that AddLife offers competitive remuneration, which these guidelines make possible. Total remuneration should be on market terms and competitive and relate to responsibility and authority.

Types of remuneration, etc.

Remuneration shall be on market terms and may consist of the following components: fixed salary, any variable salary according to separate agreements, pension and other benefits. The general meeting can also, irrespective of these guidelines, resolve on, among other things, share and share price-related remuneration.

Fixed salary

The fixed salary shall consist of fixed cash salary and be reviewed annually. The fixed salary shall be competitive and reflect the position requirements with respect to qualifications, responsibilities, complexity and the manner in which it serves to reach the business objectives. The fixed salary shall also reflect the performance of the senior executive and thus be individual and differentiated.

Variable salary

In addition to fixed salary, the CEO and other senior executives may, according to separate agreements, receive variable salary when fulfilling agreed performance criteria. Any variable salary shall consist of an annual variable cash salary and may amount to a maximum of 40 percent of the fixed annual salary.

The variable salary shall be linked to one or several predetermined and measurable criteria, which can be financial, such as consolidated profit growth, profitability and cash flow, or non-financial, such as individual goals designed to promote the company's business strategy and long-term interests. Because the goals link the senior executives' remuneration to the company's earnings, they promote implementation of the company's business strategy, long-term interests and competitiveness. The terms and bases of calculation for variable remuneration shall be determined annually. The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year.

The extent to which the criteria for awarding variable cash remuneration has been satisfied shall be determined when the measurement period has ended. The Board is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other senior executives, the CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

The terms for variable remuneration shall be designed so that the Board of Directors, under exceptional financial conditions, may limit or refuse to pay variable remuneration if such a measure is deemed reasonable.

Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration

may not exceed an amount corresponding to 50 percent of the fixed annual cash salary and may not be paid more than once each year per individual. Any resolution on such remuneration shall be made by the Board of Directors based on a proposal from the Remuneration Committee.

Pension

For the CEO, pension benefits, including health insurance, shall be defined contribution with premiums not exceeding 30 percent of the fixed annual salary. For other senior executives, pension benefits, including health insurance (Swedish sjukförsäkring), shall be defined contribution unless the senior executive is subject to defined benefit pension under mandatory collective agreement provisions. Premiums for defined contribution pensions are to be in the form of the Swedish alternative ITP plan, according to a “premium ladder” as stated in AddLife’s pension policy, or premiums are not to exceed 30 percent of the fixed annual salary.

Variable remuneration shall qualify for pension benefits to the extent required by mandatory collective agreement provisions applicable to the senior executive (applies to Sweden and defined contribution pension).

Other benefits

Other benefits, which may include, for example, company car, travel benefits, cleaning benefits and health insurance, shall be on market terms and only constitute a limited part of the total remuneration. Premiums and other costs associated with such benefits may amount to a maximum of 10 percent of the fixed annual salary.

Conditions for termination

For the CEO and other senior executives, the notice period shall be six months in case of termination by the senior executive. In case of termination by the company the maximum notice period shall be 6 months. In the event of termination by the company, severance pay may be paid in an amount equivalent to a maximum of 9 months' fixed salary. No severance pay is paid in the event of termination of employment by the employee.

Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed executive is not entitled to severance pay. The remuneration shall be based on the fixed salary at the time of termination of employment and amount to not more than 60 percent of the fixed salary at the time of termination of employment, unless otherwise provided by mandatory collective agreement provisions, and be paid during the time the non-compete undertaking applies, however not for more than 24 months following termination of employment.

Fees to Board members

AddLife’s members elected by the general meeting may, in specific cases and for limited time, be remunerated for services beyond Board work within their respective areas of expertise. A fee on market terms for these services (including services rendered by a Company wholly owned by a Board member) shall be paid, provided that such services contribute to the implementation of AddLife’s business strategy and long-term interests, including its sustainability. Such consultant’s fee may, for each Board member, in no case exceed twice the annual Directors’ fee.

Salary and employment conditions for employees

In the preparation of the Board of Directors’ proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees’ total income, the components of the remuneration and increase and growth rate over time, in the Remuneration Committee’s and the Board of Directors’ basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

Preparation and decision-making process

The Board of Directors has established a Remuneration Committee. The Committee’s duties include preparing principles for remuneration to senior executives and the Board of Directors’ decision to propose guidelines for remuneration to senior executives. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting for resolution.

The guidelines shall be in force until new guidelines have been adopted by the general meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration to senior executives, the application of the guidelines to senior executives as well as the current remuneration structures and compensation levels in the company. Remuneration to the CEO shall be decided by the Board of Directors in line with approved policies following preparation and recommendation by the Remuneration Committee. Remuneration to other senior executives shall be decided by the CEO in line with approved policies and after consultation with the Remuneration Committee. The CEO and other senior executives do not participate in the Board of Directors’ discussions and decisions on remuneration-related matters that pertain to them.

Derogation from these guidelines

The Board of Directors may decide to derogate from these guidelines, in whole or in part, if in a specific case there is special cause and such a derogation is necessary to safeguard the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As stated above, the Remuneration Committee's duties include preparing the Board of Directors' decisions on remuneration matters, including decisions to derogate from these guidelines.

Employees, research and development and environment

Employees

At the end of the financial year AddLife had 2,301 employees, compared with 2,219 at the beginning of the financial year. Completed acquisitions increased the number of employees by 4 (355). The average number of employees in 2023 was 2,284 (2,157).

	2023	2022
Average number of employees	2,284	2,157
of which are men	56%	56%
of which are women	44%	44%
Age distribution		
up to 29 years	10%	9%
30-49 years	54%	55%
50 years and older	36%	36%
Average age	45	46

Research and development

The Group conducts its own research and development to a limited extent, mainly within Biolin in the Labtech business area. During the financial year, the Medtech business area carried out development work on a digital platform in welfare technology. The digital platform includes solutions for connecting sensors and care alarms in the home, Camanio Care, and digital self-monitoring of specific health conditions, Camanio Health. Following a thorough review of the digital development projects, a decision was made to terminate them at the end of 2023. The welfare technology offering also includes profitable home adaptation products, as well as mobility aids and sensors.

Environment

None of the Group's Swedish subsidiaries engage in activities that require a permit or notification under the Swedish Environmental Code. None of the foreign subsidiaries engage in activities subject to equivalent requirements for notification or permits. None of the Group's companies are engaged in any environment-related disputes.

Parent company

The operations of the parent company AddLife AB comprise Group Management, business area management, consolidated reporting and financial management.

The parent company's net sales amounted to SEK 64 million (64) and profit after financial items was SEK 171 million (loss: 224). Balance-sheet appropriations include Group contributions received of SEK 184 million (191) and Group contributions paid of SEK -106 million (-117). Cash flow from investing activities amounts to SEK 445 million (-986). The parent company's financial net debt at the close of the financial year amounted to SEK 4,591 million (4,842).

Share capital, share repurchases, incentive programmes and dividends

On 31 December 2023, the parent company's share capital amounted to SEK 62,358,949 divided into the number of shares shown below with a nominal value of SEK 0.51 per share.

The total number of shares amounts to 122,450,250, including 4,615,136 class A shares and 117,835,114 class B shares.

On 31 December 2023 the number of stockholders was 14,142 (13,131).

The Company's class B shares are listed on Nasdaq Stockholm. Two owners each control 10 percent or more of the voting rights. They are RoosGruppen AB (Håkan Roos through companies) with an ownership stake corresponding to 15.7 percent of votes, and Tom Hedelius, who owns shares corresponding to 12.6 percent of votes.

According to Chapter 6, Section 2a of the Swedish Annual Accounts Act, listed companies are required to disclose specific circumstances that may affect the possibility of a take-over of the company through a public offer for shares in the company. Most of the credit lines granted may be terminated in the event that the company is delisted from Nasdaq Stockholm, or that shareholders other than the current principal shareholders acquire more than 50 percent of the capital or voting rights.

Repurchase of treasury shares and incentive programs

In May 2023 the AGM authorised the Board of Directors during the period up until the 2024 AGM to buy back a maximum of ten percent of all shares in the company.

The repurchased shares are intended to cover the company's commitment to outstanding call option programs. No shares were repurchased during the financial year. The average number of class B treasury shares held during the financial year was 593,759 (671,360). At year-end the number of class B treasury shares was 593,189 (613,989) with an average purchase price of SEK 100.56 (100.56). The shares account for 0.5 percent (0.5) of shares issued and 0.4 percent (0.4) of votes.

At year-end AddLife had four outstanding call option programs. Outstanding call options on treasury shares during the financial year resulted in an estimated dilutive effect based on the period's average share price of approximately 0.0 percent (0.4).

The Board intends to propose to the Annual General Meeting in May 2024 an incentive programme according to a new model compared to the model approved by the AGM in 2023.

Appropriation of profits

The following amounts are available for distribution by the Annual General Meeting of AddLife AB:

Share premium reserve	2,654
Retained earnings	-247
Profit for the year	235
Total earnings	2,642

The Board of Directors propose that the funds available for distribution be allocated as follows:

A dividend paid to shareholders of SEK 0.50 per share ¹	61
To be carried forward	2,581

Corporate Governance Principles

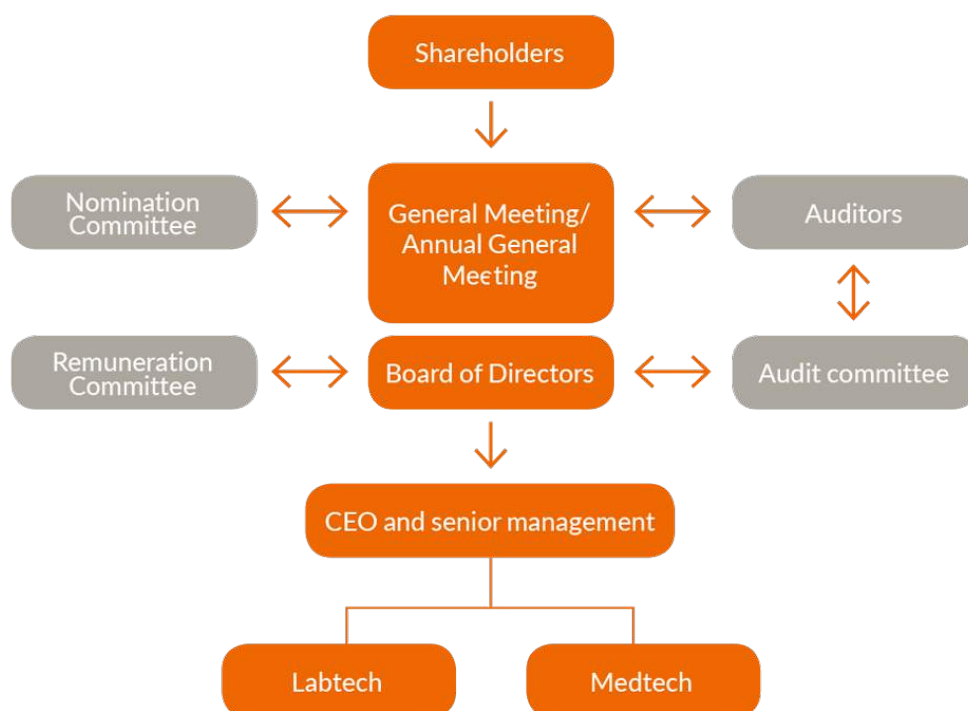
Overall structure

Good corporate governance is an important component in ensuring that AddLife AB is managed in a sustainable and responsible manner in accordance with applicable laws and regulations. Corporate governance within AddLife AB defines decision-making systems, clarifies roles and responsibilities between owners, the Board of Directors, board committees, and executive management, and ensures transparency towards the Group's stakeholders.

The AddLife Group consists of approximately 85 companies in 30 countries. The parent company in the Group is the Swedish public limited liability company AddLife AB, whose B-shares are listed on Nasdaq Stockholm. In addition to what follows from the Swedish Companies Act, applicable Swedish and foreign regulations and directives, as well as laws and regulations, good practice on the stock market, and Nasdaq's rules for issuers, the Group's corporate governance is based on the Swedish Code of Corporate Governance ("the Code"). This corporate governance report has been reviewed by the auditor. The corporate governance report is available on the company's website under Investors, www.add.life/investors/corporate-governance.

Good compliance with the Code, stock exchange rules, and good practice

AddLife follows the Code's principle "comply or explain" and for the financial year 2023 AddLife has in all material respects complied with the Code, except for two deviations from the Code's rule 2.4. The deviations and related explanations are presented in the section on the Nomination Committee. No violations of applicable stock exchange rules have occurred, nor have any violations of good practice on the stock market been reported by Nasdaq Stockholm's disciplinary committee or the Swedish Securities Council during 2023.



Articles of Association

According to the Articles of Association, the company's name is AddLife AB and it is a public company. The company's most recent financial year extended from 1 January – 31 December. The Company's principal business is "to directly or through a wholly or partially owned subsidiary engage in trading with and produce mainly medical equipment and products, and to pursue other compatible business". The Board of Directors is based in Stockholm and shall comprise at least four and no more than six members.

The company's Articles of Association contain no restrictions on the number of votes each shareholder may cast at a general meeting. The company's Articles of Association do not contain specific provisions regarding the appointment and dismissal of directors or the amendment of the Articles of Association. The most recently registered Articles of Association were adopted at the general meeting on 4 May 2023 and can be found in full on the company's website under investors, www.add.life/investors/corporate-governance.

Share structure and ownership

As of 31 December 2023, the company had 14,142 shareholders, the 15 largest of whom controlled 62 percent of the share capital and 70 percent of the votes. At the end of the financial year, Swedish investors accounted for 66 percent of the capital, and foreign investors owned 34 percent of the capital. The proportion of legal entities was 87 percent, while natural persons accounted for 13 percent of the share capital. RoosGruppen AB (Håkan Roos through companies) and Tom Hedelius are the only shareholders with a direct or indirect shareholding in the company representing at least one tenth of the voting rights for all shares in the company.

AddLife board of directors

The tasks of the board of directors

The principal duty of the board is to administer the group's activities on behalf of the owners, ensuring that their interest in long-term capital performance is met in the best possible manner. The Board of Directors has the overarching responsibility for the organisation and management of AddLife. The work of the Board of Directors is governed by the Swedish Companies Act, the Articles of Association, the Code and the rules of procedure adopted by the Board for its work.

Composition and independence of the Board

According to AddLife's Articles of Association, the Board of Directors must consist of four to six members. Members are elected annually at the AGM for the period extending until the end of the next AGM. There is no limitation on how long a member may serve on the Board of Directors.

The Nomination Committee applies Rule 4.1 of the Code as its diversity policy. The board shall have an appropriate composition, taking into account the company's operations, stage of development and other circumstances, characterised by diversity and breadth in terms of the competence, experience and background of the members elected by the general meeting. A gender balance is desirable. Since the Annual General Meeting on 4 May 2023, the Board of Directors consists of six members, including three men and three women.

The Nomination Committee has determined that the composition of the Board of Directors in 2023 meets the independence requirements set out in the Code. Johan Sjö, Birgit Stattin Norinder, Eva Elmstedt and Eva Nilsagård are independent in relation to the company and group management and in relation to the company's major shareholders.

Responsibilities and work of the board of directors

The duties of the Board of Directors are set forth in the Swedish Companies Act, AddLife's Articles of Association and the Code. In addition to this, the work of the Board of Directors is guided by the Rules of Procedure for the Board of Directors, which is adopted by the Board of Directors. The Board of Directors has adopted written rules of procedure governing its work and internal division of labour, including its committees, decision-making procedures within the Board, the Board's meeting procedure and the Chairman's duties. The Board of Directors has also issued instructions for the CEO and instructions for financial reporting to the Board. In addition, the Board has adopted a number of policies for the Group's operations such as the Financial Policy, Communications Policy and Code of Conduct. The Board of Directors supervises the work of the Chief Executive Officer by continuously monitoring activities during the year and is responsible for ensuring that the organisation, management and guidelines for managing the company's affairs are appropriately formulated. The Board is also responsible for ensuring that the company has effective systems for monitoring and control of its operations and compliance with laws and regulations applicable to the company's operations. The Board of Directors is also responsible for establishing, developing and monitoring the company's targets and strategies, decisions on acquisitions and divestments of operations, major investments and appointments and remuneration to Group Management. The Board of Directors and the CEO present the annual report to the Annual General Meeting.

An annual evaluation of the work of the Board of Directors shall be performed under the leadership of the Chairman of the Board and the Nomination Committee shall be informed of the outcome of the evaluation. The Board of Directors shall continuously evaluate the work of the CEO. This matter shall be addressed individually each year with no member of Company management being in attendance. Moreover, the Board of Directors shall evaluate and assess any significant appointments which the CEO may have outside of the company. Under the leadership of the Chairman of the Board, the annual evaluation of the work of the Board was carried out in October 2023, and the Nomination Committee was informed of the outcome of the evaluation.

The Board of Directors' Rules of Procedure

The Rules of Procedure for the Board of Directors shall be evaluated, updated and adopted annually. The rules of procedure determine the distribution of work among the members of the Board of Directors, including its committees, and the Executive Director, the number of ordinary meetings of the Board of Directors, the matters to be dealt with at ordinary meetings and the duties of the Chairman of the Board of Directors. The Board has also issued written instructions on how the financial reporting to the Board is to be carried out.

Work performed by the Board of Directors 2023

During the financial year, the Board of Directors held 11 Board meetings, 4 of which were held before the 2023 AGM and 7 afterwards. The Board members' attendance is shown in the table below.

At its regular meetings, the Board of Directors has addressed the fixed items set out in the Board's rules of procedure and annual plan, such as monitoring operations and the business situation, financial reporting, decisions on current company acquisitions, adopted policy documents and a review of internal control and corporate governance.

During the year, the Board also discussed the Group's long-term objectives and strategy, sustainability issues, succession planning and overall organisational issues, as well as financing.

Board member	Board meetings	Remuneration committee	Audit committee	Independent in relation to the company	Independent in relation to major shareholders
<i>Total number of meetings</i>	11	1	4		
Johan Sjö (Chairman of the board)	11	1	4	Yes	Yes
Birgit Stattin Norinder	11		4	Yes	Yes
Eva Nilsagård	11		4	Yes	Yes
Håkan Roos	11		4	Yes	No
Stefan Hedelius	11	1	4	Yes	No
Eva Elmstedt	11		4	Yes	Yes

Remuneration committee

The Board has appointed a Remunerations Committee consisting of Johan Sjö (chairman) and Håkan Roos. The Remunerations Committee has prepared a proposal for principles for remuneration to senior executives. The proposal has been discussed by the Board of Directors and will be presented to the Annual General Meeting for resolution. Based on the decision of the Annual General Meeting, the Board then determines the remuneration of the CEO. The CEO shall not be involved in discussions of his own remuneration. The Remunerations Committee sets the remuneration of other members of Group management based on proposals from the CEO. The Board of Directors shall be informed of the Remuneration Committee's decision. The Remuneration Committee then has the task of monitoring and evaluating application of the guidelines for remuneration to senior executives as decided by the Annual General Meeting. The Committee shall also monitor and evaluate programs of variable remuneration to Group Management in progress and those completed during the year.

The Remunerations Committee held one meeting during the financial year. All Committee members were present at the meeting.

Audit committee

The Audit Committee consists of the entire Board of Directors and Eva Nilsagård is appointed Chairman of the Audit Committee. The Committee's work is conducted as an integral part of the Board's work at regular Board meetings. Without impacting the Board of Directors' responsibilities and tasks in general, the Audit Committee shall monitor the company's financial reporting, monitor the effectiveness of the company's internal control and risk management with respect to financial reporting, stay informed about the audit of the annual report and consolidated financial statements, review and monitor the auditor's impartiality and independence and pay special attention to whether the auditors provide the company with services other than auditing services, and assist in the preparation of proposals for the Annual General Meeting for the election of auditors.

The Audit Committee has had four meetings in 2023 in connection with publication of the interim reports. In addition, AddLife's risk matrix was discussed and the company's external auditors reported on the interim and year-end audit.

In connection with the Board's adoption of the annual accounts for 2023, the Board held a briefing with and received a report from the company's external auditors. On this occasion, the Board also had a briefing with the auditors without the presence of the CEO or other members of management.

Remuneration to the Board of Directors

Remuneration to members of the Board of Directors is determined by the Annual General Meeting. The AGM 2023 resolved to pay a total fee of SEK 2,525,000 for the period until the end of the next AGM. Of this amount, the Chairman of the Board will receive SEK 725,000, while each of the other Board members will receive SEK 360,000 and the Chairman of the Audit Committee will receive SEK 75,000.

AddLife's Board of Directors



Top row from the left: Johan Sjö, Eva Elmstedt, Stefan Hedelius, Håkan Roos.
Bottom row from the left: Eva Nilsagård, Birgit Stattin Norinder.

JOHAN SJÖ

Chairman of the Board since 2015

Born in: 1967 **Education:** M.Sc. Economics **Professional experience:** Senior Advisor Nordstjernan AB. Previously Investment Director and head of the Distribution & Trade sector at Nordstjernan, President & CEO of Addtech AB, senior positions in the Bergman & Beving Group and at Alfred Berg/ABN Amro. Chairman of the Board of Addtech AB, Bergman & Beving AB, OptiGroup AB and Prosero Security Group AB. Member of the Board of Addtech AB and Bufab AB. **Significant appointments:** Chairman of the Board of Dacke Industri AB and Momentum Group AB. Member of the Board of Alligo AB, Camfil AB and M2 Asset Management AB **Holdings of shares in AddLife:** 14,400 Class A shares and 151,000 Class B shares

STEFAN HEDELIUS

Board member since 2015

Born in: 1969 **Education:** University studies in finance, various international executive education programmes **Professional experience:** Chief Executive Officer of Human Care HC AB, previously Chief Executive Officer of NOTE AB and senior positions within Scandinavian Airlines and Ericsson **Significant appointments:** Member of the Board of Momentum Group AB and Alligo AB **Holdings of shares in AddLife:** 24,964 Class A shares and 4,568 Class B shares

EVA NILSAGÅRD*Board member since 2015*

Born in: 1964 **Education:** M.Sc. Economics
Professional experience: CFO Plastal and Vitrolife AB. Senior positions at the Volvo Group, the AstraZeneca Group and SKF **Significant appointments:** Chairman of the Board for Spermosens AB. Member of the Board for Bufab AB, Hansa Biopharma AB, Nimbus Group AB, Xbrane Biopharma AB, Aktiebolaget Svensk Exportkredit, Nanexa AB, Ernströmgruppen AB and eEducation Albert AB
Holdings of shares in AddLife: 5,568 Class B shares and 4,000 Class B shares through endowment insurance

BIRGIT STATTIN NORINDER*Board member since 2015*

Born in: 1948 **Education:** MPharmacy and Bachelor of Arts **Professional experience:** Former Chief Executive Officer Prolifix, Senior Vice President Worldwide Product Development Pharmacia & Upjohn. Leading positions in Glaxo and the Astra Group as well as chairman and board member of several international Biotech companies **Significant appointments:** Member of the board of Nanexa AB and Jettesta AB **Holdings of shares in AddLife:** 12,636 Class B shares, including related party holdings

EVA ELMSTEDT*Board member since 2021*

Born in: 1960 **Education:** Bachelor's degree in Economics and Computer Science **Professional experience:** Previous experience as EVP Global Services and member of the management team of Nokia Networks and Nokia, Siemens Networks and senior positions at Ericsson, the operator 3 and Semcon **Significant appointments:** Chairman of the Board of Arelion, Omegapoint and Serline. Member of the Board of Arjo, Elanders, Smart Eye and Fagerhult **Holdings of shares in AddLife:** 3,000 Class B shares and 4,000 Class B shares through endowment insurance and occupational pension

HÅKAN ROOS*Board member since 2015*

Born in: 1955 **Education:** M.Sc. Econ **Professional experience:** Previously Chief Executive Officer of Hallbergs Guld AB and Procurator AB **Significant appointments:** Chairman of the Board of RoosGruppen AB and Gadelius Japan. Member of the board of Sandå Sverige AB, PMC AB and Stockholms Trafiksäkerhetscenter Gillinge AB **Holdings of shares in AddLife:** 2,165,644 Class A shares and 3,439,727 Class B shares

Information regarding shareholdings as of 11 March 2024. All Board members are independent in relation to the company and its management and Johan Sjö, Eva Elmstedt, Birgit Stattin Norinder and Eva Nilsagård are independent in relation to major shareholders.

AddLife's group management



From the left: Peter Simonsbacka, Christina Rubenhag, Fredrik Dalborg

FREDRIK DALBORG

President and CEO

Born in: 1972 **Member of Group Management since:** 2022

Education: M.Sc. Economics **Professional experience:** CEO Etac, CEO Boule Diagnostics AB, senior positions within Xvivo, Terumo BCT and Gambro

Other appointments: None **Holdings of shares in AddLife:** 25,000 Class B shares as well as call options corresponding to 61,000 Class B shares

CHRISTINA RUBENHAG

CFO

Born in: 1970 **Member of Group Management since:** 2022

Education: M.Sc. Economics **Professional experience:** CFO Boule Diagnostics AB, CFO and CEO Biolin Scientific AB, CFO Packetfront AB, CFO Swe-Dish Satellite Systems AB

Other appointments: None **Holdings of shares in AddLife:** 5,051 Class B shares as well as call options corresponding to 30,000 Class B shares

PETER SIMONSBACKA

Chief commercial officer

Born in: 1960 **Member of Group Management since:** 2017 **Education:** Engineer **Professional experience:** Business area manager in Addtech Nordic AB, CEO BergmanLabora AB and Business area manager Mettler-Toledo AB **Other appointments:** Member of the Board of C-RAD AB **Holdings of shares in AddLife:** 73,456 Class B shares as well as call options corresponding to 32,550 Class B shares

Information regarding shareholding at 11 March 2024.

The CEO shall manage the operations in accordance with the Companies Act and within the framework established by the Board of Directors. The work and role of the CEO and the division of duties between the Board of Directors and the CEO are detailed in a written set of instructions set out by the Board of Directors (“Instructions to the CEO”). The Board of Directors continuously evaluates the work of the CEO. In consultation with the Chairman, the CEO has prepared the information needed to make decisions at Board meetings and has presented reports and reasoned proposals for decisions.

The CEO shall lead the work of the Group Management and make decisions in consultation with the other members of the Group Management. At the end of 2023, group management consisted of three people: Fredrik Dalborg, CEO, Christina Rubenhag, CFO and Peter Simonsbacka, CCO.

Group management regularly reviews operations in meetings chaired by the CEO.

Operational organisation

During the financial year, the Group's operations were organised into two business areas – Labtech and Medtech. Operations are conducted in subsidiaries mainly in Europe but also in Australia and China. Each operating company has a board of directors in which the subsidiary's managing director and senior executives from the business area are represented. Each subsidiary's managing director reports to a business unit manager or CCO, who in turn reports to the CEO of AddLife AB.

General Meeting

The Annual General Meeting is the highest decision-making body in which shareholders exercise their voting rights. The Annual General Meeting shall be held once a year no later than June. The Annual General Meeting resolves on the annual report, dividends, appointments to the Board of Directors, election of auditor, compensation to the Board of Directors and remuneration to the auditor, as well as other issues in accordance with the Swedish Companies Act and the Articles of Association. Notice of the Annual General Meeting shall be published in Post- och Inrikes Tidningar (official Swedish gazette) and on the company's website. The issuance of the Notice of the Annual General Meeting shall be advertised in the Swedish newspaper Svenska Dagbladet. Information about previous AGMs and minutes are available on the company's website. The Company does not apply any special arrangement in relation to the functions of the General Meeting due to any article in the Articles of Association, or as far as the company is aware of, any shareholders' agreement.

Right to participate at the General Meeting and shareholders' right of initiative

Shareholders registered in the share register maintained by Euroclear five business days before the General Meeting and who, by the date specified in the Notice of the General Meeting, have informed the company of their intention to attend, are eligible to participate in the General Meeting and to vote for the number of shares held. Shareholders may attend the Meeting in person or by proxy, and may be accompanied by a maximum of two assistants. Shareholders' assistants may accompany them at a General Meeting if the shareholders provide notification thereof in accordance with the procedure for shareholder registration.

In addition to notifying AddLife, shareholders whose shares are nominee registered at a bank or other nominee must request that their shares be temporarily registered under their own names in the share register maintained by Euroclear to be eligible to participate in the General Meeting. Shareholders should inform their nominees in good time before the record date. Shareholders seeking to have a matter addressed at a General Meeting must submit a written request to the Board. The request must normally be received by the Board no later than one week before the earliest point at which the notice of the General Meeting may be issued under the Companies Act. Every shareholder that submits a request within the required time has the right to have the issue brought before the General Meeting.

Annual General Meeting 2023

AddLife's Annual General Meeting was held on Thursday 4 May 2023 in Stockholm. In all, 267 shareholders were present at the Meeting, in person or by proxy, representing 71.45 percent of the votes and 63.88 percent of the capital. Chairman of the Board Johan Sjö was elected to serve as chairman of the AGM.

The 2023 Annual General Meeting resolved:

- To adopt the financial statements for 2022
- A dividend was declared at SEK 1.20 per share, regardless of share class.
- To carry forward the company's profits
- To discharge the Board of Directors and Chief Executive Officer from liability for the past financial year
- To re-elect board members Johan Sjö, Håkan Roos, Birgit Stattin Norinder, Eva Nilsagård, Stefan Hedelius and Eva Elmstedt
- To re-elect Johan Sjö to serve as chairman of the Board
- To elect the audit firm KPMG AB to serve as auditor
- To approve the remuneration report of the Board of Directors
- To implement a long-term incentive scheme under which the participants will have the opportunity to acquire call options at market prices for shares repurchased by AddLife AB
- To authorise the Board of Directors to acquire, prior to the next AGM, a maximum number of Class B shares so that the company's own holdings of shares in AddLife does not exceed 10 percent of all shares in the company at any time
- To authorise the Board of Directors to resolve on a new issue of up to 10 percent of the number of Class B shares

The other resolutions of the AGM are set out in the full minutes of the AGM, which together with other information on the AGM 2023 are available on www.add.life/en/investors/corporate-governance/general-meeting/

Annual General Meeting 2024

AddLife's Annual General Meeting 2024 will be held on Wednesday 8 May 2024 at 4:00 p.m. in the New York room at the World Trade Center, Klarabergsviadukten 70, Stockholm.

Shareholders who wish to participate in the proceedings of the Annual General Meeting must:

- be entered in the shareholders' register kept on behalf of the company by Euroclear Sweden AB, as of Monday 29 April 2024; and
- by Thursday 2 May 2024 at the latest, apply digitally via <https://anmalan.vpc.se/EuroclearProxy/>, by e-mail to generalmeetingservice@euroclear.com, by post to the address below: Addlife AB (publ), "Annual General Meeting", c/o Euroclear Sweden AB, Box 191, 101 23 Stockholm, or by telephone +46 (0)8-402 91 33. The notification must include the shareholder's name, personal or company registration number, address, telephone number, number of shares and information on the number of assistants (maximum two) that will be attending, if any. Information provided in the notification will be processed and used for the 2024 AGM.

Shareholders whose shares are registered under a trustee must temporarily register their shares in their own name in order to exercise their voting rights at the Annual General Meeting. Such changes in registration must be completed as of Thursday 2 May 2024.

Proposal for the Annual General Meeting 8 May 2024:

- Dividend of SEK 0,50 per share for the financial year 2023.

The Board of Directors has also resolved to propose the following to the Annual General Meeting:

- Incentive scheme aimed at senior management
- A mandate for the Board of Directors to decide on acquisition and transfer of treasury shares
- A mandate for the Board of Directors to resolve on a new share issue of up to 10 percent of the number of shares

For additional information about the 2024 AGM please see AddLife's website:
www.add.life/en/investors/corporate-governance/general-meeting/

Nomination Committee

Nomination Committee duties

The task of the Nomination Committee is, on behalf of the shareholders, to evaluate the composition and work of the Board of Directors at the Annual General Meeting and to submit proposals to the Annual General Meeting regarding the Chairman of the Annual General Meeting, election of the Chairman and other members of the Board of Directors, election of the auditor, remuneration to each of the Board members, election of audit firms and audit fees, and principles for how members of the Nomination Committee shall be appointed. Nomination Committee members receive no compensation from the company for the work of the Committee. However, the company is responsible for costs associated with the execution of the Nomination Committee.

Composition of the Nomination Committee

On 1 September 2016 the Annual General Meeting adopted principles for appointing the Nomination Committee that are valid until further notice. Consequently, the Annual General Meeting does not decide on these principles and the Nomination Committee mandate annually, unless the principles or the mandate are to be changed. The Nomination Committee consists of representatives of the five largest known shareholders by vote as of 30 September each year, as well as the Chairman of the Board of Directors, who is also tasked with convening the first meeting of the Nomination Committee. The Nomination Committee appoints a Chairman from among its members. The composition of the Nomination Committee shall be announced not later than six months before the Annual General Meeting.

Nomination committee for the Annual General Meeting 2024

The Nomination Committee for the 2024 AGM consists of the company's Chairman of the Board; Johan Sjö, as well as Stefan Hedelius (appointed by Tom Hedelius), Håkan Roos (appointed by RoosGruppen AB), Hans Christian Bratterud (appointed by Odin Fonder), Andreas Wallheim (appointed by SEB Investment Management) and Patricia Hedelius (appointed by AMF). The composition of the Nomination Committee was announced in conjunction with the presentation of the interim report for the third quarter on 26 October 2023. Three of the members of the Nomination Committee serve on the Board of Directors and two members of the Nomination Committee are not independent in relation to the company's major shareholders. Håkan Roos is Chairman of the Nomination Committee.

Prior to the 2024 AGM, the Nomination Committee held two minuted meetings where all members were present. The complete proposals of the Nomination Committee to the AGM are presented in the notice to attend the meeting and on the company's website.

Deviations

The Company has two deviations from rule 2.4 of the Code regarding the composition of the Nomination Committee. According to the Code, no board member should chair the nomination committee and no more than one board member should be dependent in relation to the company's major shareholders. The Nomination Committee has determined that it is appropriate that the Chairman of the Nomination Committee is the member who represents the largest group of shareholders. The nomination committee has also deemed it appropriate that two board members, who are dependent on major shareholders, serve on the Nomination Committee as they have good knowledge of both the company and other shareholders.

Audit

In accordance with the Articles of Association, a registered auditing firm shall be elected as auditor. KPMG was re-elected as the company's auditor at the Annual General Meeting on 4 May 2023 for the period until the 2024 Annual General Meeting. The auditor in charge is Helena Nilsson and the co-auditor in charge is Susanna Norlin. KPMG audits AddLife AB and the majority of its subsidiaries.

The Company's auditors follow an audit plan that includes integrating comments from the Board, and reporting their findings to Company management teams, Group Management and to AddLife's Board of Directors, both during the audit and in connection with the approval of the annual accounts. The Company's auditors also attend the Annual General Meeting, describing and commenting on the audit process.

The independence of the external auditors is regulated by special instructions approved by the Board of Directors, which show the areas for which the external auditors may be engaged on matters beyond the regular audit process. KPMG regularly assesses its independence in relation to the company and delivers annual written statements to the Board of Directors that the audit firm is independent of AddLife. During the current financial year, KPMG has performed advisory assignments concerning corporate acquisitions. The total fee for KPMG's services in addition to auditing for the 2023 financial year was SEK 0 million (1).

Quarterly review by auditors

AddLife's nine-month report was reviewed by the company's auditors during the 2023 financial year.

Auditor-in-Charge, Authorised Public Accountant, Stockholm

Helena Nilsson

Born in: 1973

Auditor of the company since: May 2023

Other assignments: Modern Times Group MTG AB, Humana AB, Ework Group AB, Infranord AB and Teracom Group AB

Co-responsible Auditor, Authorised Public Accountant, Stockholm

Susanna Norlin

Born in: 1984

Auditor of the company since: May 2023

Other assignments: Works on the audit of B3 Consulting Group AB, Concejo AB, Ovzon AB, Ework Group AB, Ovako Group, Acne Studios, Advania Group.

Internal control of financial reporting

The Board of Directors has established operating procedures with instructions on internal financial reporting. All interim reports and press releases are published on AddLife's website, www.add.life immediately after publication.

The Board of Directors' and the CEO's responsibility for internal control is regulated by the Companies Act. The Board of Directors' responsibilities are also regulated in the Code and the Annual Accounts Act. The Board of Directors has the overall responsibility for ensuring that the Group has an effective system for management and internal control. This responsibility includes annually evaluating the financial reporting the Board receives and stipulating the content and format of these reports to ensure their quality. This requirement means that the financial reporting must fulfil its purpose and comply with applicable accounting rules and other requirements incumbent on listed companies. The CFO has presented reports to the Board on the Group's internal control.

Control environment

AddLife builds and organises its business on the basis of decentralised responsibility for profitability and earnings.

The basis for internal control in a decentralised operation is a well-established process aimed at defining objectives and strategies for each operation. Internal guidelines and Board-approved policies communicate defined decision-making channels, powers of authority and responsibilities. The Group's main financial control documents include its financial policy, financial manual and instructions for each financial closing. A Group-wide reporting system with related analysis tools is used for the Group's closing procedures. On a more general level, all operations within the AddLife Group are conducted in accordance with the Group's Code of Conduct.

Risk assessment

AddLife has established procedures for managing risks that the Board of Directors and senior management have deemed essential for the internal control of the company's financial reporting.

The Board holds the opinion that the Group's exposure to a variety of market and customer segments, and the fact that the operations are conducted in over 80 operating companies, entail significant risk diversification. The risk assessment shall be based on the Group's income statement and balance sheet to identify the risk of significant errors. For the AddLife Group as a whole, the greatest risks are linked to the recognised value of intangible assets in relation to acquisitions, inventories, accounts receivable and revenue.

Control activities

Control activities include transaction-related controls such as spending authorisation and investments, as well as clear disbursement procedures, but can also be analytical controls performed by the Group's controllers and central finance and accounting function.

Controllers and financial managers at all levels of the Group play a key role in creating the right environment for transparent and accurate financial reporting. The key roles place high demands on integrity, competence and abilities of individuals.

In order to ensure an efficient exchange of knowledge and experience between the financial functions, regular financial conferences will be held where current issues will be discussed. An important overall control activity is the monthly performance review performed via the internal reporting system and analysed and commented on in the internal work of the Board. The performance review includes reconciliation against set targets and previously achieved results, as well as the review of a number of important key figures.

Each year a "self-assessment" is performed of all Group companies with respect to internal control issues. Companies comment on how important issues have been handled, such as the terms of business in customer contracts, customer credit ratings, valuation and documentation of inventories, payment procedures, documentation and analysis of financial statements and compliance with internal policies and procedures. An accepted minimum level must be established for critical issues and processes, which all companies are expected to meet. Each company's response should be validated and commented on by the relevant company's external auditor in connection with the regular audit. The responses should subsequently be compiled and analysed, after which they are presented to the business area manager and Group

Management teams. The result of the self-evaluations will be taken into account in the planning of the following year's self-evaluations and external auditing.

In addition to the "self-assessment" work, an in-depth analysis of internal control in twelve of the operating companies was conducted during the year. This work is referred to as an "analysis of internal control" and is performed by the companies' controllers and colleagues from the parent company's finance function.

The companies' key processes and their control points have been identified and tested. The external auditors have read the records of the internal control in connection with their audit of the companies. The process is expected to provide a good basis to identify and assess the internal controls within the Group. KPMG has reviewed and reported its assessment of the Group's internal control process to the Board of Directors.

Monitoring, information and communication

The Board has received monthly comments from the CEO regarding the business situation and the development of the operations. The Board has discussed the quarterly financial statements before these have been published.

The Board has received updates on the work on internal controls and its outcome. The Board has also reviewed KPMG's assessment of the Group's internal control processes. The outcome of the internal control has been analysed by the Group's CFO together with the controllers. An assessment has been made of the improvement measures to be implemented in the various companies. The boards of the various subsidiaries have been informed of the outcome of the internal control in each company and the improvement measures that should be implemented. The controller, together with the boards of the respective subsidiaries, will then follow up the work on an ongoing basis in the coming year.

Governing guidelines, policies and instructions are available on the Group's intranet. The documents are regularly updated as needed. Changes are communicated separately via email and at meetings for controllers and financial managers.

For internal information via the intranet, access to the documents is controlled through authorisations. The Group's employees are divided into various groups whose access to information differs. All financial guidelines, policies and instructions are available for each company's CEO and CFO, business unit managers, controllers and the central finance staff. Access to financial data for the group is also centrally controlled via authorisations.

Internal audit

In light of the risk assessment and design of control activities described above, including the self-assessment and in-depth analysis of internal control, the Board has chosen not to have a separate internal audit function.

Consolidated Income Statement

SEKm	Note	2023	2022
Net sales	5,6	9,685	9,084
Cost of goods sold	11	-6,086	-5,657
Gross profit		3,599	3,427
Selling expenses	11	-2,478	-2,125
Administrative expenses	11,29	-588	-542
Research and development	11	-167	-81
Other operating income	10,29	235	178
Other operating expenses	10	-16	-49
Operating profit	4-11,17,29	585	808
Financial income	12,29	45	9
Finance costs	12,29	-291	-215
Net financial items		-246	-206
Profit/loss before taxes		339	602
Income tax expense	14	-147	-119
PROFIT FOR THE YEAR		192	483
Attributable to:			
Equity holders of the Parent Company		190	480
Non-controlling interests		2	3
Earnings per share (SEK)	33	1.56	3.96
Diluted EPS (SEK)		1.56	3.95

Consolidated statement of comprehensive income

SEKm	2023	2022
Profit for the year	192	483
<i>Components that will be reclassified to profit of the year</i>		
Foreign currency translation differences for the year	-41	455
<i>Components that will not be reclassified to profit of the year</i>		
Revaluations of defined benefit pension plans	-4	23
Tax attributable to items not to be reversed in profit or loss	1	-5
Other comprehensive income	-44	473
Total comprehensive income for the year	148	956
Attributable to:		
Equity holders of the Parent Company	145	953
Non-controlling interests	3	3

Consolidated Balance Sheet

SEKm	Note	2023-12-31	2022-12-31
ASSETS			
Non-current assets			
Intangible non-current assets	15	7,965	8,440
Property, plant and equipment	16	1,051	899
Financial assets	18	9	10
Non-current receivables	18	66	85
Deferred tax assets	14	46	51
Total non-current assets		9,137	9,485
Current assets			
Inventories	20	1,653	1,646
Tax assets		68	78
Accounts receivable	21	1,464	1,326
Prepaid expenses and accrued income	22	109	103
Other receivables		42	43
Cash and cash equivalents		272	376
Total current assets		3,608	3,572
TOTAL ASSETS		12,745	13,057
EQUITY AND LIABILITIES			
Shareholder's equity			
	23		
Share capital		62	62
Other contributed capital		2,642	2,642
Reserves		435	477
Retained earnings, including profit for the year		1,819	1,787
Equity attributable to equity holders of the Parent Company		4,958	4,968
Non-controlling interests		2	3
Total equity		4,960	4,971
Liabilities			
Non-current liabilities			
Non-current interest-bearing liabilities	18,26	2,539	2,744
Non-current lease liability	17,18	347	225
Non-current non-Interest-bearing liabilities		5	8
Provisions for pensions	24	64	60
Non-current provisions	25	110	134
Deferred tax liabilities	14	415	459
Total non-current liabilities		3,480	3,630
Current liabilities			
Current interest-bearing liabilities	18,27	2,246	2,491
Current lease liability	17,18	157	131
Accounts payable	18	981	957
Tax liabilities		39	70
Other liabilities		332	268
Accrued expenses and deferred income	28	504	487
Current provisions	25	46	52
Total current liabilities		4,305	4,456
Total liabilities		7,785	8,086
TOTAL EQUITY AND LIABILITIES		12,745	13,057

Consolidated statement of changes in equity

SEKm	Share capital	Other contributed capital	Reserves	Retained earnings, including profit for the year	Equity attributable to shareholders of the Parent	Non-controlling interests	Total equity
EQUITY, OPENING BALANCE 2022-01-01	62	2,654	22	1,547	4,285	6	4,291
Profit for the year	-	-	-	480	480	3	483
Foreign currency translation differens for the year	-	-	455	-	455	0	455
Actuarial effects on defined benefit plan	-	-	-	23	23	-	23
Tax attributable to other comprehensive income	-	-	-	-5	-5	-	-5
Other comprehensive income	-	-	455	18	473	0	473
Total comprehensive income	-	-	455	498	953	3	956
<i>Transactions with owners</i>							
Dividend	-	-	-	-243	-243	-6	-249
Call options	-	-	-	33	33	-	33
Repurchase of treasury shares	-	-	-	-60	-60	-	-60
Shift from restricted to unrestricted	-	-12	-	12	0	-	0
EQUITY, CLOSING BALANCE 2022-12-31	62	2,642	477	1,787	4,968	3	4,971

SEKm	Share capital	Other contributed capital	Reserves	Retained earnings, including profit for the year	Equity attributable to shareholders of the Parent	Non-controlling interests	Total equity
EQUITY, OPENING BALANCE 2023-01-01	62	2,642	477	1,787	4,968	3	4,971
Profit for the year	-	-	-	190	190	2	192
Foreign currency translation differens for the year	-	-	-42	-	-42	1	-41
Actuarial effects on defined benefit plan	-	-	-	-4	-4	-	-4
Tax attributable to other comprehensive income	-	-	-	1	1	-	1
Other comprehensive income	-	-	-42	-3	-45	1	-44
Total comprehensive income	-	-	-42	187	145	3	148
<i>Transaction with owners</i>							
Dividend	-	-	-	-146	-146	-4	-150
Call options	-	-	-	-9	-9	-	-9
EQUITY, CLOSING BALANCE 2023-12-31	62	2,642	435	1,819	4,958	2	4,960

Consolidated statement of cash flows

SEKm	Notes	2023	2022
OPERATING ACTIVITIES			
Profit before taxes		339	602
Adjustment for items not included in cash flow	31	971	789
Interest received		9	7
Interest paid		-272	-112
Income tax paid		-210	-256
Cash flow from operating activities before changes in working capital		837	1,030
Cash flow from changes in working capital			
Changes in inventories		-30	-88
Changes in operating receivables		-129	64
Changes in operating liabilities		95	-97
Cash flow from operating activities		773	909
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		-226	-213
Disposal of property, plant and equipment		22	13
Acquisition of intangible assets		-82	-69
Disposal of intangible assets		-	1
Acquisition of operations	32	-27	-818
Divestment of operations		-4	-
Acquisition of non-current financial assets		-4	-
Divestment of non-current financial assets		4	-
Cash flow from investing activities		-317	-1,086
FINANCING ACTIVITIES			
Borrowings	31	174	1,416
Repayments on loans	31	-407	-846
Repurchase and disposal of treasury shares		-	-60
Call options		-9	33
Other financing		-162	-160
Dividend paid to equity holders of the Parent Company		-146	-243
Dividend paid to non-controlling interests		-4	-6
Cash flow from financing activities		-554	134
Cash flow for the year		-98	-43
Cash and cash equivalents at beginning of year		376	345
Exchange differences on cash and cash equivalents		-6	74
Cash and cash equivalents at year-end		272	376

Parent Company Income Statement

SEKm	Notes	2023	2022
Net sales	5	64	64
Administrative expenses	7-9,11	-84	-83
Operating profit		-20	-19
Interest income and similar items	12	486	136
Interest expense and similar items	12	-295	-341
Profit after financial items		171	-224
Year-end appropriations	13	78	194
Profit before tax		249	-30
Income tax expense	14	-14	12
Profit for the year		235	-18

Parent Company Statement of comprehensive income

SEKm	2023	2022
Profit for the year	235	-18
Other comprehensive income	-	-
Comprehensive income for the year	235	-18

Parent Company Balance Sheet

SEKm	Note	2023-12-31	2022-12-31
ASSETS			
Intangible non-current assets	15	0	0
Property, plant and equipment	16	0	0
Non-current financial assets			
Interests in Group companies	19	1,619	389
Receivables from Group companies	19	6,185	7,599
Other financial assets		-	14
Total non-current financial assets		7,804	8,002
Total non-current assets		7,804	8,002
Current assets			
Current receivables from Group companies		573	648
Other receivables		15	18
Prepaid expenses and accrued income	22	5	4
Cash and cash equivalents		-	-
Total current assets		593	670
TOTAL ASSETS		8,397	8,672
EQUITY AND LIABILITIES	23		
Shareholder's equity			
Restricted equity			
Share capital		62	62
Unrestricted equity			
Share premium reserve		2,654	2,654
Retained earnings		-248	-74
Profit for the year		236	-18
Total equity		2,704	2,624
Liabilities			
Liabilities to Group companies		103	136
Interest-bearing long-term liabilities	26	2,458	2,464
Non-interest-bearing long-term liabilities		2	2
Total non-current liabilities		2,563	2,602
Current interest-bearing liabilities	27	2,133	2,379
Current liabilities to Group companies		967	1,039
Accounts payable		4	3
Other liabilities		5	5
Accrued expenses and deferred income	28	22	20
Total short-term liabilities		3,131	3,446
Total liabilities		5,694	6,048
TOTAL EQUITY AND LIABILITIES		8,397	8,672

Parent Company Statement of Cash Flows

SEKm	Note	2023	2022
Profit after financial items		172	-224
Adjustment for items not included in cash flow	31	-191	266
Interest received		238	136
Interest paid		-290	-92
Income tax paid		3	-26
Cash flow from operating activities before changes in working capital		-68	59
Cash flow from changes in working capital			
Increase/decrease other current receivables		-1	-1
Increase/decrease accounts payable		1	-1
Increase/decrease other current operating liabilities		8	-213
Cash flow from operating activities		-60	-156
INVESTING ACTIVITIES			
Investments in intangible non-current assets		-	0
Investments in tangible non-current assets		-0	0
Investments/Amortisations in other non-current financial assets		455	-986
Cash flow from investing activities		455	-986
FINANCING ACTIVITIES			
Call options		-9	33
Change in overdraft	31	-241	144
Repurchase and disposal of treasury shares		-	-60
Borrowings		1	1,268
Dividend to shareholders of the Parent Company		-146	-243
Cash flow from financing activities		-395	1,142
Cash flow for the year		0	0
Cash and cash equivalents at beginning of year		0	0
Exchange differences on cash and cash equivalents		-	-
Cash and cash equivalents at year-end		0	0

Parent Company Statement of Changes in Equity

SEKm	Restricted equity	Unrestricted equity		Total
	Share capital	Share premium reserve	Retained earnings, including profit for the year	
EQUITY, OPENING BALANCE 2022-01-01	62	2,654	196	2,912
Profit for the year	-	-	-18	-18
Total comprehensive income for the year	-	-	-18	-18
Dividend	-	-	-243	-243
Repurchase of treasury shares	-	-	-60	-60
Call options issued	-	-	33	33
EQUITY, CLOSING BALANCE 2022-12-31	62	2,654	-92	2,624

SEKm	Restricted equity	Unrestricted equity		Total
	Share capital	Share premium reserve	Retained earnings, including profit for the year	
EQUITY, OPENING BALANCE 2023-01-01	62	2,654	-92	2,624
Profit for the year	-	-	235	235
Total comprehensive income for the year	-	-	235	235
Dividend	-	-	-146	-146
Call options issued	-	-	-9	-9
EQUITY, CLOSING BALANCE 2023-12-31	62	2,654	-12	2,704

Note 1 General information

AddLife AB (Parent Company) and its subsidiaries form the AddLife Group. The Group consists of 101 companies, of which approximately 85 are operational and active mainly in the Nordic countries and Central and Eastern Europe. The Group is a leading independent supplier of equipment, instruments and reagents from leading global suppliers to customers primarily in medical care, research, colleges and universities, as well as the food and pharmaceutical industries. AddLife AB, corporate identification number 556995-8126, is a registered limited liability company with its registered office in Stockholm, Sweden.

Note 2 Summary of important accounting policies

Basis of the consolidated accounts

The financial reports for the group have been prepared in accordance with EU-approved IFRS Accounting Standards issued by the IASB (International Accounting Standards Board) and interpretation statements from the IFRS Interpretations Committee. In addition, the recommendations issued by the Swedish Financial Reporting Council RFR 1, Supplementary accounting rules for groups, apply, which specify the additions to IFRS disclosures that are required according to the provisions of the Annual Accounts Act. The annual report for the parent company has been prepared in accordance with the Annual Accounts Act, the Swedish Financial Reporting Board's recommendation RFR 2 (Accounting for legal entities) and statements from the Swedish Financial Reporting Board. The parent company's accounting complies with the group's principles, with the exception of what appears below under the section "Differences between the group's and the parent company's accounting principles".

Significant accounting principles

The group provides information on material accounting principles. Material accounting principles mean that the underlying transaction is material and that the information in the accounting principle is essential for the understanding of the transaction, for example if the group has made a principle choice or if the accounting principle is company-specifically adapted. In cases where the group only applies an accounting principle as described in IFRS, information about the principle has not been provided provided that the principle is not required to gain an understanding of the reported transactions or events. In addition to essential accounting principles presented in this note, essential principles are also presented in direct connection with the note to which the accounting principle refers.

Design of the annual report

The financial reports are stated in millions of kronor (MSEK) unless otherwise stated. AddLife AB's functional currency is Swedish kronor, which is also the reporting currency for the group. Assets and liabilities are reported at historical acquisition values, except for currency derivatives and conditional additional purchase price which are valued at fair value.

Assets are divided into current assets and fixed assets. An asset is considered a current asset if it is expected to be realized within twelve months from the balance sheet date or within the company's operating cycle. Operating cycle refers to the time from the start of production until the company receives payment for delivered services or goods. The group's operating cycle is estimated to be less than one year. If an asset does not meet the requirement for a current asset, it is classified as a fixed asset.

Liabilities are divided into short-term liabilities and long-term liabilities. As short-term liabilities, liabilities that are either to be paid within twelve months from the balance sheet date or, however only with regard to operating-related liabilities, are expected to be paid within the business cycle. When account is thus taken of the business cycle, no non-interest-bearing liabilities, such as trade payables and accrued personnel costs, are reported as long-term.

Transactions in foreign currency have been converted to functional currency at the exchange rate on the day of the transaction. Financial assets and liabilities denominated in foreign currency are valued at the exchange rate on the balance sheet date. Exchange rate differences that arise are reported in the period's results, except for the part that constitutes an effective hedge of net investments, where reporting is against other comprehensive income. Exchange rate gains and losses on operating receivables and operating liabilities are reported in the operating profit, while exchange rate gains and losses on financial receivables and liabilities are reported as financial items. Exchange rate gains and exchange rate losses are reported net.

Deviations between the group's and the parent company's accounting principles

The parent company's and the group's accounting principles agree except for the following points. The parent company applies the voluntary exception in RFR 2 regarding the application of IFRS 16 and IFRS 9. In accordance with RFR 2, any defined benefit pension plans in the parent company are reported as defined contribution plans.

New or amended accounting standards applicable in 2023

The group applies the change in IAS 1 Presentation of financial reports which aims to present material accounting principles in accordance with the description under the heading Material accounting principles above. The other new or amended standards have had no material impact on AddLife's financial statements.

New or amended accounting standards applied after 2023

The group is covered by the OECD's model rules for Pillar II. Legislation on Pillar II has been adopted in Sweden, where AddLife AB is based, and will enter into force on 1 January 2024. As the legislation on Pillar II had not entered into force on the balance sheet date, the Group has no related current tax exposure. The Group applies the exemption for reporting and providing information on deferred tax assets and liabilities related to income taxes from Pillar II, which is specified in the amendments to IAS 12 issued in May 2023.

The Group is currently evaluating its exposure to the Pillar II legislation when it comes into force.

Due to the complexity of the application of the legislation and the calculation of GloBE revenues, the quantitative impact of the adopted legislation is not yet possible to estimate with reasonable certainty. Therefore, even for those companies with a reported effective tax rate above 15%, there may still be Pillar II tax consequences. The company is currently working with tax specialists to help implement the legislation.

Note 3 Critical estimates and assumptions

The carrying amounts of certain assets and liabilities are based in part on estimates and assumptions. This applies particularly to impairment testing of goodwill ([note 15](#)). Assumptions and estimates are continually evaluated and are based on historical experience and expectations regarding future events deemed reasonable under prevailing circumstances. Tests are performed each year to determine if goodwill is impaired. The recoverable amount for cash generating units has been determined by calculating values in use. For these calculations, certain estimates must be made.

Changes in tax laws in the countries where AddLife operates could change the amount of tax liabilities and assets recognised. In addition, the interpretation of current tax laws can affect reported tax asset/liability. Assessments are made to determine both current and deferred tax assets/liabilities. The actual results may deviate from these estimates, in part because of changes in the business climate or the tax rules.

Note 4 Financial risk and risk management

Objectives and policy for risk management

AddLife strives for structured and efficient management of the financial risks that arise in operations, which is manifest in the financial policy adopted by the Board of Directors. Financial operations are not conducted as a separate line of business, instead they are merely intended to constitute support for the business and reduce risks in financial operations. The policy stipulates goals and risks in the financial operations, and how they are to be managed. The financial policy expresses the goal of minimising and controlling financial risks. The policy defines and identifies the financial risks that arise at AddLife and how responsibility for managing these risks is distributed in the organisation. The financial risks defined in the financial policy are currency risk, interest rate risk, liquidity, financing and issuer/borrower risk. Operational risks, that is, financial risks related to operating activities, are managed by each subsidiary's management according to principles in the financial policy and subordinate process descriptions approved by the Group's Board of Directors and management. The subsidiaries within AddLife include financial derivatives with an external counterparty. Risks such as translation exposure, refinancing risk and interest rate risk are managed by the Parent Company, AddLife AB.

Currency risks

The AddLife Group conducts extensive trading in foreign countries and as such the Group has a material currency exposure, which shall be managed in a way which minimises impact on profit from exchange rate fluctuations.

The AddLife Group practices a decentralised responsibility for currency risk management, which among other things

means that risk identification and risk hedging either through matching of currency flows, via currency accounts, or via forward exchange contracts is conducted at the subsidiary level. The companies are responsible for choosing the most appropriate hedging measure from a commercial and risk point of view. To minimise currency risks, matching of inflows and outflows in the same currency shall be prioritised. Currency clauses may be used if the company finds it to be advantageous from a risk and commercial point of view. The main principle for the currency clause is 80 percent compensation for an exchange rate fluctuation of +/-2 percent. If the company determines that currency risk could have a significant impact on profits after the exposure has been reduced through matching and/or currency clauses, the company must hedge its net commercial flows using forward exchange contracts on a monthly basis. For AddLife, currency risk arises as a result of future payment flows in foreign currency, known as transaction exposure, and also because parts of the Group's equity comprise net assets in foreign subsidiaries, known as translation exposure.

Transaction exposure

Transaction exposure comprises all future contracted and forecast ingoing and outgoing payments in foreign currency. The Group's currency flows usually pertain to flows in foreign currency from purchases, sales and dividends. Transaction exposure also comprises financial transactions and balances. During financial years 2023 and 2022, the Group's payment flows in foreign currencies were distributed as follows:

	2023			2022		
	Currency flows, gross			Currency flows, gross		
	Inflows	Outflows	Net flows	Inflows	Outflows	Net flows
EUR	765	1,734	-969	1,257	1,761	-504
DKK	90	20	70	78	17	61
PLN	-	-	-	19	14	5
NOK	308	36	272	89	7	82
USD	199	684	-485	202	678	-476
GBP	142	183	-41	68	140	-72
CHF	22	14	8	23	16	7

The effects of exchange rate fluctuations are reduced by buying and selling in the same currency, through currency clauses in customer contracts and, to a certain degree, by forward purchases or sales of foreign currency. Currency clauses are a common method in the industry for handling uncertainty associated with future cash flows. A currency clause means that compensation will be paid for any changes in the exchange rate that exceed a certain predefined level during the contract period. If these thresholds are not reached, for example when the exchange rate changes by less than two percentage points, no compensation is paid. The currency clauses adjust the exchange rate change between the time the order is placed and the invoice date. Currency clauses are symmetrically designed, which means that compensation is charged or credited when the exchange rate rises or declines beyond the predefined thresholds.

Of AddLife's net sales in 2023, approximately 13 (15) percent will be with currency clauses and approximately 40 (35) percent will be sales in the purchase currency. In certain transactions, there is a direct link between the customer's order and the associated purchase order, which is a good basis for effective currency risk management. However, in many cases the dates of the orders do not coincide, which may reduce the effectiveness of these measures. The companies within AddLife have reduced their currency exposure by using forward foreign exchange contracts. At the end of the financial year 2023, there were outstanding forward foreign exchange contracts in a gross amount of SEK 50 million (45), of which EUR corresponds to SEK 50 million (44) and USD SEK 0 million (1). Of the total contracts of SEK 50 million (45), SEK 50 million (44) matures within 6 months. Hedge accounting does not apply to forward foreign exchange contracts; instead, they are classified as a financial asset/liability measured at fair value through profit or loss. Currency flows in the Parent Company are mainly in Swedish kronor (SEK). To the extent that internal and external loans and investments in the Parent Company are in foreign currency, as much as possible of the capital amount is hedged.

Translation exposure

AddLife's translation exposure is not hedged at this time, with the exception of some foreign operations denominated in EUR (see hedging of the Group's net investment in foreign operations). AddLife's net assets are distributed among foreign currencies as shown below:

	2023		2022	
	SEKm	Sensitivity analysis ¹	SEKm	Sensitivity analysis ¹
Net investments				
EUR	4,794	240	4,639	232
DKK	272	14	322	16
NOK	116	6	189	9
CHF	88	4	419	21
GBP	312	16	391	20

¹ Impact of +/-5% in exchange rate on Group equity

When translating the income statement of units with a functional currency other than SEK, a translation effect arises when exchange rates vary. With the current distribution of Group companies' different functional currencies, an increase of 1 percentage point against SEK in the exchange rates would have an effect on net sales and on EBITA as follows:

	2022	2021
Net sales	80	75
EBITA	11	11

The exchange rates used in the financial statements are shown in the following table:

Exchange rate	Average rate		Closing day rate	
	2023	2022	2023-12-31	2022-12-31
AUD	7.05	7.01	6.82	7.09
CHF	11.82	10.58	11.98	11.29
CNY	1.50	1.50	1.41	1.50
DKK	1.54	1.43	1.49	1.50
EUR	11.48	10.63	11.10	11.13
GBP	13.20	12.47	12.77	12.58
NOK	1.01	1.05	0.99	1.06
PLN	2.53	2.27	2.56	2.37
USD	10.61	10.11	10.04	10.44

Financing and liquidity

The overall objective of AddLife's financing and debt management is to secure both long term and short term financing for the operations, and to minimise borrowing costs. Capital requirements must be secured through active and professional borrowing procedures involving overdraft and credit facilities. Raising of external financing is centralised to AddLife AB.

The group is mainly financed through bank financing of SEK 4,235 million, of which SEK 2,458 million runs for 36 months. The remaining bank financing runs for 12 months and expires at the beginning of 2025. The credit facilities are associated with certain loan conditions (so-called covenants), which are an interest coverage ratio of at least 4.0 times and a solvency ratio exceeding 25 percent. In addition to the credit facilities, at the end of the financial year there was also an overdraft facility of SEK 800 million, which will change to SEK 700 million from January 1, 2024.

Satisfactory payment capacity shall be achieved through contractual credit facilities. Excess liquidity is primarily used to pay down outstanding loans. Temporary surpluses of liquid funds are invested with as good a return as possible. Credit, interest rate and liquidity risks should be minimised when investing liquid funds. The fixed interest term and the period during which capital is tied up may not exceed six months. Only counterparties with high credit ratings are permitted. AddLife AB provides an internal bank which lends to and borrows from the subsidiaries. AddLife's current interest-bearing liabilities are shown in [note 27](#). AddLife Group provides a common cash pool for the countries in which the Group has significant operations. Subsidiaries in these countries have been connected to the cash pool and manage all liquidity within the framework of the cash pool accounts. In cases where there is no cash pool in the country where the subsidiary operates its business, or if an individual foreign currency account does not exist within the cash pool, the subsidiary shall deposit any excess liquidity with AddLife AB.

Temporary excess liquidity in AddLife AB may be invested in accordance with the following guidelines:

- The investment's fixed-interest term and the period during which capital is tied up may not exceed six months.

The following investments are permitted:

- Interest-bearing account at a bank with the right to immediate withdrawal, minimum credit rating of A.
- Deposits in Swedish banks with a minimum credit rating of A.
- Money market instruments (<1 year) such as treasury bills and commercial paper with credit ratings corresponding to A-1, K-1, P-1 (very high creditworthiness).

Refinancing risk

Refinancing risk is the risk of AddLife not having access to sufficient financing at any given time. The refinancing risk increases if AddLife's credit rating deteriorates or if AddLife becomes too dependent on one source of financing. If all or a large percentage of the debt portfolio falls due at one or more individual occasions it could result in the extension or refinancing of a large percentage of the loan volume having to be made on unfavourable interest and loan terms. In order to limit refinancing risk, procurement of long-term credit facilities is initiated no later than nine months before the credit facility matures. The maturity structure, including interest payments, for the Group's financial interest-bearing liabilities, is distributed over the coming years as follows:

2023-12-31	Carrying amount	Future payment amount	Matures			
			within 3 months	after 3 months within 1 year	after 1 year within 5 years	after 5 years
Interest-bearing liabilities	4,328	4,750	-	1,853	2,895	2
Additional purchase consideration	87	87	7	24	56	-
Accounts payable	981	981	981	-	-	-
Forward foreign exchange contracts	4	4	2	2	-	-

2022-12-31	Carrying amount	Future payment amount	Matures			
			within 3 months	after 3 months within 1 year	after 1 year within 5 years	after 5 years
Interest-bearing liabilities	4,374	4,676	-	1,834	2,838	4
Additional purchase consideration	266	272	31	220	21	-
Accounts payable	957	957	957	-	-	-
Forward foreign exchange contracts	-	-	-	-	-	-

Other operating liabilities that comprise financial instruments all fall due for payment within 1 year.

Interest rate risk

Interest rate risk define that the risk of actual value on nor Future cash flows by a financial instrument varies because of restatements of market rates. The interest rate risk is regulated by ensuring that the average fixed interest term of the debt portfolio varies between 0 and 3 years. The debt portfolio consists of bank overdraft facilities with fixed interest terms of three months and outstanding external loans with remaining fixed interest terms of six months. AddLife's net financial debt as of 31 December 2023 amounts to SEK 5,192 million (5,410). AddLife's financial net debt as of December 31, 2023 affects financial net by approximately +/-52 MSEK (+/-54) in the event of an interest rate change of 1 percentage point.

Issuer/borrower risk and credit risk

Issuer/borrower risk and credit risk are defined as the risk of AddLife's counterparties failing to fulfil their contractual obligations. AddLife is exposed to credit risk in its financial transactions, i.e. in investing its surplus liquidity and executing forward foreign exchange transactions, and in its commercial operations in connection with accounts receivable and advance payments to suppliers. Credit risk exposure consists of the carrying amount of the financial assets. To utilise its companies' detailed knowledge of AddLife's customers and suppliers, each company assesses the credit risk in its commercial transactions. New customers are assessed before credit is granted, and credit limits set are strictly enforced. Short credit periods are pursued and the absence of excessive concentration of business with individual customers and specific sectors contributes to minimising the risks. No single customer accounts for more than 4 (3) percent of the total credit exposure seen over a year. The corresponding percentage for the ten largest customers is approximately 13 (10)

percent. Exposure per customer segment and geographic market is shown in the table in note 6. During the year, customer losses amounted to SEK 0 million (0), corresponding to 0 percent of net sales (0).

Note 5 Net sales by revenue type and business area

Medtech		2023	2022	
Products		4,912	4,186	
Instruments		505	529	
Services		625	495	
Total		6,042	5,210	
Labtech		2023	2022	
Products		2,548	2,954	
Instruments		804	692	
Services		302	234	
Total		3,654	3,880	
2023	Labtech	Medtech	Group items	Total
Sweden	598	502	-	1,100
Denmark	527	267	-	793
Finland	397	180	-	577
Norway	321	463	-	784
United Kingdom	23	1,163	-	1,186
Ireland	1	1,113	-	1,114
Italy	440	222	-	662
Germany	96	295	-	391
Switzerland	91	356	-	447
Spain	6	821	-	826
Other countries	1,155	662	-11	1,806
Total	3,654	6,042	-11	9,685
2022	Labtech	Medtech	Group items	Total
Sweden	634	466	-	1,100
Denmark	746	210	-	956
Finland	410	173	-	583
Norway	408	469	-	877
United Kingdom	15	965	-	980
Ireland	1	891	-	892
Italy	472	179	-	651
Germany	69	288	-	357
Switzerland	76	346	-	422
Spain	7	718	-	725
Other countries	1,042	505	-6	1,541
Total	3,880	5,210	-6	9,084

Regarding other revenue types, dividends and interest income are recognised in financial items, see Note 12.

Parent Company

Of the Parent Company's net sales of SEK 64 million (64), 100 percent (100) relate to intra-group sales. Of administrative expenses in the Parent Company of SEK 84 million (83), 0 percent (0) relates to purchases from Group companies.

Accounting principle

The fair value of what has been received, or what will be received, is recognised as sales revenue. Deductions are made for value added tax, returns, discounts and price reductions.

Sale of goods and instruments

The majority of AddLife's net turnover consists of the sale of goods and instruments. For these, revenue recognition takes place at a certain point in time, which is when control of the products has been transferred to the customer, this is normally upon delivery to the customer. Transfer of control and thus also the revenue recognition normally depends on the terms of delivery. The selling company then also has no remaining substantial control over the goods or involvement in its management.

Discounts

It happens that products are sold with volume discounts, based on total sales during a certain period of time. Revenue from such agreements is calculated and reported based on experience and probability.

Sale of goods and services combined

The AddLife Group also has certain agreements that cover both goods and services. Income from these is reported by allocating the sales value to the various performance commitments. Revenue recognition takes place when the respective performance commitment is fulfilled. For the group, there are usually two performance commitments at present; products (which includes hardware, installation and training) and licenses. Revenue from products is reported at a certain point in time. The license gives the licensee the right to access intellectual property during the license period and the revenue is reported over time.

Sale of services

Other services form a limited part of AddLife's business. Services are performed for a limited period of time and are reported in the period when the service has been delivered to the counterparty.

Note 6 Segment reporting

The division into business areas reflects AddLife's internal organisation and reporting system. Operating segments are reported in a manner consistent with AddLife's internal reporting, which is submitted to the CEO, who has been identified as the highest executive within AddLife. AddLife reports business areas as an operating segment. AddLife reports its business areas as operating segments. The two business areas are Labtech and Medtech. This market grouping reflects a natural division of the Life Science market. AddLife uses EBITA (see [definitions](#)) as a performance measure when monitoring the business areas. Intra-Group sales are based on the same prices that an independent party would pay for the product.

Labtech

The companies in the Labtech business area operate within diagnostics and biomedical research, as well as laboratory analysis. The companies deliver directly to customers various products and solutions that include analytical instruments, equipment, microscopes, consumables and reagents, as well as software support and technical service, primarily to laboratories in medicine, research, academia and the food and pharmaceutical industries. The companies within the Labtech business area are mainly active in microbiology, clinical chemistry, coagulation, molecular biology, research, immunology, point-of-care testing, veterinary diagnostics and in the food industry. Customers are also offered training programmes in various areas to ensure that customers have the appropriate skills and to maximise user benefit for the products the Company provides..

Medtech

The companies in the Medtech business area provide medical device products within the medtech market, with a focus on surgery, thoracic medicine, neurology, wound care, anaesthesia, intensive care, ear, nose and throat, ostomies, and home healthcare.

Data by operating segment

Net sales	2023	2022
	Externally	Externally
Medtech	6,042	5,210
Labtech	3,654	3,880
Group items	-11	-6
Total	9,685	9,084

EBITA	2023		2022	
	EBITA	EBITA margin, %	EBITA	EBITA margin, %
Medtech	684	11.3	573	11.0
Labtech	473	12.9	667	17.2
Group items	-22		-19	
Total	1,135		1,221	

Operating profit/loss, assets and liabilities	2023			2022		
	Operating profit	Assets ¹	Liabilities ¹	Operating profit	Assets ¹	Liabilities ¹
Medtech	203	9,895	1,631	228	10,231	1,416
Labtech	404	2,307	887	601	2,312	887
Group items	-22	543	5,267	-21	514	5,783
Total	585	12,745	7,785	808	13,057	8,086
Finance income and costs	-246			-206		
Profit before taxes	339			602		

¹ Does not include balances in Group accounts or financial transactions with Group companies.

Investments in non-current assets	2023			2022		
	Intangible	Property, plant and equipment ¹	Total	Intangible	Property, plant and equipment ¹	Total
Medtech	53	382	435	517	242	759
Labtech	34	127	161	127	108	235
Group items	0	2	2	0	0	0
Total	87	511	598	644	350	994

¹ The amounts do not include the effects of corporate acquisitions.

Depreciation/amortisation of non-current assets	2023			2022		
	Intangible	Property, plant and equipment ¹	Total	Intangible	Property, plant and equipment ¹	Total
Medtech	-481	-243	-724	-345	-199	-544
Labtech	-69	-123	-192	-66	-107	-173
Group items	-0	-3	-3	-2	-3	-5
Total	-550	-369	-919	-413	-309	-722

¹ Depreciation/amortisation of property, plant and equipment include depreciation/amortisation of right- of-use assets.

Significant profit or loss items, other than depreciation or amortisation, not matched by payments

	2023					2022				
	Capital gains	Change in pension liability	Fair value change contingent consideration	Other items	Total	Capital gains	Change in pension liability	Fair value change contingent consideration	Other items	Total
Medtech	1	-0	-149	-33	-181	1	-2	-91	-26	-118
Labtech	-4	4	-17	3	-14	-3	-2	-15	-8	-28
Group items	-	-5	-4	-8	-17	0	0	0	105	105
Total	-3	-1	-170	-38	-212	-2	-4	-106	71	-41

Data by country	2023			2022		
	Net sales external	Assets ¹	Of which non-current assets	Net sales external	Assets ¹	Of which non-current assets
Sweden	1,100	1,439	980	1,100	1,590	1,116
Denmark	793	655	396	956	650	405
Finland	577	266	121	582	299	129
Norway	784	459	255	876	515	292
Ireland	1,114	3,624	3,198	892	3,580	3,200
Spain	826	1,355	780	725	1,339	835
UK	1,186	405	91	980	385	83
Germany	391	2,339	2,230	357	2,454	2,321
Other countries	2,914	1,940	964	2,616	1,895	951
Group items and unallocated assets	0	263	120	-	350	153
Total	9,685	12,745	9,137	9,084	13,057	9,485

¹ Does not include balances in Group accounts and financial assets. External net sales are based on the customers' location, and the carrying amounts of assets are based on where the assets are located.

Investments in non-current assets	2023			2022		
	Intangible	Property, plant and equipment	Total	Intangible	Property, plant and equipment	Total
Sweden	49	53	102	100	40	140
Denmark	4	30	34	1	16	17
Finland	1	11	12	0	7	7
Norway	8	39	47	10	42	52
Ireland	7	148	155	31	23	54
Spain	1	55	56	406	68	474
UK	5	28	33	3	51	54
Germany	4	25	28	85	9	94
Other countries	9	123	132	8	94	102
Total	87	511	598	644	350	994

The Group has no single customer whose revenues account for 10 percent of total revenue, for which reason there is no related reporting.

Note 7 Employees and employee benefits expense

Average number of employees	2023			2022		
	Men	Women	Total	Men	Women	Total
Sweden						
Parent Company	7	5	12	7	7	14
Other companies	163	120	283	167	117	284
Denmark	133	85	218	133	82	215
Finland	65	70	135	58	72	130
Norway	89	60	149	91	58	149
Ireland	206	123	329	185	129	314
Spain	168	92	260	171	88	259
UK	130	73	203	132	74	206
Germany	48	79	127	49	78	127
Other countries	245	287	532	273	281	554
Total	1,254	994	2,248	1,266	986	2,252

Salaries and remuneration	2023			2022		
	Senior management	of which variable	Other employees	Senior management	of which variable	Other employees
Sweden						
Parent Company	16	4	9	20	4	9
Other companies	34	0	182	17	0	168
Denmark	14	2	182	14	1	162
Finland	6	1	92	6	1	79
Norway	13	1	102	13	1	102
Ireland	12	3	207	12	3	169
Spain	0	0	150	0	0	130
UK	4	0	135	2	0	118
Germany	6	0	88	7	0	64
Other countries	18	4	354	37	7	287
Total	123	15	1,501	128	17	1,288

Salaries, remuneration and social security costs	Group		Parent Company	
	2023	2022	2023	2022
Salaries and other remuneration	1,624	1,415	25	29
Contractually agreed pensions for senior management	12	11	3	3
Contractual pensions to other	81	71	2	2
Other social security costs	258	234	10	11
Total	1,975	1,731	40	45

Percentage women	Group		Parent Company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Board of Directors	20%	20%	50%	50%
Other members of senior management	35%	28%	30%	40%

Senior management are defined as Group Management, the President and Vice President of the Group's subsidiaries.

Remuneration to the Board of Directors and senior management

Preparation and decision-making process regarding remuneration to the board, CEO and group management

The guidelines that applied during the financial year 2023 for remuneration to senior executives were decided by the annual general meeting. The principle for remuneration to the Board of Directors, Chief Executive Officer (CEO) and Group Management is that remuneration should be competitive. The Nomination Committee proposes Board fees to the Annual General Meeting (AGM). Board fees are paid based on a resolution of the AGM. For committee work, remuneration is paid to the Chairman of the audit committee according to the decision of the AGM, to other members no fee is paid for

committee work. For remuneration to the CEO, members of Group Management and other members of senior management in the Group, the Board of Directors has appointed a remuneration committee consisting of the Chairman of the Board and one Board member, with the CEO as the reporting member. A fixed salary, variable remuneration and conventional employment benefits as well as pension benefits are paid to the CEO, Group Management and other members of senior management. In addition, incentive programmes apply as described below. The remuneration committee adheres to the guidelines for remuneration to senior management approved by AddLife AB's AGM.

Call-options to senior executives

The Group's share-based long-term incentive scheme makes it easier for senior management to acquire shares in the company. The reason for implementation of the long-term incentive scheme is to give management personnel within the AddLife Group the opportunity to learn about and work towards an increase in the value of the Company's shares through their own investment, thereby achieving greater alignment of interests between them and the Company's shareholders. The purpose of the incentive scheme is also to help senior executives to increase their shareholding in the Company over the long-term. The employees have paid a market-based premium for acquired call options on Class B shares. The option premium in the scheme was calculated by Nordea Bank by applying the established Black & Scholes measurement method. The calculations are based on the following parameters: the exercise price was set at 110 percent of the volume-weighted average price during the measurement period, volatility is based on statistical data derived from historical data, the risk-free interest rate was based on the interest rate for government bonds, maturity and exercise period under the terms of the schemes and dividend according to estimates based on the Group's dividend policy.

The programme includes a subsidy so that the employee receives the same sum as the option premium paid in the form of cash payment, i.e. salary, after two years, provided that the option owner at this point is still employed within the Group. This subsidy and the associated social security costs are accrued as personnel costs over the vesting period. AddLife has the right, but no obligation to repurchase the options when an employee terminates employment. The holder may exercise the options regardless of continued employment in the Group.

AddLife has a total of four outstanding programs corresponding to a total of 1,605,800 B shares. Outstanding call options on repurchased shares have during the financial year resulted in an estimated dilutive effect based on the year's average share price of approximately 0.0 percent (0.4). During the financial year, 5,200 options in the 2019/2023 program have been exercised, corresponding to 20,800 B shares.

Outstanding programmes	Number of warrants	Corresponding number of shares	Percentage of total number of shares	Exercise price	Exercise period
2023/2027	205,800	205,800	0.2%	155.99	1 Jun 2026 - 26 Feb 2027
2022/2026	150,000	150,000	0.1%	250.07	9 Jun 2025 - 27 Feb 2026
2021/2025	250,000	250,000	0.2%	259.00	10 Jun 2024 - 28 Feb 2025
2020/2024	250,000	1,000,000	0.9%	98.40	19 Jun 2023 - 28 Feb 2024
Total	855,800	1,605,800			

Remuneration and other benefits in 2023	Basic salary/ Board fees	Variable remuneration ¹	Other benefits	Pension costs	Total
Chairman of the Board	0.7	-	-	-	0.7
Other members of the board	1.9	-	-	-	1.9
Chief Executive Officer	4.9	1.9	0.0	1.9	8.7
Other senior executives ²	6.6	1.8	0.3	1.6	10.3
Total	14.1	3.7	0.3	3.5	21.6

¹ Including remuneration for those senior executives participating in incentive programmes

² During the year, other members of Group Management consisted of three people.

Remuneration and other benefits in 2022	Basic salary/ Board fees	Variable remuneration ¹	Other benefits	Pension costs	Total
Chairman of the Board	0.7	-	-	-	0.7
Other members of the board	1.8	-	-	-	1.8
Chief Executive Officer	1.9	0.2	0.0	0.2	2.3
Former Chief Executive Officer	5.5	0.0	0.2	1.5	7.2
Other senior executives ²	9.0	2.9	0.6	2.1	14.6
Total	18.9	3.1	0.8	3.8	26.6

¹ Including remuneration for those senior executives participating in incentive programmes

² During the year, other members of Group Management consisted of five people.

Board fees	Position	2023	2022
Johan Sjö	Chairman of the Board	0.70	0.70
Håkan Roos	Board member	0.35	0.35
Stefan Hedelius	Board member	0.35	0.35
Eva Elmstedt	Board member	0.35	0.35
Birgit Stattin Norinder	Board member	0.35	0.35
Eva Nilsagård	Board member	0.50	0.43
Total		2.60	2.53

The Board of Directors

The Board fees of SEK 2,600 thousand set by the Nomination Committee are distributed, as per the AGM decision, among those Board Directors who are not employed by the Parent Company.

Parent Company's CEO

Fredrik Dalborg, Parent Company CEO, received a fixed salary of SEK 4,942k (1,894) and SEK 1,841k (153) in variable pay. Variable remuneration includes SEK 1,841k regarding the year's cost for a subsidy for participation in the Group's incentive programme. Taxable benefits for the CEO totalling SEK 65k (2) are additional. From age 65, the CEO is covered by a defined contribution pension, the size of which depends on the outcome of pension insurance agreements. In 2023, a total of SEK 1,856k (154) in pension premiums, determined annually by the remuneration committee, were paid for the CEO.

During the comparison year 2022, the Parent Company's former CEO, Kristina Willgård, received a fixed salary of SEK 5,526k and a variable pay of SEK 0. In addition, taxable benefits amounted to SEK 191k. In 2022, a total of SEK 1,520k in pension premiums, determined annually by the remuneration committee, were paid to the former CEO.

Variable salary is not pensionable income. Variable remuneration based on Group earnings may amount to 40 percent of fixed salary. Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 50 percent of the fixed annual salary and may not be paid more than once each year per individual. Any resolution on such remuneration shall be made by the Board based on a proposal from the Remuneration Committee. During 2023, no such remuneration has been paid. The period of notice is six months from the company's side and six months from the CEO's side. In the case of termination on the initiative of the Company, the CEO is entitled to a severance payment equivalent to nine months' salary during the period of notice. No severance package is payable if the employee terminates the contract.

Other members of Group Management

Other members of Group Management were paid a total of SEK 6,571k (9,005) in fixed salaries and SEK 1,827k (2,898) in variable remuneration. Variable remuneration includes SEK 1,827k regarding the year's cost for a subsidy for participation in the Group's incentive programme, which was expensed during the 2023 financial year and will be paid in the coming years. Taxable benefits totalling SEK 284k (560) are additional. Persons in Group Management are covered from age 65 by pension entitlements based on individual agreements. Existing pension schemes consist of defined contribution schemes, in which the pension amount depends on the outcome of pension insurance agreements. During 2023, a total of SEK 1,644k (2,093) in pension premiums was paid for the group 'Other members of Group Management'. Variable remuneration based on Group earnings may amount to 40 percent of fixed salary. Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 50 percent of the fixed annual salary and may not be paid more than once each year per individual. During 2023, no such compensation has been paid. The period of notice is six to twelve months on the part of the Company and six months on part of the employee. Severance pay is paid corresponding to a maximum of six to twelve months' salary. Severance pay is payable upon termination of employment equivalent to no more than one year's salary. Severance pay is not paid on departure at own request.

Personnel information

Members of the Board of Directors' are directors, elected by a general meeting, in the Parent Company and in Group companies. Members of senior management' are people in Group Management and Managing Directors at Group companies.

Note 8 Remuneration to auditors

	Group		Parent Company	
	2023	2022	2023	2022
KPMG				
Audit assignment	11	9	1	1
Tax consultation	0	1	-	-
Other assignments	0	1	0	1
Total remuneration to KPMG	11	11	1	2
Other auditors				
Audit assignment	4	4	-	-
Tax consultation	4	2	-	-
Other assignments	0	1	-	-
Total remuneration to other auditors	8	7	-	-
Total remuneration to auditors	19	18	1	2

Audit assignments refers to the statutory audit of the annual and consolidated financial statements and accounting, as well as the administration of the Board of Directors and the Chief Executive Officer, along with auditing and other examinations carried out by agreement or contract. This includes other duties incumbent on the company's auditors, as well as advice or other assistance prompted by observations from such audits or the performance of other tasks

In 2023, remuneration paid to the auditing firm amounted to SEK 11 million, distributed between the following categories:

- Audit assignment, SEK 11 million, of which SEK 3 million refers to KPMG Sweden.
- Tax consultancy, SEK 0 million, of which none refers to KPMG Sweden.
- Other services, SEK 0 million, of which SEK 0 million refers to KPMG Sweden.

Note 9 Depreciation and amortisation

	Group		Parent Company	
	2023	2022	2023	2022
Depreciation and amortisation, by function				
Cost of goods sold	-92	-76	0	-
Selling expenses	-697	-576	0	-
Administrative expenses	-130	-70	0	0
Total	-919	-722	0	0
	2023	2022	2023	2022
Depreciation and amortisation, by asset class				
Intangible assets	-550	-413	-0	0
Buildings and land	-5	-4	-	-
Leasehold improvements	-2	-1	-0	-
Machinery	-9	-7	-	-
Equipment	-189	-143	-0	0
Right-of-use assets for leased premises	-99	-98	-	-
Right-of-use assets for other	-65	-56	-	-
Total	-919	-722	-0	0

Note 10 Other operating income and expenses

Group	2023	2022
Other operating income		
External services	2	5
External rental income	2	2
Gain on sale of operations and non-current assets	6	6
Exchange gains, net	-	-
Change in loans for contingent considerations	147	101
Capitalised work on own account	38	33
Other	40	31
Total	235	178
Other operating expenses		
Loss on sale of operations and non-current assets	-3	-3
Exchange losses, net	-4	-6
Change in loans for contingent considerations	-	-4
Other	-9	-36
Total	-16	-49

Accounting principle

Other operating income and other operating expenses include secondary activities, exchange rate differences in operating activities and gain/loss on the sale of tangible and intangible assets.

Note 11 Operating expenses

Group	2023	2022
Inventories, raw materials and consumables	5,431	5,113
Employee benefits expense	1,715	1,520
Depreciation, amortisation and impairment	919	722
Impairment of inventories	74	27
Impairment of account receivable	4	-18
Other operating expenses	1,176	1,041
Total	9,319	8,405
Parent Company	2023	2022
Employee benefits expense	48	52
Depreciation and amortisation	0	0
Other operating expenses	33	31
Total	81	83
	2023	
One-off costs, SEKm	EBITA	EBIT
Restructuring reserve AddVision	-8	-8
Write-down intangible assets Camanio Health	-	-25
Write-down intangible assets Camanio Care	-	-81
Write-down tangible assets Camanio Care	-19	-19
Reversed contingent consideration	147	147
Total one-off costs	120	14
Classification in income statement, SEKm	2023	2022
Cost of sales	-1	-
Selling expenses	-54	-
Administrative expenses	-8	-
Research and Development	-70	-
Other operating income and expenses	147	101
Total one-off costs in the income statement	14	101

Accounting principle

Cost of goods sold includes expenses for finished goods i.e. cost for production and sourced products, warranty, warehousing and transportation and exchange-rate changes on payables and receivables and the effects from currency hedging. Selling expenses include expenses for brand communication, sales driving communication and costs for sales and marketing staff. Selling expenses also include the cost for impairment of trade receivables. Administration expenses include expenses for general management, controlling, human resources, shared service and IT expenses related to the named functions.

Note 12 Finance income and costs

Group	2023	2022
Interest income on bank balances	9	9
Exchange rate fluctuations, net	30	-
Other finance income	6	-
Financial income	45	9
Interest expense on financial liabilities measured at amortised cost.	-262	-106
Interest expense on pension liability	-3	-1
Interest expense on lease liability	-11	-5
Exchange rate fluctuations, net	-	-88
Other finance costs	-15	-15
Finance costs	-291	-215
Net financial items	-246	-206
Parent Company	2023	2022
Interest income etc.:		
Interest income from Group companies	472	136
Exchange rate fluctuations, net	11	-
Other interest income and change value of derivatives	3	0
Interest income and similiar items	486	136
Interest expense, etc.:		
Interest expense from Group companies	-27	-4
Exchange rate fluctuations, net	-	-248
Other interest expense and change value of derivatives	-268	-89
Interest expense and similiar items	-295	-341

Note 13 Year-end appropriations, parent company

	2023	2022
Reversal from tax allocation reserve	-	120
Group contribution paid	-106	-117
Group contribution received	184	191
Total	78	194

Accounting principle

Group contributions are recognised in the Parent Company in accordance with the alternative rule. Group contributions received and paid are recognised as appropriations. Tax laws in Sweden allow companies to defer tax payments by making allocations to untaxed reserves in the balance sheet via the income and expense item appropriations. In the consolidated balance sheet these are treated as temporary differences, i.e. a breakdown is made between deferred tax liability and equity. Changes in untaxed reserves are recognised in the consolidated statement of comprehensive income and broken down into deferred tax and profit for the year.

Note 14 Taxes

Group	2023	2022
Current tax for the period	-154	-212
Adjustment from previous years	-29	1
Total current tax expense	-183	-211
Deferred tax	36	92
Total recognised tax expense	-147	-119

Group	2023	%	2022	%
Profit/loss before taxes	339		602	
Weighted average tax based on national tax rates	-66	19.5	-119	19.8
Effect of non-deductible interest	-86	25.4	-	-
Tax effects of non-deductible costs/non-taxable income	24	-7.1	-5	0.8
Changed tax rate	1	-0.3	-1	0.2
Adjustments from previous years	-29	8.6	1	-0.2
Other	9	-2.7	5	-0.8
Recognised tax expense	-147	43	-119	20

Deferred tax

Group	2023-12-31			2022-12-31		
	Receivables	Liabilities	Net	Receivables	Liabilities	Net
Deferred taxes, net						
Non-current assets	11	-549	-538	11	-625	-614
Pension provisions	2	0	2	2	0	2
Tax loss carryforwards	19	-3	16	50	-2	48
Financial posts	134	-3	131	147	-7	140
Other	20	-	20	16	-	16
Net recognised	-140	140	0	-174	174	0
Deferred taxes, net, at year-end	46	-415	-369	52	-460	-408

Deferred tax income/cost

Group	2023	2022
Deferred tax temporary differences this year	71	91
Deferred tax due to changed tax rates this year	0	0
Deferred tax income activated tax items this year	0	21
Deferred tax on used activated tax items this year	-35	-20
Total deferred tax income/cost	36	92

Unrecognised deferred tax assets

Deductible temporary differences and tax loss carryforwards for which deferred tax assets have not been recognised in the balance sheet:

	2023-12-31	2022-12-31
Tax deficits	101	9
Potential tax benefit	21	2
Expiry dates of tax loss carryforwards:		
0 > 10 years	3	9
10 <	98	-

Deferred tax assets have not been recognised for these items, since it is not probable that the Group will utilise them against future taxable profits

Parent Company	2023	2022
Current tax for the period	0	-2
Total current tax expense	0	-2
Deferred tax	-14	14
Total recognised tax expense	-14	12

Parent Company	2023	%	2022	%
Profit/loss before taxes	249		-30	
Tax based on current tax rate for Parent Company	-51	20.6	6	20.0
Tax effects of non-deductible costs/non-taxable income	37	-14.9	0	0.0
Adjustments from previous years	0	0.0	-2	-6.7
Deferred tax temporary differences this year	0	0.0	8	26.7
Recognised tax expense	-14	5.7	12	40.0

Note 15 Intangible non-current assets

2022-12-31 Group	Goodwill	Supplier relationships	Customer relationships	Technology	Capitalised development	Software	Other intangible asset	Total
Accumulated cost								
Opening balance	5,323	3,560	75	395	232	216	11	9,812
Acquisitions	7	4	-	-	-	-	1	12
Investments	-	-	-	1	49	31	-	81
Reclassifications	-	-	-	-	-1	-2	-0	-3
Divestments and disposals	-	-	-	-	-	-1	-	-1
Translation effect	-17	-15	-0	-2	-3	-1	-0	-38
Closing balance	5,313	3,549	75	394	277	243	12	9,863
Accumulated amortisation and impairment losses								
Opening balance	-10	-910	-24	-163	-95	-164	-6	-1,372
Amortisation	-	-355	-8	-43	-16	-21	-1	-444
Impairment	-	-21	-	-25	-60	-	-	-106
Reclassifications	-	-	-	-	1	1	0	2
Divestments and disposals	-	-	-	-	-	1	-	1
Translation effect	-0	17	0	2	2	0	0	21
Closing balance	-10	-1,269	-32	-229	-168	-183	-7	-1,898
Carrying amount at year-end	5,303	2,280	43	165	109	60	5	7,965
Carrying amount at start of year	5,313	2,650	51	232	137	52	5	8,440

2022-12-31 Group	Goodwill	Supplier relationships	Customer relationships	Technology	Capitalised development	Software	Other intangible asset	Total
Accumulated cost								
Opening balance	4,538	2,776	71	342	184	141	4	8,056
Acquisitions	414	536	-	40	-	48	6	1,044
Investments	-	-	-	1	45	21	-	67
Reclassifications	-	-	-	-	-	-	-	-
Divestments and disposals	-	-	-	-	-	-3	-	-3
Translation effect	371	248	4	12	3	9	1	648
Closing balance	5,323	3,560	75	395	232	216	11	9,812
Accumulated amortisation and impairment losses								
Opening balance	-10	-542	-15	-119	-80	-96	-3	-865
Acquisitions	-	-	-	-	-	-44	-2	-46
Amortisation	0	-329	-8	-40	-12	-23	-1	-413
Reclassifications	-	-	-	-	-	0	-	0
Divestments and disposals	-	-	-	-	-	3	1	4
Translation effect	0	-39	-1	-4	-3	-4	-1	-52
Closing balance	-10	-910	-24	-163	-95	-164	-6	-1,372
Carrying amount at year-end	5,313	2,650	51	232	137	52	5	8,440
Carrying amount at start of year	4,528	2,234	56	223	104	45	1	7,191

Goodwill distributed by business area	2023-12-31	2022-12-31
Labtech	612	614
Medtech	4,691	4,699
Total	5,303	5,313

Parent company	2023-12-31		2022-12-31	
	Software	Total	Software	Total
Accumulated cost				
Opening balance	1	1	1	1
At year-end	1	1	1	1
Accumulated amortisation				
Opening balance	-1	-1	-1	-1
Depreciation and amortisation	0	0	0	0
Closing balance	-1	-1	-1	-1
Carrying amount at year-end	0	0	0	0
Carrying amount at start of year	0	0	0	0

Accounting principle

Goodwill represents the difference between the acquisition value in the event of a business combination and the fair value of acquired assets, assumed liabilities and contingent liabilities and is reported as an intangible asset with an indefinite useful life. Goodwill is valued at acquisition value minus any accumulated write-downs. Goodwill is allocated to cash-generating units and is not written off but is tested annually for impairment.

Supplier relations, customer relations and technology are valued in connection with business acquisitions at fair value. AddLife applies a model where an average historical customer acquisition cost, alternatively the present value of expected future cash flows, is used to value these.

Intangible assets other than goodwill are reported at acquisition value after deductions for accumulated depreciation and

write-downs. Depreciation mainly takes place on a straight-line basis and is based on the assets' useful periods, which are reviewed annually. Periods of use are based on historical experience of using similar assets, areas of use and also other specific characteristics of the asset. Depreciation is included in cost of goods sold, sales or administration costs depending on where in the business the assets are used.

Expenditure for development, in which the results of research or other knowledge are applied to achieve new or improved products or processes, is recognised as an asset in the balance sheet if the product is technically and commercially viable and the company has sufficient resources to complete development and subsequently use or sell the intangible asset. Other development expenditure is expensed as it is incurred.

Amortisation is charged primarily on a straight line basis and is based on the useful lives of the asset.

	Useful life
Supplier and customer relations	10 years
Software	3-5 years
Technology	5-15 years
Capitalised development	5-10 years
Goodwill	indefinite

Impairment testing of goodwill

AddLife's reported goodwill as of 31 December 2023 amounts to SEK 5,303 million (5,313). Goodwill is tested for impairment at least annually. If there is an indication that an asset has decreased in value, such an assessment is made more often. When AddLife carries out an acquisition, the acquired business is integrated into the group to such an extent that it is not possible to distinguish assets and cash flows per company, whereby an impairment test is performed on the cash flow generating units which are made up of the business areas. The recovery value has been calculated based on the value in use, which is calculated using discounted cash flows. Assumptions have been made about net sales, gross margin, overhead level, working capital needs and investment needs based on previous experience. The parameters have been set based on the group's budget for the next fiscal year 2024 for each business area, which has been approved by the Board of Directors.

For cash flows beyond the budget period, a growth rate of 2 percent (2) per year for Labtech and 3 percent (2) per year for Medtech has been assumed. Calculated residual value at the end of the useful life is included in the value in use. Cash flows were discounted using a weighted cost of capital corresponding 10.1 percent (8.4) before tax. These calculations show that value in use significantly exceeds the carrying amount. Consequently, impairment testing indicated no impairment. No reasonable possible changes in key assumptions are expected to lead to impairment.

Note 16 Property, plant and equipment

2022-12-31 Group	Buildings & land	Investments in property belonging to third party	Machinery	Equipment	Right- of-use assets for leased premises	Right- of-use assets, other	Total
Accumulated cost							
Opening balance	152	26	153	1,451	507	198	2,487
Corporate acquisitions	-	-	-	0	-	-	0
Investments	3	4	11	208	237	105	568
Divestments and disposals	-	-	-5	-124	-79	-65	-273
Reclassifications	-	-0	6	-1	-	-	5
Translation effect for the year	-1	-0	-1	1	-2	-0	-3
Closing balance	154	30	164	1,535	663	238	2,784
Accumulated depreciation and impairment losses							
Opening balance	-77	-17	-104	-1,033	-262	-95	-1,588
Depreciation and amortisation	-5	-2	-9	-170	-99	-65	-350
Impairment	-	-	-	-19	-	-	-19
Divestments and disposals	-	-	2	109	51	56	219
Reclassifications	-	-	1	1	-	-	1
Translation effect for the year	1	0	1	-1	2	1	3
Closing balance	-81	-19	-109	-1,113	-308	-103	-1,733
Carrying amount at year-end	73	11	55	422	355	135	1,051
Carrying amount at start of year	75	9	49	418	245	103	899

2022-12-31 Group	Buildings & land	Investments in property belonging to third party	Machinery	Equipment	Right- of-use assets for leased premises	Right- of-use assets, other	Total
Accumulated cost							
Opening balance	43	20	123	820	468	175	1,649
Corporate acquisitions	109	0	5	481	-	-	595
Investments	2	4	19	189	77	91	382
Divestments and disposals	-5	-	-3	-88	-37	-74	-207
Reclassifications	3	-	-	-6	-26	-5	-34
Translation effect for the year	-	2	9	55	25	11	102
Closing balance	152	26	153	1,451	507	198	2,487
Accumulated depreciation and impairment losses							
Opening balance	-20	-14	-90	-591	-206	-101	-1,022
Corporate acquisitions	-54	-	-4	-342	-	-	-400
Depreciation and amortisation	-4	-1	-7	-143	-98	-56	-309
Divestments and disposals	2	-	3	79	27	65	176
Reclassifications	-	-	-	4	26	5	35
Translation effect for the year	-1	-2	-6	-40	-11	-8	-68
Closing balance	-77	-17	-104	-1,033	-262	-95	-1,588
Carrying amount at year-end	75	9	49	418	245	103	899
Carrying amount at start of year	23	6	33	229	262	74	627

Parent company	2023-12-31		2022-12-31	
	Equipment	Total	Equipment	Total
Accumulated cost				
Opening balance	1	1	1	1
Investments	0	0	0	0
At year-end	1	1	1	1
Accumulated amortisation				
Opening balance	-1	-1	-1	-1
Depreciation and amortisation	0	0	0	0
Closing balance	-1	-1	-1	-1
Carrying amount at year-end	0	0	0	0
Carrying amount at start of year	0	0	0	0

Accounting principle

Property, plant and equipment are recognised at cost, less accumulated depreciation and any impairment losses.

Depreciation is calculated on a straight line basis over the estimated useful life and taking account of any residual value at the end of that period. Property, plant and equipment comprising parts that have different useful lives are treated as separate components. Gains or losses realised upon the disposal or retirement of an asset consist of the difference between the selling price and the carrying amount of the asset, less direct selling expenses. Gains or losses are recognised as other operating income or other operating expense.

	Useful life
Buildings	20-100 years
Equipment	3-5 years
Machinery	3-10 years

Note 17 Leases

Maturity structure lease liabilities	Group	
	2023-12-31	2022-12-31
Within one year	158	133
1-2 years	115	81
2-3 years	66	58
3-4 years	42	25
4-5 years	29	16
Later than 5 years	138	59
Total undiscounted lease payments	548	371
Carrying amount	504	356

Revenue and costs from lease agreements	Group	
	2023	2022
Lease payments received	2	2
<i>Lease costs</i>		
Depreciation of right-of-use assets	-164	-154
Interest on lease liabilities	-11	-5
Cost for short-term leasing	-2	-1
Cost for leases of low-value	-2	-1
Total	-179	-161

Accounting principle

Lease payments are discounted with a discount rate based on the country's underlying currency, length of contract and underlying interest with a supplement for company-specific risk premium. The discount rate is the same for all assets, unless a specific interest rate is specified in the agreement.

Lease payments related to short-term leases and leases of low value assets are recognized as operating expenses on a straight-line basis over the term of the lease. Assets with low value include, among other things, printers and copying machines.

Note 18 Financial assets and liabilities – categories and fair value

Carrying amounts on financial instruments are recognised in the balance sheet according to the following tables.

2023-12-31	Financial assets/liabilities measured at fair value through profit or loss	Financial assets/liabilities measured at amortised cost	Total carrying amount
Financial assets	-	9	9
Non-current receivables	-	66	66
Accounts receivable	-	1,464	1,464
Cash and cash equivalents	-	272	272
Other receivables	-	-	-
Total	-	1,811	1,811
Non-current interestbearing liabilities	52	2,487	2,539
Current interest-bearing liabilities	34	2,212	2,246
Accounts payable	-	981	981
Other liabilities ¹	4	-	4
Total	90	5,680	5,770

¹ Includes derivatives measured at fair value through profit or loss.

2022-12-31	Financial assets/liabilities measured at fair value through profit or loss	Financial assets/liabilities measured at amortised cost	Total carrying amount
Financial assets	-	10	10
Non-current receivables	-	85	85
Accounts receivable	-	1,326	1,326
Cash and cash equivalents	-	376	376
Other receivables	-	-	-
Total	-	1,796	1,796
Non-current interestbearing liabilities	207	2,537	2,744
Current interest-bearing liabilities	59	1,837	1,896
Accounts payable	-	957	957
Other liabilities	-	8	8
Total	266	5,338	5,604

	2023-12-31			2022-12-31		
	Carrying amount	Level 2	Level 3	Carrying amount	Level 2	Level 3
Derivatives measured at fair value through profit and loss	-	-	-	1	1	-
Total financial assets at fair value per level	-	-	-	1	1	-
Derivatives measured at fair value through profit or loss	4	4	-	0	0	-
Contingent considerations	86	-	86	266	-	266
Total financial liabilities at fair value per level	90	4	86	266	0	266

The fair value and carrying amount are recognized in the balance sheet as shown in the table above. For currency contracts and embedded derivatives, the fair value is determined on the basis of observable market data, level 2. For conditional purchase considerations, cash flow analyses, which are not based on observable market data, are carried out, level 3. For the Group's other financial assets and liabilities fair value is estimated to be the same as the carrying amount.

Contingent considerations	2023	2022
Opening carrying amount	266	349
Acquisitions during the year	5	21
Revaluation through profit and loss	2	4
Consideration paid	-17	-31
Reversed through profit and loss	-147	-101
Interest expenses	-8	5
Currency exchange differences	-15	19
Closing carrying amount	86	266

Accounting principle

Derivatives and currency hedging

Foreign currency exposure related to future contractual and forecasted flows is hedged with forward exchange contracts, swaps and currency clauses in customer and supplier contracts. An embedded derivative, for example a currency clause, is disclosed separately unless closely related to its host contract. Derivatives are initially recognised at fair value, so transaction costs are charged to profit or loss for the period. After the initial recognition, the derivative instrument is measured at fair value. Neither futures, swaps nor embedded derivatives in currency clauses are reported as hedging at this time. Increases and decreases in value are recognised as income or expense in operating profit.

Hedging of the Group's net investment in foreign operations

The Group has taken out loans denominated in foreign currency relating to the acquisition of foreign subsidiaries in order to manage the exposure in net investment. The Group applies the hedge accounting requirements of IFRS 9. The Group documents, at the inception of the hedge, the relationship between hedged items (net investments) and hedging instruments (loan in foreign currency), as well as its risk management objective and strategy for undertaking various hedge transactions. Hedge effectiveness is also documented on an ongoing basis regarding the financial relationship between the two items and the hedging ratio. Any gain or loss on the effective portion of the hedge (100%) is reported in equity through other comprehensive income. Gains and losses that have been accumulated in equity are taken to profit or loss when the foreign operation is divested as a portion of the gain or loss on disposal.

Note 19 Non-current financial assets

Receivables from Group companies	Parent Company	
	2023-12-31	2022-12-31
Opening balance	7,599	6,589
Increase during the year	0	2,282
Decrease during the year	-1,414	-1,272
Carrying amount at year-end	6,185	7,599

Specification of interests in Group companies	Country	Number of shares	Quotient value	Holding %	Carrying amount 2023-12-31	Carrying amount 2022-12-31
AddLife Development AB	Sweden	1,000	100	100%	1,619	389

Interests in Group companies	Parent Company	
	2023	2022
Accumulated cost		
Opening balance	389	389
Acquisitions for the year	1,230	-
Disposals for the year	-	-
Closing balance	1,619	389

Indirect ownership					
Indirect ownership	Ownership	Indirect ownership	Ownership	Indirect ownership	Ownership
Biomedica Medizinprodukte GmbH	100%	V-tech AB	100%	BioNordika AS	100%
Euromed Swiss AG	100%	Väinö Korpinen Oy	100%	BioNordika (Sweden) AB	100%
Biomedis d.o.o.	100%	Triolab Oy	100%	BioNordika (Finland) Oy	100%
Biomedica MP d.o.o.	100%	Triolab AB	100%	Dach Medical Group Holding AG	100%
Biomedica Dijagnostika doo	100%	Triolab (Baltics) Oy	100%	Dach Austria Medical Group GmbH	100%
Biomedica d.o.o.	100%	LabRobot Products AB	100%	Dach Switzerland Medical Group GmbH	100%
Biomedica Bulgaria ood	100%	BergmanLabora AB	100%	D-A-CH Germany Medical Group GmbH	100%
Biomedica Medizinprodukte Romania SRL	100%	Biolin Scientific AB	100%	Hepro AS	100%
Biomedica Hungaria Kft.	100%	Biolin Scientific China	100%	Ropox A/S	100%
Biomedica CS s.r.o.	100%	Biolin Scientific Oy	100%	Zafe Care Systems AB	100%
Biomedica Poland Sp. Zo.o.	100%	Biolin Scientific LTD	100%	Biomedica Italia s.r.l	100%
Biomedica Dijagnostika d.o.o.el	100%	Holm & Halby A/S	100%	Primacy Healthcare 21 Limited	100%
Biomedica Slovakiita s.r.o.	100%	Medilas AG	100%	Aquilant Northern Ireland Limited	100%
Mediplast AB	100%	Polytech Domilens GmbH	100%	Aquilant Limited	100%
Mediplast AS	100%	M.E.D. Medical Products GmbH, Germany	100%	Medscope Limited	100%

Mediplast Sataside Oy	100%	Vision Ophthalmology Holding One GmbH	100%	Aquilant Endoscopy Limited	100%
Mediplast S.r.l	100%	Vision Ophthalmology Group GmbH	100%	Healthcare Acquisitions Limited	100%
Mediplast Benelux B.V.	100%	Spectrum Ophthalmology Ltd	100%	Tools For Living (Ireland) Limited	100%
Mediplast GmbH	100%	POLYMED Polska Sp.z.oo	75%	Lyncare Systems Limited	100%
Mediplast A/S	100%	Visop Nordic AB	100%	Healthcare 21 (UK) Limited	100%
Mediplast Iberia SL	100%	SSCP Blink BidCo Ltd	100%	Healthcare 21 (DE) GmbH	100%
Hospidana A/S	100%	Vision Pharmaceuticals Ltd	100%	Healthcare 21 (AT) GmbH	100%
Fenno Medical Oy	100%	MALA Holding B.V.	100%	Primacy Healthcare 21 International Limited	100%
TechniPro PulmoMed Pty Ltd	100%	Bio-Connect B.V.	100%	Asset Tracker Solutions Limited	100%
Fischer Medical AS	100%	Bio-Connect Diagnostics B.V.	100%	Aquilant Scientific (ROI) Limited	100%
Camanio AB	100%	Bio-Connect Services B.V.	100%	Aquilant Medical (ROI) Limited	100%
Lab-Vent Controls A/S	100%	European Warehousing Services B.V.	100%	Xograph Healthcare Limited	100%
Immuno Diagnostics Oy	100%	Pharma-Connect B.V.	100%	Xograph Healthcare (Ireland) Limited	100%
Triolab AS	100%	N.V. Forlab SA	100%	Glanadh Medical Holdings Limited	100%
EuroClone S.p.A.	100%	MBA Incorporado S.L.	100%	O'Flynn Medical Limited	100%
Funksjonsutstyr AS	76%	MBA Italia S.R.L	100%	O'Flynn Innovation Limited	100%
Svan Care AB	100%	MBA Portugal S.A.	100%	Emmat Norton Limited	100%
AddVision Sweden AB	100%	BioNordika (Denmark) A/S	100%	BioCat GmbH	100%

Accounting principle

Interests in Group companies are recognised in the Parent Company using the cost method, which means that transaction costs are included in the carrying amount for holdings in subsidiaries. Any changes in liabilities for contingent consideration are added to or reduce the (acquisition) cost. In the Group, transaction costs are expensed and changes in liabilities for contingent considerations are entered as income or expense.

Note 20 Inventories

Group	2023-12-31	2022-12-31
Raw materials and consumables	54	61
Work in progress	15	7
Finished goods	1,584	1,578
Total	1,653	1,646

Cost of sales for the Group includes impairment losses for inventories of SEK 74 million (27). No significant reversals of prior impairment losses were made in 2023 or 2022.

Accounting principle

Inventories, that is, raw materials and finished goods for resale, are carried at the lower of cost and net realisable value, thereby taking into account the risk of obsolescence. The cost is calculated using the first in, first out (FIFO) principle or weighted average prices. In the case of finished and semi-finished goods manufactured in-house, the cost consists of direct manufacturing costs and a reasonable portion of indirect manufacturing costs. Normal capacity utilisation is taken into account in valuation.

Note 21 Trade receivables

Trade receivable	2023-12-31	2022-12-31
Acquisition value	1,501	1,359
Impairment losses	-37	-33
Carrying amount	1,464	1,326
Change in impairment for trade receivable	2023	2022
Opening balance	-33	-45
Acquisition of operations	0	-0
This year's provisions/reversal of provisions	-4	12
Closing balance	-37	-33
Timing analysis of trade receivables	2023-12-31	2022-12-31
Not overdue	1,113	1,017
Overdue 1-30 days	202	183
Overdue 31-60 days	65	52
Overdue more than 60 days	121	107
of which are impaired	-37	-33
Total	1,464	1,326

Accounting principle

Reserve for expected credit losses – financial instruments using simplified approach

Receivables mainly consist of accounts receivable, for which the Group applies the simplified method of accounting for expected credit losses. This entails making credit loss provisions for the remaining lifetime, which is expected to be less than one year for all receivables. The Group's counterparties consist mainly of actors in the public sector, where the majority of sales are made through public procurement for which credit risk is considered very low. The expected loan losses for accounts receivables are calculated using a commission matrix which is based on past events, current conditions and forecasts for future economic conditions and the time value of the money if applicable. The Group defines defaults as being considered unlikely that the counterparty will meet its obligations due to indicators such as financial difficulties and missed payments. Notwithstanding the above, default is deemed to have taken place when the payment is 90 days past due. The Group writes off a receivable when no opportunities for additional cash flows are deemed to exist.

Note 22 Prepaid expenses and accrued income

	Group		Parent Company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Rent	12	12	1	1
Insurance premiums	11	10	2	2
Pension costs	3	2	-	-
License fees	10	9	2	1
Contractual assets	21	25	-	-
Other prepaid expenses	45	33	0	0
Other accrued income	7	12	-	-
Total	109	103	5	4

Note 23 Shareholder's equity

Reserves	2023-12-31	2022-12-31
Translation reserve		
Opening translation reserve	477	22
Translation effect for the year	-42	455
Closing translation reserve	435	477

Number of shares outstanding 2023	Class A shares	Class B shares	All share classes
Opening balance	4,615,136	117,221,125	121,836,261
Redemption of warrants	-	20,800	20,800
Closing balance	4,615,136	117,241,925	121,857,061

Number of shares outstanding 2021	Class A shares	Class B shares	All share classes
Opening balance	4,615,136	117,337,625	121,952,761
Redemption of warrants	-	243,500	243,500
Disposal of treasury shares	-	-360,000	-360,000
Closing balance	4,615,136	117,221,125	121,836,261

Accounting principle

Shareholder's equity

Repurchasing treasury shares occurs, and the Board normally proposes obtaining a mandate to repurchase treasury shares, which involves acquiring an amount of shares such that AddLife's own holding at no time exceeds ten percent of all shares in the company. The purpose of the repurchase is to provide the Board with increased scope for action in its work with the Company's capital structure, to enable the use of repurchased shares as payment in acquisitions, and to secure the Company's commitments in existing incentive programmes. When treasury shares are repurchased, the entire consideration reduces retained earnings. Proceeds from the disposal of equity instruments are recognised as an increase in retained earnings, as are any transaction costs.

Translation reserve

The translation reserve includes all exchange differences that arise in translating financial statements of foreign operations prepared in a currency other than the Group's presentation currency for financial reports.

Number of shares

The number of shares at 31 December 2023 consisted of 4,615,136 Class A shares, entitling the holders to 10 votes per share, and 117,835,114 Class B shares, entitling the holders to one vote per share. The quotient value of the share is SEK 0.51. The Company has repurchased 593,189 Class B shares, within the Company's ongoing repurchase programme. After subtracting repurchased shares, the number of Class B shares is 117,241,925 net.

Note 24 Provisions for pensions and similar obligations

AddLife sponsors pension plans in the countries in which it has activities. Pension plans can be defined contribution or defined benefit plans or a combination of both. AddLife has defined benefit pension plans mainly in Sweden. In these plans, a pension is determined mainly by the salary received at the time of retirement. Subsidiaries in other countries in the Group mainly have defined contribution pension plans.

Obligations for employee benefits, defined benefit pension plans

Pension liability as per balance sheet	2023-12-31	2022-12-31
Pension liability PRI	60	56
Other pension obligations	4	4
Total defined benefit pension plans	64	60

Obligations for defined benefits and the value of plan assets

	2023-12-31	2022-12-31
Funded obligations:		
Present value of funded defined benefit obligations	1	1
Fair value of plan assets	-1	-1
Net debt, funded obligations	0	0
Present value of unfunded defined benefit obligations	64	60
Net amount in the balance sheet (obligation +, asset -)	64	60
Pension obligations and plan assets by country:		
Sweden		
Pension obligations	60	56
Net amount in Sweden	60	56
Germany		
Pension obligations	4	4
Net amount in German	4	4
Austria		
Pension obligations	1	1
Plan assets	-1	-1
Net amount in Austria	0	0
Net amount in the balance sheet (obligation +, asset -)	64	60

Reconciliation of net amount for pensions in the balance sheet

	2023-12-31	2022-12-31
Opening balance	60	82
Change in accounting for pensions	2	0
Payment of pension benefits	-3	-2
Translation effects	-	0
Revaluations	5	-20
Net amount in the balance sheet (obligation +, asset -)	64	60

Changes in the obligation for defined benefit plans recognised in the balance sheet

	2023-12-31	2022-12-31
Opening balance	60	82
Pensions earned during the period	-0	-1
Interest on obligations	2	1
Benefits paid	-3	-2
Revaluations:		
Gain (-)/loss (+) resulting from financial assumptions	4	-25
Experienced-based gains (-)/losses (+)	1	5
Present value of pension obligations	64	60

Pension costs

	2023	2022
Defined benefit plans		
Cost for pensions earned during the year	1	3
Interest on obligations	2	1
Total cost of defined benefit plans	3	4
Total cost of defined contribution plans	90	80
Social security costs on pension costs	11	10
Total cost of benefits after termination of employment	104	94

Allocation of pension costs in the income statement

	2022	2022
Cost of goods sold	22	17
Selling and administrative expenses	80	76
Net financial items	2	1
Total pension costs	104	94

Actuarial assumptions

	2023	2022
	Sweden	Sweden
The following material actuarial assumptions were applied in calculating obligations:		
Discount rate 1 January, %	3.7	1.8
Discount rate 31 December, %	3.3	3.7
Future salary increases, %	2.6	3.0
Future increases in pensions (change in income base amount), %	2.1	2.5
Employee turnover, %	10.0	10.0
Mortality table	DUS23	DUS21

Actuarial assumptions

	2023	2022
	Sweden	Sweden
Discount rate increases by 0.5%	-5	-4
Discount rate decreases by 0.5%	5	5
Expected life expectancy increases by 1 year	3	3

The total number of commitments included in pension liabilities is distributed as follows:

Comprising	2023-12-31	2022-12-31
Active	0	13
Disability pensioners	0	0
Paid-up policyholders	97	84
Pensioners	88	87
The total number of commitments included in pension liabilities	185	184

Accounting principle

Defined contribution plans

These plans are mainly retirement pension plans, disability pensions and family pensions. Premiums are paid on an ongoing basis during the year by each company to separate legal entities, such as insurance companies. The size of the premium is based on the salary. The pension cost for the period is included in profit or loss. The Group has no further obligations related to the defined contribution plans.

Obligations for retirement pensions and family pensions for salaried employees in Sweden are secured by insurance in Alecta. According to statement UFR 10 of the Swedish Financial Reporting Board, this is a defined benefit plan covering multiple employers. In the event that Alecta is unable to provide sufficient information to determine an individual company's share of the total liability and its plan assets, these pension plans are reported as defined contribution. For the 2023 financial year, the Company did not have access to information enabling it to report this plan as a defined benefit plan. Thus the pension plan according to ITP and secured by insurance in Alecta is recognised as a defined-contribution plan. The year's fees for pension insurance with Alecta totalled SEK 11 million (11). The fees for the next financial year are assessed to be in line with this year's fees. The collective consolidation rate for Alecta in December 2023 was 157 percent (172).

Defined benefit plans

AddLife has defined benefit pension plans mainly in Sweden and cover a small number of employees. Under defined benefit pension plans, the Group bears the risk for payment of promised benefits. These pension plans primarily comprise retirement pensions. In Sweden, the defined benefit pension plans are unfunded.

The pension cost and pension obligation for defined benefit pension plans are calculated using the Projected Unit Credit Method. This method distributes the cost of pensions at the rate at which employees perform services for the Company that increase their rights to future benefits. The aim is to expense expected future pension payouts in a manner that provides an even cost over the employee's period of employment. This calculation takes into account anticipated future salary increases and anticipated inflation. The Company's obligation is calculated annually by independent actuaries. The discount rate used is equivalent to the interest rate on high-quality corporate bonds or mortgage-backed bonds with a maturity equivalent to the average maturity of the obligation and currency. For Swedish pension liabilities, the interest rate for Swedish housing bonds is used as a basis.

Tax on returns is reported in the income statement for the period the tax refers to and is thus not included in the calculation of debt. The portion of payroll tax calculated based on the Pension Obligations Vesting Act (Tryggandelagen) for a legal entity is recognized, for simplicity, as accrued expenses instead of as part of the net obligation.

Tax on returns is reported in the income statement for the period the tax refers to and is thus not included in the calculation of debt. In the case of unfunded plans, the tax is charged to the year's profit. When there is a difference between how the pension cost is determined in the legal entity and the group, a provision or claim is reported for taxes that are paid on pension costs, e.g. special payroll tax for Swedish companies based on this difference. The present value of the provision or receivable is not calculated.

Note 25 Provisions

Non-current provisions		2023				2022			
Group	Personnel	Warranties	Other	Total	Personnel	Warranties	Other	Total	
Opening balance	31	-	103	134	32	-	-	32	
Provisions of the year	4	-	-	4	-	-	3	3	
Provisions through acquisitions	-	-	-	0	2	-	96	97	
Amounts utilised during the year	-4	-	-	-4	-5	-	-	-5	
Unutilised amounts reserved	-	-	-24	-24	-	-	-	0	
Translation effects	-1	-	1	-0	2	-	5	7	
Closing balance	30	-	80	110	31	-	103	134	

Current provisions		2023				2022			
Group	Personnel	Warranties	Other	Total	Personnel	Warranties	Other	Total	
Opening balance	3	4	44	52	-	5	5	10	
Provisions of the year	1	-	0	1	1	-	-	1	
Provisions through acquisitions	-	2	-	2	2	0	77	80	
Amounts utilised during the year	-3	-	-	-3	-	-	-40	-40	
Unutilised amounts reserved	-1	-4	-0	-5	-	-1	-	-1	
Translation effects	0	0	-0	0	0	0	2	2	
Closing balance	0	2	44	46	3	4	44	52	

Warranties

Provisions are made for future costs resulting from warranty undertakings. The calculation is based on expenditure during the financial year for similar undertakings or the estimated costs for each undertaking. .

Benefits in the event of termination

A cost for benefits in conjunction with termination of employment is recognised only if there is a formal, detailed plan to terminate employment prior to the normal date. Provisions for restructuring costs are recognised when a detailed restructuring plan has been adopted and the restructuring has either begun or been announced.

Note 26 Non-current interest-bearing liabilities

	Group		Parent Company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Liabilities to credit institutions:				
Maturing within 2 years	18	8	-	-
Maturing within 3 years	2,462	2,521	2,458	2,464
Maturing within 4 years	2	3	-	-
Maturing within 5 years and later	4	5	-	-
Total non-current liabilities to credit institutions	2,486	2,537	2,458	2,464
Other interest-bearing liabilities:				
Maturing within 2 years	53	154	-	-
Maturing within 3 years	-	53	-	-
Maturing within 4 years	-	-	-	-
Maturing within 5 years and later	-	-	-	-
Total non-current other interest-bearing liabilities	53	207	-	-
Total	2,539	2,744	2,458	2,464

Other interest-bearing liabilities largely consist of additional contingent considerations with estimated interest of 3.0 percent. For more information about the Group's liabilities to credit institutions, see Note 27 Current interest-bearing liabilities.

Note 27 Current interest-bearing liabilities

	Group		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Bank overdraft facility				
Approved credit limit	800	800	800	800
Unutilised portion	-360	-54	-360	-54
Credit amount unutilised	440	746	440	746
Revolving credits				
Bank overdraft facility	1,000	1,000	1,000	1,000
Approved credit limit	-393	-460	-393	-460
Unutilised portion	607	540	607	540
Other liabilities to credit institutions	1,165	1,146	1,091	1,093
Other interestbearing liabilities	34	59	-	-
Total	2,246	2,491	2,138	2,379

Other interest-bearing liabilities largely consist of additional contingent considerations with estimated interest of 3.0 percent.

The Group's current liabilities to credit institutions are divided among currencies as follows:

Currency	2023-12-31		2022-12-31	
	Local currency	SEKm	Local currency	SEKm
EUR	158	1,754	157	1,749
NOK	0	0	0	0
DKK	56	86	58	87
PLZ	0	1	0	0
Total		1,841		1,836

The Group's financing is primarily managed by the Parent Company AddLife AB. The Parent Company's bank overdraft facility carried 0.4 percent interest per 31 Dec. 2023.

Note 28 Accrued expenses and deferred income

	Group		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Other deferred income	73	90	-	-
Salaries and holiday pay	234	219	15	14
Social security costs and pensions	32	30	1	2
Other accrued expenses ¹	165	148	6	4
Total	504	487	22	20

¹ Other accrued expenses mainly consist of overhead accruals.

Note 29 Related-party transactions

No transactions with related parties took place during the financial year other than remuneration to senior management. For more information see [Note 7](#).

Note 30 Pledged assets and contingent liabilities

	Group		Parent company	
	2023-12-31	2022-12-31	2023-12-31	2022-12-31
Pledged assets	9	10	-	-
Total	9	10	-	-
Contingent liabilities				
Guarantees	122	98	-	-
Guarantee for subsidiaries ¹	-	-	51	47
Total	122	98	51	47

¹ Relates to PRI liabilities.

Note 31 Cash flow statement

Adjustment for items not included in cash flow	Group		Parent company	
	2023	2022	2023	2022
Depreciation and amortisation	919	723	0	0
Gain/loss on sale of operations and non-current assets	-3	-2	-	-
Change in pension liability	-1	-4	-	-
Change in other provisions and accrued items	-5	5	-	-
Change in fair value contingent consideration	-170	-106	-	-
Financial income	-45	-9	-486	-135
Finance costs	291	215	295	340
Other	-15	-34	0	68
Total	971	789	-191	273

The following adjustments were made as a result of the value of assets and liabilities in companies acquired during the year, together with adjustments such as contingent considerations paid for acquisitions made in previous years:

	2023	2022
Non-current assets	5	1,010
Inventories	1	274
Receivables	2	457
Cash and cash equivalents	1	200
Total	9	1,941
Interest-bearing liabilities and provisions	-	-
Non-interest-bearing liabilities and provisions	4	1,157
Total	4	1,157
Consideration paid	-6	-975
Cash and cash equivalents in acquired companies	1	200
Effect on the Group's cash and cash equivalents	-5	-775

All businesses acquired during the year were consolidated in the accounts using the acquisition method.

Cash and cash equivalents in the cash flow statement consist of cash and bank balances. The same definition applied to determine cash and cash equivalents in the balance sheet was applied in the cash flow statement.

Reconciliation of debts arising from financing activities

Group	Opening balance 2023-01-01	Cash flow	Changes that do not affect cash flow				Closing balance 2023-12-31
			Acquisition of subsidiaries	Exchange rate changes	Changes in fair value	Leases	
Bank overdraft facility	596	-225	-	-	-	-	371
Liabilities to credit institutions	4,374	-34	-	-	-12	-	4,327
Other interest-bearing liabilities	266	-16	5	-15	-153	-	87
Lease liability	351	-119	-	2	-	271	505
Total	5,587	-395	5	-13	-164	271	5,291

Parent Company	Opening balance 2023-01-01	Cash flow	Exchange rate changes	Closing balance 2023-12-31
Bank overdraft facility	596	-240	-	356
Current liabilities to credit institutions	4,247	1	-13	4,235
Total	4,843	-239	-13	4,591

Reconciliation of debts arising from financing activities

Group	Opening balance 2022-01-01	Cash flow	Changes that do not affect cash flow				Closing balance 2022-12-31
			Acquisition of subsidiaries	Exchange rate changes	Changes in fair value	Leases	
Bank overdraft facility	455	142	-	-	-	-	596
Liabilities to credit institutions	2,954	973	125	323	-	-	4,374
Other interest-bearing liabilities	349	-31	21	19	-92	-	266
Lease liability	345	-153	24	-	-	135	351
Total	4,102	930	170	342	-92	135	5,587

Parent Company	Opening balance 2022-01-01	Cash flow	Exchange rate changes	Closing balance 2022-12-31
Bank overdraft facility	452	144	-	596
Current liabilities to credit institutions	2,670	1,268	309	4,247
Total	3,122	1,412	309	4,843

Note 32 Acquisitions within business areas

Acquisitions	Country	Date of acquisition	Net sales, SEKm ¹	Number of employees ¹	Business area
MBA Incorporado S.L	Spain	January, 2022	670	285	Medtech
Business from Telia Health Monitoring	Sweden	March, 2022	4	8	Medtech
O'Flynn Medical Ltd	Ireland	April, 2022	64	36	Medtech
BioCat GmbH	Germany	April, 2022	90	20	Labtech
JK Lab Nordic AB	Sweden	July, 2022	24	6	Labtech
Emmat Medical Ltd	Great Britain	September, 2023	28	4	Medtech

¹ Refers to conditions at the time of acquisition on a full-year basis.

According to the acquisition analyses, the acquisitions carried out during financial year 2023 were as follows:

	Fair value
Intangible non-current assets	4
Other non-current assets	1
Inventories	1
Other current assets	3
Deferred tax liability/tax asset	-1
Other liabilities	-3
Acquired net assets	5
Goodwill	7
Consideration ¹	12
Less: cash and cash equivalents in acquired businesses	-1
Contingent consideration not yet paid	-5
Effect on the Group's cash and cash equivalents	6

¹ The consideration is stated excluding acquisition expenses.

According to the acquisition analyses, the acquisitions carried out during financial year 2022 were as follows:

	Fair value
Intangible non-current assets	582
Other non-current assets	428
Inventories	274
Other current assets	457
Deferred tax liability/tax asset	-133
Other liabilities	-1,024
Acquired net assets	584
Goodwill	412
Consideration ¹	996
Less: cash and cash equivalents in acquired businesses	-200
Contingent consideration not yet paid	-21
Effect on the Group's cash and cash equivalents	775

¹ The consideration is stated excluding acquisition expenses.

All acquisition analyses were determined. The unspecified amounts refer to assets and equity and are not significant.

The purchase price for this year's acquisition amounts to SEK 12 million (996), whereof SEK 7 million (412) was allocated to goodwill and SEK 4 million (582) to other intangible assets. The consideration consists of cash payment. The transaction costs for the acquisitions with a takeover date during the 2023 financial year totalled SEK 0 million (12) and are recognised in selling expenses.

The outcome of additional contingent considerations depends on the results achieved in the companies and has a set maximum level. The fair value of not yet paid contingent consideration for acquisitions made during the financial year is calculated to SEK 5 million, which is approximately 100 percent of the maximum outcome. Previously completed

acquisitions where the purchase price has not yet been paid, the estimated fair value amounts to SEK 86 million, which constitutes approximately 87 percent of the maximum outcome.

The values allocated to intangible assets, such as supplier relationships, were assessed at the discounted value of future cash flows. The amortisation period is determined by estimating the annual decrease in sales attributable to each asset.

Supplier relationships are generally amortised over a period of 10 years. The goodwill that arose in connection with the acquisitions is due to the fact that the Group's position in the current market for each acquisition is expected to be strengthened and to the knowledge gained in the acquired companies.

The goodwill resulting from the acquisitions is attributable to expectations that the Group's position in the market in question for each acquisition will grow stronger and to the knowledge accumulated in the companies acquired.

The effect of the acquisition, on consolidated net sales was SEK 8 million (952), while the effect on EBITA was SEK 1 million (162), operating profit was SEK 1 million (114) and after-tax profit for the year was SEK 0 million (62). Had the acquisition, been completed on 1 January 2023, the impact would have been approximately SEK 11 million (1,011) on consolidated net sales, SEK 1 million (174) on EBITA, about SEK 1 million (122) on operating profit, and about SEK 1 million (68) on profit after-tax.

Additional purchase fees of SEK 16 million have been paid during the financial year regarding Ropox, which was acquired in 2020.

Note 33 Earnings per share (EPS)

	2023	2022
Earnings per share (SEK)	1.56	3.96
Diluted EPS (SEK)	1.56	3.95

The numerators and denominators used to calculate the above EPS are derived as stated below.

Earnings per share (EPS)

Basic earnings per share is calculated by dividing the income for the period attributable to the equity holders of the Parent Company with the average number of shares. The dilution from the options is based on a calculation of how many shares could hypothetically have been purchased during the period of the exercise price. The shares that could not have been purchased lead to dilution. The dilution in the Group is a consequence of its longterm incentive programmes.

The two components are as follows:

	2023	2022
Profit for the year (SEKm)	192	483
Weighted average number of shares during the year in thousands of shares	2023	2022
Weighted average number of shares during the year, basic	121,856	121,779
The weighted average number of shares during the year, diluted	121,861	122,254

Note 34 Information about the parent company

AddLife AB, corporate ID number 556995-8126, is the Parent Company of the Group.

The Company's registered office is in Stockholm, Stockholm County, Sweden, and is according to Swedish law AddLife AB a limited liability company.

Head office address:

AddLife AB (publ)

Box 3145

103 62 Stockholm, Sweden

www.add.life

Note 35 Events after the reporting period

No events of significance to the Group occurred after the end of the financial year.

Note 36 Proposal for profit distribution

The following amounts are available for distribution by the Annual General Meeting of AddLife AB:

Share premium reserve	2,654
Retained earnings	-247
Profit for the year	235
Total earnings	2,642

The Board of Directors propose that the funds available for distribution be allocated as follows:

A dividend paid to shareholders of SEK 0.50 per share ¹	61
To be carried forward	2,581

¹ Calculated based on the number of outstanding shares at the time of the release of the annual report. The number of repurchased class B shares amounts to 593,189 at the time of the release of the annual report.

The share

Share capital

On 31 December 2023 share capital in AddLife AB amounted to SEK 62,358,949. There were a total of 122,450,250 shares in the Company, including 4,615,136 Class A shares and 117,835,114 Class B shares. The nominal value of each share was SEK 0.51. Each Class A share carries ten votes and each Class B share carries one vote. All shares give the same right to dividends. Only the Class B share is listed on Nasdaq Stockholm.

Dividend policy

The Board of Directors of AddLife aims to propose a dividend equivalent to 30-50 percent of profit after tax. When determining dividends, the Company's Board considers investment needs and other factors that it deems relevant.

Conversion of shares

According to AddLife Articles of Association, owners of Class A shares have the right to have such shares converted to Class B shares. The conversion reduces the number of votes in the company. During the financial year, no (0) Class A shares were converted into Class B shares.

Key ratios

	2023	2022
Earnings per share (EPS) before dilution, SEK	1.56	3.96
Shareholders' equity per share, SEK	40.69	40.76
P/E ratio	70.1	27.4
Highest price during the financial year, SEK	140.60	371.00
Lowest price during the financial year, SEK	56.00	99.50
Last price paid, SEK	109.40	108.60
Market capitalisation, SEKm	13,396	13,298
Average number of shares outstanding	121,856	121,779
Number of shares outstanding at year-end	121,857	121,836
Number of shareholders at year-end	14,142	13,131

Major shareholders

Shareholder	Class A shares	Class B shares	Proportion of	
			capital, %	votes, %
Roosgruppen AB	2,252,376	3,224,727	4.5	15.7
Tom Hedelius	2,066,572	23,140	1.7	12.6
SEB Fonder	0	12,426,681	10.2	7.6
AMF - Försäkring och Fonder	0	10,098,097	8.3	6.2
Verdipapirfond Odin	0	8,930,008	7.3	5.4
Första AP-fonden	0	5,499,667	4.5	3.4
State Street Bank & Trust Company	0	5,496,029	4.5	3.4
Clients Fonder	0	5,244,414	4.3	3.2
JP Morgan Chase	0	3,988,343	3.3	2.4
Fjärde AP-fonden	0	3,037,537	2.4	1.8
Handelsbanken fonder	0	2,947,809	2.4	1.8
Sandrew Aktiebolag	0	2,800,000	2.3	1.7
CBNY Fidelity Over	0	2,778,272	2.3	1.7
Northern Trust Company, London Branch	0	2,705,367	2.2	1.7
Tredje AP-fonden	0	2,561,237	2.1	1.6
Total 15 largest owners	4,318,948	71,761,328	62.3	70.2
Other shareholders	296,188	45,480,597	37.2	29.4
Total outstanding shares	4,615,136	117,241,925	99.5	99.6
Repurchased own shares Class B	-	593,189	0.5	0.4
Total registered shares	4,615,136	117,835,114	100.0	100.0

Class sizes

Number of shares	Number of shareholders	% of capital	% of number of shareholders
1 - 500	11,401	0.89	80.62
501 - 1,000	1,021	0.64	7.22
1,001 - 5,000	1,153	2.17	8.15
5,001 - 10,000	215	1.26	1.52
10,001 - 20,000	111	1.26	0.78
20,001 - 100,000	123	4.64	0.87
100,001 -	118	89.14	0.83
Total	14,142	100.00	100.00

Holdings per category

Holdings by category 2021	Number of shareholders	Capital share, %
Swedish owners	13,415	66.20
Foreign owners	727	33.80
Total	14,142	100.00
Legal entities	1,067	86.90
Natural person	13,075	13.10
Total	14,142	100.00

Assurance of the Board of Director

The Board of Directors and the Chief Executive Officer deem the consolidated financial statements and annual accounts to be prepared in accordance with IFRS, as adopted by the EU, and with generally accepted accounting principles, and that they provide a true and fair overview of the financial position and results of operations of the Group and the Parent Company. The administration report for the Group and the Parent Company gives a true and fair overview of the Group's and the Parent Company's operating activities, financial position and results of operations and describes significant risks and uncertainties to which the Parent Company and the companies that comprise the Group are exposed. The other aspects of the results of operations and financial position of the Group and the Parent Company are shown in the income statements, balance sheets, cash flow statements and notes to the financial statements.

The Board approved the Parent Company's annual report and the Group's consolidated financial statements for publication on 28 March 2024. The Parent Company's and Group's respective income statements and balance sheets will be submitted for adoption to the Annual General Meeting on 8 May 2024.

Stockholm 28 March 2024

Johan Sjö
Chairman of the board

Birgit Stattin Norinder
Board member

Eva Nilsagård
Board member

Eva Elmstedt
Board member

Håkan Roos
Board member

Stefan Hedelius
Board member

Fredrik Dalborg
Chief Executive Officer

Our auditors' report was submitted on 28 March, 2024

KPMG AB

Helena Nilsson
Authorised Public Accountant
Auditor in charge

Susanna Norlin
Authorised Public Accountant

Auditor's Report

To the general meeting of the shareholders of AddLife AB, corp. id 556995-8126

Report on the annual accounts and consolidated accounts

Opinions We have audited the annual accounts and consolidated accounts of AddLife AB (publ) for the year 2023, except for the corporate governance statement on pages 64-76 and the sustainability report on pages 7-9 and 32-48. The annual accounts and consolidated accounts of the company are included on pages 7-9, 32-48 and 49-129 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 64-76 and the sustainability report on pages 7-9 and 32-48. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's Board of directors in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Key Audit Matters

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

Valuation of acquired intangible assets and parent company's shares in group companies

See [Note 15](#) and [Note 19](#) in the annual account and consolidated accounts for detailed information, accounting policies and description of the matter.

Description of key audit matter

The carrying value of goodwill and other acquired intangible assets such as supplier relations in the group is SEK 7,583 million per 31 December 2023, which represents 59 % of total assets.

Goodwill and other intangible assets with indefinite lifetime shall be subject to impairment testing annually. Other intangible assets should be tested if there are indicators of impairment. The impairment tests are both complex and involves significant elements of judgement from group management.

According to current regulations, the prescribed method for carrying out impairment tests involves management making forecasts for how internal as well as external conditions and plans may impact the business. Examples of such forecasts

include future cash flows, which in turn require assumptions to be made about future market conditions. Another important assumption is which discount rate to use in order to correctly reflect the time value of money of forecast future cash in-flows, which carry a certain level for risk.

The carrying amount of participation in group companies in the parent company is SEK 1,619 million as per 31 December 2023, which represents 19 % of total assets. In the event that the participations' equity is less than the value of the participation, an impairment test is performed.

This area, therefore, involves significant levels of judgement which are in turn significant to the group's financial statements.

Response in the audit

We have inspected the company's impairment testing in order to assess whether it is in line with the prescribed methodology. Furthermore, through review of management's written plans and documentation, we have assessed the reasonableness of future cash flows and the assumed discount rate and growth rate. We have conducted discussions with management and evaluated previous year's estimates in relation to actual outcomes.

A critical part of our work has also been evaluation of the sensitivity analysis performed by management that shows how changes in the assumptions can affect the overall valuation and performance of our own sensitivity analysis.

We have also considered the disclosures in the annual accounts for completeness and assessed whether they are in line with the assumptions used by the group in its impairment testing and whether the information is sufficient to provide understanding of management's judgements.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-48 and 136-141. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We 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 our 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 our 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 and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We 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 we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our 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. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Auditor's audit of the administration and the proposed appropriations of profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of AddLife AB (publ) for the year 2023 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

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

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

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

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

As part of an audit in accordance with generally accepted auditing standards in Sweden, we 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 our professional judgment with starting point in risk and materiality. This means that we 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. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for AddLife AB (publ) for year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of AddLife AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a

reconciliation of the Esef report with the audited annual accounts and consolidated accounts. Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 64-76 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the sustainability report on pages 7-9 and 32-48, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of AddLife AB (publ) by the general meeting of the shareholders on the May 4, 2023. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2015/2016

Stockholm den 28 March 2024

KPMG AB

KPMG AB

Helena Nilsson
Authorized Public Accountant
Auditor in charge

Susanna Norlin
Authorized Public Accountant

Multi-year overview

SEKm, unless stated otherwise	2023	2022	2021	2020	2019	2018	2017
Net sales	9,685	9,084	7,993	5,273	3,479	2,482	2,333
Operating profit	585	808	996	672	196	168	166
Financial income and expenses	-246	-206	-69	-13	-14	-10	-8
Profit after financial items	339	602	927	659	182	158	158
Profit for the year	192	483	721	520	142	129	120
Intangible non-current assets	7,965	8,440	7,191	2,003	1,761	1,465	1,153
Property, plant and equipment	1,051	899	627	434	353	110	75
Financial assets	121	146	27	9	24	48	13
Inventories	1,653	1,646	1,189	640	452	408	271
Other receivables	1,683	1,550	1,217	848	586	575	368
Cash equivalents	272	376	345	216	99	61	11
Total assets	12,745	13,057	10,596	4,150	3,274	2,668	1,891
Equity attributable to the shareholders	4,958	4,968	4,285	1,882	1,467	931	748
Non-controlling interests	2	3	6	8	9	1	-
Interest-bearing liabilities and provisions	5,463	5,785	4,216	916	1,001	943	600
Non-interest-bearing liabilities and provisions	2,322	2,301	2,089	1,344	798	794	543
Total equity and liabilities	12,745	13,057	10,596	4,150	3,274	2,668	1,891
EBITA	1,135	1,221	1,273	802	305	245	234
EBITA margin, %	11.7	13.4	15.9	15.2	8.8	9.9	10.0
Earnings growth EBITA, %	-7.0	-4.1	58.8	162.8	24.7	4.7	24.0
Capital employed	10,428	10,764	8,509	2,806	2,477	1,874	1,347
Working capital, yearly average	2,290	2,008	1,347	781	598	397	369
Financial net liabilities	5,192	5,410	3,870	700	902	882	588
Operating margin, %	6.0	8.9	12.5	12.8	5.6	6.8	7.1
Profit margin, %	3.5	6.3	11.6	12.5	5.2	6.4	6.8
Return on equity, %	4	10	22	31	10	16	17
Return on capital employed, %	5	8	12	25	9	11	13
Return on working capital (P/WC)	50	61	95	103	51	62	63
Equity ratio, %	39	38	40	46	45	35	40
Debt/equity ratio, times	1.1	1.2	1.0	0.5	0.7	1.0	0.8
Net debt/equity ratio, times	1.0	1.1	0.9	0.4	0.6	0.9	0.8
Interest coverage ratio, times	5	14	15	40	16	23	33
Interest-bearing net debt/EBITDA, times	3.5	3.5	2.6	0.7	1.6	3.3	2.3
Earnings per share before dilution, SEK	1.56	3.96	6.03	4.63	1.28	1.29	1.19
Cash flow per share, SEK	6.35	7.46	8.46	8.47	3.61	1.76	2.05
Equity per share, SEK	40.69	40.76	35.14	16.73	13.07	9.08	7.43
Average number of shares, 000	121,856	121,779	119,418	112,127	111,083	100,458	101,302
Share price as at 31 December, SEK	109.40	108.60	381.40	144.00	72.25	48.54	40.57
Cash flow from operating activities	773	909	1,010	950	400	178	208
Cash flow from investing activities	-317	-1,086	-2,977	-429	-407	-381	-338
Cash flow from financing activities	-554	134	2,070	-373	42	249	125
Cash flow for the year	-98	-43	103	149	35	46	-5
Average number of employees	2,284	2,157	1,548	1,004	903	620	579
Number of employees at year-end	2,301	2,219	1,802	1,112	932	873	592

Definitions

The key figures presented below are central in order to understand and evaluate AddLifes business and financial position. The key figures are presented in the Multi-year overview and commented in the administration report. The key figures that are the financial targets are commented in the section "Financial targets".

Return on equity

Profit/loss after tax attributable to shareholders, as a percentage of shareholders' proportion of average equity.
Return on equity measures from an ownership perspective the return that is given on the owners' invested capital.

	2023	2022
Profit/loss for the period	192	483
Average equity	5,117	4,627
Return on equity	192/5,117=4%	483/4,627=10%

Return on working capital (P/WC)

EBITA in relation to average working capital.
P/WC is used to analyse profitability and encourage high EBITA earnings and low working capital requirements.

	2023	2022
Operating profit before amortization of intangible assets EBITA, P	1,135	1,221
Average working capital, WC	2,290	2,008
P/WC	1,135/2,290=50%	1,221/2,008=61%

Return on capital employed

Profit after net financial items plus interest expenses plus/minus exchange rate fluctuations in percent of average capital employed.

	2023	2022
Profit/loss before taxes according to the income statement	339	602
Interest expenses note 12 (+)	276	112
Net exchange rate fluctuations, note 12	-32	88
Profit after net financial items plus exchange rate fluctuations	583	802
Capital employed yearly average	10,898	10,080
Return on capital employed	583/10,898=5%	802/10,080=8%

EBITDA

Operating profit before depreciation and amortization of intangible assets and property, plant and equipment.
EBITDA is used to analyse profitability generated by operational activities.

	2023	2022
Profit/loss according to the income statement	585	808
Depreciation property, plant and equipment according to Note 16 (+)	369	309
Amortisation intangible assets according to Note 15 (+)	550	413
Operating profit before depreciation and amortisation, EBITDA	1,504	1,530

EBITA

Operating profit before amortization of intangible assets.
EBITA is used to analyse profitability generated by operational activities.

	2023	2022
Profit/loss according to the income statement	585	808
Amortisation intangible assets according to Note 15 (+)	550	413
Operating profit before amortization of intangible assets	1,135	1,221

EBITA margin

EBITA in percentage of net sales.
EBITA margin is used to analyse asset-creating generated from operational activities.

	2023	2022
Operating profit before amortization of intangible assets	1,135	1,221
Net sales according to the income statement	9,685	9,084
EBITA margin	$1,135/9,685=11.7\%$	$1,221/9,084=13.4\%$

Equity per share

Shareholders' proportion of equity divided by the number of shares outstanding at the end of the reporting period.

	2023	2022
Shareholders' proportion of equity according to the balance sheet	4,958	4,968
Number of shares outstanding at the end of the reporting period, 000	121,857	121,836
Equity per share	$4,958/121,857=40.69$	$4,968/121,836=40.76$

Cash flow per share

Cash flow from operating activities. divided by the average number of shares.

	2023	2022
Cash flow from operating activities	773	909
Average number of shares	121,856	121,779
Cash flow per share	$773/121,856=6.35$	$909/121,779=7.46$

Net debt/equity ratio

Financial net liabilities in relation to shareholders' equity.
Net debt/equity ratio is used to analyse financial risk.

	2023	2022
Financial net liabilities	5,192	5,410
Equity according to balance sheet	4,960	4,971
Net debt/equity ratio	$5,192/4,960=1.0$	$5,410/4,971=1.1$

Earnings per share (EPS)

Shareholders' proportion of profit/loss for the year in relation to the average number of shares outstanding.

	2023	2022
Shareholders' proportion of profit for the year according to the income statement	190	480
Average number of shares	121,856	121,779
Earnings per share (EPS)	$190/121,856=1.56$	$480/121,779=3.96$

Profit growth EBITA

This year's EBITA decreased by previous year's EBITA divided by previous year's EBITA.

Earnings growth EBITA is used to analyse asset-creating generated from operational activities.

	2023	2022
Operating profit before amortisation of intangible assets, EBITA (+)	1,135	1,221
Previous year's operating profit before amortization of intangible assets, EBITA (-)	-1,221	-1,273
Earnings growth EBITA	-86	-52
Profit growth EBITA	$-86/1,221=-7\%$	$-52/1,273=-4\%$

Financial net liabilities

Interest-bearing liabilities and interest-bearing provisions less cash and cash equivalents.

Net debt is used to monitor debt development and analyse financial leverage and any necessary refinancing.

	2023	2022
According to balance sheet		
Non-current interest-bearing liabilities	2,886	2,969
Provisions for pensions	64	60
Interest-bearing provisions	110	134
Current interest-bearing liabilities	2,404	2,623
Interest-bearing liabilities and provisions.	5,464	5,786
Cash and equivalents (-)	-272	-376
Financial net liabilities	5,192	5,410

Financial net liabilities/EBITDA

Financial net liabilities divided by EBITDA.

Financial net liabilities compared with EBITDA provides a key financial indicator for financial net liabilities in relation to cash-generated operating profit; i.e., an indication of the ability of the business to pay its debts. This measure is generally used by financial institutions as a measure of creditworthiness.

	2023	2022
Financial net liabilities	5,192	5,410
Operating profit before depreciation and amortisation, EBITDA	1,504	1,530
Financial net liabilities/EBITDA	$5,192/1,504=3.5$	$5,410/1,530=3.5$

Interest coverage ratio

Operating profit before depreciation and amortisation (EBITDA) in relation to interest costs.

	2023	2022
EBITDA	1,504	1,530
Interest expenses	276	112
Interest coverage ratio	$1,504/276=5$	$1,530/112=14$

Working capital

Sum of inventories and accounts receivable, less accounts payable. Average working capital for the year is used to calculate return on working capital (P/WC).

Working capital is used to analyse how much working capital is tied up in the business.

	2023	2022
Inventories yearly average (+)	1,787	1,543
Accounts receivable yearly average (+)	1,434	1,321
Accounts payable yearly average (-)	-931	-856
Working capital, average (WC)	2,290	2,008

Operating margin

Operating profit/loss as a percentage of net sales.

	2023	2022
Profit/loss according to the income statement	585	808
Net sales according to the income statement	9,685	9,084
Operating margin	$585/9,685=6.0\%$	$808/9,084=8.9\%$

Equity ratio

Equity as a percentage of total assets

The equity ratio is used to analyse financial risk and shows how much of the assets are financed with equity.

	2023	2022
Equity according to balance sheet	4,960	4,971
Total assets according to balance sheet	12,745	13,057
Equity ratio	$4,960/12,745=39\%$	$4,971/13,057=38\%$

Debt/equity ratio

Interest-bearing liabilities and interest-bearing provisions in relation to equity.

According to balance sheet	2023	2022
Non-current interest-bearing liabilities	2,886	2,969
Provisions for pensions	64	60
Interest-bearing provisions	110	134
Current interest-bearing liabilities	2,403	2,622
Interest-bearing liabilities and provisions	5,463	5,785
Equity according to balance sheet	4,960	4,971
Debt/equity ratio	5,463/4,960=1.1	5,785/4,971=1.2

Capital employed

Total assets less non-interest-bearing liabilities and provisions

According to balance sheet	2023	2022
Deferred tax liabilities	415	459
Accounts payable	1,015	957
Tax liabilities	38	70
Other liabilities	299	268
Accrued expenses and deferred income	504	487
Provisions	46	52
Non-interest-bearing liabilities and provisions	2,317	2,293
Total assets according to balance sheet	12,745	13,057
Capital employed	12,745-2,317=10,428	13,057-2,293=10,764

Profit margin

Profit before taxes in percentage of net sales

	2023	2022
Profit/loss before taxes according to the income statement	339	602
Net sales according to the income statement	9,685	9,084
Profit margin	339/9,685=3.5%	602/9,084=6.6%

