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

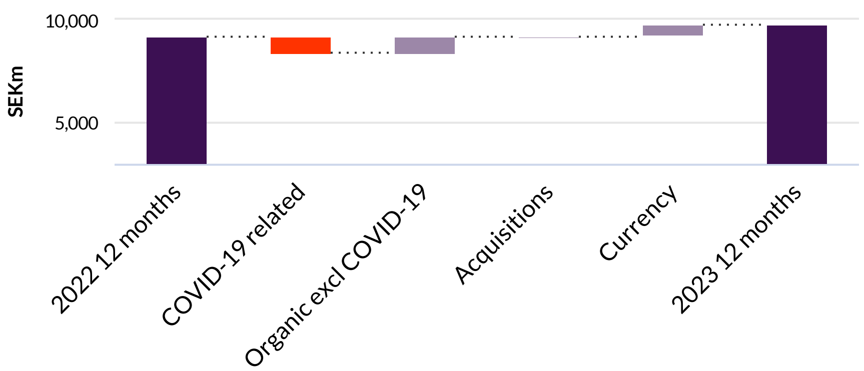
The following acquisitions were completed during the year:

- 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).

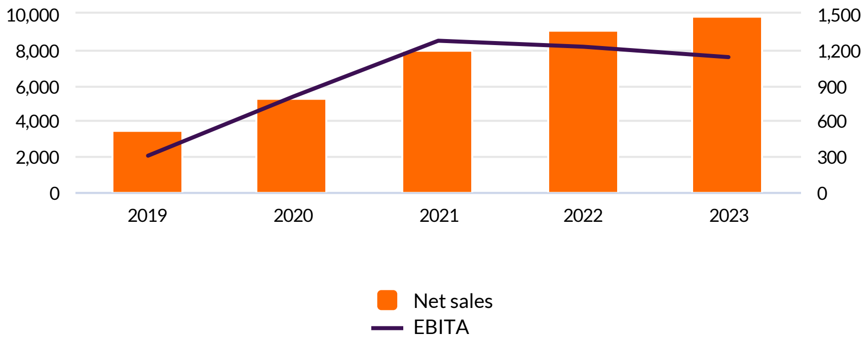
NET SALES 12 MONTHS



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



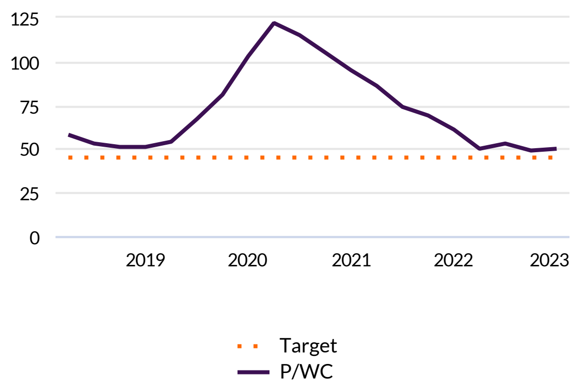
Net financial items amounted to SEK -246 million (-206) and profit after financial items amounted to SEK 339 million (602). Net financial items mainly include interest expenses related to the financing of previous acquisitions and exchange rate fluctuations. Net interest income was SEK -267 million (-103), 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

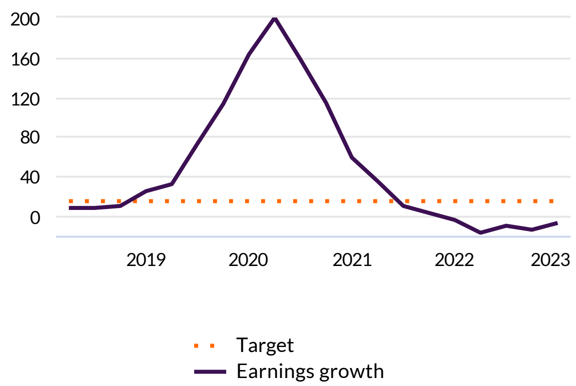
Return on equity at the end of the financial year was 4 percent (10). The equity ratio at the close of the financial year was 39 percent (38). Equity per share, excluding non-controlling interests, totalled SEK 40.69 (40.76).

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.

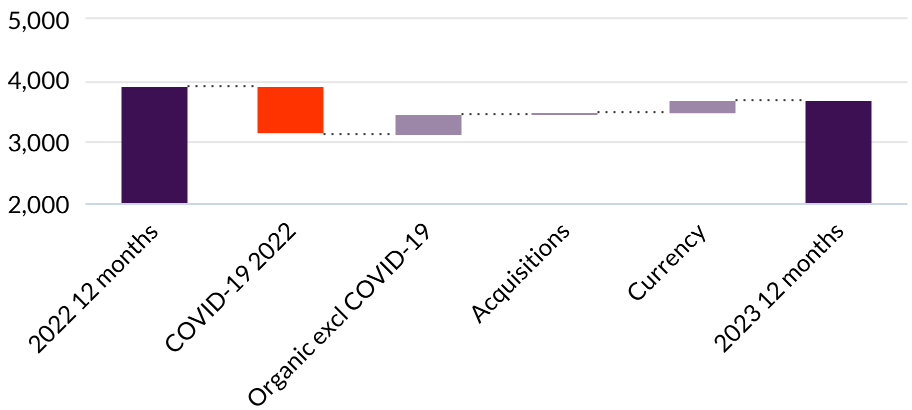
Cash flow from operating activities reached SEK 773 million (909) during the financial year, mainly because of a lower profit after financial items. Contingent consideration paid related to company acquisitions in previous years totalled SEK 16 million (818). Net investments in non-current assets for 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.

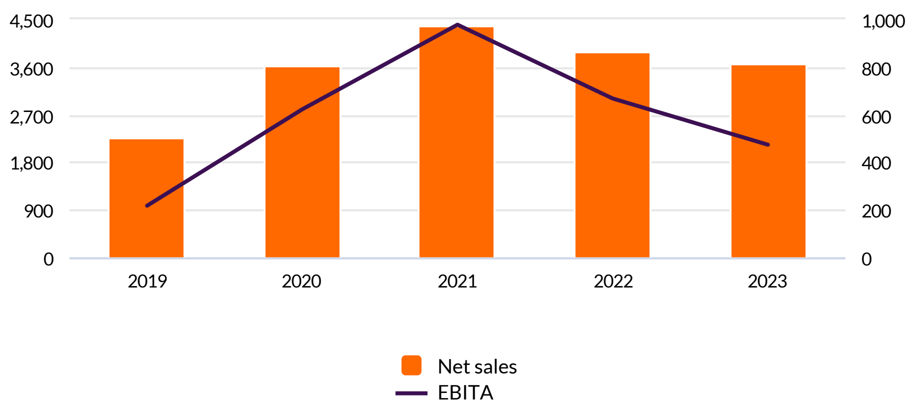
Labtech
During the financial year, net sales decreased by 6 percent to SEK 3,654 million (3,880), of which organic sales, excluding COVID-19-related sales and exchange rate fluctuations, increased by 10 percent and acquired growth was 1 percent. COVID-19-related sales have stopped and are now recognised 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

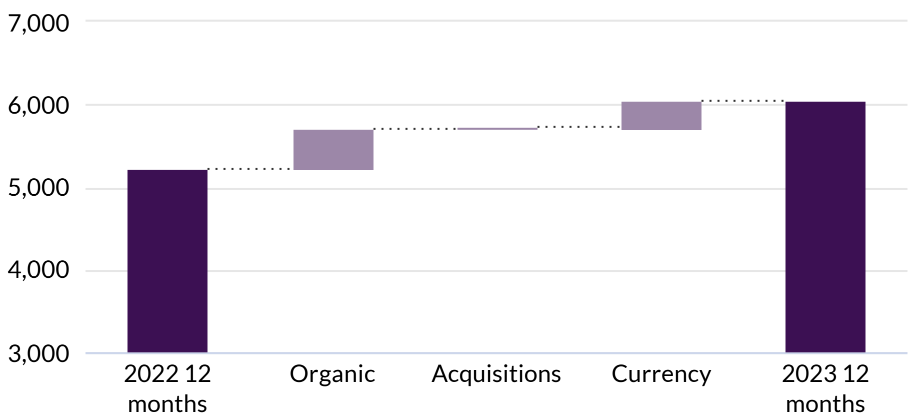


The organic growth emphasises a strategic commitment to innovation and expansion in areas that continue to show strong demand for advanced technology and solutions, such as Next Generation Sequencing (NGS). By focusing on organic growth, the business area has been able to continue to advance and bolster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

Medtech

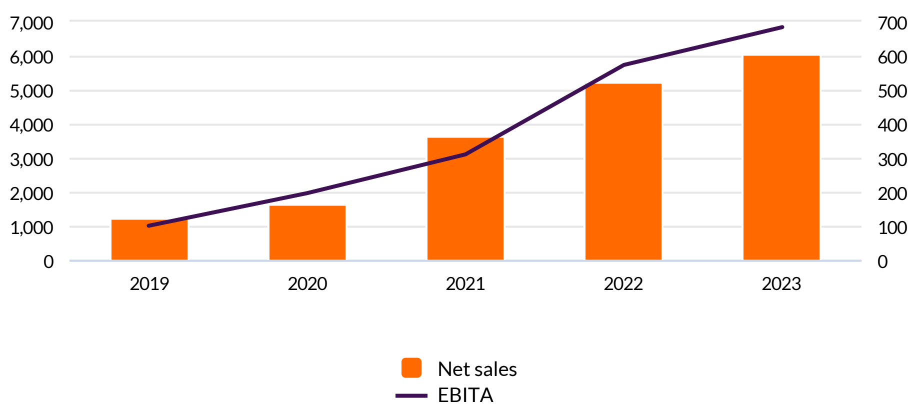
During the financial year, net sales increased by 16 percent to SEK 6,042 million (5,210), of which organic growth, excluding exchange rate fluctuations, was 9 percent and acquired growth was 1 percent. Exchange rate fluctuations had a favourable impact on net sales of 6 percent.

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).

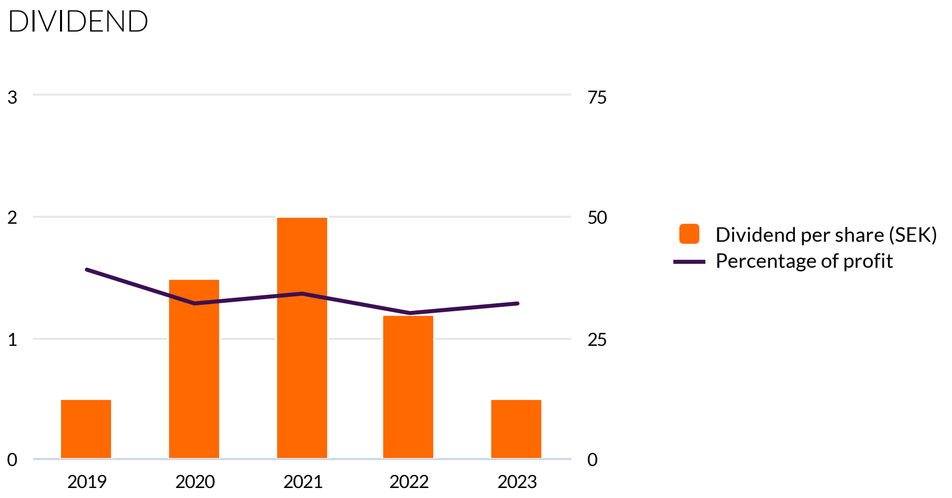
MEDTECH NET SALES AND EBITA



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	Management
whether they qualify for reimbursement under these different reimbursement schemes.	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	Management
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.	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