Corporate Governance Principles

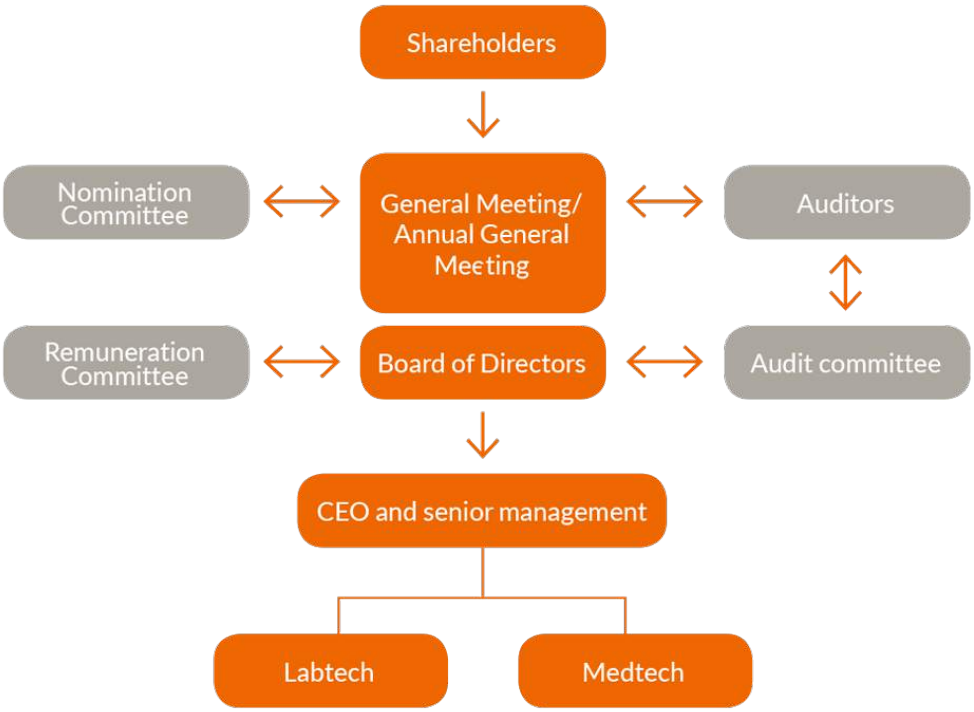
Overall structure

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
Total number of meetings	*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
- TTo 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 byTom 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.