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%.



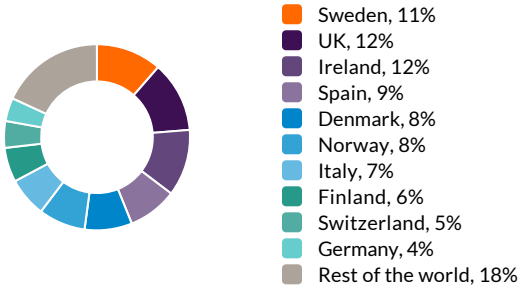
9 685
NET SALES
SEKm

1 135
EBITA
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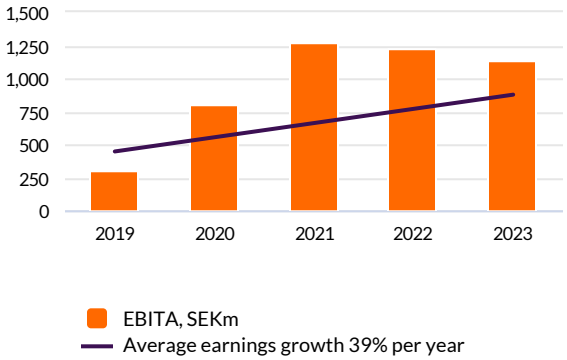
773
OPERATING
CASH FLOW SEKm

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.

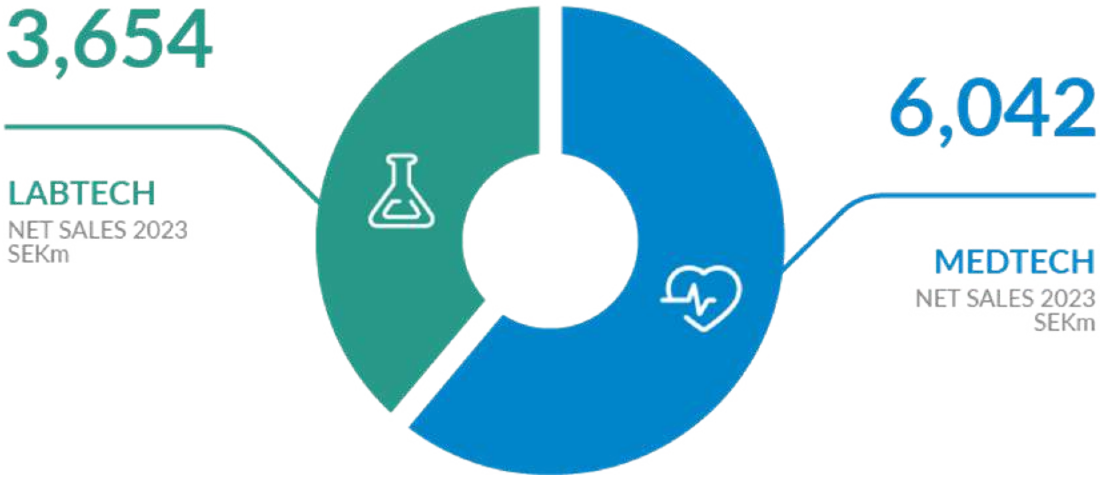
ADDLIFE NET SALES BY MARKET 2023



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

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

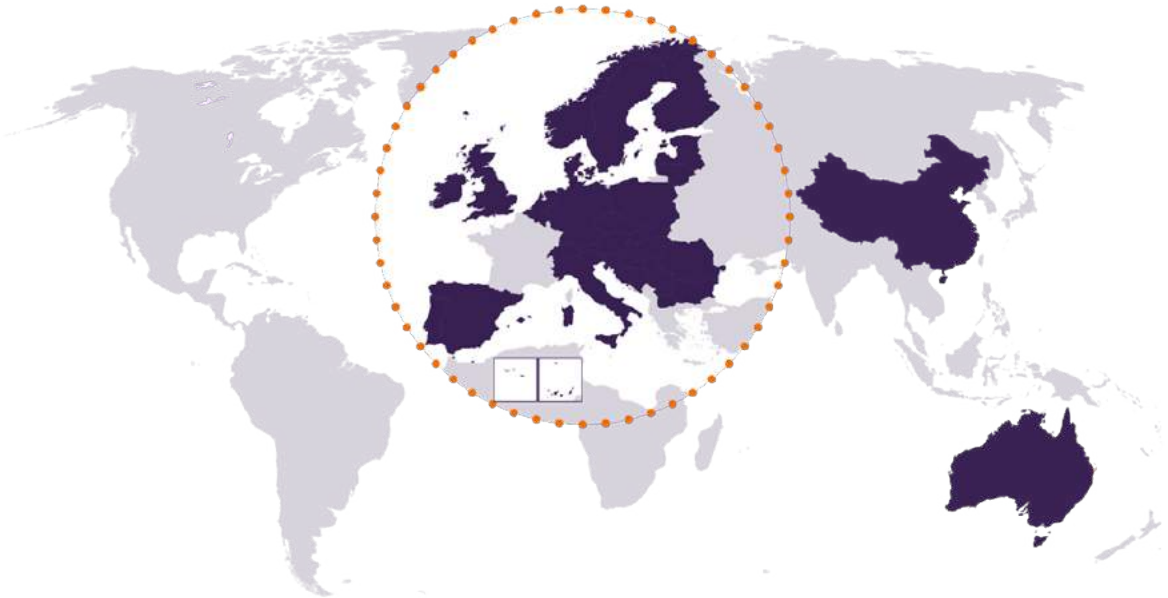
MARKET

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.

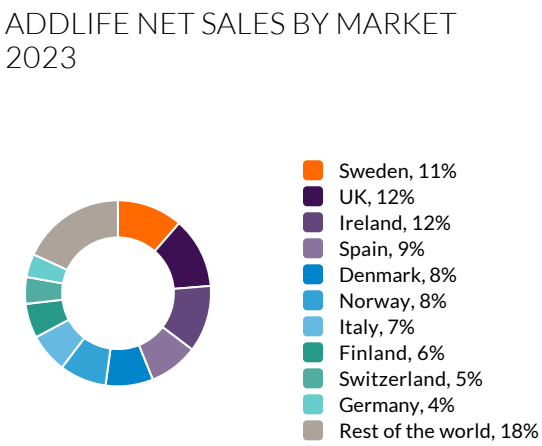
The market is fragmented, consisting of about 35,000 companies - 92 percent of which are small and medium-sized enterprises. The five largest regional markets are Germany, France, the United Kingdom, Italy, and Spain.

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 pprocurement 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.



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

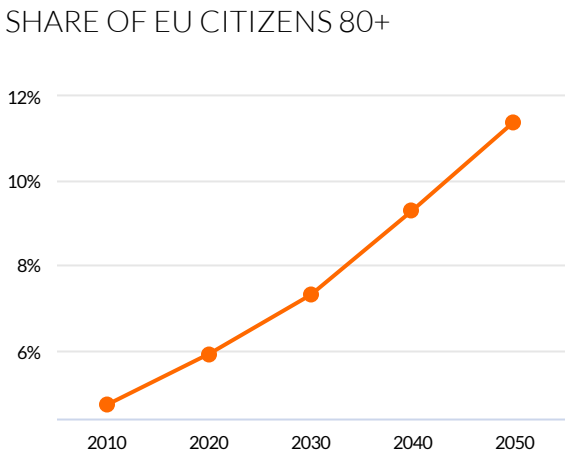
Markets: Europe and Australia. Welfare technology, only Europe 2021-2027.
Source: Market Data Forecast, Berg Insight, AddLife analysis, AddLife sales 2023.

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.



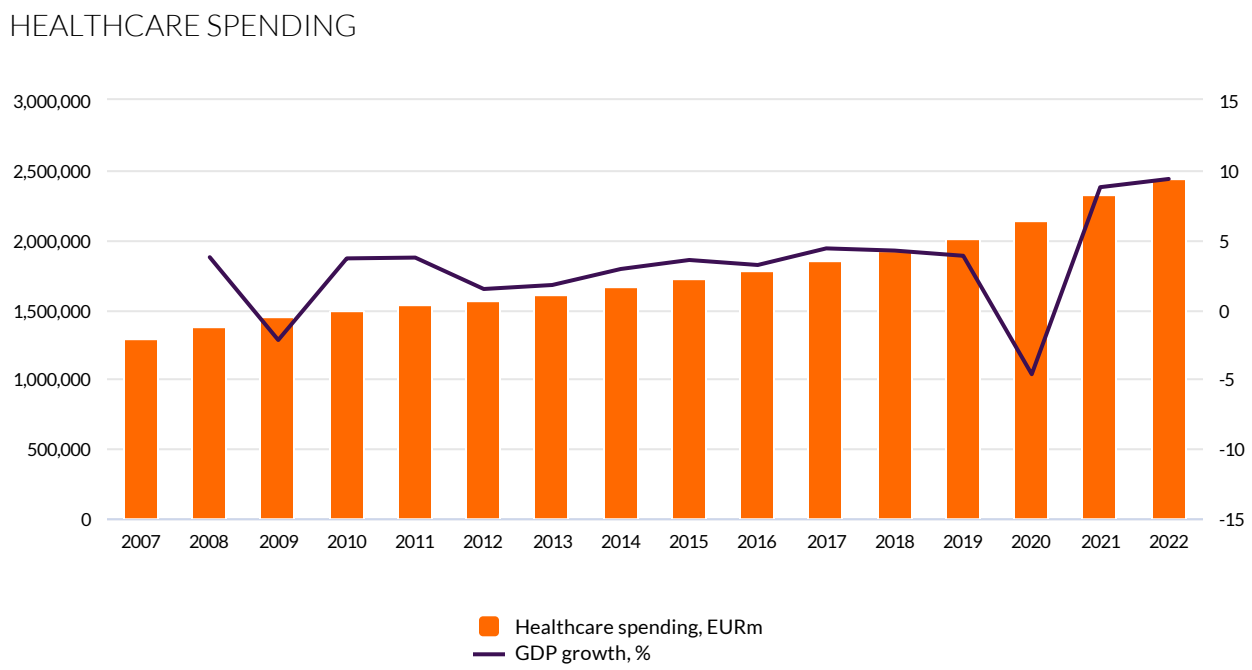
Simultaneously, the prevalence of chronic illnesses is on the rise, leading to a progressively ageing population living longer with one or more chronic diseases. Consequently, there is sustained long-term demand for healthcare products, services, and solutions that facilitate more efficient care for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



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	• Develop & manufacture products • Mixed go-to-market strategies - direct and distribution	• Acquisitions part of growth strategy • None with full European coverage or Medtech – Labtech combination	• Large number of local distributors • Often owner operated
RELATION	COMPETITOR AND/OR SUPPLIER	COMPETITOR (AddLife´s profile group)	COMPETITOR/ POTENTIAL ACQUISTION TARGETS
CURRENT TRENDS	• Focus shifted to core portfolios, profits instead of market share • Updating go-to-market strategies	• Ambition to expand into higher margin segments • Ownership changes expected	• Capital requirements • Regulatory environment • Limitations in succession, talent and business development
OPPORTUNITIES FOR ADDLIFE	• Take market share • New product portfolios	• Distracted competition	• 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 personel 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.

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1. The 2021 Aging Report, European Commission
2. Eurostat
3. OECD, WHO, European Central Bank

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 marketi channels. This can be a critical element in a product portfolio tailored to the customer group and can also support efforts to increase margins.

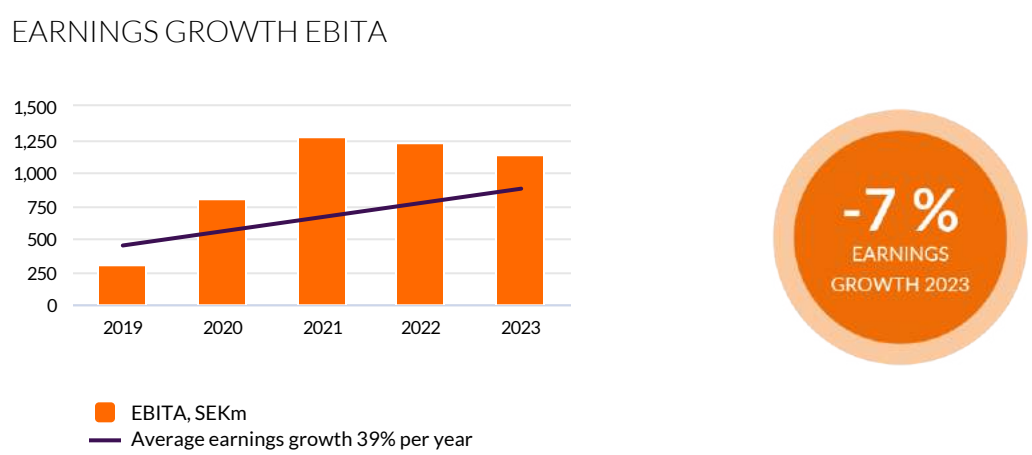
Acquisitions in selected segments: The Group is actively seeking acquisition targets in prioritised growth segments and geographical regions, primarily focusing on small and mid-sized standalone or bolt-on acquisitions with attractive margins. The unrivalled local market networks and deep product expertise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

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.

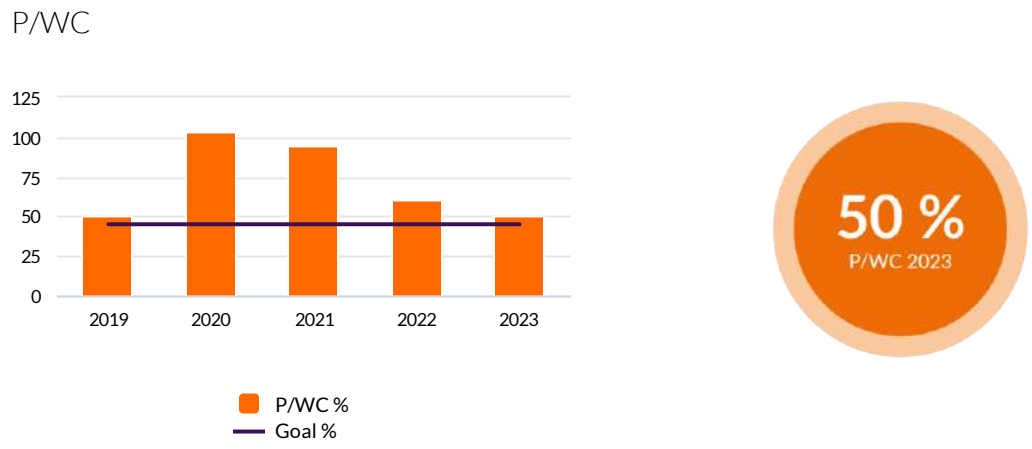
Profit growth EBITA 15 percent

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.



Profitability 45 percent

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

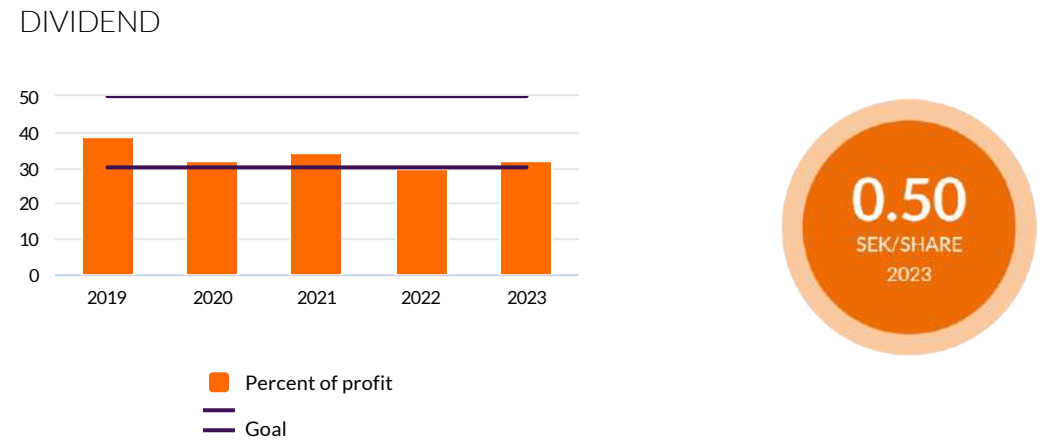


Financial governance model

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.



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.

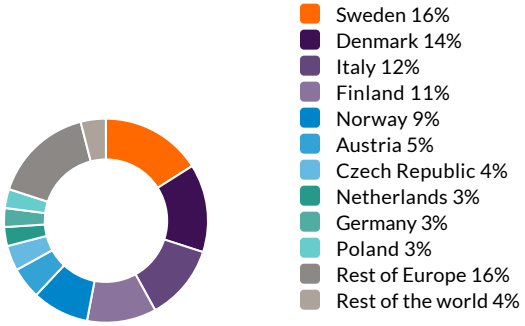


The business area offers products and solutions, including equipment, consumables and reagents, used to diagnose diseases and conduct research. Labtech also provides training and technical service to facilitate effective use of the equipment. Approximately 80 percent of sales in 2023 originated from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

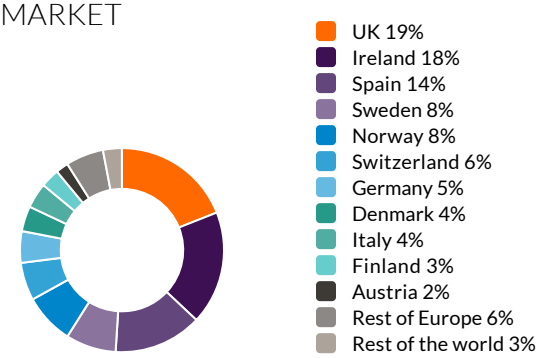


An important trend during the year was the post-pandemic recovery in elective surgery, which AddLife had planned for, resulting in increased demand for Medtech's products. Organic growth, excluding exchange rate fluctuations, amounted to 9 percent for full-year 2023.

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 (Camanio Health) and social alarms (Camanio Care). As a result of the review, both development projects have been cancelled and the subsidiary Camanio 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 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

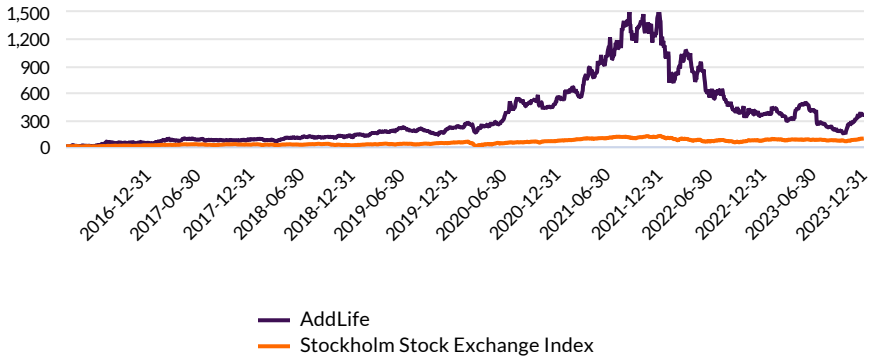
Emmat Medical is an independent distributor providing surgical instruments for healthcare professionals across the UK. Emmat Medical has sales of approximately SEK 28 million and four employees. The company is being integrated into the Healthcare 21 Group, which is part of the Medtech business area.

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

The 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



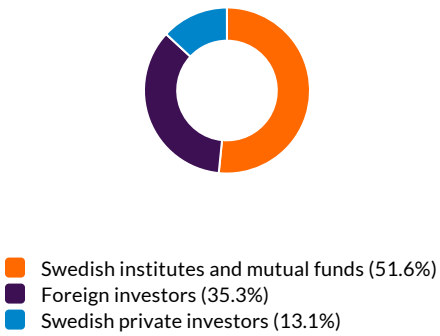
Market performance of the share and turnover

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



	Share in %	
Shareholders 2023-12-31	**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
Cliens 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

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.

