

Corporate Governance Principles

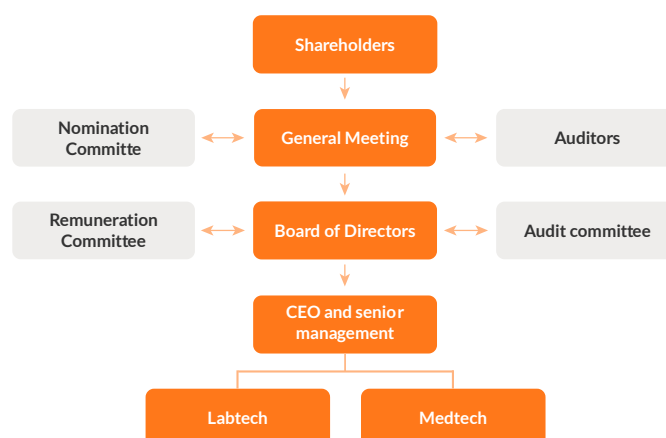
Overall structure

Sound 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 the decision-making structure, clarifies the division of roles and responsibilities between shareholders, the Board of Directors, the Board's 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 Class B shares are listed on Nasdaq Stockholm. In addition to the provisions of the Swedish Companies Act, applicable Swedish and foreign ordinances and regulations, stock-market rules and good practice in the stock market, and Nasdaq's rulebook for issuers, the Group's corporate governance is based on the Swedish Corporate Governance Code (the "Code"). This Corporate Governance Report has been reviewed by the company's 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 market practice

AddLife complies with the Code's "comply or explain" principle and, for the 2025 financial year, has in all material respects complied with the Code, with one exception. The deviation is described in the section on the Nomination Committee. There were no violations of applicable stock-exchange rules and no breaches of good practice in the stock market were reported by Nasdaq Stockholm's Disciplinary Committee or the Swedish Securities Council during 2025.



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 covers the period January 1 – December 31. The company's business is "to itself or through wholly or partly owned subsidiaries engage in trading with and produce mainly medical equipment and products and to conduct other activities compatible therewith." The Board of Directors is based in Stockholm and shall consist of not fewer than four and not more than six members.

The company's Articles of Association contain no limitations as to how many votes each shareholder may cast at a General Meeting. The Articles of Association do not contain any specific provisions on the appointment and removal of members of the Board of Directors or on amendments to the Articles of Association. The latest registered version of the Articles of Association was adopted at the Annual General Meeting on May 4, 2023, and is available in full on the company's website under Investors, www.add.life/investors/corporate-governance/articles-of-association.

Share structure and shareholders

As of December 31, 2025, the company had 11,334 shareholders and the ten largest shareholders controlled 52 percent of the share capital and 63 percent of the votes. At the end of the financial year, Swedish shareholders accounted for 64 percent and foreign investors for 36 percent of the capital. Legal entities accounted for 89 percent and natural persons for 11 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 total number of votes for all shares in the company.

General Meeting

The General Meeting is the company's highest decision-making body, at which shareholders exercise their voting rights. The Annual General Meeting shall be held once a year no later than in June. The Annual General Meeting resolves on, among other things, the adoption of the annual accounts, the appropriation of profit, the election of Board members and, where applicable, the election of auditor, remuneration to Board members and auditor, and other matters pursuant to the Companies Act and the Articles of Association. Notice of the Annual General Meeting shall be given by announcement in the Swedish Official Gazette (Post- och Inrikes Tidningar) and on the company's website. An announcement that notice has been given shall be published in Svenska Dagbladet. Information on previous Annual General Meetings and minutes are available on the company's website. No special arrangements apply regarding the functioning of the General Meeting due to provisions in the Articles of Association or, as far as the company is aware, due to shareholder agreements.

Right to participate at General Meetings and right of initiative

Shareholders who are entered in the share register kept by Euroclear five working days before the General Meeting and who have notified the company of their intention to attend no later than the date specified in the notice of the General Meeting are entitled to participate in the General Meeting and to vote for the number of shares they hold. Shareholders may participate in the General Meeting in person or by proxy and may be accompanied by not more than two assistants. An assistant to a shareholder may attend the General Meeting if the shareholder notifies the company in accordance with the procedure applicable to shareholders' notification.

Shareholders whose shares are registered in the name of a nominee through a bank or other nominee must, in addition to notifying AddLife, request that their shares be temporarily registered in their own name in the share register maintained by Euroclear in order to be entitled to participate in the General Meeting. Shareholders should inform their nominees well in advance of the record date. Shareholders who wish to have a matter addressed at the General Meeting must submit a written request to the Board of Directors. As a general rule, the request must be received by the Board no later than one week before the earliest date on which notice of the General Meeting may be issued under the Companies Act. Any shareholder who submits a matter in due time has the right to have the matter dealt with at the General Meeting.

Annual General Meeting 2025

AddLife's Annual General Meeting was held on Thursday, May 8, 2025, in Stockholm. The Meeting was attended by 276 shareholders, in person or by proxy. These shareholders represented 75.80 percent of the votes and 68.53 percent of the capital. Johan Sjö, Chair of the Board, was elected Chair of the Meeting.

The 2025 Annual General Meeting resolved to:

- adopt the financial statements for 2024
- approve a dividend of SEK 0.75 per share, irrespective of share class
- carry forward the company's profit
- discharge the Board of Directors and Chief Executive Officer from liability for the 2024 financial year
- re-elect Johan Sjö, Birgit Stattin Norinder, Eva Nilsagård, Stefan Hedelius and Eva Elmstedt as Board members and elect Kristina Patek as a new Board member
- re-elect Johan Sjö as Chair of the Board
- elect Öhrlings PricewaterhouseCoopers AB ("PwC") as the company's auditor
- approve the Board's Remuneration Report
- implement a long-term performance-share-based incentive programme and approve the transfer of repurchased shares to senior executives
- authorise the Board to repurchase, prior to the next Annual General Meeting, not more than such number of Class B shares that the company's holding of treasury shares at any time does not exceed 10 percent of the total number of shares in the company
- authorise the Board to resolve on new issues of shares corresponding to up to 10 percent of the number of Class B shares.

The other resolutions of the Annual General Meeting are set out in the complete minutes from the Meeting, which, together with other information on the 2025 Annual General Meeting, are available at www.add.life/investors/corporate-governance/general-meeting.

Annual General Meeting 2026

AddLife's Annual General Meeting 2026 will be held on Wednesday, May 6, 2026 at 16:00 CET at the World Trade Center, room New York, Klarabergsviadukten 70 in Stockholm.

For further information on the 2026 Annual General Meeting, see AddLife's website:

www.add.life/investors/corporate-governance/general-meeting.

Nomination Committee

Duties of the Nomination Committee

The task of the Nomination Committee, acting on behalf of the shareholders, is to evaluate the composition and work of the Board of Directors ahead of the Annual General Meeting and to submit proposals to the Annual General Meeting regarding the Chair of the Annual General Meeting, the election of the Chair and other members of the Board of Directors, the election of auditor, fees to each of the Board members, the election of the audit firm and audit fees, as well as the principles for appointing members of the Nomination Committee. The members of the Nomination Committee receive no remuneration from the company for their work on the Nomination Committee. However, the company bears the costs associated with the performance of the Nomination Committee's duties.

Composition of the Nomination Committee

At the Annual General Meeting on September 1, 2016, it was resolved to adopt principles for appointing the Nomination Committee, which apply until further notice. This means that the Annual General Meeting does not decide annually on these principles and the mandate of the Nomination Committee unless the principles or the mandate are to be amended. The Nomination Committee shall consist of representatives of the five largest shareholders by voting power as of 30 September each year, as well as the Chair of the Board, who is also tasked with convening the Nomination Committee to its first meeting. The Nomination Committee appoints a Chair 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 prior to the 2026 Annual General Meeting

The Nomination Committee consists of the company's Chair of the Board, Johan Sjö, as well as Stefan Hedelius (appointed by Tom Hedelius), Håkan Roos (appointed by RoosGruppen AB), Peter Nygren (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 on the company's website on December 2, 2025. Of the members of the Nomination Committee, two are Board members and one member of the Nomination Committee is dependent in relation to one of the company's major shareholders. The Chair of the Nomination Committee is Håkan Roos.

Prior to the 2026 Annual General Meeting, the Nomination Committee held two minuted meetings at which all members were present. The Nomination Committee's complete proposals to the Annual General Meeting are presented in the notice to the Meeting and on the company's website.

Deviations

The company has one deviation from the Code, as the company announced the names of the members of the Nomination Committee on December 2, 2025, which is less than six months before the 2026 Annual General Meeting.

AddLife's Board of Directors

Duties of the Board of Directors

The primary duty of the Board of Directors is, on behalf of the shareholders, to manage the Group's affairs so as to best safeguard the shareholders' interest in a good long-term return on capital. The Board has overall responsibility for AddLife's organisation and management. The work of the Board is governed, among other things, 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 of Directors

In accordance with AddLife's Articles of Association, the Board shall consist of not fewer than four and not more than six members. The Board members are elected annually by the Annual General Meeting for the period until the end of the next Annual General Meeting. There is no limit to the length of time a member may serve on the Board.

The Nomination Committee applies rule 4.1 of the Code as its diversity policy. The Board shall have a composition appropriate to the company's business, development phase and other circumstances, characterised by diversity and breadth in terms of the elected members' skills, experience and background. An even gender distribution shall be sought. Since the Annual General Meeting on May 8, 2025, the Board has consisted of six members, of whom two are men and four are women.

The Nomination Committee has assessed that the composition of the Board in 2025 met the independence requirements set out in the Code. Johan Sjö, Birgit Stattin Norinder, Eva Elmstedt, Eva Nilsagård and Kristina Patek are independent in relation to the company and executive management and in relation to the company's major shareholders.

Responsibilities and work of the Board of Directors

The duties of the Board are governed by the Companies Act, AddLife's Articles of Association and the Code. In addition, the work of the Board is regulated by written rules of procedure adopted by the Board. The Board has adopted written rules of procedure governing the work of the Board and the division of responsibilities within the Board, including its committees, the decision-making procedures of the Board, the schedule for Board meetings and the duties of the Chair. The Board has also issued instructions for the CEO and for financial reporting to the Board. Furthermore, the Board has adopted a number of policies for the Group's operations, such as the Finance Policy, Communication Policy and Code of Conduct.



The Board monitors the work of the CEO through continuous follow-up of operations during the year and is responsible for ensuring that the organisation, management and guidelines for the administration of the company's affairs are appropriately designed. The Board is also responsible for ensuring that the company has effective systems for monitoring and controlling the company's operations and for compliance with the laws and regulations applicable to the company's business. The Board is further responsible for establishing, developing and following up the company's objectives and strategy, decisions on acquisitions and divestments of businesses, major investments, and the appointment of and remuneration to the Group Management. The Board of Directors and the CEO present the Annual Report to the Annual General Meeting.

The Board is also responsible for ensuring that the company's operations are conducted in a sustainable and responsible manner in accordance with applicable laws and regulations, including the EU's new sustainability regulations such as the CSRD. The Board has overall responsibility for the company's sustainability reporting and must ensure that the reporting is appropriate, based on materiality, and provides a true and fair view of the Group's significant impacts, risks and opportunities in environmental, social and governance-related areas.

The Board ensures that sustainability issues are integrated into the company's strategy, business plans and risk management. In 2025, the Board specifically monitored the work to implement the CSRD and the European Sustainability Reporting Standards (ESRS) in the AddLife Group.

Each year, under the leadership of the Chair of the Board, an evaluation of the Board's work is carried out and the Nomination Committee is informed of the results of the evaluation. The Board shall continuously evaluate the work of the CEO. This matter shall be dealt with specifically once a year, without any member of executive management being present. The Board shall also evaluate and take a position on any significant external assignments held by the CEO, should such assignments exist. In December 2025, the annual evaluation of the Board's work was carried out under the leadership of the Chair of the Board and the Nomination Committee was informed of the results.

Rules of procedure of the Board of Directors

The rules of procedure of the Board shall be evaluated, updated and adopted annually. The rules of procedure set out how work shall be divided between the Board members, including its committees, and the CEO, the number of ordinary Board meetings, the matters to be dealt with at ordinary Board meetings and the duties of the Chair. The Board has also issued written instructions for the financial reporting to the Board.

The work of the Board in 2025

During the financial year, the Board held 12 meetings, of which 5 before the 2025 Annual General Meeting and 7 after. The attendance of Board members is shown in the table below.

At its ordinary meetings, the Board dealt with the standing items arising from the Board's rules of procedure and annual plan, such as follow-up of operations and business conditions, financial reporting, decisions on current corporate acquisitions, adoption of policy documents and reviews of internal control and corporate governance.

In addition, during the year the Board dealt with the Group's long-term objectives and strategy, sustainability matters, follow-up of profitability improvements, succession planning and overall organisational matters as well as financing.

The Board ensures that it has relevant sustainability expertise to be able to oversee the company's sustainability work, including significant impacts, risks and opportunities. During the year, the Board completed an internal training programme focusing on the CSRD, the CSDDD and their implications for AddLife.

Board member	Board meetings	Remuneration committee	Audit committee	Independent in relation to the company	Independent in relation to major shareholders
<i>Total number of meetings</i>	12	1	4		
Johan Sjö (Chairman of the Board)	12	1	4	Yes	Yes
Birgit Stattin Norinder	12		4	Yes	Yes
Eva Nilsagård	12		4	Yes	Yes
Håkan Roos ¹	5		2	Yes	No
Stefan Hedelius	12	1	4	Yes	No
Eva Elmstedt	12		4	Yes	Yes
Kristina Patek ¹	7		2	Yes	Yes

¹Håkan Roos resigned after the AGM, and Kristina Patek entered at the same time.

Remuneration Committee

The Board has appointed a Remuneration Committee consisting of Johan Sjö, Chair, and Stefan Hedelius. The Remuneration Committee has prepared a proposal for principles of remuneration to senior executives. The proposal has been considered by the Board and will be submitted to the Annual General Meeting for resolution. Based on the resolution of the Annual General Meeting, the Board then decides on the remuneration of the CEO. The CEO shall not present his or her own remuneration. On the proposal of the CEO, the Remuneration Committee decides on the remuneration of the other members of Group Management. The Board shall be informed of the decisions of the Remuneration Committee.

The Remuneration Committee is also tasked with monitoring and evaluating the application of the guidelines for remuneration to senior executives adopted by the Annual General Meeting. Furthermore, the Committee shall monitor and evaluate ongoing and, during the year, concluded programmes for variable remuneration to executive management.

The Remuneration Committee held one meeting during the financial year. All members of the Committee attended the meeting.

Audit Committee

The Audit Committee consists of the Board as a whole and Eva Nilsagård has been appointed Chair of the Audit Committee. The work of the Committee is conducted as an integrated part of the Board's work at its ordinary meetings. Without affecting the responsibilities and duties of the Board in general, the Audit Committee shall monitor the company's financial reporting, monitor the effectiveness of the company's internal control and risk management in respect of financial reporting, keep itself informed about the audit of the annual accounts and consolidated accounts, review and monitor the impartiality and independence of the auditors, paying particular attention to whether the auditors provide the company with services other than audit services, and assist in the preparation of proposals for the General Meeting's resolution on the election of auditors.

In addition to financial reporting, the Audit Committee also monitors sustainability reporting and the internal control relating to it. Its duties include following up how the Group implements and applies the new requirements under the CSRD and ESRS, including processes for double materiality assessment, data collection and quality assurance of sustainability data.

The Audit Committee held four meetings in 2025 in connection with the publication of the interim reports. In addition, AddLife's risk matrix was discussed and the company's external auditors reported on their reviews of the interim and year-end financial statements.

In connection with the adoption of the 2025 year-end report, the Board held a review meeting with the company's external auditors and received their report. At this meeting, the Board also met with the auditors without the CEO or other members of executive management being present.

In 2025, the Audit Committee particularly monitored the work to develop governance, processes and control activities relating to sustainability reporting and kept itself informed of the auditor's observations regarding the review of the sustainability report.

Remuneration to the Board of Directors

Remuneration to the Board is determined by the Annual General Meeting. The 2025 Annual General Meeting resolved on total fees of SEK 3,125,000 for the period until the end of the next Annual General Meeting. Of this amount, SEK 1,000,000 refers to fees to the Chair of the Board and SEK 425,000 to each of the other Board members. In addition, SEK 150,000 is paid to the Chair of the Audit Committee and SEK 50,000 to each member of the Remuneration Committee.

Audit

According to the Articles of Association, a registered audit firm shall be elected as auditor. Öhrlings PricewaterhouseCoopers AB ("PwC") was elected auditor of the company at the Annual General Meeting on 8 May 2025 for the period until the end of the 2026 Annual General Meeting. The Auditor-in-Charge is Fredrik Göransson. PwC carries out the audit of AddLife AB and certain of its subsidiaries.

The company's auditors work in accordance with an audit plan that incorporates the views of the Board and report their observations to the managements of the companies, Group Management and AddLife's Board of Directors, both during the course of the audit and in connection with the adoption of the year-end report. The company's auditors also attend the Annual General Meeting, where they describe the audit work and present their conclusions.

The independence of the external auditors is regulated by a special instruction adopted by the Board, which specifies the areas in which the external auditors may be engaged to provide services other than statutory audit services. PwC continuously assesses its independence in relation to the company and each year submits a written statement to the Board confirming that the audit firm is independent of AddLife. During the current financial year, PwC has carried out advisory engagements mainly regarding internal control and financial reporting. The total fees for PwC's services other than audit amounted to SEK 1 million in 2025.

Quarterly review by the auditor

AddLife's nine-month report was subject to a limited review by the company's auditors during the 2025 financial year.

Auditor-in-Charge, Authorised Public Accountant, Gothenburg

Fredrik Göransson

Born: 1973

Auditor of the company since: May 2025

Other assignments: Saab AB, Bilia AB, Seafire AB

Ethics, compliance and whistleblowing

All activities within the AddLife Group shall be conducted in accordance with the Group's Code of Conduct and related policies, including those concerning anti-corruption, competition law, data protection and human rights. The Board has overall responsibility for ensuring that there is an appropriate compliance structure within the Group and regularly follows up the work on ethics and compliance matters.

AddLife has a whistleblowing system that enables employees and other stakeholders to report suspected breaches of laws, internal rules or the Code of Conduct anonymously. Reports are followed up in accordance with established procedures and all cases are reported to the Board in accordance with the applicable instructions.

AddLife's Board of Directors



Top row from left: Eva Elmstedt, Eva Nilsagård, Birgit Stattin Norinder. Bottom row from left: Stefan Hedelius, Kristina Patek, Johan Sjö.

Johan Sjö

Chairman of the Board since 2015 **Born:** 1967 **Education:** M.Sc. in Business and Economics **Other board assignments:** Chairman of the Board of Dacke Industri AB and Momentum Group AB. Board member of Alligo AB, Camfil AB, Evity Invest AB. **Professional experience:** Senior Advisor/Investment Director at Nordstjernan, CEO of Addtech, senior positions at Bergman & Beving, and earlier experience from Alfred Berg/ABN Amro. **Shareholding in AddLife:** 14,400 Class A shares and 151,000 Class B shares.

Stefan Hedelius

Board member since 2015 **Born:** 1969 **Education:** University studies in Business and Economics, various international executive education programmes **Other board assignments:** Board member of Momentum Group AB, Alligo AB, Praktikertjänst AB and AIK Ishockey AB. **Professional experience:** Former CEO of Human Care HC AB and NOTE AB, as well as senior positions at Scandinavian Airlines and Ericsson. **Shareholding in AddLife:** 24,964 Class A shares and 4,568 Class B shares.

Eva Nilsagård

Board member since 2015 **Born:** 1964 **Education:** M.Sc. in Business and Economics **Other board assignments:** Board member of Bufab AB, Hansa Biopharma AB, Nimbus Group AB, Xbrane Biopharma AB, Aktiebolaget Svensk Exportkredit and Ernströmgruppen AB. **Professional experience:** CFO of Plastal AB and Vitrolife AB. Senior positions within the Volvo Group, the AstraZeneca Group and SKF. **Shareholding in AddLife:** 7,568 Class B shares and 4,000 Class B shares held through a capital insurance policy.

Eva Elmstedt

Board member since 2021 **Born:** 1960 **Education:** B.Sc. in Business Administration and B.Sc. in Computer Science **Significant board assignments:** Chair of the Board of Nordlo AB, Omegapoint AB and Seriline AB. Board member of Arjo AB and Elanders AB. **Professional experience:** EVP Global Services and member of the Executive Management of Nokia Networks and Nokia Siemens Networks. Senior positions at Ericsson, the operator 3, Semcon and IBM. **Shareholding in AddLife:** 5,000 Class B shares and 4,000 Class B shares through a capital insurance policy and occupational pension.

Birgit Stattin Norinder

Board member since 2015 **Born:** 1948 **Education:** M.Sc. in Pharmacy and B.A. in Art History **Other board assignments:** Board member of Nanexa AB. **Professional experience:** Former CEO of Prolifix Ltd, UK, Senior VP Worldwide Product Development at Pharmacia & Upjohn, UK. Senior positions at Glaxo Group Research Ltd, UK and within the Astra Group. **Shareholding in AddLife:** 12,636 Class B shares, including holdings of related parties.

Kristina Patek

Board member since 2025 **Born:** 1969 **Education:** M.Sc. in Business and Economics **Other board assignments:** Board member of Scandic Hotels Group, Platform24, Matilda FoodTech and Lassie. **Professional experience:** Senior Investment Director at Stena Sessan, previously Head of M&A at Tieto Corporation, Partner at the private equity fund Scope, Investment Manager at Ratios and Management Consultant at Accenture. **Shareholding in AddLife:** 6,000 Class B shares.

AddLife's Group Management



Fredrik Dalborg

CEO Born: 1972 **Member of Group Management since:** 2022 **Education:** M.Sc. in Business and Economics
Professional experience: CEO of Etac and Boule Diagnostics AB, senior positions at Xvivo, Terumo BCT and Gambro **Other current assignments:** None
Shareholding in AddLife: 49,630 Class B shares and call options corresponding to 61,000 Class B shares

Christina Rubenhag

CFO Born: 1970 **Member of Group Management since:** 2022 **Education:** M.Sc. in Business and Economics
Professional experience: CFO Boule Diagnostics AB, CFO & CEO Biolin Scientific AB, CFO Packetfront AB and Swe-Dish Satellite Systems AB **Other current assignments:** None **Shareholding in AddLife:** 11,065 Class B shares and call options corresponding to 30,000 Class B shares

Information regarding shareholdings as at 10 March 2025

The CEO shall manage the company's operations in accordance with the Swedish Companies Act and within the framework set by the Board of Directors. The duties and role of the CEO, and the division of responsibilities between the Board of Directors and the CEO, are set out in written instructions adopted by the Board (the "CEO Instructions"). The Board continuously evaluates the work of the CEO. In consultation with the Chair of the Board, the CEO has prepared the information and decision-making material required for Board meetings and has presented matters and explained proposed resolutions.

The CEO leads the work of Group Management and makes decisions in consultation with the other members of management. At the end of 2025, Group Management consisted of two people: CEO and CEO Fredrik Dalborg and CFO Christina Rubenhag. Group Management holds regular business review meetings under the leadership of the CEO.

Operational organisation

During the financial year, the Group's operational activities were organised in two business areas: Labtech and Medtech. Labtech consists of the Biomedical & Research and Diagnostics business units, and Medtech consists of the Hospital and Homecare business units. Operations are conducted in subsidiaries primarily in Europe, but also in Australia and China. Each operating subsidiary has a local Board of Directors, on which the subsidiary's Managing Director and management representatives from the business area are represented. Each subsidiary Managing Director reports to a Business Unit Manager. The Business Unit Manager reports to the CEO of AddLife AB.

Internal control of financial reporting

The Board of Directors has adopted rules of procedure with instructions regarding internal financial reporting. All interim reports and press releases are published on AddLife's website, www.add.life, immediately upon disclosure.

The responsibilities of the Board of Directors and the CEO for internal control are governed by the Swedish Companies Act. The responsibilities of the Board are further governed by the Code and the Annual Accounts Act. The Board 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 received by the Board and setting requirements for its content and design in order to ensure the quality of the reporting. These requirements imply that the financial reporting must be fit for purpose, in compliance with applicable accounting standards and other requirements for listed companies. The CFO has reported to the Board on the Group's work with internal control.

Control environment

AddLife structures and organises its operations based on a decentralised responsibility for profitability and performance.

The foundation of internal control in a decentralised organisation is a well-established process aimed at defining goals and strategies for each business. Defined decision-making paths, authorities and responsibilities are communicated through internal instructions and Board-adopted policies. The Group's most important financial steering documents include the finance policy, the finance manual and the instructions issued ahead of each closing of the books. The Group's closing process is supported by a Group-wide reporting system with associated analysis tools. At a more overarching level, all operations within the AddLife Group are conducted in accordance with the Group's Code of Conduct.

Risk assessment

AddLife has established procedures to manage risks that the Board and Group Management have assessed as material to internal control over the Company's financial reporting.

In the Board's opinion, the Group's exposure to a wide range of market and customer segments, and the fact that operations are conducted in about 85 operating companies, results in significant risk diversification. The risk assessment is based on the Group's income statement and balance sheet in order to identify the risk of material misstatements. For the AddLife Group as a whole, the principal risks relate to the recognised values of intangible assets arising from business combinations, inventories, trade receivables and revenue.

As an integrated part of the Group's risk assessment, material sustainability-related risks and opportunities are also identified and assessed, such as climate-related risks, environmental matters, work environment and safety, business ethics and corruption, as well as risks related to human rights in the supply chain. These risks are assessed both from an impact perspective (how AddLife's operations affect the outside world) and from a financial perspective (how sustainability matters may affect the Group's earnings, financial position and cash flow).

The results of this assessment form the basis for the double materiality analysis, which constitutes the foundation of the Group's sustainability strategy and sustainability reporting under the CSRD.

Control activities

Examples of control activities include transaction-related controls, such as rules governing authorisation and investments and clearly defined payment procedures, as well as analytical controls performed by the Group's controllers and central finance function.

Controllers and finance managers at all levels within the Group have a key role in creating the environment required to achieve transparent and reliable financial reporting. This role places high demands on the integrity, competence and capabilities of individual employees.

To ensure effective exchange of knowledge and experience within the finance functions, regular finance conferences are held where current topics are discussed. An important overarching control activity is the monthly performance follow-up conducted via the internal reporting system and analysed and commented on in the Board's internal work. The performance follow-up includes comparisons with established targets, previously achieved outcomes and follow-up of a number of key financial indicators.

An annual "self-assessment" is carried out in all of the Group's companies with regard to issues relating to internal control. In this self-assessment, the companies comment on how material issues have been handled, for example terms and conditions in customer contracts, credit checks on customers, valuation and stocktaking of inventories, payment procedures, documentation and analysis of financial statements, as well as compliance with internal policies and procedures. For critical issues and processes, an acceptable minimum level is defined, which all companies are expected to meet. The responses are then compiled and analysed, after which they are presented to the business unit managers and the Board. The results of the self-assessment are taken into account when planning the following year's self-assessment and the scope of the external audit.

In addition to the self-assessment, an in-depth analysis of internal control has also been carried out during the year in four operating companies. This work is referred to as an "internal control analysis" and is performed by the companies' controllers and the Parent Company's finance function.

The companies' key processes and the control points within these processes have been mapped and tested. The external auditors have reviewed the minutes from the internal control analyses in connection with their audit of the companies. The process is considered to provide a solid basis for mapping and assessing internal control within the Group. The Company's auditors have reviewed and reported their assessment of the Group's internal control processes to the Board.

Follow-up, information and communication

Each month, the Board has received comments from the CEO on the business situation and the development of operations. The Board has reviewed the quarterly reports before they were published.

The Board has been updated on the work with internal control and the outcomes thereof. The Board has also reviewed the assessment made by the Company's auditors of the processes the Group has in place for internal control. The results of the internal control have been analysed by the Group's CFO together with the controllers.

An assessment has been made of which improvement measures are to be implemented in the various companies. The Boards of Directors of the subsidiaries have been informed of the outcome of the internal control in each company and of the improvement measures that should be implemented. The controllers, together with the Boards of the respective subsidiaries, then follow up on this work on an ongoing basis in the coming year.

Governing guidelines, policies and instructions are available on the Group's intranet. The documents are continuously updated as needed. Changes are communicated separately by e-mail and at meetings for controllers and finance managers.

Access to documents for internal information is controlled via authorisations. The Group's employees are divided into different groups, and each group has different levels of access to information. All financial guidelines, policies and instructions are available to each company's Managing Director and finance manager, business unit managers, controllers and the Parent Company's finance function. Access to the Group's financial data is also centrally controlled via authorisations.

Internal audit

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

Internal control over sustainability reporting

As from the financial year 2025, AddLife will be subject to the EU's Corporate Sustainability Reporting Directive (CSRD) and the associated European Sustainability Reporting Standards (ESRS). The Board has the overall responsibility for ensuring that the Group has an appropriate process and internal control for sustainability reporting.

The framework for internal control over sustainability reporting is based on the same fundamental principles as for financial reporting, but is adapted to sustainability-related disclosures. This includes, among other things, processes for:

- identifying and assessing material impacts, risks and opportunities from both an impact and a financial perspective (double materiality analysis),
- collecting, assuring the quality of and consolidating sustainability data from the Group's subsidiaries,
- documenting assumptions, methodologies and calculation models, and
- internal controls regarding completeness, accuracy and traceability of the reported sustainability information.

The Head of Sustainability is responsible for ensuring that the Group-wide process and control environment for sustainability reporting is maintained, developed and reported to the Board of Directors and the Audit Committee. The key principles, instructions and templates for sustainability reporting are compiled in the Group's digital LMS (Learning Management System).

