ADMINISTRATION REPORT

1 January 2022 – 31 December 2022

The Board of Directors and Chief Executive Officer for AddLife AB (publ), Company Registration No. 556995-8126, hereby present the annual report and consolidated financial statements for the 2022 financial year. The Corporate Governance report is part of the administration report and is presented on pages 61-74. The Company's sustainability report is incorporated into the annual report and Consolidated Financial Statements on pages 6-8 and 27-44.

Operations

AddLife is a Swedish-listed medical technology company operating mainly in the European market and consisting of 83 operating subsidiaries in the Labtech and Medtech business areas. The Group has 2,219 employees in 28 countries and offers high-quality, cost-effective solutions and products. The product portfolio consists partly of self-manufactured products and partly of products that are made by other manufacturers. The service portfolio includes advice, service and education.

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

Key events during the year

When we summarize the year, we can state that the strongly positive effect of COVID-19 related sales over the past two years has, as expected, slowed down sharply in 2022. This sale generated good margins as it could be managed by the existing organization without increased costs. Thanks to several major acquisitions in 2021 and 2022, we have replaced the loss of COVID-19 sales with acquired sales to more normal margins.

At the beginning of the year, mutations of COVID-19 resulted in continued high sales of PCR tests. The Omicron variant led to high infection rates among both the general population and hospital staff, which limited the possibility of various treatments and fewer planned surgeries could be carried out. As the spread of infection decreased, healthcare facilities have shifted their focus towards gradually reducing the backlog of postponed planned surgeries that arose during the pandemic. However, this transition takes time and the increase in the number of completed surgeries has been slow due to a shortage of doctors, nurses, and other healthcare professionals. The reduction of the backlog is expected to occur gradually over a longer period, with an increased number of completed surgeries. Some countries are providing additional budget resources to reduce the backlog, and we also see that the shortage of personnel is driving an increased interest in efficiency-enhancing products, services, digital solutions, and home care.

AddLife's sales of products and services, primarily demanded by tax- and insurance-funded healthcare systems as well as within research and pharmaceutical development, have not been significantly affected by the uncertainty in the external environment. However, it has also been challenging for our company with the global supply chains during the year. Shortages of raw materials and components, as well as increased shipping prices, have caused disruptions and lead times have been unusually long in many cases. The situation has improved towards the end of the year, but we still see some uncertainty and therefore a higher capital commitment than is desirable in the long term.

Price increases from suppliers and currency effects from purchases in USD and EUR had a negative impact on gross margins. The continuous work to manage price increases is expected to continue in 2023. In general, there is good understanding and acceptance of price increases among customers, but for a smaller part of sales, a delay in price increases is expected due to longer agreements.

After a few turbulent years, which thanks to our energetic companies have resulted in large COVID-19-related sales and high profitability, we look forward to further developing the Group in 2023 under more normal market conditions with a primary focus on organic growth and over time improved margins, cash flows and new acquisitions.

Acquisitions

AddLife is constantly looking for companies to acquire and is engaged in discussions with several potential companies. This financial year, five acquisitions were made. The year's acquisitions were in both the Labtech and Medtech business areas.

AddLife philosophy for acquisitions:

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

The following acquisitions were completed during the year:

- On December 20, 2021, an agreement was signed to acquire the business from Telia Health Monitoring to the Medtech business area. Telia Health Monitoring develops and delivers a digital platform solution that enables self-monitoring for patients with chronic diseases. The closing took place on March 1, 2022 and the business, which has a turnover of approximately SEK 4 million, and its eight employees have been integrated into Camanio AB.
- On December 22, 2021, an agreement was signed to acquire all shares in MBA Incorporado S.L, a leading player in orthopedic and emergency surgery with operations in Spain, Portugal and Italy. The acquisition was completed and the shares were taken over on January 20, 2022. MBA, which has a turnover of approximately SEK 670 million and has 285 employees, is run as a separate platform and is part of the Medtech business area.
- On 1 April 2022, AddLife acquired all shares in the Irish company O'Flynn Medical Ltd. O'Flynn is an independent specialist distributor offering sales and rental of products as well as technical services to the hospital sector, private customers and nursing homes in Ireland. The company becomes part of Healthcare 21, which AddLife acquired for the Medtech business area in 2021. O'Flynn has sales of approximately EUR 6.4 million and 36 employees.
- On 1 April 2022, AddLife acquired all shares in the German company BioCat GmbH for the Labtech business area. BioCat is a specialized distributor of products and services for research in Life Science and has a turnover of approximately EUR 9 million and 20 employees. The company is established in Germany but also has sales in Austria and Switzerland.
- On July 1, 2022, AddLife acquired all shares in the company JK Lab Nordic AB to the Labtech business area. JK Lab is a specialized distributor of instruments and services in material testing and has a turnover of approximately SEK 24 million and has 6 employees. The company has been integrated into Bergman Labora.

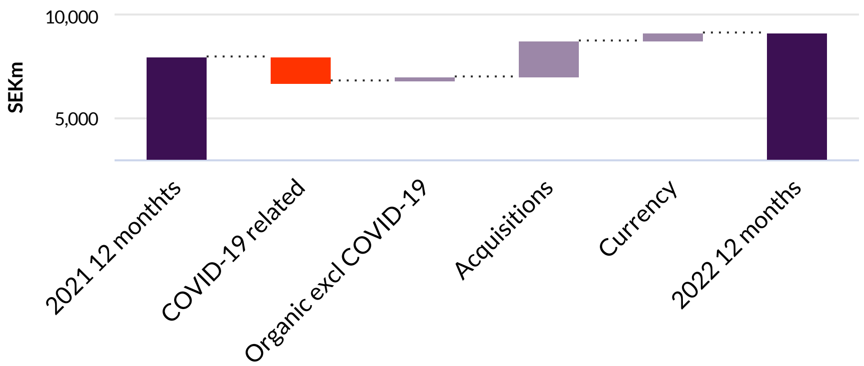
The total purchase price for this year's five acquisitions is SEK 996 million. The effect of the acquisitions completed during the financial year on the AddLife group's net sales was SEK 952m, on EBITA SEK 162m, on operating profit SEK 114m and on profit after tax for the interim period SEK 62m. Had the acquistions, been completed on January 1, 2022, their impact would have been aproximately SEK 1,011m on net sales, on EBITA SEK 174m and on operating profit SEK 122m and SEK 60m on profit after tax. During the year a total of 355 (896) employees joined AddLife through acquisitions.

Financial development during the year

Net sales and profit

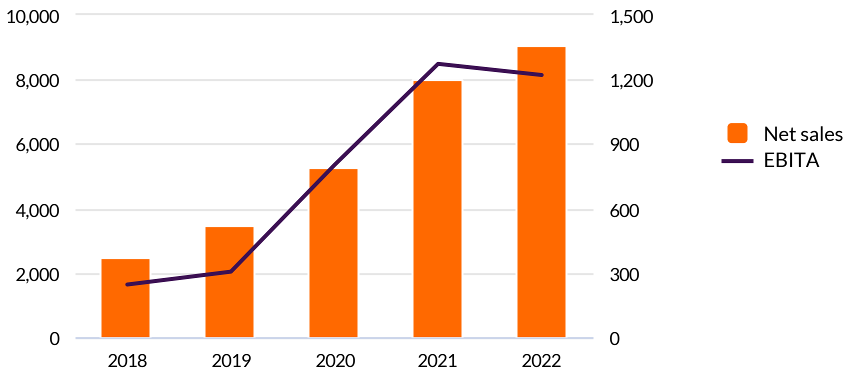
The AddLife group's net sales increased by 14 percent (52) and totalled SEK 9,084 million (7,993). Acquired growth was 22 percent (43) and organic growth excluding COVID-19 amounted to 4 percent (3). COVID-19 related sales fell sharply to SEK 760 million (1,976). Exchange rate fluctuations had a positive impact on net sales of 4 percent (-2), corresponding to SEK 352 M (104).

NET SALES 12 MONTHS



EBITA during the financial year amounted to SEK 1,221 million (1,273) and the EBITA margin was 13.4 percent (15.9). The lower margin is due to the reduced COVID-19 related sales, which could be managed by the existing organization without increased costs. Exchange rate fluctuations had a positive impact on EBITA of 3 percent (-2), corresponding to SEK 42 million (-16).

NET SALES AND EBITA

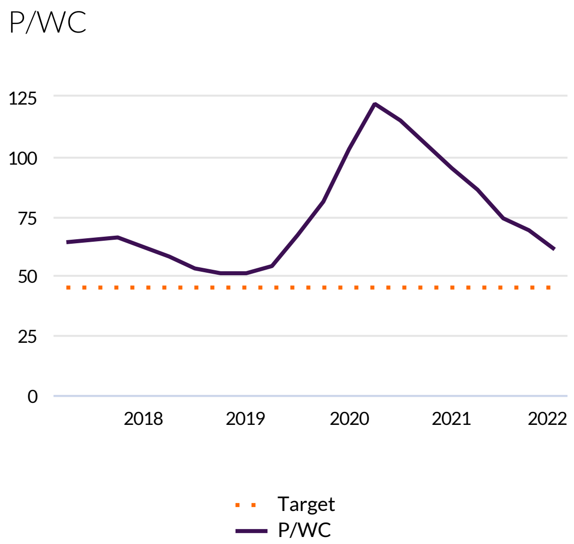


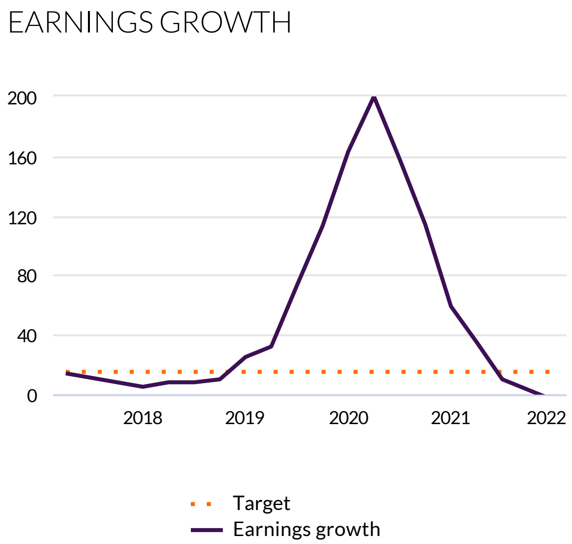
Net financial items were SEK -206 M (-69) and profit after financial items amounted to SEK 602 M (927). The increase in negative net financial items is due to increased interest expenses linked to the financing of acquisitions and exchange rate fluctuations. Interest expenses amounted to SEK 112 million (57) and exchange rate losses amounted to SEK 95 million (10). Exchange losses are linked to the conversion of loans and earn-outs in foreign currency. Profit after tax decreased by 33 percent (+39) for the financial year and amounted to SEK 483 million (721) and the effective tax rate amounted to 20 percent (22). Earnings per share before dilution for the financial year amounted to SEK 3.96 (6.03).

Profitability, financial position and cash flow

Return on equity at the end of the financial year was 10 percent (22). Return on capital employed totalled 8 percent (12). The equity ratio at the close of the financial year was 38 percent (40). Equity per share, excluding non-controlling interests, totalled SEK 40.76 (35.14).

Return on working capital (P/WC) totalled 61 percent (95). The long-term P/WC target for the Group and all of its companies is 45 percent. The profitability measure R/RK rewards high operating profit and low tied-up capital, which in combination with the growth target of 15 percent provides the conditions for profitable growth of the companies and the group. The average working capital, which for the calculation of P/WC includes inventories with the addition of the net of accounts receivable and accounts payable, amounted to SEK 2,008 million (1,347) at the end of the financial year.





The group's interest-bearing net debt at the close of the financial year stood at SEK 5,410 million (3,870), including pension liabilities of SEK 60 million (82), as well as lease liabilities of SEK 351 million (339) and earn-outs corresponding to SEK 266 million (349). In connection with the acquisition of MBA in January, the credit facilities were expanded by EUR 98 million. The outstanding bank loans at the end of the financial year amounted to SEK 4,968 million (3,408). Current bank loans amount to SEK 2,432 million (3,147), of which SEK 1,096 million maturing in January 2023 was extended by 12 months. During the year, AddLife also renegotiated credit facilities of EUR 225 million, which now run for three years with an extension option of up to another 24 months. The Group has a good margin in the covenants under bank agreements, which are interest coverage ratio of at least 4.0 times and equity/assets ratio exceeding 25 percent.

Cash and cash equivalents, consisting of cash and bank balances, together with granted but unutilized credits amounted to SEK 890 million (674) as of December 31, 2022. As of December 31, 2022, the Group's available (including utilized and unutilized) credit facilities amounted to SEK 5,859 million (4,083). The net debt/equity ratio was 1.1, compared with 0.9 at the beginning of the financial year. The intention is to reduce debt through own generated cash flow.

Cash flow from operating activities reached SEK 909 million (1,010) during the financial year. The change is mainly attributable to lower earnings after financial items. Acquisitions amounted to SEK 818 million (2,843). Investments in fixed assets during the financial year amounted to SEK 282 million (143). Divestments of non-current assets amounted to SEK 14 M (9). Repurchases of own shares amounted to SEK 60 million (0). Issued and redeemed call options amounted to SEK 33 million (-9). Dividends to parent company shareholders have been paid in the amount of SEK 243 million (183).

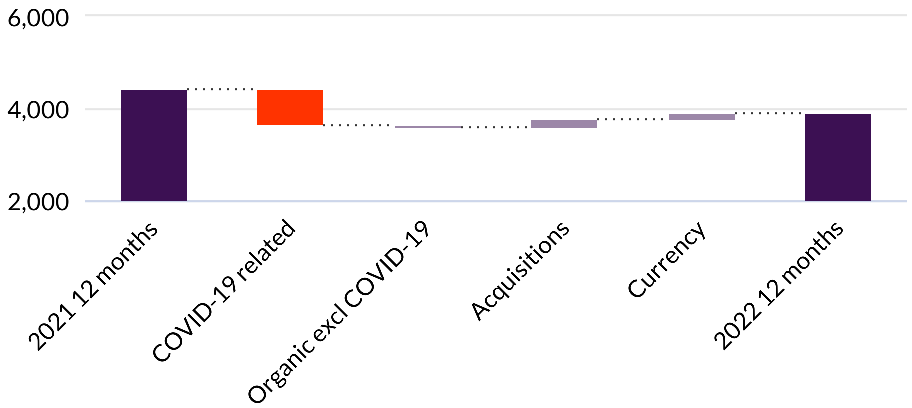
Business areas

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

Labtech

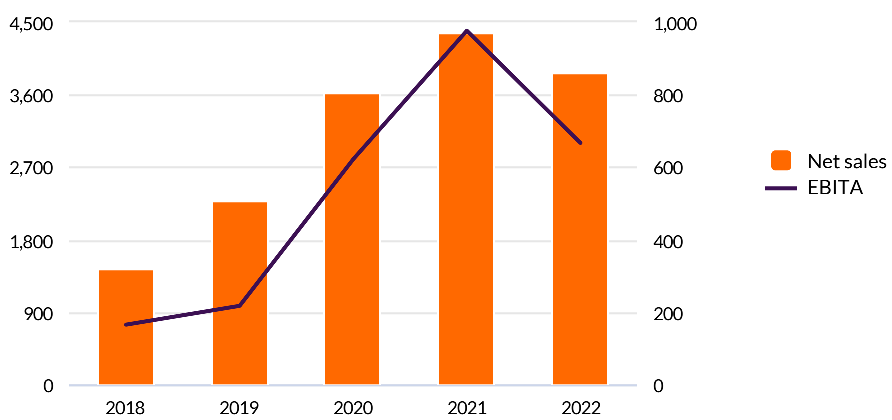
Net sales during the financial year amounted to SEK 3,880 million (4,373), a decrease of 11 percent (+22). Organic sales, excluding COVID-19 related sales, increased by 6 percent and acquired growth was 4 percent. COVID-19 related sales decreased by 56 percent and accounted for SEK 760 million (1,719). COVID-19 testing is expected to be carried out in combination with tests for other respiratory diseases in the future, which is why these sales will not be reported separately in the future. Exchange rate fluctuations had a positive impact on net sales of 3 percent.

LABTECH NET SALES 12 MONTHS



EBITA decreased by 32 percent (+57) to SEK 667 million (977), corresponding to an EBITA margin of 17.2 percent (22.3).

LABTECH - NET SALES AND EBITA

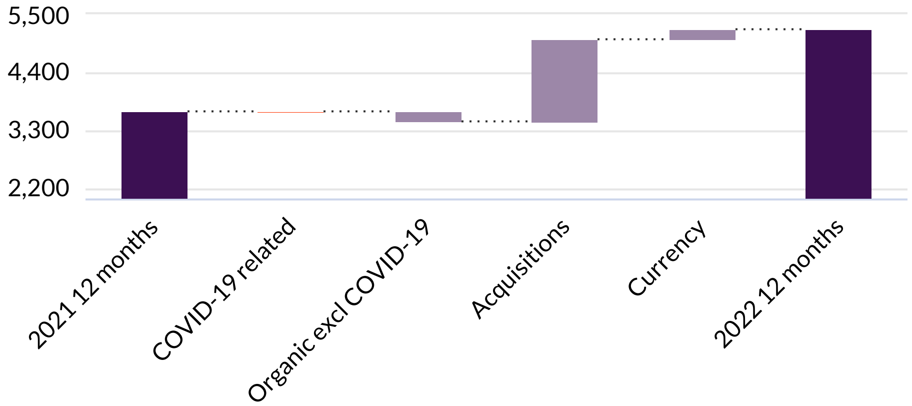


Labtech had a strong start to the year with a large share of sales related to COVID-19 products. Sales peaked in the first quarter but have since gradually declined as the spread of the virus has declined. Instead, demand has increased in diagnostics, research and drug development. Staff shortages in healthcare have also affected the diagnostics business, driving the need for more efficient processes and increased interest in time-saving technologies and services.

Medtech

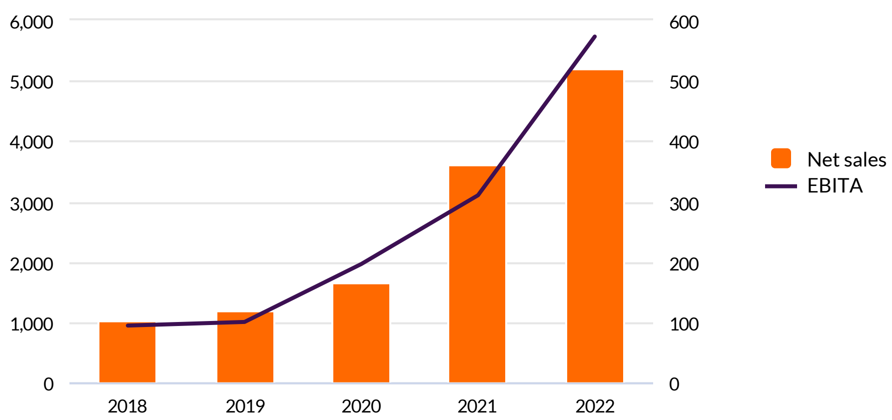
During the financial year, net sales amounted to SEK 5,210 million (3,625), an increase of 44 percent (119). Organic growth, excluding COVID-19 related sales, was 2 percent and acquired growth was 43 percent. COVID-19 related sales amounted to SEK 0 million (257). Exchange rate fluctuations had a positive impact on net sales of 6 percent.

MEDTECH NET SALES 12 MONTHS



EBITA increased by 85 percent (58) to SEK 573 million (310), corresponding to an EBITA margin of 11.0 percent (8.6).

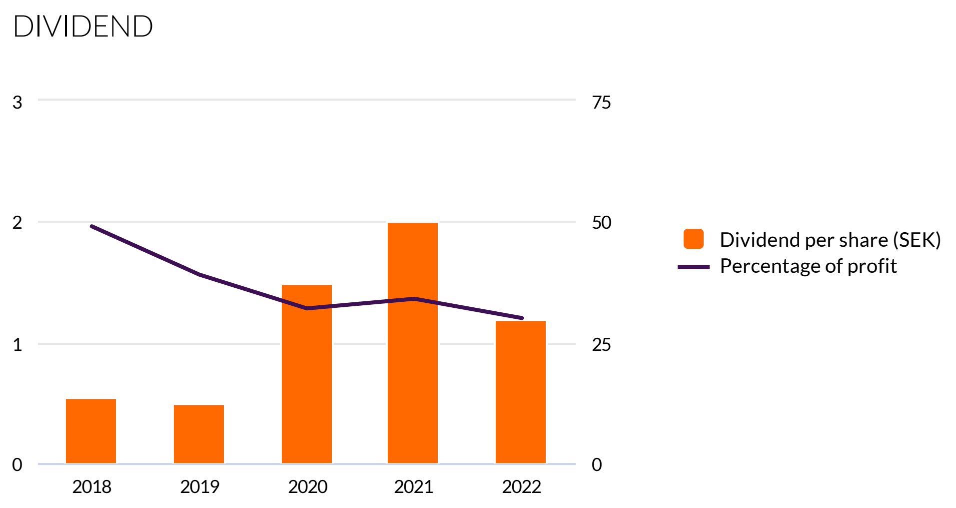
MEDTECH - NET SALES AND EBITA



Medtech was strongly affected by the pandemic at the beginning of the year, but after the infection rate decreased, activity has increased. Growth in the sector has mainly been driven by the acquisitions made over the past year. Visitor restrictions have been eased, increasing the possibility of customer visits and marketing. Investments in the further development of the digital solutions in home care have continued and are expected to continue in the coming years.

Dividend

AddLife's dividend policy is to pay a dividend equivalent to 30-50 percent of average consolidated profit after tax over a business cycle. The Board has resolved to propose that the AGM in May 2023 pay a dividend of SEK 1.20 (2.00) for the 2022 financial year. Please refer to note 37 for proposal for profit distribution.



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

Risks and uncertainties

AddLife works with risk management on a strategic as well as operational level. Risk management aims to identify and analyse the Company's most significant risks and any events that may affect AddLife's ability to implement the Company's strategy and achieve defined goals and vision. Identified risks are analysed, quantified and prioritised and plans are drawn up to prevent and reduce risks. In addition, continuous improvements are being made to reduce future risks. Our risk management focuses on business risks, financial risks and other potential significant risks such as legal risks. The AddLife Group has policies and instructions that give responsible managers tools to identify deviations that could develop into risks. The level of risk in the business is systematically followed up in monthly reports where negative deviations or risks are identified and remedied.

AddLife's earnings and financial position, as well as its strategic position, are affected by various internal factors whithin AddLife's control and various external factors where the possibility of influencing the course of events is limited. The external risk factors that are most important for AddLife are the general economic and political conditions, public procurement and healthcare reimbursement systems, technical development, customers and suppliers.

In addition, AddLife is affected by financial risks such as transaction exposure, translation exposure, financing and interest rate risk, as well as credit and counterparty risk. A more detailed description of how AddLife manages the financial risks can be found in Note 4.

Risk/description	Management
General economic and political conditions	
AddLife is affected by general global economic, financial and political conditions. The demand for the Company's products and solutions is due, among other things, to macroeconomic trends. Uncertainty regarding future economic prospects, including political turmoil, could have a negative impact on customers' purchases of AddLife products, which would have a negative impact on the Company's operations, financial position and results of operations. A significant proportion of the Company's sales are made to publicly funded operations in healthcare, research and care. Weakened government finances could have a negative impact on AddLife's operations and earnings. Furthermore, changes in the political situation in a region or country, or political decisions affecting an industry or country, could also have a material impact on the sale of the Company's products.	AddLife's subsidiaries operate in a largely or partly non-cyclical market, which generally makes the Group less sensitive to economic fluctuations. In most countries and situations, care is prioritised even in worse times. The fact that operations are conducted in many different segments and geographic markets also limits these risks for the group as a whole. The decentralised business model means that the group's companies have a good adaptability by making decisions quickly and close to operations. By continuously acquiring companies in new customer segments and in new markets, the group can reduce market risks and better fend off economic fluctuations.
Public procurement and healthcare reimbursement systems	
A significant part of AddLife's revenue comes from sales of products to units in the public sector. Political decisions in some countries have led to a reduction in the number of contracting customers by consolidating regions into larger entities. As a result, procurements have become larger and contract periods have often become longer in time, which has led to increased price pressure and competition. The sale of some of the Company's products is also dependent on different remuneration systems in the different markets. In several of the Company's markets, it is in many cases, for example, the patient's insurance company that, within the framework of existing political compensation systems, finances or subsidizes the purchase of products for the patient's care. Part of the success of sales of AddLife's products in these markets is dependent on whether the Company's products qualify to be replaced within these various compensation systems.	There is a strong focus on public procurement within the organization and at the subsidiaries. Great effort is put into preparing and ensuring compliance with the requirements of the procurements, as well as on training. In addition, the companies have a clearly differentiated offering that creates unique value for the customer, which can provide a less one-sided focus on price and improve competitiveness. This offer is built on deep knowledge of the customer's needs and often consists of unique products with high quality combined with a comprehensive service offer. The fact that AddLife conducts operations in many different countries and markets limits these risks for the group as a whole.
Technological development	
AddLife's future growth is dependent on, among other things, new innovative products and thus the group's ability to influence, anticipate, identify and respond to changing customer preferences and needs. There is a risk that the subsidiaries within the AddLife group will not be able to implement new technology or adapt their product range and business model in time to be able to take advantage of the benefits of new or existing technology. The costs associated with keeping up with product and technology development can be high. Furthermore, the level and timing of future operating expenses and capital requirements may differ materially	There is a strong focus on proactive business development within the subsidiaries, as well as a focus on future technological adaptation with new acquisitions. In several of the subsidiaries major initiatives in research and development are underway, and collaborations with business partners are initiated as needed to ensure technological developments. Regarding distribution of third-party products, there is a strong ongoing collaboration with suppliers

Risk/description	Management
from current estimates.	with respect to technological developments. There is also structured work to identify new suppliers with innovative products. The companies within AddLife are mainly distributors, which provides increased opportunities to adapt to technological development by changing suppliers.
Customers	
AddLife has a large number of customers of varying sizes, some of whom are public and some private operators. The number of customers and the group structure mean that the agreements with customers are of varying nature in terms of, among other things, contract length, warranties, limitations of liability and scope. Moreover, there is a risk that the variation will lead to unforeseen liability exposures for AddLife, especially in cases where no specific limitations of liability have been included in the agreements.	Although there are contractual risks associated with the scattered customer base that AddLife subsidiaries have, there are also advantages. An individual subsidiary may be dependent in the short term on a single customer, but AddLife as a Group is not dependent on any single customer and no customer accounts for more than about 4percent of sales. This is a strength in the AddLife business model.
Suppliers	
In order to deliver products, AddLife depends on external suppliers who must meet the terms of the agreements regarding matters such as volume, quality and delivery date. Incorrect, delayed or missed deliveries could have a negative impact on AddLife's financial position and results of operations. AddLife has agreements with a large number of suppliers over which the Company cannot exercise control nor can it have full insight into their operations. Consequently, AddLife is exposed to the risk that suppliers could act in a way that could harm AddLife. In some countries and segments, there is a consolidation where suppliers merge and become fewer and larger. In other countries and segments, streamlining takes place where operations are spun off. In addition, there is a continuous development where new technologies and suppliers establish themselves. In this environment, there is a risk of losing suppliers or that existing suppliers lose market potential. There is also a risk that suppliers will go from a collaboration with one of AddLife's subsidiaries to another distributor or to their own sales.	In a longer perspective, AddLife is not dependent on any individual supplier for the survival of the business. The company's largest supplier amounted to approximately 7 percent (7) of net sales for 2022. AddLife works strategically with the major suppliers and conducts ongoing supplier evaluations and strives for all suppliers to live up to AddLife's Code of Conduct. AddLife's subsidiaries choose suppliers who see cooperation with them as the best sales method. Stable supplier collaborations are also one of the parameters that are evaluated when acquiring companies. The companies within AddLife work continuously to update supplier structures and to proactively replace lost suppliers and suppliers with decreasing market potential. With AddLife's growing presence in several European countries, the companies potentially become an even more attractive partner to suppliers.
Acquisitions	
AddLife acquires companies on an ongoing basis and in 2022 5 companies were acquired. However, there is a risk that AddLife will not be able to identify suitable acquisition targets or carry out	AddLife's acquisition work is ongoing to ensure that there is an inflow of interesting objects into the group.

Risk/description	Management
acquisitions due to, for example, competition with other acquirers or lack of financing. Acquisitions generally carry risks. In addition to company-specific risks, the acquired company's relationships with key customers, key personnel and suppliers may be adversely affected. There are risks in terms of the ability to retain competence and the possibility of creating a common culture. Moreover, acquisitions could expose AddLife to unknown obligations. In connection with acquisitions, in addition to all assets, the obligations of the acquired company are usually also taken over. There is a risk that not all potential obligations or obligations have been identified before the acquisition or that the seller lacks the financial ability to replace AddLife in the event of a breach of warranty. It is important that the acquisition process and especially the pre-acquisition evaluation (so-called "due-diligence") is both thorough and effective and includes legal, financial and sustainability aspects. If companies with significant problems are acquired, for example regarding financial earning capacity or important sustainability aspects, AddLife's reputation or financial performance may be worse than expected.	AddLife has many years of experience in carrying out acquisitions and has a structured process for both acquisition work and integration and follow-up. This process is constantly evolving based on, among other things, lessons learned from previous acquisitions. AddLife's economic and sustainability-related processes and routines are built on long experience and are continuously developed and refined. Guarantees to limit the risk of unknown obligations are one of the tools applied in contract negotiation.
Organisational risk	
AddLife applies a decentralised organisational model, which means that subsidiaries in the Group are largely responsible for and conduct business independently. Corporate governance in a decentralised organisation places high demands on financial reporting and monitoring, and deficiencies in reporting and monitoring entail a risk of inadequate operational control. The decentralised organisational model has historically been an advantage for the group.	Group Management controls, checks and monitors the business in the subsidiaries through active board work, group-wide policies, financial targets and instructions regarding financial reporting. In addition, AddLife works with weekly follow-up of order intake, monthly reporting and follow-up of the financial development of all subsidiaries, This means that the parent company has a constant good insight and understanding for current and upcoming challenges and opportunities.
Ability to recruit and retain staff	
AddLife's continued success depends on experienced employees with specific skills. There are key employees among senior executives in the companies, in group management and among the group's employees in general. There is a risk that one or more senior executives or other key personnel will leave the AddLife group at short notice. If AddLife fails to retain key employees or recruit new competent key personnel in the future, this could have a negative impact on AddLife's financial position and results.	AddLife invests time and effort in the internal competence development and refinement of the corporate culture through the work with AddLife Academy. In the case of acquisitions, the aim is for key employees to remain in the companies and continue to develop the companies' operations and also be given the opportunity for further education as well as career and personal development within the group's framework.

Risk/description	Management
	AddLife conducts an annual employee survey and follows up the results from these to ensure that employees are given the conditions required to develop and thrive at work.AddLife also has an incentive program for senior executives and key employees within the group.
Product liability	
AddLife's business entails risk associated with product liability. AddLife could be subject to product liability claims if the products that are produced or purchased cause personal injury or property damage. There is a risk that such product liability claims are not fully covered by AddLife's insurance policy. If a product is defective, AddLife may be forced to recall it. In such a situation there is a risk that AddLife cannot make corresponding claims against its own suppliers to receive compensation for the costs incurred by AddLife due to the defective product.	AddLife works continually with suppliers to increase product safety and ensure that products meet the quality requirements that are in place. AddLife regularly reviews its insurance coverage to reduce the risk of unforeseen expenses. AddLife's own products are subjected to ongoing quality assessment and follow-up.
Environmental risk	
New environmental legislation linked to transports and product materials could have an impact on sales for AddLife's subsidiaries. AddLife owns a few properties and according to the Swedish Environmental Code, a property owner is responsible for any pollution or other environmental damage, with responsibility for remediation, which may also include damage caused by previous operations.	AddLife's subsidiaries are primarily engaged in commerce and businesses that have a limited direct environmental impact. At the time of each acquisition, earlier environmental impact are noted and reviewed, and contractual protection is negotiated.
IT-incidents	
An IT incident refers to the risk that critical data or one or more of the IT systems used in any way become unusable, locked, fail or destroyed. AddLife's operations are dependent on the IT systems working and, especially in the event of long-term or extensive interruptions or other IT incidents, there is a risk that certain operations will not be able to be conducted for some time – or in the worst case at all – or will only be able to be conducted with difficulty or at increased costs.	AddLife works with risk assessments regarding IT infrastructure and sensitive data, and has defined processes and controls to protect the company. The control environment consists of firewalls, patch management, virus programs, penetration testing and automatic scanning of incoming and outgoing email traffic to catch phishing. To increase knowledge, encourage caution and ensure that employees know and follow the company's IT policy and directives, training in IT security was implemented during the year. AddLife's decentralised business model with independent subsidiaries means that only a few companies share an IT platform and infrastructure. This means that the risk of a significant financial impact in the event of a major IT incident for the Group is relatively limited.

Risk/description	Management
Regulatory	
The healthcare market is highly regulated in all countries where AddLife operates. The company's product range is covered by legislation, such as EU directives and related requirements for quality systems.	AddLife puts significant efforts and resources into implementing and applying guidelines to ensure compliance. Annually, audits are carried out by designated accredited bodies to ensure compliance. In 2022, the Company continued its efforts to comply with the European regulatory framework EU MDR, which entered into force in May 2021, and the EU IVDR, which entered into force in May 2022. All of the Group's production facilities are also certified according to the medical device quality standard ISO 13485 and / or the general quality standard ISO 9001.
Business ethics and sustainability governance	
With operations in more than 80 companies and 30 countries, there are risks linked to unethical or illegal behavior, both within AddLife's companies and among our companies' customers and suppliers. AddLife's continued success is highly dependent on our good reputation and business ethics. Violations of human rights in own or suppliers' operations would have a negative impact on the Group's reputation among employees, customers and other stakeholders and affect demand for the Group's products.	The Group works internally with business ethics through, for example, training within AddLife Academy and annual follow-up of our internal Code of Conduct. In order to ensure the Group's high standards of business ethics, AddLife's Code of Conduct for suppliers shall be followed. A whistleblowing system was established during the year.

Remuneration

Principles for remuneration to senior executives

The Board of Directors intends to propose to the Annual General Meeting in May 2023 that the guidelines for remuneration to senior executives remain unchanged compared with what was decided at the AGM in May 2022:

The guidelines apply to remuneration agreed after the Annual General Meeting 2022 and amendments to agreed remuneration made thereafter. The guidelines do not apply to remuneration resolved by the general meeting. For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines. The provisions regarding the Company also apply to the group where appropriate.

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

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

Types of remuneration, etc.

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

Fixed salary

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

Variable salary

In addition to fixed salary, the CEO and other senior executives may, according to separate agreements, receive variable salary when fulfilling agreed performance criteria. Any variable salary shall consist of an annual variable cash salary and may amount to a maximum of 40 percent of the fixed annual salary. The variable salary shall be linked to one or several predetermined and measurable criteria, which can be financial, such as consolidated earnings growth, profitability and cash flow, or non-financial, such as individual goals designed to promote the Company's business strategy and long-term interests. Because the goals link the senior executives' remuneration to the Company's earnings, they promote implementation of the Company's business strategy, long-term interests and competitiveness. The terms and bases of calculation for variable remuneration shall be determined annually. The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. The extent to which the criteria for awarding variable cash remuneration has been satisfied shall be determined when the measurement period has ended. The Board is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other senior executives, the CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the Company. The terms for variable remuneration shall be designed so that the Board of Directors, under exceptional financial conditions, may limit or refuse to pay variable remuneration if such a measure is deemed reasonable.

Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 50 percent of the fixed annual salary and may not be paid more than once per year and individual. Resolution on such remuneration shall be made by the Board based on a proposal from the Remuneration Committee.

Pension

For the CEO, pension benefits, including health insurance, shall be defined contribution with premiums not exceeding 30 percent of the fixed annual salary. For other senior executives, pension benefits, including health insurance, shall be defined contribution unless the senior executive is subject to defined benefit pension under mandatory collective agreement provisions. Premiums for defined contribution pensions are to be in the form of the Swedish alternative ITP plan, according to a "premium ladder" as stated in AddLife's pension policy, or premiums are not to exceed 30 percent of the fixed annual salary. Variable remuneration shall qualify for pension benefits to the extent required by mandatory collective agreement provisions applicable to the senior executive (applies to Sweden and defined contribution pension).

Other benefits

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

Termination of employment

For the CEO and other members of Group Management, the notice period shall be six months in case of termination by the senior executive. In case of termination by the Company the maximum notice period shall be 12 months. In case of termination by the Company, severance pay may be payable in an amount corresponding to a maximum of twelve months' fixed salary less any remuneration received from new employments or assignments. Employees who give notice to terminate employment are not entitled to severance pay. Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed executive is not entitled to severance pay. The remuneration shall be based on the fixed salary at the time of termination of employment and amount to not more than 60 percent of the fixed salary at the time of termination of employment, unless otherwise provided by mandatory collective agreement provisions, and be paid during the time the non-compete undertaking applies, however not for more than 24 months following termination of employment.

Fees to Board members

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

Salary and employment conditions for employees

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

Preparation and decision-making process

The Board of Directors has established a Remuneration Committee. The Committee's duties include preparing principles for remuneration to Group Management and the Board of Directors' decision to propose guidelines for remuneration to senior executives. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting for resolution. The guidelines shall be in force until new guidelines have been adopted by the general meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration to Group Management, the application of the guidelines to senior executives as well as the current remuneration structures and compensation levels in the Company. Remuneration to the CEO shall be decided by the Board of Directors in line with approved policies following preparation and recommendation by the Remuneration Committee. Remuneration to other senior executives shall be decided by the CEO in line with approved policies and after consultation with the Remuneration Committee. The CEO and other members of Group Management do not participate in the Board of Directors' discussions and decisions on remuneration-related matters that pertain to them.

Derogation from these guidelines

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

Employees, research and development and environment

Employees

At the end of the financial year AddLife had 2,219 employees, compared with 1,802 at the beginning of the financial year. Completed acquisitions increased the number of employees by 355 (701). The average number of employees in 2022 was 2,157 (1,548).

	2022	**2021**
Average number of employees	2,157	1,548
of which are men	56%	55%
of which are women	44%	45%
Age distribution		
up to 29 years	9%	10%
30-49 years	55%	54%
50 years and older	36%	36%
Average age	46	45

Research and development

To a limited extent, the Group conducts its own research and development, primarily within Biolin in the Labtech business area. In the Medtech business area, development work is conducted on a digital platform in welfare technology. The digital platform contains solutions for connecting sensors and social alarms in the home, Camanio Care, as well as digital self-monitoring of specific health conditions, Camanio Health. The offering in welfare technology also includes products for housing adaptation as well as mobility aids and sensors.

Environment

None of the Group's Swedish subsidiaries conducts operations that require permits or are notifiable in accordance with the Environmental Code. None of the foreign subsidiaries operates with a corresponding permit or notification obligation. None of the Group's companies is involved in any environmental dispute.

Parent company

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

The Parent Company's net sales amounted to SEK 64 million (51) and the loss after financial items was SEK 224 million (-18). Balance sheet appropriations include Group contributions received of SEK 191 million (259) and Group contributions paid of SEK -117 million (-136). Cash flow from investment activities totalled SEK -986 million (2,740). The Parent Company's financial net debt at the close of the financial year stood at SEK 4,842 million (3,122).

Share capital, share repurchases, incentive programmes and dividends

On 31 December 2022, the Parent Company’s share capital amounted to SEK 62,358,949 divided into the number of shares shown below with a nominal value of SEK 0.51 per share.

The total number of shares amounts to 122,450,250, where of Class A shares are 4,615,136 and the number of Class B shares are117,835,114.

On 31 December 2022 the number of stockholders was 13,131 (13,879).

The Company's class B shares are listed on Nasdaq Stockholm. Two owners each control 10 percent or more of the voting rights. They are RoosGruppen AB (Håkan Roos through companies) with an ownership stake corresponding to 15.11 percent of votes, and Tom Hedelius, who owns shares corresponding to 12.62 percent of votes.

According to Chapter 6, Section 2a of the Swedish Annual Accounts Act, listed companies are required to disclose specific circumstances that may affect the possibility of a take-over of the Company through a public offer for shares in the Company. For most of the granted credit lines, they can be terminated in the event that the company is delisted from Nasdaq Stockholm or that another current main shareholder achieves an ownership share of more than 50 percent of the capital or votes.

Repurchase of treasury shares and incentive programs

In May 2022 the AGM authorised the Board of Directors during the period up until the 2022 AGM to buy back a maximum of ten percent of all shares in the Company.

During the financial year, repurchases of 360,000 (0) own class B shares were made. The average number of own Class B shares held during the financial year was 671,360 (895,322). At the end of the year, own Class B shares held amounted to 613,989 (497,489) with an average acquisition price of SEK 100.56 (52.12). The shares represent 0.5 (0.4) percent of the issued shares and 0.4 (0.3) percent of the votes.

At year-end AddLife had four outstanding call option programs. Outstanding call options during the financial year resulted in an estimated dilutive effect based on the period's average share price of approximately 0.4 percent (0.5).

The Board intends to propose to the Annual General Meeting in May 2023 an incentive program based on the same, or substantially similar, model as was approved at the AGM in 2022.