

Strong start to the year and two strategic acquisitions

The world is still under the grip of the COVID-19 pandemic. Major challenges remain: high rates of infection, new mutations, strained health services and slow vaccination rates. At AddLife, we do our best to contribute to health services and improve people's lives in various ways.

Our subsidiaries continue to do a great job of generating business and responding to the needs of our customers. Sales rose 65 percent in the first quarter to SEK 1,736m, including organic growth of 54 percent. COVID-19 related sales accounted for SEK 620m and organic growth excluding COVID-19 amounted to 4 percent. EBITA increased by 209 percent to SEK 326m and we strengthened the EBITA margin to 18.8 percent.

The business situation is relatively unchanged from the previous quarter, influenced by the efforts of various countries to reduce and manage the infection while increasing the pace of vaccinations. This quarter saw a third wave of the pandemic, and several countries have introduced new lockdowns in various ways to limit the spread of the infection. The pressure on hospital intensive care units is high and health services have once again had to reallocate resources. As a result, the start of elective surgery and other planned care came to a standstill again in the quarter, with growing care queues as a result.

Since the start of the pandemic, sales in all markets have been strong in our diagnostics companies. This quarter, sales of COVID-19 tests in particular have been successful on our previously installed instruments. Our research companies in the Nordic countries and Italy also had a strong quarter in terms of sales, and activity related to virus research is high. Demand from pharmaceutical customers not focusing on Covid-19 is stable and sales of our own advanced analytical instruments have been positive during the quarter.

Sales of medical devices to the health services have been relatively stable in the quarter. Lower demand in elective surgery has been offset by sales of other medical devices and COVID-19 related personal protective equipment. As the infection situation improves, we expect healthcare services to re-prioritise and increase activity to treat those patients still waiting for surgery.

Net sales in our home care companies were somewhat weaker in the quarter. The companies continued to experience challenges related to trying out and installing products on-site for customers. However, accessibility increased somewhat in March thanks to vaccinations among the elderly population.



Increased acquisition activity through two strategic acquisitions after the end of the quarter

After the end of the quarter, we completed two major acquisitions, Vision Ophthalmology Group (VOG) and Healthcare 21 (HC21). Together, the acquisitions are expected to increase our annual net sales by more than 40 percent, corresponding to approximately SEK 2.4 billion, to approximately SEK 7.6 billion and EBITA is expected to increase by about 38 percent to approximately SEK 1.1 billion.



Our new acquisitions, VOG and HC21, give us access to larger markets, more customers and more segments. We are all excited about the opportunities that both of these acquisitions bring.

The acquired companies will form their own subgroups with existing management and will belong to the Medtech business area. The acquisitions make AddLife a true European player with more than half of net sales in markets outside the Nordic region.

The acquisition of VOG, which has net sales of about EUR 70m, is a strategic acquisition that adds ophthalmology (eye surgery), a new and very attractive therapeutic area to AddLife's product portfolio. Operating in Switzerland, Germany, the UK and Poland, the group provides products, services and advice on eye surgery, such as treatment of cataracts and glaucoma. VOG sells products from leading manufacturers and own branded products, as well as customised surgical kits manufactured by the company in Germany.

We have been looking at the ophthalmology segment for a long time as it has all the key characteristics to fit in with our business model. Ophthalmology is a global and attractive growth market that is driven by technological development and an aging population with chronic diseases. Through the acquisition of VOG we get access to a well established and attractive supplier base, as well as solid customer relationships in markets that have a population of over 200 million people. The acquisition establishes us as an independent European player in an interesting niche with good opportunities for both organic and acquired growth.

Just five days later, we completed the acquisition of an even larger European independent Life Science distributor, HC21, with net sales of approximately EUR 150m. The acquisition establishes us in Ireland and the UK, with a combined market estimated at about SEK 137 billion. The acquisition is strategic since HC21 provides a stable position and critical mass for continued growth in two of Europe's most attractive Life Science markets.

We see great similarities between our business model, operations and culture and that of HC21. HC21 is a leading independent distributor in 15 different therapeutic areas, focusing on selected niches with an emphasis on value creation. They also have an attractive supplier network, which we hope will open up new opportunities in other markets. Given HC21's strong market position, AddLife becomes an even more attractive partner for leading suppliers in our product areas in Europe. We also see the acquisition as creating opportunities to sell our own products in Ireland and the UK. HC21 has around 450 employees, and is about the same size that AddLife was at the time of the listing in March 2016.

In conclusion, we are all excited about the opportunities that both of these acquisitions bring us. We gain access to larger markets, more customers and more segments. We will also be able to broaden AddLife's internal network, strengthen our supplier relationships and increase opportunities to sell our own products in new markets. The network effects are significant and we have created an even stronger platform to add more companies to our group and continue our value-creating growth journey as a successful niche player in Life Science in Europe.

Kristina Willgård

President and CEO