

Comments by the CEO

AddLife started 2023 with a strong first quarter. Healthcare activity levels are clearly recovering in all markets and the number of elective surgical procedures is increasing.

In 2021 and 2022, the company positioned itself to meet the demand that the increased number of elective procedures was expected to drive once the effects of the pandemic subsided. We are now seeing this development materialise, which in the quarter resulted in strong organic growth of 13 percent in the Medtech business area.

In the Labtech business area, sales declined as expected in relation to the challenging comparative figures for the first quarter of 2022, which is the last comparative quarter with significant COVID-19 sales. Nevertheless, underlying demand is robust and our companies are well-positioned in diagnostics, biomedical and research, which resulted in organic growth excluding COVID-19 of 10 percent for the quarter.



We are well-positioned for the current recovery in the health care, which is expected to continue for a long time to come.

Clear recovery in health care

Activity levels in hospitals in general and in surgery in particular are recovering in all our markets. The number of procedures performed increased significantly during the quarter, which led to increased demand in product areas such as orthopaedic surgery, anaesthesia, laparoscopy and general surgery, where several of our companies have strong positions.

Healthcare systems in Europe continue to be affected by staff shortages, which means that the recovery in planned surgery will take longer. Several countries are also allocating extra resources to health care to reduce waiting times. Overall, our assessment is that the reduction of the backlog will be gradual over an extended period of time, as the number of surgical procedures performed gradually increase.

In home care, demand is also developing strongly for products that enable care and assistance in the home, as well as home adaptation products, mobility solutions and our newly launched digital security alarms.

Now that COVID-19-related visitor restrictions have been lifted, customers are accessible again, and are increasingly willing to try new products to improve care and increase efficiency.

Operating margin still in positive trend

The positive trend in the operating margin for the underlying business continued during the quarter, driven by the good volume development, good cost control, a favourable product mix and active price management.

In Labtech, specific COVID-19 sales have ended and with them the sales volumes that previously had a significant positive impact on the operating margin. However, robust organic growth has partly offset this decline and enabled us to maintain margins at a solid level.

In Medtech, the strong volume development has been a positive contributing factor to the margin trend, along with high demand for products in high-margin segments such as orthopaedic surgery. In most situations, cost increases from suppliers have been compensated by price increases and changes in the product mix.



In eye surgery, sales volumes are increasing, while an unfavourable product mix continues to have a negative impact on profitability. The operating margin in this area is expected to increase over time, driven by an improved product mix consisting of a larger share of both new and established products with high profitability that are expected to return to the product range as problems with suppliers are resolved.

Growth in high-margin segments, which often tie up more inventory, as well as already initiated and upcoming new product launches have increased the amount of capital tied up in the quarter. The ongoing efforts to streamline inventory management, reduce working capital and improve margins continue with unchanged strength.

Companies well-positioned to meet increased demand

The effects of the pandemic have been behind us now for some time, both operationally and in our interaction with customers, and from the next quarter also in our comparative figures. Strong organic growth of 12 percent this quarter reflects high demand for our products and services. We are well-positioned for the recovery that is now taking place in health care and is expected to continue for a long time to come. During the quarter, the companies in the AddLife Group were able to meet the growing demand from health care and had a great start to the year.

In 2023, we will continue to support our hospital, home care, diagnostics, research and biomedical customers under more normal market conditions. With our unique European market presence and strong position in product segments that benefit from long-term trends, we see many opportunities to develop the business through organic growth, profitability improvements and acquisitions.



Fredrik Dalborg

President and CEO