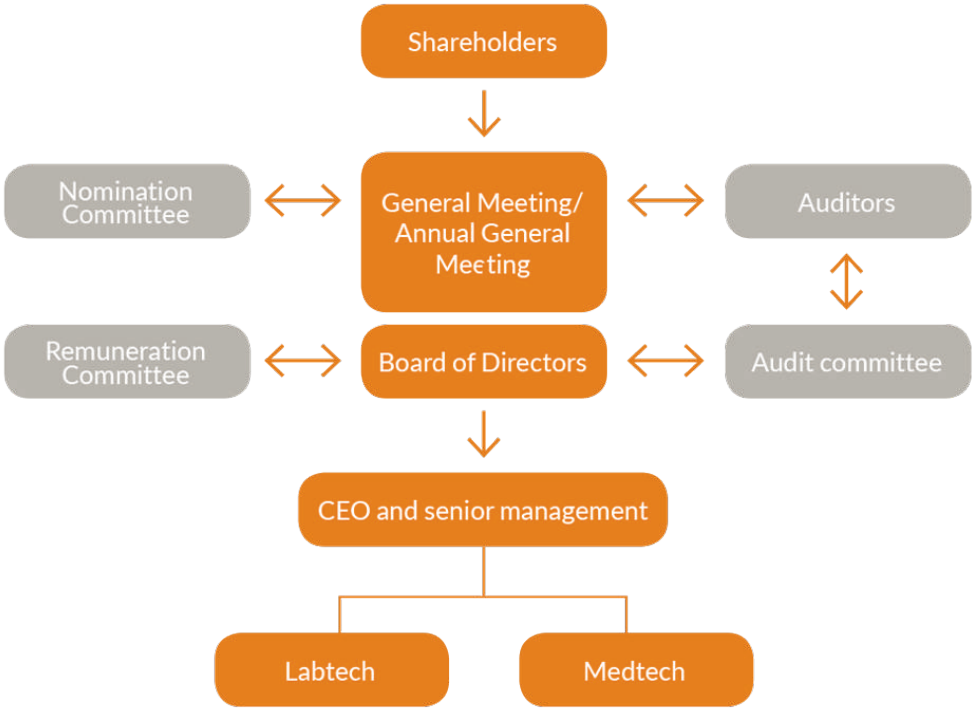
CORPORATE GOVERNANCE

Corporate Governance Principles

AddLife is a public limited liability Company whose class B shares were listed on Nasdaq Stockholm on 16 March 2016, for which reason the Company complies with the Swedish Code of Corporate Governance (the "Code"). The Code applies to all Swedish companies whose shares are listed on a regulated market in Sweden. The Code is part of self-regulation by the Swedish business community and is based on the principle of "comply or explain". This means that companies are not obliged to apply every rule in the Code, but are allowed the freedom to choose alternative solutions provided that the reasons for any deviation is explained. AddLife has two deviations from the code to report for the 2020 financial year. The deviations and related explanations are presented in the section on the Nomination Committee. This corporate governance report has been reviewed by the auditor. The corporate governance report is available on the Company's website under Investors, www.add.life/en/investors/corporate-governance/



As of 31 December 2020, the Company had 7,501 shareholders, the 15 largest of whom controlled 67 percent of the share capital and 74 percent of the votes. At the end of the financial year, Swedish investors accounted for 53 percent of shareholders, and foreign investors owned 47 percent of the share capital. The proportion of legal entities was 84 percent, while natural persons accounted for 16 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 voting rights for all shares in the Company.

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 extended from 1 January – 31 December.

The Company's principal business is "to directly or through a wholly or partially owned subsidiary engage in trading with and produce mainly medical equipment and products, and to pursue other compatible business". The Board of Directors is based in Stockholm and shall comprise at least four and no more than six members. Notice of the Annual General Meeting shall be published in Post- och Inrikes Tidningar (official Swedish gazette) and on the Company's website. The issuance of

the Notice of the Annual General Meeting shall be advertised in the Swedish newspaper Svenska Dagbladet.

The most recently recorded Articles of Association, adopted at the Extraordinary General Meeting on 13 January 2016, are available in their entirety on the Company's website under investors, www.add.life/en/investors/corporate-governance/articles-of-association/

Compliance with applicable rules for trading

No violations of any applicable stock exchange rules occurred in 2020 and AddLife's operations were conducted in accordance with good practices in the stock market.

Division of responsibilities

The purpose of corporate governance is to establish a clear division of roles and responsibilities between shareholders, the Board of Directors, the Board's committees and Senior Management. Corporate governance within AddLife is based on applicable legislation, primarily the Swedish Companies Act, the listing agreement with Nasdaq Stockholm, the Swedish Code of Corporate Governance (the "Code") and internal guidelines and regulations.

Share structure and shareholders

On 31 December 2020 share capital in AddLife AB amounted to SEK 58,309,340. There were a total of 114,498,292 shares in the Company, including 4,615,136 Class A shares and 109,883,156 Class B shares. The nominal value of each share was SEK 0.51. Each Class A share carries ten votes and each Class B share carries one vote. Only the Class B share is listed on Nasdaq Stockholm.

General Meeting

The Annual General Meeting is the highest decision-making body in which shareholders exercise their voting rights. The Annual General Meeting resolves on the annual report, divi- dends, appointments to the Board of Directors, election of audi- tor, compensation to the Board of Directors and remuneration to the auditor, as well as other issues in accordance with the Swedish Companies Act and the Articles of Association. Further information about the Annual General Meeting and minutes from the meetings are available on the Company's website. The Company does not apply any special arrangement in relation to the functions of the General Meeting due to any article in the Articles of Association, or as far as the Company is aware of, any shareholders' agreement.

Information about the 2021 Annual General Meeting is available on the Company's website:

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

Right to participate at the General Meeting and shareholders' right of initiative

Shareholders registered in the share register maintained by Euro- clear five days before the General Meeting and who, by the date specified in the Notice of the General Meeting, have informed the Company of their intention to attend, are eligible to partici- pate in the General Meeting and to vote for the number of shares held. Shareholders may attend the Meeting in person or by proxy, and may be accompanied by a maximum of two assis- tants. Shareholders' assistants may accompany them at a General Meeting if the shareholders provide notification thereof in accordance with the procedure for shareholder registration.

In addition to notifying AddLife, shareholders whose shares are nominee registered at a bank or other nominee must request that their shares be temporarily registered under their own names in the share register maintained by Euroclear to be eligible to participate in the Meeting. Shareholders should inform their nominees in good time before the record date. Shareholders seeking to have a matter addressed at a General Meeting must submit a written request to the Board. The request must normally be received by the Board no later than one week before the earliest point at which the notice of the Meeting may be issued under the Companies Act. Every shareholder that submits a request within the required time has the right to have the issue brought before the General Meeting.

Annual General Meeting 2020

AddLife's Annual General Meeting was held on Thursday, 7 May 2020 in Stockholm. In all, 59 shareholders were present at the meeting, in person or by proxy, representing 62.45 percent of the votes and 51.47 percent of capital. Chairman of the Board Johan Sjö was elected to serve as chairman of the AGM. The meeting was attended by all members of the Board and Group Management.

Authorised public accountant Håkan Olsson Reising, auditor for AddLife, was also present at the meeting as AddLife's elected auditor from KPMG.

The Annual General Meeting 2020 resolved:

- To adopt the financial statements for 2019
- To carry forward the available funds
- To discharge the Board of Directors and Chief Executive Officer from liability for the past financial year
- To re-elect board members Johan Sjö, Håkan Roos, Birgit Stattin Norinder, Eva Nilsagård, Stefan Hedelius and Andreas Göthberg
- To re-elect Johan Sjö to serve as chairman of the Board
- To elect the audit firm KPMG AB to serve as auditor
- To implement a long-term incentive scheme under which the participants will have the opportunity to acquire call options at market prices for shares repurchased by AddLife AB
- To authorise the Board of Directors to acquire, prior to the next AGM, a maximum number of Class B shares so that the Company's own holdings of shares in AddLife does not exceed 10 percent of all shares in the Company at any time
- To authorise the Board of Directors to resolve on a new issue of up to 10 percent of the number of Class B shares for use as payment in acquisitions
- To carry out a share split ("split") of the share, whereby each existing share is divided into four new shares

The AGM's other resolutions are presented in the complete minutes from the AGM, which together with other information about the 2020 AGM can be found at www.add.life/en/investors/corporate-governance/general-meeting/

Extra Annual General Meeting 2020

On Thursday, November 19, 2020, an Extra General Meeting was held in Stockholm. At the meeting, 76 shareholders were represented, in person by proxy or by postal ballot. These represented 60.81 percent of the votes and 49.57 percent of the capital. Johan Sjö, Chairman of the Board, was elected Chairman of the Meeting.

The Extra Annual General Meeting 2020 resolved:

- To distribute SEK 0.50 per share to shareholders, regardless of class of shares

Annual General Meeting 2021

AddLife's 2020 Annual General Meeting will be held on Wednesday 5 May in Stockholm. In order to counteract the spread of COVID-19, the Board of Directors has decided that the Annual General Meeting shall be conducted without the physical presence of shareholders, proxies or outsiders and that the shareholders before the meeting shall have the opportunity to exercise their voting rights by post.

Shareholders who wish to participate in the Annual General Meeting must:

- be entered in the shareholders' register kept by Euroclear Sweden AB as of Tuesday 27 April 2021; and
- have registered by casting their postal vote in accordance with the instructions on postal voting below so that the postal vote is received by the Company no later than Tuesday 4 May 4 2021.

Shareholders who have had their shares registered under a trustee must, in order to exercise voting rights at the meeting, temporarily register their shares in their own name. Such changes in registration must be completed by Thursday 29 April 2021.

Postal voting

The Board of Directors of the Company has decided that the shareholders of AddLife AB at the Annual General Meeting on May 5, 2021 will be able to exercise their voting rights. only by post and e-mail in accordance with Sections 20 and 22 of the Act (2020: 198) on temporary exemptions to facilitate the executions of general meetings in companies and other associations. For postal voting, shareholders must use the existing postal voting form available on the Company's website, www.add.life/investerare/bolagsstyrning/bolagsstamma/, and at the Company's office.

Completed and signed form for postal voting is sent by post to AddLife AB (publ), Box 3145, 103 62 Stockholm or via email to info@add.life. If shareholders cast a postal vote through a proxy, a power of attorney must be attached to the form. Proxy forms are provided on request and are also available on the Company's website, www.add.life/investerare/bolagsstyrning/bolagsstamma/. If the power of attorney has been issued by a legal entity, a copy of registration certificate should be attached or, if such a document does not exist, the corresponding authorization document is attached the postal voting form. Shareholders may not provide the postal vote with special instructions or conditions. If this happens, the entire postal vote is invalid. Further instructions and conditions can be found in the postal voting form.

Proposal for the Annual General Meeting 5 May 2021:

- Dividend of SEK 1.50 per share for the financial year 2020.

The Board has also decided to propose to the Annual General Meeting the following:

- Incentive program aimed at people in senior positions
- A mandate for the Board of Directors to decide on acquisition and transfer of own shares
- A mandate for the Board of Directors to resolve on a new share issue of up to 10 percent of the number of shares

For additional information about the 2021 AGM please see AddLife's website:

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

Nomination Committee

Nomination Committee duties

The Nomination Committee's mandate from the Annual General Meeting is to evaluate the composition and work of the Board of Directors as well as to submit proposals to the AGM for the Chair of the AGM, Directors and Chairman of the Board, auditors, remuneration to directors who are not employed by the Company, election, where appropriate, of a registered auditing firm and auditors' fees, as well as principles for election of members to the Nomination Committee.

Nomination Committee members receive no compensation from the Company for the work of the Committee. The Nomination Committee had two meetings where minutes were taken prior to the 2021 AGM at which all members were present. The complete proposals of the Nomination Committee to the AGM are presented in the notice to attend the meeting and on the Company's website.

Composition of the Nomination Committee

In accordance with the Code, the Company shall have a Nomination Committee. On 1 September 2016 the AGM adopted principles for appointing the Nomination Committee. Consequently, the Annual General Meeting does not decide on these principles and the Nomination Committee mandate annually, unless the principles or the mandate are to be changed. The Nomination Committee consists of representatives of the five largest known shareholders by vote as of 30 September each year, as well as the Chairman of the Board of Directors, who is also tasked with convening the first meeting of the Nomination Committee. The Nomination Committee appoints a Chairman from among its members. The composition of the Nomination Committee shall be announced not later than six months before the Annual General Meeting.

In accordance with the above, the Nomination Committee comprises these appointed members: Johan Sjö, Chairman of the Board, Stefan Hedelius (appointed by Tom Hedelius), Håkan Roos (appointed by RoosGruppen AB), Jonathan Schönbeck (appointed by Odin Fonder), Christofer Geijer (appointed by SEB Investment Management) and Natalie Falkman (appointed by Swedbank Robur Fonder). The composition of the Nomination Committee was announced in conjunction with the presentation of the interim report for the third quarter on 21 October 2020. One Nomination Committee member is a Board member and two members are not independent of the Company's major shareholders. Håkan Roos is Chairman of the Nomination Committee.

The Nomination Committee shall prepare proposals for the Chairman of the Meeting, Board members, remuneration to each of the Board members, the Board members and the Chairman of the Board, as well as the election of a registered firm of auditors and audit fees. The Nomination Committee's proposals to the AGM will be presented in the notice to attend the meeting and on the Company's website. Nomination Committee members receive no compensation from the Company for the work of the Committee. However, the Company is responsible for costs associated with the execution of the Nomination Committee. The Company did not pay any expenses associated with the Nomination Committee's mandate during the year.

Deviations

The Company has two deviations from rule 2.4 of the Code regarding the composition of the Nomination Committee. According to the Code, a Board member should not serve as the chair of the Nomination Committee and at most one Board member should be dependent in relation to the company's major shareholders. Explanation: The Nomination Committee has determined that it is appropriate that the Chairman of the Nomination Committee is the member who represents the largest group of shareholders. The Nomination Committee has also deemed it appropriate that two Board members, who are dependent in relation to major shareholders, are included in the Nomination Committee as they have good knowledge of both the company and other shareholders.

Diversity policy

The Nomination Committee uses 4.1 in the Code as its diversity policy. This means that AddLife's Board of Directors shall consist of a well-balanced mix of skills, experience and background that is important for responsibly and successfully managing AddLife's strategic work. To achieve this, knowledge of Life Science, corporate governance, compliance with rules and regulations, financing and financial analysis and remuneration issues is desirable. In addition, diversity regarding age, gender, education and other professional backgrounds is taken into account.

The goal is to have a Board with good diversity and gender equality. No Board member shall be discriminated against based on religion, ethnic background, age, gender, sexual orientation, disability or for other reasons.

AddLife´s Board of Directors

From the left: Chairman Johan Sjö, Birgit Stattin Norinder, Stefan Hedelius, Eva Nilsagård, Andreas Göthberg, Håkan Roos.

According to AddLife's Articles of Association, the Board of Directors must consist of four to six members. Members are elected annually at the AGM for the period extending until the end of the next AGM. There is no limitation on how long a member may serve on the Board of Directors.

Responsibility and work of the Board of Directors

The duties of the Board of Directors are set forth in the Swedish Companies Act, AddLife's Articles of Association and the Code. In addition to this, the work of the Board of Directors is guided by the Rules of Procedure for the Board of Directors, which is adopted by the Board of Directors. The Board of Directors has adopted written rules of procedure governing its work and internal division of labour, including its committees, decision-making procedures within the Board, the Board's meeting procedure and the Chairman's duties. The Board of Directors has also issued instructions for the CEO and instructions for financial reporting to the Board. In addition, the Board has adopted a number of policies for the Group's operations such as the Financial Policy, Communications Policy and Code of Conduct. The Board supervises the work of the CEO through ongoing monitoring of operations over the year and is responsible for the organisation, management and guidelines of the management of the Company's affairs being suitably designed and for the Company maintaining good internal control and effective systems for the monitoring and control of the Company's operations, as well as compliance with the legislation and regulations applicable to the Company's operations. The Board of Directors is also responsible for establishing, developing and monitoring the Company's targets and strategies, decisions on acquisitions and divestments of operations, major investments and appointments and remuneration to Group Management. The Board of Directors and the CEO present the annual accounts to the Annual General Meeting.

An annual evaluation of the work of the Board of Directors shall be performed under the leadership of the Chairman of the Board and the Nomination Committee shall be informed of the outcome of the evaluation. The Board of Directors shall continuously evaluate the work of the CEO. This matter shall be addressed individually each year with no member of Company management being in attendance. Moreover, the Board of Directors shall evaluate and assess any significant appointments which the CEO may have outside of the Company. Under the leadership of the Chairman of the Board, the annual evaluation of the work of the Board was carried out in November 2020, and the Nomination Committee was informed of the outcome of the evaluation.

Johan Sjö

Chairman of the Board since 2015

Born in: 1967
Education: M.Sc. Econ
Professional experience: Chief Executive Officer of Addtech AB, senior management at Bergman & Beving AB and Alfred Berg ABN AMRO
Other appointments: Chairman of the Board of Bergman & Beving AB and OptiGroup AB. Director for Addtech AB, Camfil AB and M2 Asset Management AB
Independent in relation to AddLife and its senior management: Yes
Independent in relation to major shareholders: Yes
Holdings of shares in AddLife: 14,400 Class A shares and 123,398 Class B shares

Andreas Göthberg

Board member since 2018

Born in: 1967
Education: M.Sc. Econ
Professional experience: Chief Executive Officer of Akademikliniken, and previously Chief Executive Officer for Memira Holding AB, Menigo Foodservice AB, Onemed Lab Sweden AB and SATS Group
Independent in relation to AddLife and its senior management: Yes
Independent in relation to major shareholders: Yes
Holdings of shares in AddLife: –

Stefan Hedelius

Board member since 2015

Born: 1969
Education: University studies in finance, various international executive education programmes
Professional experience: Chief Executive Officer of Human Care HC AB, Chief Executive Officer of NOTE AB and senior positions within Scandinavian Airlines (SAS) and Ericsson
Other appointments: Chairman of the board of Momentum Group AB
Independent in relation to AddLife and its senior management: Yes
Independent in relation to major shareholders: No
Holdings of shares in AddLife: 24,964 Class A shares and 4,568 Class B shares

Eva Nilsagård

Board member since 2015

Born in: 1964
Education: M.Sc. Econ
Professional experience: CFO Plastal and Vitrolife AB. Senior positions at the Volvo Group, the AstraZeneca Group and SKF
Other appointments: Chairman of the Board for Spermosens AB. Director for Bufab AB (publ), Irras AB (publ), Hansa Biopharma AB, Xbrane Biopharma AB and Aktiebolaget Svensk Exportkredit
Independent in relation to AddLife and its senior management: Yes
Independent in relation to major shareholders: Yes
Holdings of shares in AddLife: 8,568 Class B shares

Birgit Stattin Norinder

Board member since 2015

Born in: 1948
Education: MPharm
Professional experience: Chief Executive Officer of Prolifix Ltd, Senior Vice President Worldwide Product Development at Pharmacia & Upjohn, Ltd. Leading positions in eg Glaxo and the Astra Group as well as the chairman and board member
of several international Biotech companies
Other appointments: Member of the board of Hansa Medical AB and Jettesta AB
Independent in relation to AddLife and its senior management: Yes
Independent in relation to major shareholders: Yes
Holdings of shares in AddLife: 9,136 Class B shares (including related party holdings)

Håkan Roos

Board member since 2015

Born in: 1955
Education: M.Sc. Econ
Professional experience: Previously Chief Executive Officer of Hallbergs Guld AB and Procurator AB
Other appointments: Chairman of the Board of RoosGruppen AB and Gadelius Japan. Member of the board of OptiGroup AB and Sandå Sverige AB
Independent in relation to AddLife and its senior management: Yes
Independent in relation to major shareholders: No
Holdings of shares in AddLife: 2,156,572 Class A shares and 3,893,759 Class B shares

Information regarding shareholdings as of February 28, 2021.

The Board of Directors' Rules of Procedure

The Rules of Procedure for the Board of Directors shall annually be evaluated, updated and adopted. If the Board establishes any internal committees, the Board's rules of procedure shall specify the duties and decision-making powers delegated to committees by the Board and how the committees are to report to the Board.

The Board of Directors shall hold regular meetings in accordance with a program specified in the Rules of Procedures and such program shall include predetermined decision points and other points if necessary. During the financial year, the Board of Directors held 10 minuted meetings, 5 of which were held before the 2020 AGM and 5 after the AGM. The Board members' attendance is shown in the above table.

At its regular meetings, the Board of Directors addressed the predetermined points on the table at each Board meeting in accordance with the Board's rules (such as the CEO's report on operations, financial reporting, investments and projects).

Board member	Board meetings	Remuneration committee	Audit committee	Independent in relation to the company	Independent in relation to major shareholders
Total number of meetings	*10*	*1*	*4*		
Johan Sjö (Chairman of the board)	10	1	4	Yes	Yes
Birgit Stattin Norinder	10		4	Yes	Yes
Eva Nilsagård	10		4	Yes	Yes
Andreas Göthberg	10		4	Yes	Yes
Håkan Roos	10	1	4	Yes	No
Stefan Hedelius	10		4	Yes	No

Remuneration Committee

Provisions for the establishment of a Remunerations Committee are included in the Code. The Company applies the Code and, as a result, AddLife's Board of Directors has established a Remu- nerations Committee.

The Board has appointed a Remunerations Committee consisting of Johan Sjö (chairman) and Håkan Roos. The Remu- nerations Committee has prepared a proposal for principles for remuneration to senior executives. The proposal has been discussed by the Board of Directors and will be presented to the Annual General Meeting for resolution. Based on the decision of the Annual General Meeting, the Board then determines the remuneration of the CEO. The CEO shall not be involved in discussions of her own remuneration. The Remunerations Committee sets the remuneration of other members of Group management based on proposals from the CEO. The Board of Directors shall be informed of the Remuneration Committee's decision. The Remuneration Committee then has the task of monitoring and evaluating application of the guidelines for remuneration to senior management as decided by the Annual General Meeting. The Committee shall also monitor and evalu- ate programs of variable remuneration to the Group Manage- ment in progress and those completed during the year.

The Remunerations Committee held one meeting during the financial year. All Committee members were present at the meeting.

Audit committee

Provisions for the establishment of an Audit Committee are included in the Companies Act and the Code. The Company applies the Code and, as a result, AddLife's Board of Directors has established an Audit Committee consisting of all of the Board members. The Committee's work shall be conducted as an integral part of the Board of Directors' regular meetings. Eva Nilsagård is the appointed chairman of the Audit Committee.

Johan Sjö, Birgit Stattin Norinder, Andreas Göthberg and Eva Nilsagård are independent in relation to the Company and Group Management as well as in relation to the Company's major shareholders, and Johan Sjö, Birgit Stattin Norinder and Eva Nilsagård are skilled in accounting or auditing. Without impacting the Board of Directors' responsibilities and tasks in general, the Audit Committee shall monitor the Company's financial reporting, monitor the effectiveness of the Company's internal control and risk management with respect to financial reporting, keep informed about the audit of the financial

statements, review and monitor the auditor's impartiality and independence and pay special attention to whether the auditors provide the Company with services other than auditing services, and assist in the preparation of proposals for the Annual General Meeting for the election of auditors. In connection with the meeting at which the Board of Directors adopts the annual financial statements, the Board shall receive a report from the Company's external auditors and be briefed on this. The Board of Directors shall on such occasion also have a briefing with the auditors without the presence of the CEO or any other member of the Company Management.

The Audit Committee has had four meetings in 2020 in connection with publication of the interim reports. In addition, AddLife's risk matrix was discussed and the Company's external auditors reported on the interim review.

In connection with the adoption of the annual accounts for 2020 at the Board meeting in February 2021, the Board received a review and a report from the Company's external auditors.

Remuneration to the Board of Directors

Fees to the Chairman and directors shall be resolved on by the General Meeting. In accordance with a decision by the Annual General Meeting on 7 May 2020, the full-year fees to each of the elected Board members amounts to SEK 275,000, and SEK 575,000 to the Chairman. The chairman of the Audit Committee is paid a fee of SEK 50,000 for the full year. In accordance with the decision, the total full-year fees payable amount to SEK 2,000,000.

AddLife´s group management

From the left: Peter Simonsbacka, Ove Sandin, Kristina Willgård, Martin Almgren

The CEO, Kristina Willgård, shall manage the operations in accordance with the Companies Act and within the framework established by the Board of Directors. The work and role of the CEO and the division of duties between the Board of Directors and the CEO are detailed in a written set of instructions set out by the Board of Directors ("Instructions to the CEO"). The Board of Directors continuously evaluates the work of the CEO. In consultation with the Chairman, the CEO has prepared the information needed to make decisions at Board meetings and has presented reports and reasoned proposals for decisions.

The CEO shall lead the work of the group management and make decisions in consultation with the other members of the group management. In addition to Kristina Willgård, group management also includes Martin Almgren, CFO, Peter Simonsbacka, Business Area Manager Labtech and Ove Sandin, Business Area Manager Medtech. Until 31 December 2020, Lars-Erik Rydell, Medtech's Business Development Manager, was also part of the group management. Group management has regular business reviews under the management of the CEO.

Operational organisation

During the financial year, the Group's operations were organised into two business areas – Labtech and Medtech. Operations are conducted in subsidiaries in the Nordic region, Central and Eastern Europe, Australia and China. Each operating Company has a board of directors in which the Company's CEO and senior executives from the business area are represented. Each company president reports to a business division manager or business area manager, who, in turn reports to the CEO for AddLife AB.

Kristina Willgård

CEO

Born in: 1965
Member of Group Management since: 2015
Education: M.Sc. Econ.
Professional experience: CFO of Addtech AB, finance director at Ericsson AB, CFO iNetwise, CFO of Frontec, Business controller Spendrups and Auditor Arthur Andersen
Other appointments: Director for Nordic Waterproofing Holding AB, Addnode Group AB and Mölnlycke AB
Holdings of shares in AddLife: 4,608 Class A shares and 508,216 Class B shares (including related party holdings) as well as call options corresponding with 393,800 Class B shares

Martin Almgren

CFO

Born in: 1976
Member of Group Management since: 2015
Education: M.Sc. Econ.
Professional experience: Group Financial Controller for Addtech AB (publ), Group Accounting Manager at Nefab AB, auditor EY
Holdings of shares in AddLife: 276,047 Class B shares as well as call options corresponding with 271,590 Class B shares

Peter Simonsbacka

Business Area Manager Labtech

Born in: 1960
Member of Group Management since: 2017
Education: Engineer
Professional experience: Business area manager in Addtech Nordic AB, CEO BergmanLabora AB and Business area manager at Mettler-Toledo AB
Other appointments: Chairman of the Board for Swedish Labtech
Holdings of shares in AddLife: 75,456 Class B shares as well as call options corresponding with 271,590 Class B shares

Ove Sandin

Business Area Manager Medtech

Born in: 1958
Additional member of Group Management since: 2019
Education: M.Sc. in Engineering
Professional experience: CEO in Triolab AB, Nordisk Business Manager GN ReSound, CEO in GN ReSound AB, Product Manager 3M, Eng. Thoracic medicine, Sahlgrenska
Holdings of shares in AddLife: 15,512 Class B shares as well as call options corresponding with 188,290 Class B shares

Information regarding shareholdings as of 28 February 2021

Internal control of financial reporting

The Board of Directors has established operating procedures with instructions on internal financial reporting. All interim reports and press releases are published on AddLife's website, www.add.life directly adjacent to the announcement.

The Board of Directors' and the CEO's responsibility for internal control is regulated by the Companies Act. The Board of Directors' responsibilities are also regulated in the Code and the Annual Accounts Act. The Board of Directors has overall responsibility for ensuring that the Group has an effective system for management and internal control. This responsibility includes annually evaluating the financial reporting the Board receives and stipulating the content and format of these reports to ensure their quality. This requirement means that the financial reporting must fulfil its purpose and comply with applicable accounting rules and other requirements incumbent on listed companies. The Chief Financial Oficer (CFO) has presented reports to the Board on the Group's internal control.

Control environment

AddLife builds and organises its business on the basis of decentralised responsibility for profitability and earnings.

In decentralised operations, the basis for internal control consists of a well-established process aimed at defining targets and strategies for each business. Internal guidelines and policies approved by the Board communicate defined decisionmaking channels, powers of authority and responsibilities. The Group's foremost financial control documents include its financial policy, financial manual and instructions for each financial closing. A Group-wide reporting system with related analysis tools is used for the Group's closing procedures. On a more general level, all operations within the AddLife Group are conducted in accordance with the Group's Code of Conduct.

Risk assessment

AddLife has established procedures for managing risks that the Board of Directors and senior management have deemed essential for the internal control of the Company's financial reporting.
The Board holds the opinion that the Group's exposure to a variety of market and customer segments, and the fact that the operations are conducted in over 45 operating companies, entail significant risk diversification. The risk assessment shall be based on the Group's income statement and balance sheet to identify the risk of significant errors. For the AddLife Group as a whole, the greatest risks are linked to the reported value of intangible assets in relation to acquisitions, inventories and revenue.

Control activities

Control activities include transaction related controls such as spending authorisation and investments, as well as clear disbursement procedures, but can also be analytical controls performed by the Group's controllers and central finance and accounting function. Controllers and financial managers at all levels of the Group play a key role in creating the right environment for transparent and accurate financial reporting. The key roles place high demands on integrity, competence and abilities of individuals.

In order to ensure an efficient exchange of knowledge and experience between the financial functions, regular financial conferences will be held where current issues will be discussed. An important overall control activity is the monthly performance review performed via the internal reporting system and analysed and commented on in the internal work of the Board. The performance review includes reconciliation against set targets and previously achieved results, as well as the review of a number of important key figures.

Each year a "self-assessment" is performed of all Group companies with respect to internal control issues. Companies comment on how important issues have been handled, such as the terms of business in customer contracts, customer credit ratings, valuation and documentation of inventories, payment procedures, documentation and analysis of financial statements and compliance with internal policies and procedures. An accepted minimum level must be established for critical issues and processes, which all companies are expected to meet. Each company's response should be validated and commented on by the relevant company's external auditor in connection with the regular audit. The responses should subsequently be compiled and analysed, after which they are presented to the business area and Group Management teams. The result of the self-evaluations will be taken into account in the planning of the following year's self-evaluations and external auditing.

In addition to the "self-assessment" work, an in-depth analysis of internal control in six of the operating companies was conducted during the year. This work is referred to as an "analysis of internal control" and is performed by the companies' business controllers and colleagues from the Parent Company's finance function.

The companies' key processes and their control activities have been identified and tested. The external auditors have read the records of the internal control in connection with their audit of the companies. The process is expected to provide a good basis to identify and assess the internal controls within the Group.

KPMG provided the Board with a review and accounted for its assessment of the Group's internal control process.

Review, information and communication

The Board has received monthly comments from the CEO regarding the business situation and the development of the operations. The Board has discussed the quarterly financial statements before these have been published. The Board has received updates on the work on internal controls and its outcome. The Board has also read the assessment made by KPMG of the Group's internal control processes. The outcome of the internal control has been analysed by the Group's CFO together with the business controller. An assessment has been made of the improvement measures to be implemented in the various companies. The boards of the various Group companies have been informed of the outcome of the internal control in each company and the improvement measures that should be implemented. The business controller will then continuously follow up the work during the following year together with the Boards of Directors of the Group companies.

Governing guidelines, policies and instructions are available on the Group's intranet. The documents are regularly updated as needed. Changes are communicated separately via email and at meetings for controllers and financial managers.

For internal information via the intranet, access to the documents is controlled through authorisations. The Group's employees are divided into various groups whose access to information differs. All financial guidelines, policies and instructions are available for each company's CEO and CFO, business area managers, business controllers and the central finance staff. Access to Group financial data is also controlled centrally through authorisation.

Internal audit

In light of the risk assessment described above and the structure of control activities, including the process of the "self-evaluation" and the in-depth analysis of the internal control, the Board of Directors has chosen to not have a dedicated internal audit function.

Audit

In accordance with the Articles of Association, a registered auditing firm shall be elected as auditor. KPMG was re-elected as the Company's auditor at the Annual General Meeting on 7 May 2020 for the period until the 2021 Annual General Meeting.

The auditor in charge is Håkan Olsson, aided by Jonas Eriksson. KPMG audits AddLife AB and the majority of its subsidiaries.

The Company's auditors follow an audit plan that includes integrating comments from the Board, and reporting their findings to Company management teams, Group Management and to AddLife's Board of Directors, both during the audit and in connection with the approval of the annual accounts. The Company's auditors also attend the Annual General Meeting, describing and commenting on the audit process.

The independence of the external auditors is regulated by special instructions approved by the Board of Directors, which show the areas for which the external auditors may be engaged on matters beyond the regular audit process. KPMG regularly assesses its independence in relation to the Company and delivers annual written statements to the Board of Directors that the audit firm is independent of AddLife. During the current financial year, KPMG has performed advisory assignments concerning corporate acquisitions. The total fee for KPMG's services in addition to auditing for the 2020 financial year was SEK 1.0 million (0.1).

Quarterly review by auditors

AddLife's nine-month report was reviewed by the Company's auditors during the 2020 financial year.

Håkan Olsson Reising

Auditor in charge, Authorised Public Accountant, Stockholm

Auditor for the company since: January 2017
Born in: 1961
Other assignments: EQT, Bergman & Beving AB, Lagercrantz Group AB and ABB AB

Jonas Eriksson

Assistant Auditor, Authorised Public Accountant, Stockholm

Auditor for the company since: March 2015
Born in: 1974
Other assignments: Audit of Beijer Alma AB, Hufvudstaden AB, Synsam AB, SinterCast AB, Knowit AB and Swedol AB