

# Comments by the CEO

After almost two years of the COVID-19 pandemic, our communities are starting to re-open. Since the summer, many European countries have fully or partially released restrictions and fewer people are suffering from severe illness. However, the infection rates have after the end of the quarter, once again increased and in many countries discussions are ongoing about new lockdowns and third vaccine doses. After all, it feels more hopeful than in a long time that we will be able to return to a more normal life.

Sales in the third quarter increased by 49 percent to SEK 1,850 million. Acquisitions contributed SEK 672 million to the quarter, corresponding to 54 percent, while organic net sales decreased 5 percent. Adjusted for COVID-19 related sales of SEK 300 million, organic growth was 9 percent.

EBITA increased by 44 percent to SEK 286 million and the EBITA margin amounted to 15.5 percent. Accumulated for the interim period, sales increased by 65 percent to SEK 5,862 million and EBITA rose by 94 percent to SEK 944 million.



The business situation in the third quarter remained favourable, affected by the efforts of the different countries to contain and manage the infection, as the virus has not completely released its grip and the spread of infection has continued through new mutations. However, the pace of vaccination in many countries was high this quarter and a large proportion of adults are now vaccinated. The pressure on intensive care units is gradually easing. The transition in healthcare from the treatment of COVID-19 patients to the resumption of elective surgery is however, taking time and the number of surgeries in the third quarter continued to be at a significantly lower level than normal. Extreme surgery backlogs therefore continued to increase in many European countries. In the aftermath of the pandemic, it is clear how vulnerable the global supply chains are. Several of our companies have challenges with disruptions in deliveries of products from manufacturers due to shortage of raw materials and components as well as increased freight costs.

The growing and aging population in Europe and the long queues for care pose major challenges for healthcare and society in the coming years. To mitigate the economic and social impact of the COVID-19 pandemic, the EU approved huge stimulus packages, "Next Generation EU", including research and health care.



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We see the effects of continued research and healthcare initiatives among our customers, with strong sales in Labtech this quarter and it is extremely encouraging to see strong growth in sales of non-COVID-19 related products and services. Despite the slowdown in the spread of infection, our diagnostics companies continued to deliver high volumes of COVID-19 tests on previously installed instruments in the third quarter. Future volumes are entirely dependent on how the spread of disease evolves and the various testing requirements needed to re-open society. We also see that increased funding for virus-related research has led to strong sales for our research companies, while demand from pharmaceutical customers that do not focus on COVID-19 has been more stable.

The strong growth in Medtech was driven by our acquisitions, which delivered as expected. Sales of COVID-19 related products have been limited during the quarter. During the first two months of the quarter, activity was low with respect to various types of treatments, especially in relation to elective surgery, resulting in weaker sales in all markets. Only in September did we see clear signs of a shift away from COVID-19 focused care and a gradual increase in the number of surgical procedures. For homecare companies, customers finally started to re-open, with good sales growth in the quarter.

## Acquisitions continued in the quarter

AddLife has established itself as a strong European player in selected niches in 2021. This quarter we continued our European expansion through the acquisition of the Bio-Connect Group to Labtech. Bio-Connect, a distributor active in the Benelux countries within Life Science and Diagnostics, is also full-service provider of niche products in the life sciences. Bio-Connect has a sales of approximately SEK 140 million and 31 employees. The acquisition strengthens our presence in the Benelux countries and opens up opportunities for cooperation with our other companies in Europe that are active in the same product segment.

In 2021, we completed three acquisitions with total expected annual sales of about SEK 2,540 million and we welcomed 671 employees to the Group.

In conclusion, we sum up yet another successful quarter for AddLife. We make a difference and improve people's lives every day through the offerings in our various businesses. We look forward with confidence to the re-opening of society, especially in the healthcare sector!



*Kristina Willgård*

President and CEO