Comments by the CEO



We start 2022 with a strong first quarter, where sales increased by 49 percent to SEK 2,579 million and EBITA increased by 34 percent to SEK 435 million, resulting in an EBITA margin of 16.9 percent. This growth comes mainly from recent years' acquisitions and the strong expansion in Europe. Over the past year, we have strategically reinvested a part of our revenue from COVID-19-related sales into new acquisitions and created a robust European platform to enhance our ability to deliver growth in the coming years. The acquisitions increased net sales in the quarter by SEK 893 million and strengthened the EBITA margin.

It is now about two years since the start of the COVID-19 pandemic and the spread of infection continues to affect our communities and the ability of our businesses to operate in the market, generating both positive and negative effects. Organic growth excluding COVID-19-related sales totalled 5 percent, while COVID-19-related sales decreased by 25 percent to SEK 459 million. With the expected decrease of COVID-19 sales, the total organic growth decreased by 6 percent in the quarter.

At the beginning of the quarter, the surge of the omicron variant continued to drive high sales of PCR tests. Omicron led to high infection rates among hospital staff, which limited the possibility of various treatments and fewer planned surgical procedures could be performed. Surgery queues therefore continued to grow in many countries.

By the end of the quarter, case rates had decreased again in many countries and we saw a return to a more normal market. Future sales of COVID-19-related products will be entirely dependent on how the pandemic evolves. Our expectation is that the pandemic will subside over the course of the year and that growth will instead come from the product segments that have been weaker over the past few years. The speed of recovery largely depends on how well health services can cope with the hospital staff shortage.

Global supply chain challenges are affecting several of our companies. Shortages of raw materials and components, as well as increased shipping costs, have caused disruptions and lead times are generally longer. In some companies, we have therefore increased our stocks in order to continue to provide customers with a high level of service. So far, our companies have been able to manage the increased costs and secure margins by compensating with price adjustments in both existing and new customer contracts.

The Labtech business area had good growth in the quarter and underlying organic growth excluding COVID-19 was 8 percent. Our Nordic diagnostics companies delivered high volumes of PCR tests at the beginning of the quarter, which slowed down towards the end of the quarter. Testing is now largely limited to patients requiring hospital care and hospital staff. Sales of non-COVID products increased again at the end of the quarter, both to diagnostic laboratories and to our research customers.

The strong growth in Medtech comes from our acquisitions, which have developed as expected. Organic growth excluding COVID-19 was 1 percent. Sales of elective surgery products were relatively weak in most companies at the beginning of the quarter, but increased as case rates dropped. Sales growth for other medical device products was robust throughout the quarter. In the end of the quarter our home care companies also saw an increased demand.

Continued acquisition activity

During the first quarter, we completed the acquisitions of MBA Incorporado and Telia Health Monitoring. MBA Incorporado is a leading Spanish player in orthopaedic and emergency surgery with business operations in Spain, Italy and Portugal. The company has sales of approximately SEK 670 million and 285 employees. Telia Health Monitoring develops and delivers a digital platform solution that enables self-monitoring for patients with chronic diseases such as heart failure, hypertension, COPD, diabetes and chroncial inflammatory bowle desease (IBD). The business, with its seven employees, has been integrated into Camanio.

After the end of the quarter, on 1 April, we acquired O'Flynn Medical, a specialist distributor that sells and leases products and technical services to the hospital sector, private customers and care homes in Ireland. O'Flynn has sales of approximately SEK 64 million and 36 employees. The company will become part of Healthcare 21, which the Medtech business area acquired in 2021.

On 1 April, the German company BioCat was also acquired, which has sales of around SEK 90 million and 20 employees. BioCat markets and sells a broad portfolio of instruments and reagents in the fast-growing fields of genomics, proteomics and cell biology to research-focused customers. The acquisition strengthens AddLife's presence in Germany and opens up opportunities for collaboration with our other companies operating in the same product segment.

In conclusion, we sum up another successful quarter for AddLife. We are currently working hard to integrate our acquisitions and ensure that our new employees learn about our vision and corporate philosophy through the AddLife Academy. We are also working to build networks between our companies so that we can share all of our expertise to further develop our businesses in their respective niches.

At the time of publication, the tragic war in Ukraine has been going on for more than two months. We have no personnel of our own or other direct exposure to Russia or Ukraine and the economic impact of the war is limited. On a compassionate level, we feel great sorrow and sympathy for those affected and we have donated medical equipment to Ukraine, worth around SEK 7 million, for emergency and intensive care this quarter. Several of our subsidiaries in Eastern Europe are also running initiatives to help refugees from Ukraine with housing, food and supplies.



Kristina Willgård

President and CEO