ADMINISTRATION REPORT

1 January 2021 – 31 December 2021

The Board of Directors and Chief Executive Officer for AddLife AB (publ), Company Registration No. 556995-8126, hereby present the annual report and consolidated financial statements for the 2021 financial year. The Corporate Governance report is part of the administration report and is presented on pages 53-67. The Company's sustainability report is incorporated into the annual report and Consolidated Financial Statements on pages 6-10 and 25-38.

Operations

AddLife is a Swedish-listed medical technology company operating mainly in the European market and consisting of 83 operating subsidiaries in the Labtech and Medtech business areas. The Group has 1,802 employees in 27 countries and offers high-quality, cost-effective solutions and products. The product portfolio consists partly of self-manufactured products and partly of products that are made by other manufacturers. The service portfolio includes advice, service and education.

The customers are primarily active in the healthcare sector – from research to medical care. AddLife currently has a presence in about 30 countries, mainly in the Nordic region, Central and Eastern Europe, as well in China and Australia. AddLife shares have been listed on Nasdaq Stockholm since March 2016.

Key events during the year

The COVID-19 pandemic had a significant impact on the Life Science market throughout 2021. The business situation of our companies has been affected by efforts in all countries to contain and manage the spread of infection, the pressure on health service intensive care units and other restrictions resulting from the pandemic.

The testing capacity built up in the latter part of 2020 has remianed into this year, and there has been a high demand for PCR testing across Europe, particularly in the context of increased disease transmission. For our diagnostics companies, this has meant sales of large volumes of tests of new and previously installed instruments. Virus research activity has, for most of the year, been high, which has had a positive impact on our research companies. Demand from pharmaceutical customers not focusing on COVID-19 was stable, as were sales of our own advanced analytical instruments.

The strong growth in Medtech was driven by two strategic acquisitions carried out in April: Healthcare 21 and AddVision. The acquisitions bring annual net sales of around SEK 2.4 billion and make AddLife a significant European player, with more than half of its sales in markets outside the Nordic region. For large part of the year, there was limited activity in elective surgery, due to the need for the healthcare service to prioritise the care of COVID-19 patients and reallocate resources. During the autumn, the number of surgeries increased, however mutations of the COVID-19 virus and increased spread of infection at the end of the year, decreased activity once again.

During the year our companies in homecare had difficulties delivering because of infection control measures in eldercare. At the same time, the demographic trend of a growing, ageing population, as well as technological developments, also continued to drive underlying growth. At the end of the year we made two acquisitions in welfare technology, which together strengthen AddLife's position in digital health, with the aim of becoming a driving force in tomorrow's digital healthcare and social care.

The COVID-19 pandemic during the year has clarified the opportunities that AddLife has to make a difference by helping to benefit both patients and society. AddLife's offering to healthcare services is attractive on the market and we will continue to offer new treatment options, proactive diagnostics, technical aids and digital solutions for both institutional care and care at home. There is a large backlog of patients waiting for care in all countries in the wake of the pandemic, which is expected to take a long time to manage.

Acquisitions

AddLife is constantly looking for companies to acquire and is engaged in discussions with several potential companies. Seven acquisitions were completed, whereof five were closed during the financial year. The year's acquisitions were in both the Labtech and Medtech business areas.

AddLife philosophy for acquisitions:

- The subsidiaries can make smaller add-on acquisitions to strengthen operations within their niche
- The business areas can expand and build market and/or product positions in selected market segments
- The business areas can add new market segments in areas where we see opportunities to gain market leadership

The following acquisitions were completed during the year:

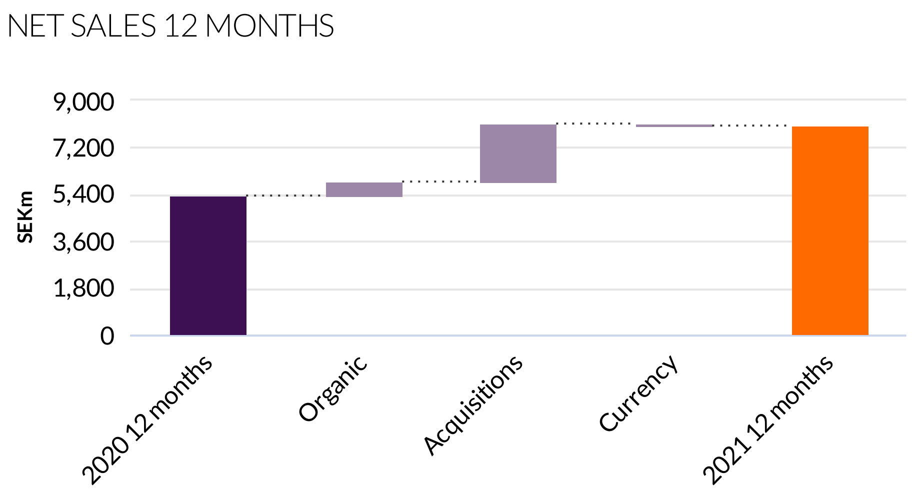
- On April 7, 2021, all shares was acquired in AddVision Group, a leading European distributor and manufacturer of ophthalmology and eye surgery products, with operations in Switzerland, Germany, the United Kingdom and Poland. The deal closed on April 8, 2021 and VOG is consolidated into AddLife from this date. The initial purchase price was EUR 165m, 50 percent of which was paid in cash and 50 percent was paid via existing repurchased and newly issued class B shares. The number of shares issued totalled 5,362,216 class B shares, of which 3,862,216 shares were newly issued class B shares and 1,500,000 class B shares were existing shares held in treasury. An additional cash purchase price of a maximum of EUR 18m may become payable by 2024 at the latest, based on financial results achieved by the business through 2023.
- On April 12, 2021, all shares was acquired in Healthcare 21 Group, a leading independent Life Science distributor with operations in Ireland and the UK, was completed. Access to the shares took place on the same day as the acquisition date and HC21 is consolidated from this date. The initial purchase price was EUR 240m, 74 percent of which was paid in cash, financed through existing and expanded credit facilities, and approximately 26 percent was paid for using 4,089,742 newly issued class B shares in AddLife. An additional cash consideration of a maximum of EUR 5m may become payable to the management by 2024 at the latest, based on the financial results achieved by the business through 2023.
- On September 1, 2021, all shares was acquired in Bio-Connect Group, for inclusion in the Labtech business area, with operations in Benelux. Bio-Connect markets and sells a wide-ranging portfolio of leading brands from mainly research-oriented suppliers in Life Science, Diagnostics, Food, Pharma and Veterinary. The company has a turnover of approximately EUR 14 million and 31 employees.
- On November 1, 2021, all shares was acquired in Fischer Medical ApS to the Medtech business area. Fischer Medical is a distriutor of medical instruments and implants for orthopedic surgery and non-invasive gynecology with operations mainly in Denmark and Sweden. The company has a turnover of approximately SEK 60m and 12 employees.
- On December 1, 2021, all shares in Camanio AB, was acquired, for inclusion in the Medtech business area. Camanio is a Swedish digital care technology provider specialising in individual-centred smart solutions for homecare. The company reported net sales of approximately SEK 13 million in 2020 and has 18 employees.
- On December 20, 2021, an agreement was signed to acquire Telia Health Monitoring to the Medtech business area. Telia Health Monitoring develop and provides a digital platform solution that enables self-monitoring by patients with chronic diseases. The business, with sales of SEK 4m, and its 8 employees, will be integrated into Camanio. Completion is expected to take place in the first quarter of 2022.
- On December 22, 2021, an agreement was signed to acquire all the shares in MBA Incorporade S.L, a leading Spanish orthopaedic and trauma surgery business. MBA is acquired from Atlanta Private Equity, which owns approximately 75 percent, and a number of minority shareholders, which own 25 percent. he total purchase price for the equity amounts to EUR 111 million in cash and is being financed through extended credit facilities. MBA will operate as a separate subgroup and will be part of the Medtech business area. The acquisition was completed and the shares accessed on January 20, 2022. MBA has annual net sales of approximately SEK 670m and 285 employees.

The total purchase price for this year's five acquisitions is SEK 5,057 million. The effect of the acquisitions completed during the financial year on the AddLife Group's net sales was SEK 1,750m, on EBITA SEK 211m, on operating profit SEK 73m and on profit after tax for the interim period SEK 26m. Had the acquistions, been completed on January 1, 2021, their impact would have been aproximately SEK 2,530m on net sales, on EBITA SEK 309m and on operating profit SEK 112m and SEK 48m on profit after tax. During the year a total of 896 (197) employees joined AddLife through acquisitions.

Financial development during the year

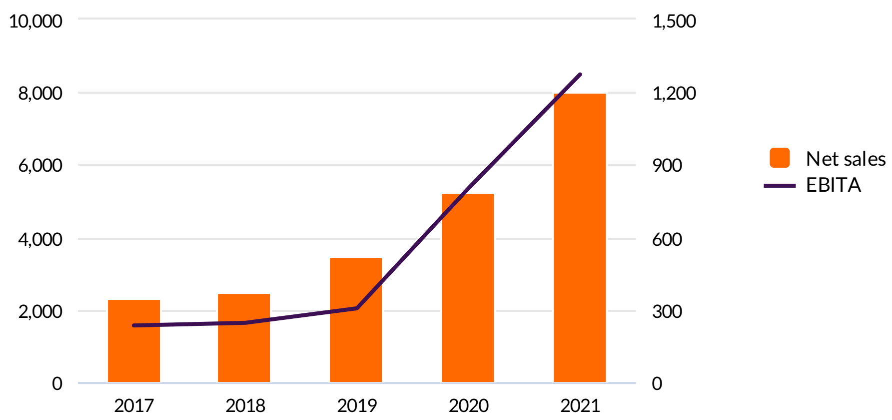
Net sales and profit

The AddLife Group's net sales increased by 52 percent (52) and totalled SEK 7,993 million (5,273). Organic growth was 11 percent (38), acquired growth was 43 percent (17) and exchange rate fluctuations had a negative impact of 2 percent (3), corresponding to SEK 104 million (121).



During the financial year, EBITA increased by 59 percent (163) to SEK 1,273 million (802) and the EBITA margin reached 15.9 percent (15.2). Transaction costs amounting to SEK 32 million and stamp duty of SEK 24 million related to acquired shares is included in the result as sales costs. EBITA excluding acquisition-related costs amounted to SEK 1,329 million with an EBITA margin of 16.6 percent. The higher margin is due to increased volumes and continued restrained costs. xchange rate changes had a negative effect on EBITA of 2 percent (6), corresponding to SEK 16 million (17).

NET SALES AND EBITA

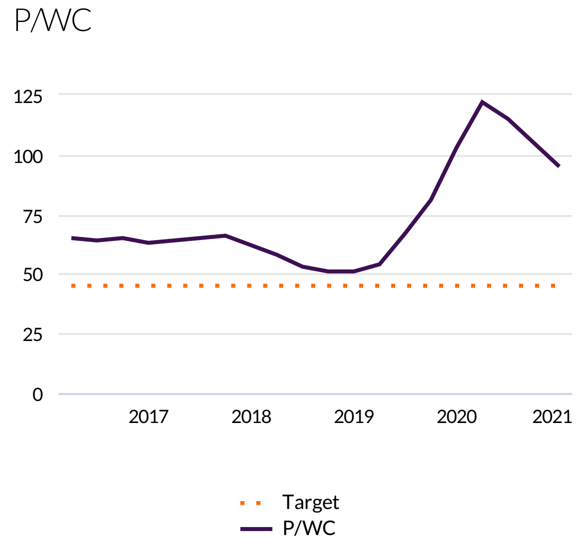


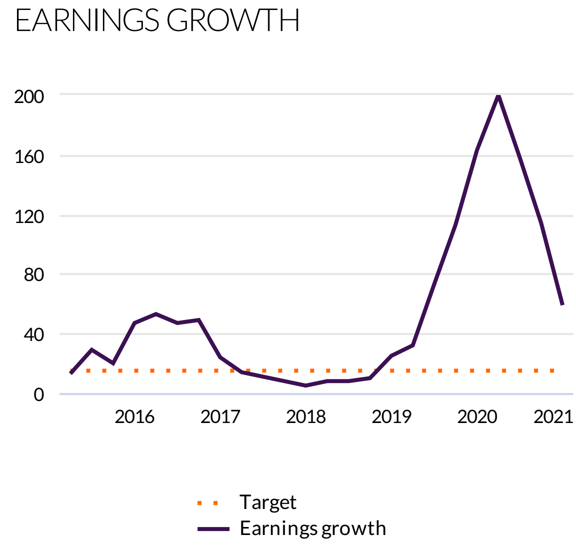
Net financial expenses was SEK -69 million (-13) and profit after financial items increased by 41 percent to SEK 927 million (659). Profit after tax rose by 39 percent (265) for the financial year to SEK 721 million (520) and the effective tax rate was 22 percent (21). Earnings per share before dilution for the financial year amounted to SEK 6.03 (4.63).

Profitability, financial position and cash flow

Return on equity at the end of the financial year was 22 percent (31). Return on capital employed totalled 31 percent (25). The equity ratio at the close of the financial year was 40 percent (46). Equity per share, excluding non-controlling interests, totalled SEK 35.14 (16.73).

Return on working capital (P/WC) totalled 95 percent (103). The long-term P/WC target for the Group and all of its companies is 45 percent. The profitability benchmark P/WC ratio encourages high operating profit and low levels of tied-up capital. When combined with the growth target of 15 percent, this creates conditions that promote long-term profitable growth for the companies and the Group. Average working capital, which when calculating P/WC includes inventories with the addition of the net of accounts receivable and accounts payable, amounted to SEK 1,347 million (781) at the end of the financial year.





The Group's interest-bearing net debt at the close of the financial year stood at SEK 3,870 million (700), including pension liabilities of SEK 82 million (81), as well as lease liabilities of SEK 339 million (233). The net debt/equity ratio, calculated on the basis of financial net liabilities including provisions for pensions and lease liabilities, totalled 0.9 (0.4).

Cash and cash equivalents, consisting of cash and bank balances together with approved but non-utilised credit facilities, totalled SEK 674 million (1,006) on 31 December 2021. The Group's available credit facilities amounted to SEK 4,083 million (1,492) as of 31 December 2021.

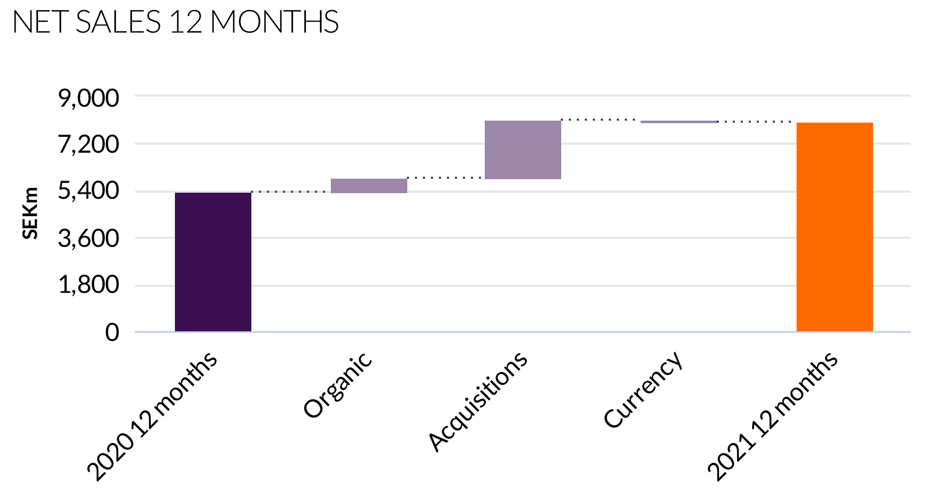
Cash flow from operating activities reached SEK 1,010 million (950) during the financial year. The increase is due to the strong result but is counteracted by large payment of trade payables. Acquisitions of companies amounted to SEK 2,843 million (345). Investments in non-current assets reached SEK 143 million (91) during the financial year. Disposals of non-current assets totalled SEK 9 million (7). Repurchase of treasury shares amounted to SEK 0 million (31). Issued and exercised call options totalled SEK 9 million (58). A dividend of SEK 183 million (56) was paid.

Business areas

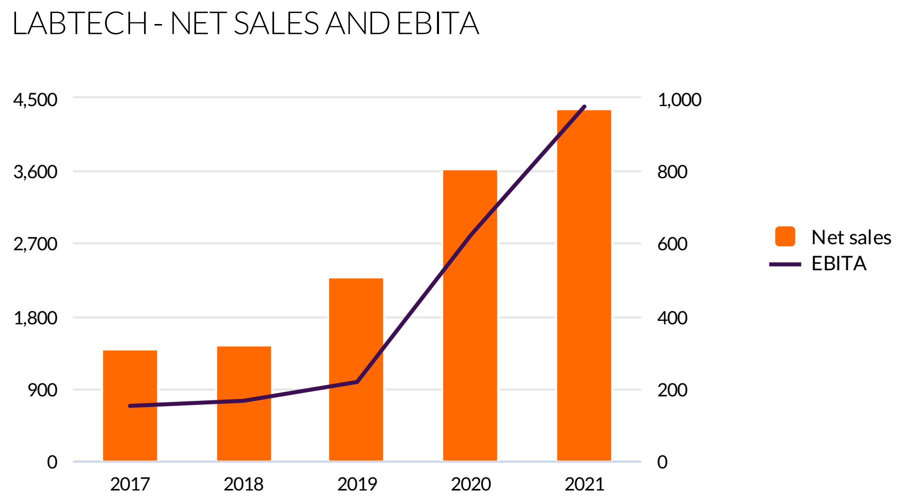
AddLife's operations during the financial year were organised in two business areas: Labtech and Medtech.

Labtech

Net sales rose by 21 (62) percent during the financial year to SEK 4,373 million (3,619). Organic growth was 22 percent, acquired growth was 2 percent and exchange rate fluctuations had a negative impact of 3 percent.



EBITA rose by 57 percent (187) to SEK 977 million (622) and EBITA margin amounted to 22.3 percent (17.2).

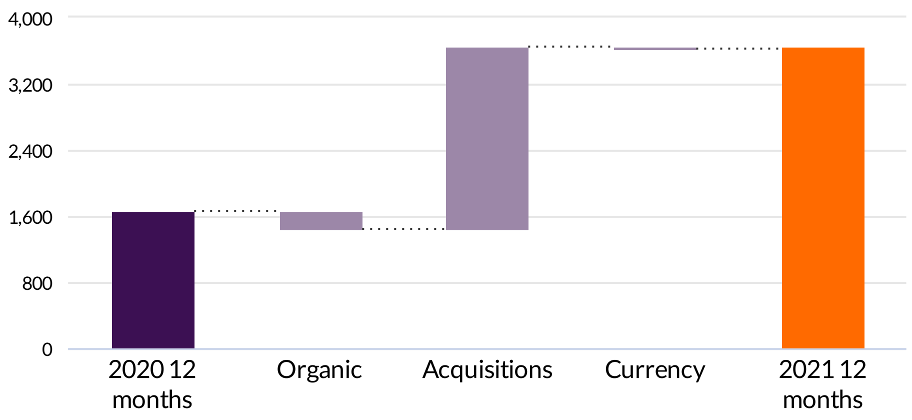


The Labtech business area has undergone strong growth in all geographic markets during the year. The increase for the diagnostics companies is mainly related to sales of certified COVID-19 tests and other tests such as blood gas analysis, used in the hospital ICU units. Research companies have had strong demand for COVID-19 related productsas well as virus research in general.

Medtech

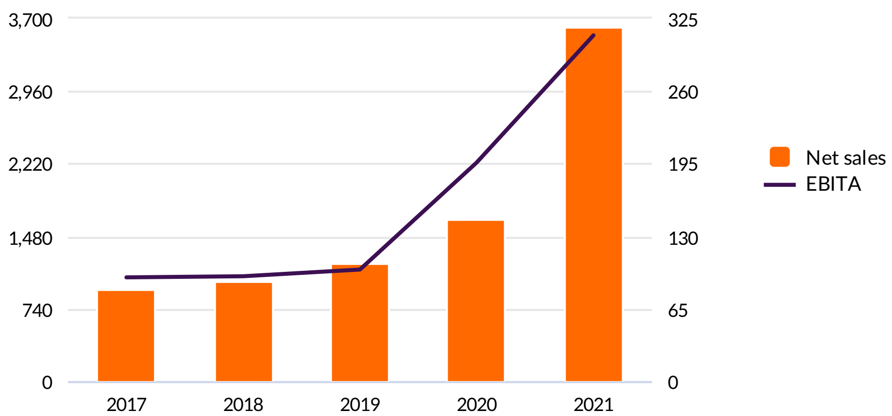
During the financial year net sales totalled SEK 3,625 million (1,659), an increase of 119 percent (37). Organic growth was 5 percent, acquired growth was 126 percent and exchange rate fluctuations had a positive impact of 1 percent.

MEDTECH NET SALES 12 MONTHS



EBITA rose by 58 percent to SEK 310 million (196), corresponding to an EBITA margin of 8.6 percent (11.8).

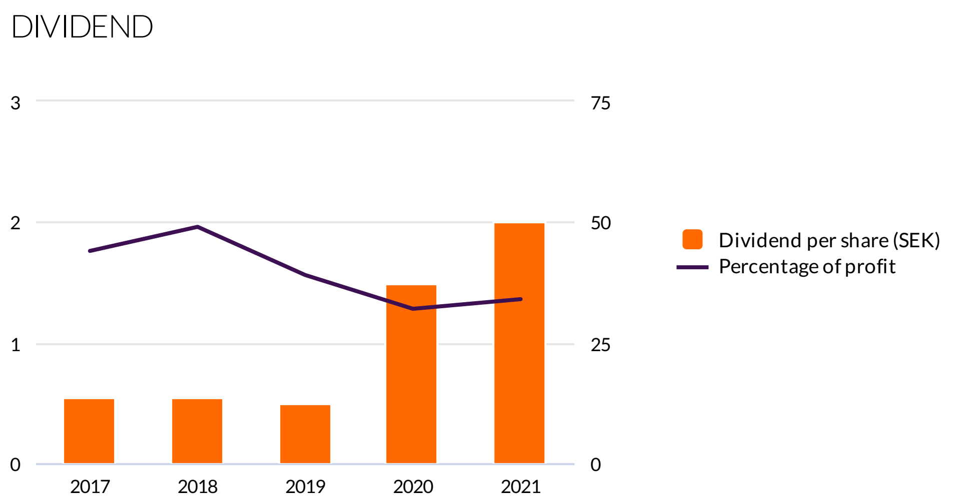
MEDTECH - NET SALES AND EBITA



The strong growth in the Medtech business was mainly driven by the two strategic acquisitions completed in April. The number of elective surgeries has been on a lower level than normal, with lower demand for non-COVID-19 related product as a result.

Dividend

AddLife's dividend policy is to pay a dividend equivalent to 30-50 percent of average consolidated profit after tax over a business cycle. The Board has resolved to propose that the AGM in May 2022 pay a dividend of SEK 2.00 (1.50) for the 2021 financial year. Please refer to note 37 for proposal for profit distribution.



Historical data for dividend per share have been restated based on a new issue and share split. The conversion factor is 4.041.

Risks and uncertainties

AddLife works with risk management on both a strategic and operational level. Risk management involves identifying and measuring risks and preventing them from occurring, as well as continually making improvements to reduce future risks. Our risk management focuses on business risks, financial risks and other potentially significant risks such as legal risks. The AddLife Group has policies and guidelines that provide responsible managers with tools to identify deviations that could develop into risks. The level of risk in the operations is systematically followed up in monthly reports, in which negative deviations or risks are identified and remedied.

AddLife's earnings and financial position, as well as its strategic position, are affected by various internal factors within AddLife's control and various external factors over which AddLife has limited influence. The external factors that are most important for AddLife are the economic situation, combined with the market, competition and public procurement and political decisions.

In addition AddLife is affected by financial risks such as transaction exposure, translation exposure, financing and interest rate risk, as well as credit and counterparty risk. See Note 4 for a more detailed description of how AddLife manages financial risks.

Risk/description	Management
Economic cycle and market trends	

Risk/description	Management
Demand for AddLife's services is greatly influenced by macroeconomic factors beyond the control of the Company, such as conditions in the global capital market, the state of the economy in general, public finances and events such as the ongoing pandemic. Factors such as business investments, public sector investment, the volatility and strength of the capital market and inflation affect the business and economic climate. A weakening of these conditions on some or all of the markets in which AddLife operates could have material adverse effects on the Company's business, financial condition and results of operations. A significant share of the Company's sales are made to publicly funded activities in medical care, research and health services. Weakened public finances could have a negative impact on AddLife's business and results of operations.	AddLife's subsidiaries are active on a large, or to some extent non-cyclical market, which generally makes the Group less sensitive to economic fluctuations. The strength in AddLife's business model can also be found in the ability of the subsidiaries to retain their flexibility, but with stable funding from the parent company, which makes it simpler to adjust and respond to changes in the market.
Public procurement and political decisions	
Political decisions in the Nordic countries have resulted in a decline in the number of contract customers because of the consolidation of regions into larger entities. As a result public tenders are now larger and contract periods have often been extended. This change has resulted in an increase in both pressure on prices and competition, while making it difficult for smaller operators in the market to participate in public procurement processes. Furthermore, because the industry is consolidating on the supply side and larger merged suppliers have a broader offering, at the same time that purchase contracts are becoming broader in scope, there is a risk that niche operators like the Company may be unable to participate in the procurement process.	Since agreements covered by public procurement constitute a significant part of AddLife's net sales, there is a strong focus on these in the organization and at the subsidiaries. Great effort is put into preparing and ensuring that the procurement requirements are met, as well as training.
Technological development	
AddLife is exposed to the risk that the various subsidiaries in the AddLife Group may not be able to implement new technology or adapt the product range and business model in time to be able to take advantage of the benefits of new or existing technology. The costs associated with keeping up with product and technological advances may be high and influenced by factors that are fully or partially outside of AddLife's control. Moreover, the level and timing of future operating expenses and capital requirements could significantly differ from current estimates.	There is a strong focus on proactive business development within the subsidiaries, as well as a focus on future technological adaptation with new acquisitions. In several of the subsidiaries major initiatives in research and development are underway, and collaborations with business partners are initiated as needed to ensure technological developments. Regarding distribution of third-party products, there is a strong ongoing collaboration with suppliers with respect to technological developments.
Customers	

Risk/description	Management
AddLife has a large number of customers of varying sizes, some of whom are public and some private operators. Because of the number of customers and the Group structure, agreements with customers vary in character with regard to factors such as contract length, warranties, liability limitations and scope, which may cause difficulties in centrally forecasting the operations and development of the different subsidiaries. In some customer relationships there are no written customer agreements, which could result in legal uncertainty regarding the content of the agreement. Moreover, there is a risk that such variation could result in unforeseen liability exposure for AddLife, especially in cases where no standard terms and conditions are applicable for the agreements, or in cases where no specific limitations of liability have been incorporated into the agreements.	Although there are contractual risks associated with the scattered customer base that AddLife subsidiaries have, there are also advantages. An individual subsidiary may be dependent in the short term on a single customer, but AddLife as a Group is not dependent on any single customer and no customer accounts for more than about xx percent of sales. This is a strength in the AddLife business model.
Suppliers	
Over the past few years, the industry has undergone consolidation, where the number of suppliers is decreasing. Thus there is a risk that AddLife will lose suppliers that are important for the Company. In order to deliver products, AddLife depends on external suppliers who must meet the terms of the agreements regarding matters such as volume, quality and delivery date. Incorrect, delayed or missing deliveries could in turn cause AddLife's deliveries to be delayed or incorrect. AddLife has agreements with a large number of suppliers over which the Company cannot exercise control nor can it have full insight into their operations. Consequently, AddLife is exposed to the risk that suppliers could act in a way that could harm AddLife. The majority of the Group's supplier agreements have been entered into in accordance with the supplier's terms of agreement and are thus often supplier-friendly.	In a longer perspective, AddLife is not dependent on any single supplier for the survival of the business. The Company's largest supplier amounts to approximately 7 (7) percent of net sales for 2021. AddLife works strategically with the larger suppliers and conducts regular supplier evaluations, with the aim that all suppliers will live up to the AddLife Code of Conduct.
Acquisitions	
AddLife has historically completed several acquisitions. Strategic acquisitions will continue to be an important component of AddLife's growth strategy. However, there is a risk that AddLife will not be able to identify acquisition targets or to carry out strategic acquisitions because of, for example, competition with other acquirers or lack of financing. Acquisitions generally entail integration risks. In addition to company-specific risks, the acquired company's relationships with important customers, key personnel and suppliers could be adversely affected. Integration involves risks relating to the ability to retain skills and to the possibility of creating a common culture. There is also a risk that the integration process may take longer than expected and that unforeseen costs associated with the consolidation of operations may arise. Moreover, expected synergies may totally or partially fail to arise. Moreover, acquisitions could expose AddLife to unknown obligations. Acquisitions usually involve not only the assumption of all of the assets of the acquired company, but also its obligations. There is a risk that not all potential obligations or commitments have been identified prior to the acquisition, or that the seller lacks the financial ability to compensate AddLife in the event of a breach of warranty.	AddLife constantly pursues acquisitions to ensure that there is an inflow of interesting objects for the Group. AddLife has many years of experience of acquisitions and has a structured process for both acquisition work and integration of completed acquisitions. Guarantees to limit the risk of unknown obligations are one of the tools used in contract negotiation.
Organisational risk	

Risk/description	Management
AddLife applies a decentralised organisational model, which means that subsidiaries in the Group are largely responsible for and conduct business independently. Corporate governance in a decentralised organisation places high demands on financial reporting and monitoring and deficiencies in reporting and monitoring entail a risk of inadequate operational control. The decentralised organisational model has historically been an advantage for the Group. However, there is a risk that the organisational model will prove to be less suitable for meeting any future market challenges that should arise. Moreover, the lack of specialist expertise in the various subsidiaries, such as regarding financial knowledge, could result in incorrect business decisions and slow decision making.	Group Management controls, checks and monitors the business in the subsidiaries, primarily by serving as Chairman of the Board of the companies and by continually monitoring developments. In addition, AddLife works with weekly follow-up of orders received, monthly reporting and follow-up of financial developments in all subsidiaries, which means that the parent company has good insight into and understanding for current and future challenges and opportunities.
Ability to recruit and retain staff	
AddLife's continued success depends on experienced employees with specific skills. There are key personnel both among senior executives and among the Group's employees in general. There is a risk that one or several senior executives or other key personnel could leave the AddLife Group on short notice.	AddLife invests time and energy into in-house skills development through AddLife Academy. The aim for each acquisition is for key personnel to remain in the acquired companies and continue to pursue both personal growth and growth of the company within the framework of the Group. AddLife conducts an annual employee survey and follows up the results to ensure that employees are provided with the conditions necessary for personal growth and job satisfaction. AddLife also has an incentive programme for senior management.
Product liability	
AddLife's business entails risk associated with product liability. AddLife could be subject to product liability claims if the products that are produced or purchased cause personal injury or property damage. There is a risk that such product liability claims are not fully covered by AddLife's insurance policy. If a product is defective, AddLife may be forced to recall it. In such a situation there is a risk that AddLife cannot make corresponding claims against its own suppliers to receive compensation for the costs incurred by AddLife due to the defective product.	AddLife works continually with suppliers to increase product safety and ensure that products meet the quality requirements that are in place. AddLife regularly reviews its insurance coverage to reduce the risk of unforeseen expenses. AddLife's own products are subjected to ongoing quality assessment and follow-up.
Environmental risk	
New environmental legislation linked to transports and product materials could have an impact on sales for AddLife's subsidiaries. AddLife owns a few properties and according to the Swedish Environmental Code, a property owner is responsible for any pollution or other environmental damage, with responsibility for remediation, which may also include damage caused by previous operations.	AddLife's subsidiaries are primarily engaged in commerce and businesses that have a limited direct environmental impact. At the time of each acquisition, earlier environmental impact are noted and reviewed, and contractual protection is negotiated.

Remuneration

Principles for remuneration to senior executives

The Board of Directors intends to propose to the Annual General Meeting in May 2022 that the guidelines for remuneration to senior executives remain unchanged compared with what was decided at the AGM in May 2021:

The guidelines apply to remuneration agreed after the Annual General Meeting 2021 and amendments to agreed remuneration made thereafter. The guidelines do not apply to remuneration resolved by the general meeting. For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines. The provisions regarding the Company also apply to the Group where appropriate.

The guidelines' promotion of the Company's business strategy, long-term interests and sustainability

A prerequisite for the successful implementation of the Company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the Company is able to recruit and retain qualified personnel. To this end, it is necessary that AddLife offers competitive remuneration, which these guidelines make possible. Total remuneration should be on market terms and competitive and relate to responsibility and authority.

Types of remuneration, etc.

Remuneration shall be on market terms and may consist of the following components: fixed salary, any variable salary according to separate agreements, pension and other benefits. The general meeting can also, irrespective of these guidelines, resolve on, among other things, share and share price-related remuneration.

Fixed salary

The fixed salary shall consist of fixed cash salary and be reviewed annually. The fixed salary shall be competitive and reflect the position requirements with respect to qualifications, responsibilities, complexity and the manner in which it serves to reach the business objectives. The fixed salary shall also reflect the performance of the senior executive and thus be individual and differentiated.

Variable salary

In addition to fixed salary, the CEO and other senior executives may, according to separate agreements, receive variable salary when fulfilling agreed performance criteria. Any variable salary shall consist of an annual variable cash salary and may amount to a maximum of 40 percent of the fixed annual salary. The variable salary shall be linked to one or several predetermined and measurable criteria, which can be financial, such as consolidated earnings growth, profitability and cash flow, or non-financial, such as individual goals designed to promote the Company's business strategy and long-term interests. Because the goals link the senior executives' remuneration to the Company's earnings, they promote implementation of the Company's business strategy, long-term interests and competitiveness. The terms and bases of calculation for variable remuneration shall be determined annually. The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. The extent to which the criteria for awarding variable cash remuneration has been satisfied shall be determined when the measurement period has ended. The Board is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other senior executives, the CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the Company. The terms for variable remuneration shall be designed so that the Board of Directors, under exceptional financial conditions, may limit or refuse to pay variable remuneration if such a measure is deemed reasonable.

Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 50 percent of the fixed annual salary and may not be paid more than once per year and individual. Resolution on such remuneration shall be made by the Board based on a proposal from the Remuneration Committee.

Pension

For the CEO, pension benefits, including health insurance, shall be defined contribution with premiums not exceeding 30 percent of the fixed annual salary. For other senior executives, pension benefits, including health insurance, shall be defined contribution unless the senior executive is subject to defined benefit pension under mandatory collective agreement provisions. Premiums for defined contribution pensions are to be in the form of the Swedish alternative ITP plan, according to a "premium ladder" as stated in AddLife's pension policy, or premiums are not to exceed 30 percent of the fixed annual salary. Variable remuneration shall qualify for pension benefits to the extent required by mandatory collective agreement provisions applicable to the senior executive (applies to Sweden and defined contribution pension).

Other benefits

Other benefits, which may include, for example, company car, travel benefits, cleaning benefits and health insurance, shall be on market terms and only constitute a limited part of the total remuneration. Premiums and other costs associated with such benefits may amount to a maximum of 10 percent of the fixed annual salary.

Termination of employment

For the CEO and other members of Group Management, the notice period shall be six months in case of termination by the senior executive. In case of termination by the Company the maximum notice period shall be 12 months. In case of termination by the Company, severance pay may be payable in an amount corresponding to a maximum of twelve months' fixed salary less any remuneration received from new employments or assignments. Employees who give notice to terminate employment are not entitled to severance pay. Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed executive is not entitled to severance pay. The remuneration shall be based on the fixed salary at the time of termination of employment and amount to not more than 60 percent of the fixed salary at the time of termination of employment, unless otherwise provided by mandatory collective agreement provisions, and be paid during the time the non-compete undertaking applies, however not for more than 24 months following termination of employment.

Fees to Board members

AddLife's Board members elected by the general meeting may, in specific cases and for limited time, be remunerated for services beyond Board work within their respective areas of expertise. A fee on market terms for these services (including services rendered by a Company wholly owned by a Board member) shall be paid, provided that such services contribute to the implementation of AddLife's business strategy and long-term interests, including its sustainability. Such consultant's fee may, for each Board member, in no case exceed twice the annual Directors' fee.

Salary and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the Company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Remuneration Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

Preparation and decision-making process

The Board of Directors has established a Remuneration Committee. The Committee's duties include preparing principles for remuneration to Group Management and the Board of Directors' decision to propose guidelines for remuneration to senior executives. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting for resolution. The guidelines shall be in force until new guidelines have been adopted by the general meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration to Group Management, the application of the guidelines to senior executives as well as the current remuneration structures and compensation levels in the Company. Remuneration to the CEO shall be decided by the Board of Directors in line with approved policies following preparation and recommendation by the Remuneration Committee. Remuneration to other senior executives shall be decided by the CEO in line with approved policies and after consultation with the Remuneration Committee. The CEO and other members of Group Management do not participate in the Board of Directors' discussions and decisions on remuneration-related matters that pertain to them.

Derogation from these guidelines

The Board of Directors may decide to derogate from these guidelines, in whole or in part, if in a specific case there is special cause and such a derogation is necessary to safeguard the Company's long-term interests, including its sustainability, or to ensure the Company's financial viability. As stated above, the Remuneration Committee's duties include preparing the Board of Directors' decisions on remuneration matters, including decisions to derogate from these guidelines.

Employees, research and development and environment

Employees

At the end of the financial year AddLife had 1,802 employees, compared with 1,112 at the beginning of the financial year. Completed acquisitions increased the number of employees by 701 (197). The average number of employees in 2021 was 1,548 (1,004).

	2021	**2020**
Average number of employees	1,548	1,004
of which are men	55%	53%
of which are women	45%	47%
Age distribution		
up to 29 years	10%	9%
30-49 years	54%	54%
50 years and older	36%	37%
Average age	45	45

AddLife Academy provides a training for our employees, builds a shared value system and ensures the supply of leaders in the Group. In 2021, the number of trainings have increased significantly with participants from more countries, which has been possible thanks to the digitalisation stared in 2020. Among other, we have had training in sales and leadership to increase the degree of professionalism of our employees. AddLife Academy has also had tailor-made training in marketing and finance.

Research and development

The Group conducts its own research and development to a limited extent, mainly within Biolin in the Labtech business area.

Environment

None of the Group's Swedish subsidiaries engage in activities that require a permit or notification under the Swedish Environmental Code. None of the foreign subsidiaries engage in activities subject to equivalent requirements for notification or permits. None of the Group's companies are engaged in any environment-related disputes.

Parent company

The operations of the Parent Company AddLife AB comprise Group Management, business area management, consolidated reporting and financial management.

The Parent Company's net sales amounted to SEK 51 million (41) and the loss after financial items was SEK 18 million (-11). Balance sheet appropriations include Group contributions received of SEK 259 million (181) and Group contributions paid of SEK -136 million (-5). Cash flow from investment activities totalled SEK -4,265 million (70). The Parent Company's financial net debt at the close of the financial year stood at SEK 3,122 million (407).

Share capital, share repurchases, incentive programmes and dividends

On 31 December 2021, the Parent Company's share capital amounted to SEK 62,358,949 divided into the number of shares shown below with a nominal value of SEK 0.51 per share.

During the year, two new issues of B shares, totaling 7,951,958, were completed, which were used to pay for Healthcare 21 and AddVision Group in accordance with the Board's mandate from the Annual General Meeting in May 2020. The total number of shares amounts to 122,450,250, where of Class A shares are unchanged at 4,615,136 and the number of Class B shares has increased from 109,883,156 to 117,835,114. Shares in own custody have decreased from 2,007,149 to 507,149 Class B shares after 1,500,000 Class B shares were used as part of payment for the shares in AddVision Group.

On 31 December 2021 the number of stockholders was 13,879 (7,501).

The Company's class B shares are listed on Nasdaq Stockholm. Two owners each control 10 percent or more of the voting rights. They are RoosGruppen AB (Håkan Roos through companies) with an ownership stake corresponding to 14.84 percent of votes, and Tom Hedelius, who owns shares corresponding to 12.62 percent of votes.

According to Chapter 6, Section 2a of the Swedish Annual Accounts Act, listed companies are required to disclose specific circumstances that may affect the possibility of a take-over of the Company through a public offer for shares in the Company. In the event that the Company is delisted from Nasdaq Stockholm, or that shareholders other than the current principal shareholders may acquire more than 50 percent of the capital or voting rights, the granted credit framework for an overdraft facility at Handelsbanken of SEK 700 million may be terminated.

Repurchase of treasury shares and incentive programs

In May 2021 the AGM authorised the Board of Directors during the period up until the 2022 AGM to buy back a maximum of ten percent of all shares in the Company.

The repurchased shares are intended to cover the Company's commitment to outstanding call options programs. During the financial year, 0 (500,000) class B treasury shares were repurchased. The average number of class B treasury shares held during the financial year was 895,322 (2,370,836). During the year, 1,500,000 B shares in own custody were used as payment for the shares in AddVision Group. At year-end the number of class B treasury shares was 497,489 (2,010,845) with an average purchase price of SEK 52.12 (52.12). The shares account for 0.4 percent (1.8) of shares issued and 0.3 percent (1.3) of votes.

At year-end AddLife had four outstanding call option programs. Outstanding call options during the financial year resulted in an estimated dilutive effect based on the period's average share price of approximately 0.5 percent (0.1).

The Board intends to propose to the Annual General Meeting in May 2022 an incentive program based on the same, or substantially similar, model as was approved at the AGM in 2021.