

Comments by the CEO

Market conditions in the second quarter have been changing! Just as expected, sales of COVID-19-related products have declined sharply compared to the corresponding quarter last year, when it was on record level. Growth is instead attributable to the acquisitions in Europe in recent years, as well as to the segments that reported weaker growth during the pandemic. Sales in the quarter decreased by 9 percent to SEK 2,079 million, due to the sharp decrease by 88 percent of COVID-19 related products. The organic growth excluding COVID-19 related sales amounted to 4 percent. The big changes in the quarter have led to decreased result and EBITA margin compared to last year. Accumulated for the interim period the net sales increased with 16 percent to SEK 4,658m, EBITA increased by 3 percent to SEK 675m and the EBITA margin amounted to 14.5 percent.

The world is turbulent due to the war in Ukraine, and the global economy has been hit by rising inflation and higher interest rates. It is still difficult to assess how this will impact our different market segments. However, we are confident that we are operating in a relatively stable market with underlying demographically driven demand, and we are working systematically to ensure long-term margins and profitability. We know from experience that our decentralised business model based on agile entrepreneurial companies is a strength, when market conditions are changing.

During the quarter, markets have become increasingly normalised and activity is almost in full swing. Our companies have been able to meet both customers and suppliers, promoted new products and solutions and expanded their presence at various trade fairs. In addition, Health services has also increased the number of planned operations and other treatments in most markets. However, a general shortage of healthcare workers and a recurrent spread of infection via new mutations are limiting the pace of recovery.

Challenges remain in global supply chains, in the form of raw material and component shortages, increased costs and long lead times. Against that background, some of our companies have increased stocks in the short term in order to continue to provide customers with a high level of service. During the interim period, our subsidiaries have been able to absorb the higher costs and secure their margins by compensating through price adjustments in both existing and new customer contracts, as well as through efficiency improvements.



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Sales in the Labtech business area decreased in the quarter due to significantly lower volumes of PCR tests as well as COVID-19-related products to research customers. Market activity is high in our companies in both diagnostics and research, and underlying sales of both reagents and instruments have increased in the quarter.



Sales in the Medtech business area increased, with growth driven by a return to more normal conditions and activities in hospitals. Both elective surgery and other medical device products has had robust sales growth. Demand has also increased at all home care companies in the quarter. There is a great interest in our new digital solutions for self-monitoring and we continuously invest in the further development of the digital platform. Development costs of SEK 11m were charged to profit in the quarter.

A year of integration, consolidation and selective acquisitions

The strong European platform that AddLife has created through several acquisitions in recent years has underpinned our ability to excel our goal of 15 percent EBITA growth. We are working in a focused way on integrating our acquisitions and ensuring that our new employees get to know our vision and corporate philosophy through AddLife Academy. We are also building networks between our companies so that we can share all of our expertise. 2022 is a year of integration and consolidation of our Group and we also intend to reduce our net debt. We continue to actively engage in dialogue with interesting companies for future acquisitions.

On 1 April, we acquired the companies O'Flynn Medical and BioCat, who together has net sales of approximately SEK 155m and 42 employees. After the end of the quarter, the Swedish company JK Lab was acquired, who has sales of approximately SEK 25 million and 6 employees. So far this year, we have completed five acquisitions with annual sales of approximately SEK 855m.

In summary, it has been a quarter of transition. By reinvesting part of our COVID-19-related profits, we have been able to build a strong European market presence in selected niches. It is with confidence we look forward to continue to develop our platform to meet rising demand driven by a growing and ageing population.

A big thank you

This is my last report as President and CEO of AddLife and I would like to thank all of you who I have had the privilege to work with. I am immensely proud of how AddLife has developed, with our decentralised business model, strong corporate culture and shared values. Together, we have been on a fantastic journey and laid the foundation for continued long-term sustainable and profitable growth. It is now with great confidence that, on September 1st, I will hand over to our new President and CEO, Fredrik Dalborg. I am confident that Fredrik, along with our dedicated and experienced employees, will continue to drive and develop AddLife into an even bigger and better company with care for employees, customers and partners.



Kristina Willgård

President and CEO