



# Interim report AddLife

April 26, 2023

## Starting the year with strong organic growth in both Business Areas

- AddLife has been positioned for recovery in the healthcare system by growing in multiple surgery segments
- During the first quarter demand is growing significantly, driven by a clear increase in surgical procedures
- Q1 2023 is the last quarter with significant COVID-19 impact in comparison numbers
- Organic growth 10% in Labtech, 13% in Medtech
- Margin development in positive trend, is supported by volumes, product mix, price management
- AddLife is well positioned for current and future market conditions

**2,457**NET SALES SEKm  
(-5%)**12 %**

Organic growth

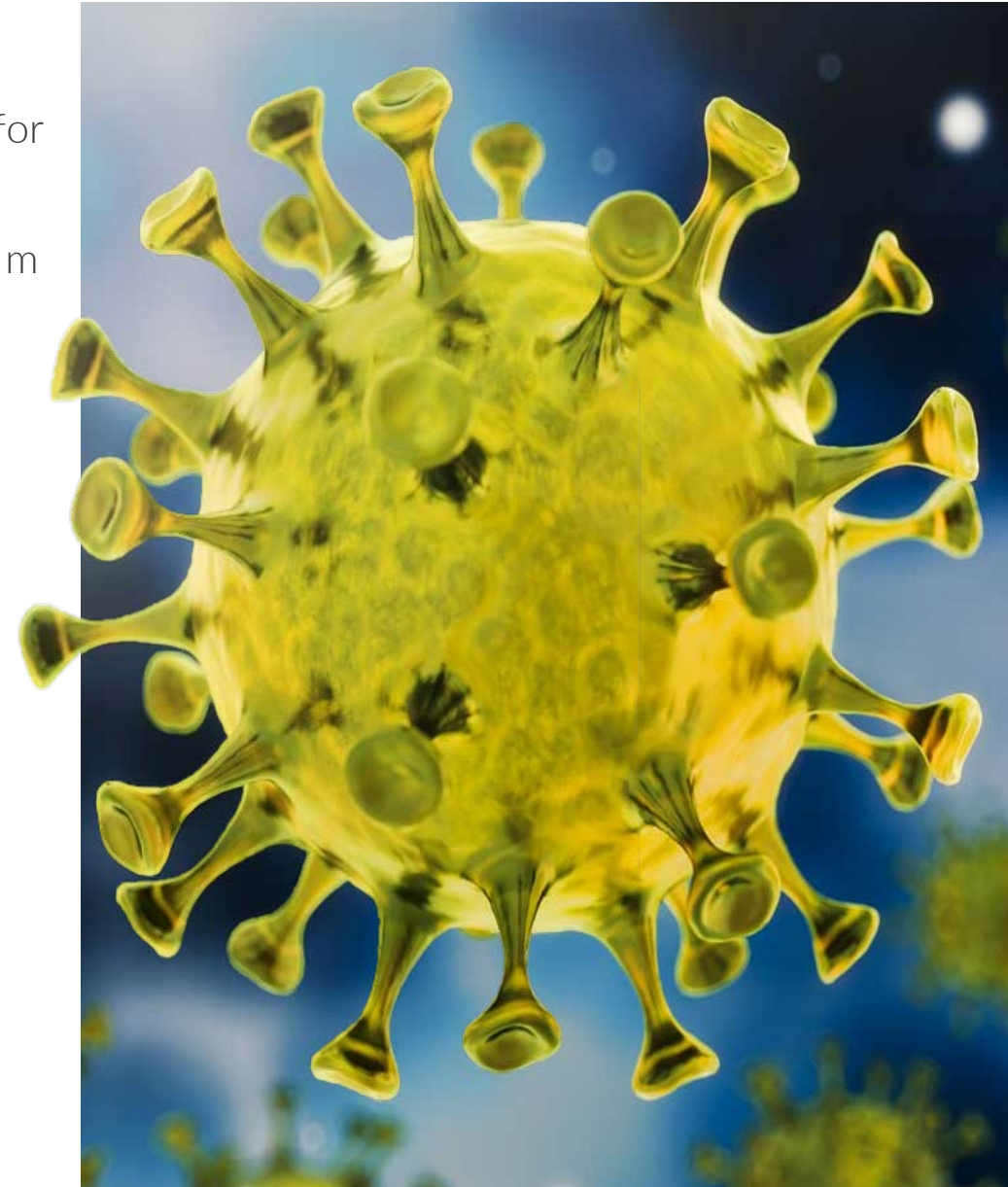
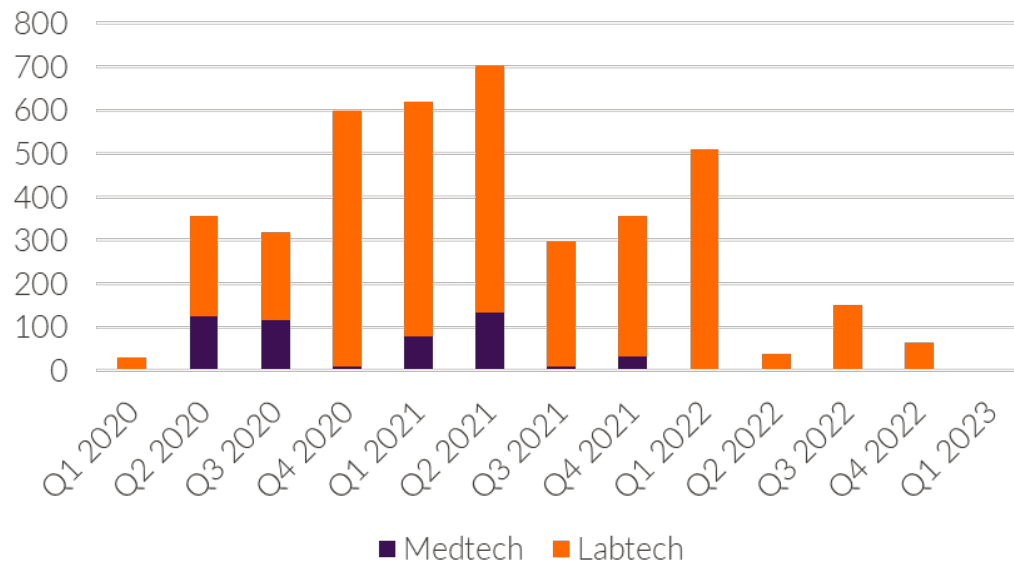
**366**EBITA SEKm  
(-16%)**14.9 %**EBITA MARGIN %  
(16.9%)**1.0**NET DEBT/EQUITY  
(1.1)



## COVID-19

- COVID-19 testing now part of broader respiratory test panel, and therefore not meaningful to report separately going forward
- No reported COVID-19 related sales in Q1 2023 compared to SEK 510 m in Q1 2022
- Market normalized, elective surgery growing again, customer access restored, teams focused on commercial activities

COVID-19 related sales



## Net Sales & EBITA Q1

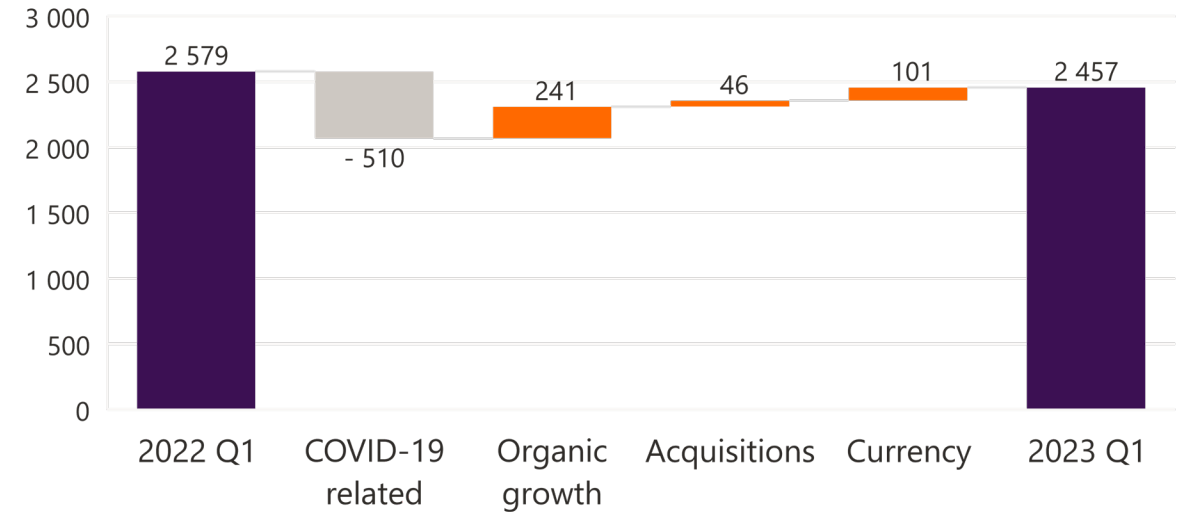
### Net sales

- Net Sales SEK 2,457m, -5%
- COVID-19 sales SEK 0m, -100%
- Organic growth non-COVID-19 SEK 241m, +12%
- Acquired growth SEK 46m, +2%

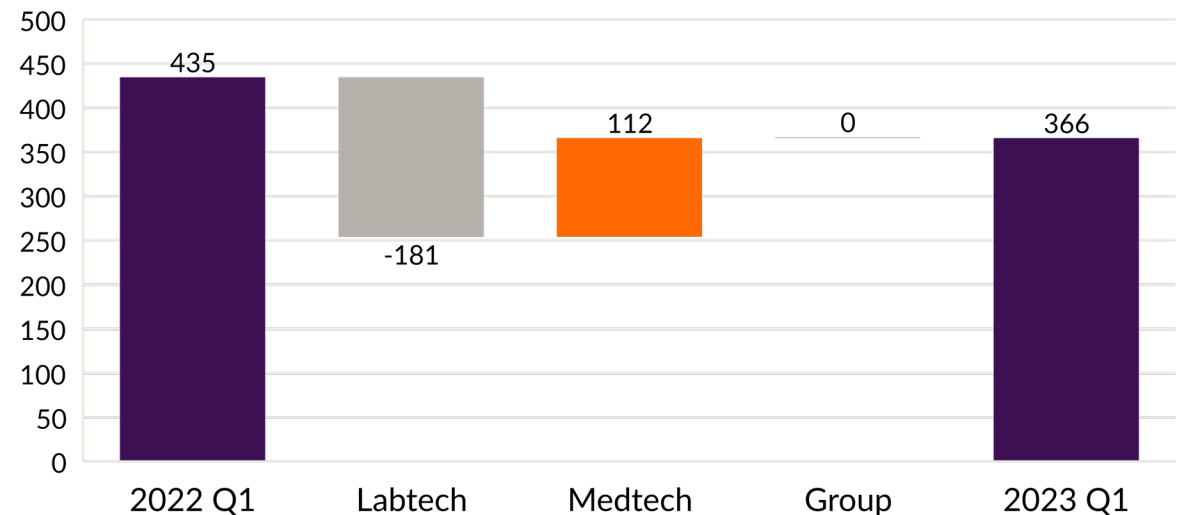
### EBITA

- EBITA SEK 366m, -16%
- EBITA margin 14.9% (16.9)
- Affected by the reversal of contingent considerations of SEK 83m. EBITA margin excluding this 11.5%
- Investments in digital solutions amounted to SEK 15m (7)

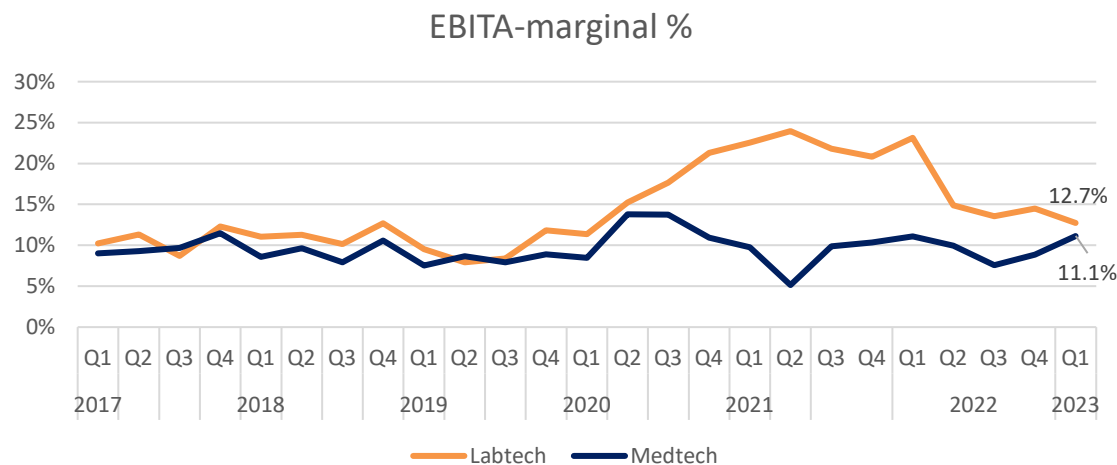
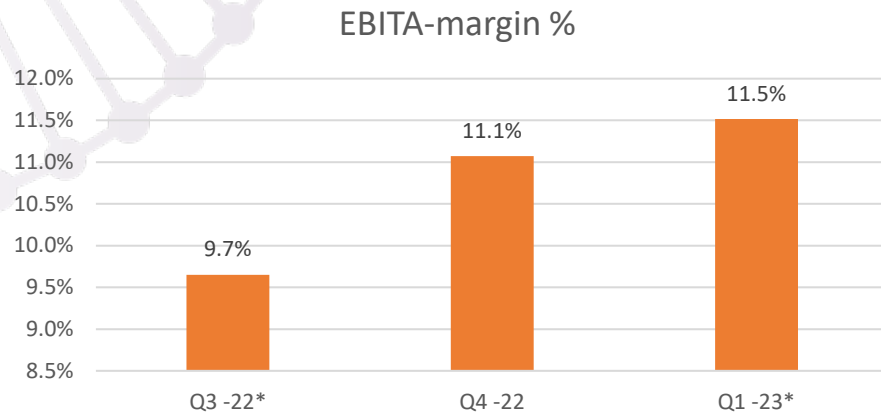
### Net sales 3 months



### EBITA 3 months



## EBITA-margin in a positive trend



- In Labtech COVID-19 sales that contributed to margin have ceased, partially countered by strong organic growth
- Strong revenue development in Medtech, beneficial product mix
- Good price management
- Increased investment in digital solutions in Homecare
- Growth in eye surgery business, profitability trend positive but still lower than Q1 2022

\*Excluding reversed contingent consideration Q3 -22 and Q1 -23



# Labtech Q1

- COVID-19 related sales now behind us (LY SEK 510m)
- Organic growth +10%
- Successfully defending EBITA-margin
- Developing the portfolio, introducing new products

**905**

Net Sales SEKm  
(-29%)

**115**

EBITA SEKm  
(-61%)

**12.7**

EBITA margin %  
(23.2%)

**40**

No of  
Legal entities

**799**

No of  
Employees



- Sweden, 16%
- Denmark, 12%
- Italy, 12%
- Norway, 11%
- Finland, 11%
- Czech Republic, 5%
- Netherlands, 4%
- Germany, 4%
- Austria, 4%
- Poland, 2%
- Rest of Europe, 16%
- Rest of the world, 3%



## Labtech – Organic growth, developing portfolio



### Diagnostics

- Testing volumes stabilizing after the pandemic
- Healthy underlying organic growth
- Active price management
- Increased interest in service and efficiency improving solution due to staffing shortage
- Staffing shortage may delay tenders and initiating new product implementation

### Biomedical and Research

- Some concerns regarding new project initiation in tax funded research
- Continued strong activity in drug discovery and biomedical
- Positive trend for products in emerging research areas such as gene sequencing, cell therapy, bioprocessing and cancer immunology
- Active price management
- Launching new innovative product line in surface science



# Medtech Q1

- Health care markets recovering, significant increase in elective surgery
- Strong organic growth +13%
- Positive margin trend based on volume, product mix and pricing
- Increased market activities adding new products

**1,554**  
NET SALES SEKm  
(19%)

**256**  
EBITA SEKm  
(78%)

**16.5**  
EBITA MARGIN %  
(11.1%)

**52**  
No of  
Legal entities

**1,460**  
No of  
Employees



- Ireland, 20%
- UK, 19%
- Spain, 14%
- Sweden, 9%
- Norway, 7%
- Switzerland, 6%
- Denmark, 5%
- Germany, 5%
- Italy, 3%
- Finland, 2%
- Austria, 2%
- Rest of Europe, 6%
- Rest of the world, 2%





## Medtech – Increased activity in surgery



### Hospital/Health services

- Clear trend: Elective surgical procedures increasing across Europe
- Increased demand in product areas such as orthopedic surgery, anesthesia, laparoscopy and general surgery
- Defending gross margin through good price management
- Eye surgery business growing, and margins in positive trend, but below Q1 2022 level due to product mix

### Homecare

- Healthy revenue development in home care products continues
- Homecare portfolio addresses growing need in society, potential for efficiency improvements, cost savings and improving quality of life
- The recently launched digital home alarm system solution is well received in the market with number of users growing fast
- Investment in development of digital solutions of SEK 15m (SEK 7m) impacting the result in the quarter

# Market trends and implications

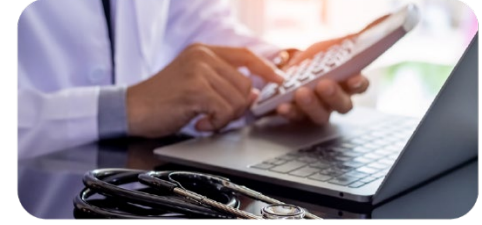
Market trends: current and expected



Post pandemic environment:  
Elective surgery recovering



Staffing shortage, hospital  
capacity constraints



Outcome & efficiency  
focused healthcare spending

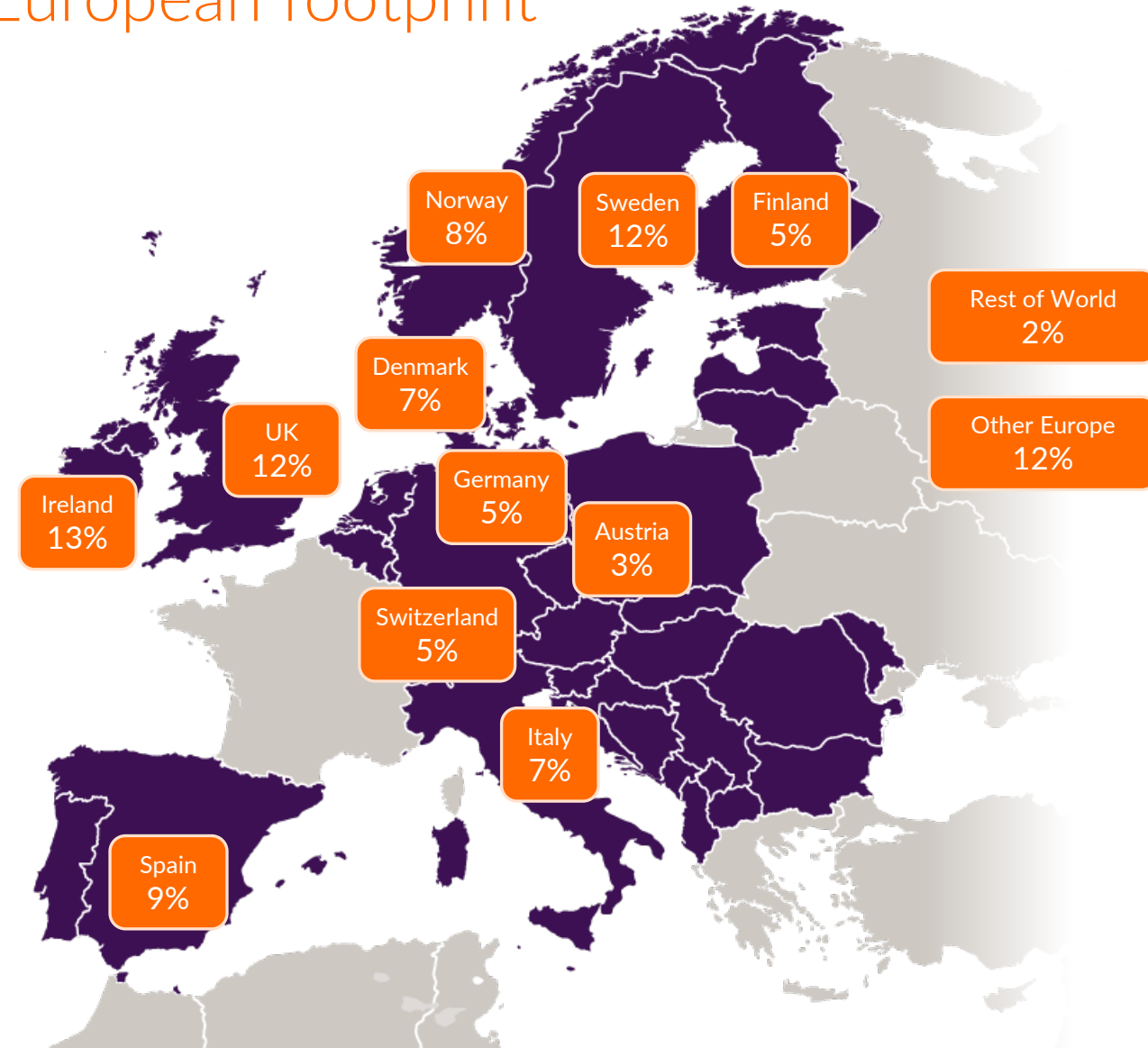
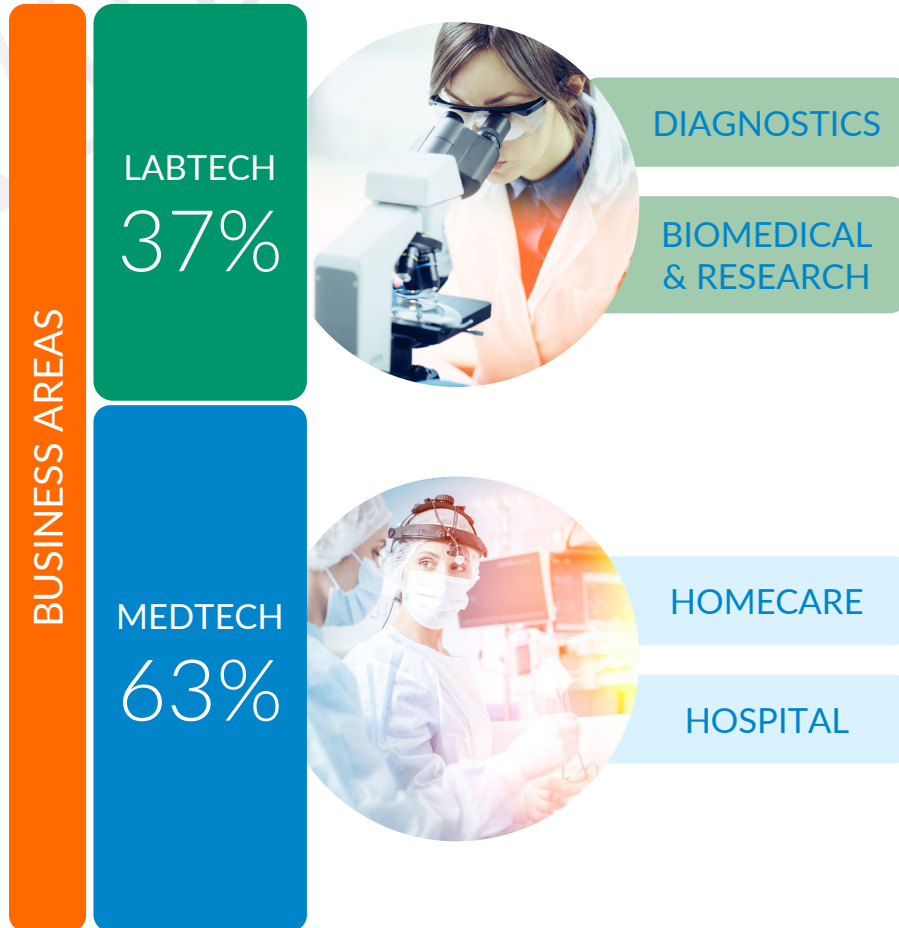


Distributor consolidation



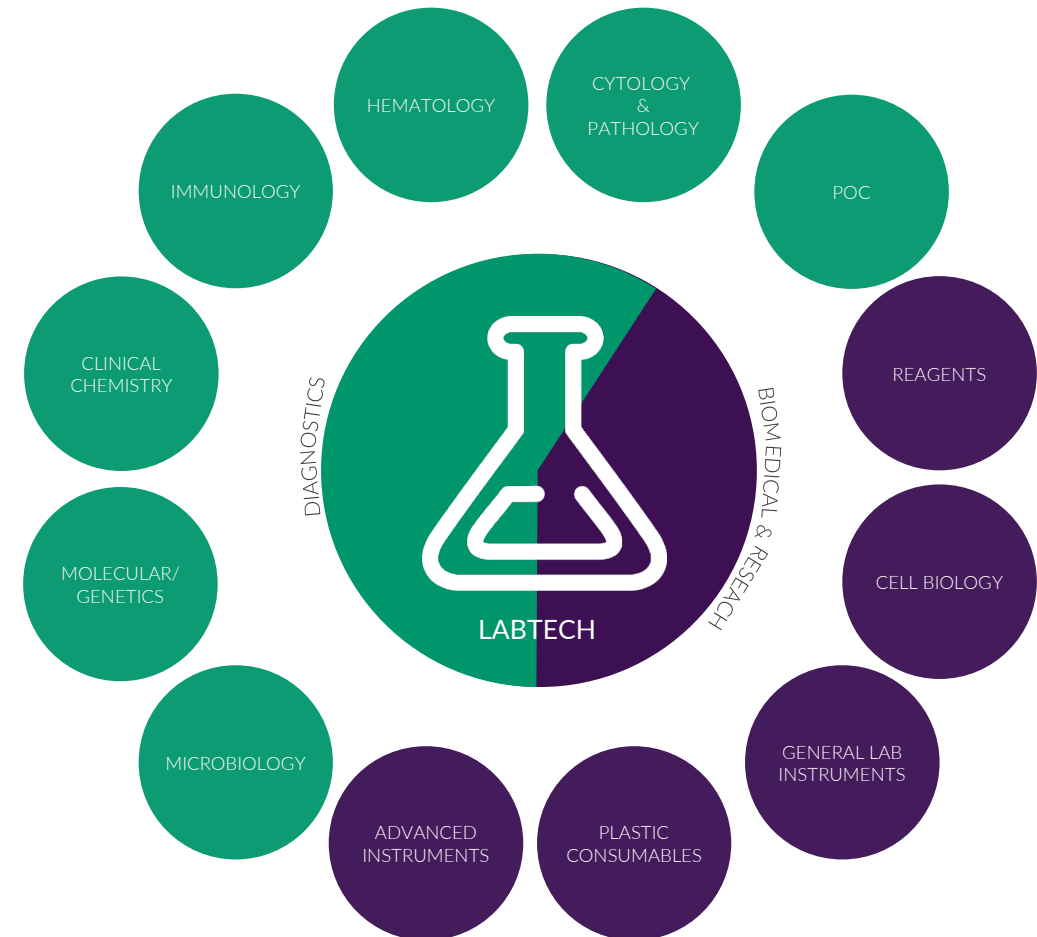
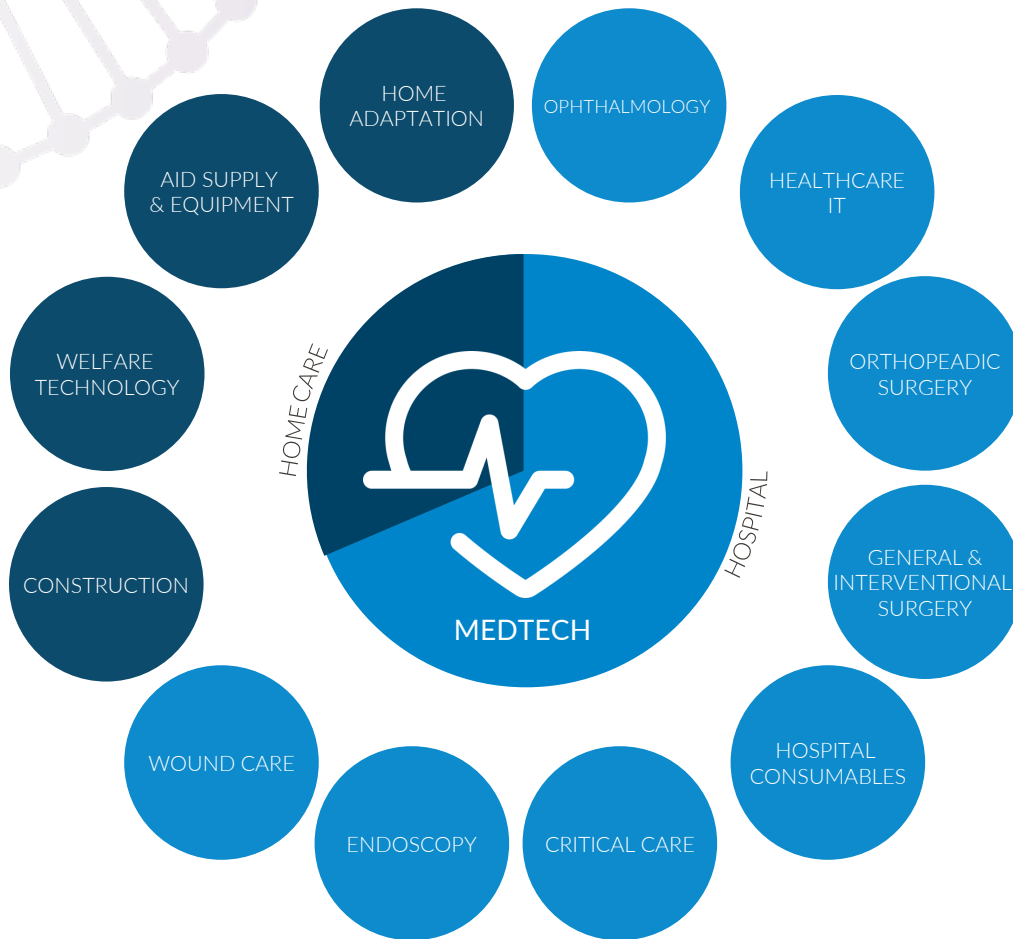
Suppliers restructuring,  
focusing on core

# A diversified portfolio with strong European footprint



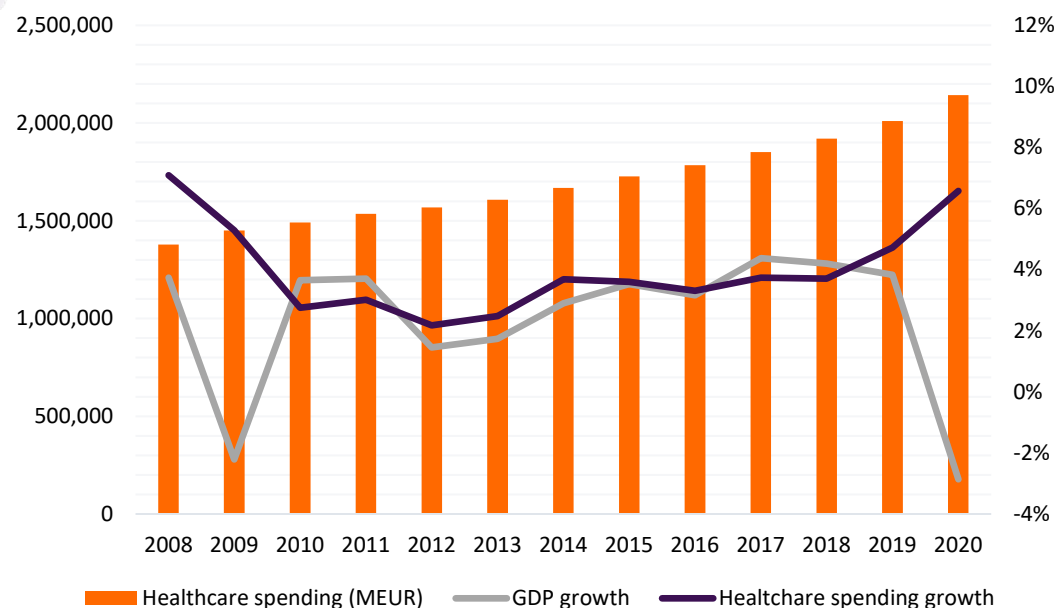


# Stability in demand: strong position in multiple segments

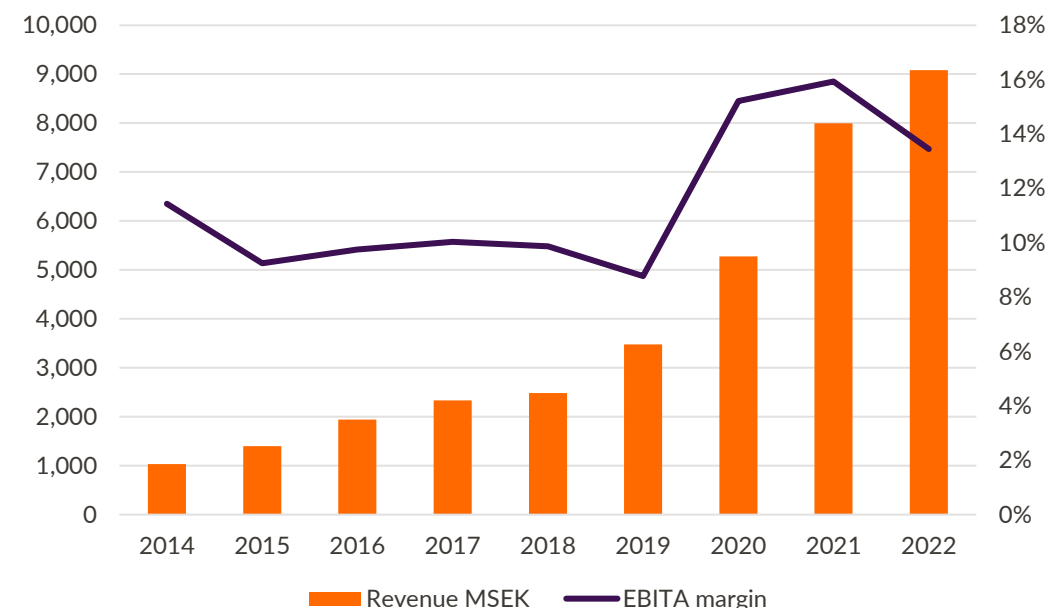


The healthcare industry is non-cyclical and stable during financial slow-down

Healthcare spending vs GDP growth

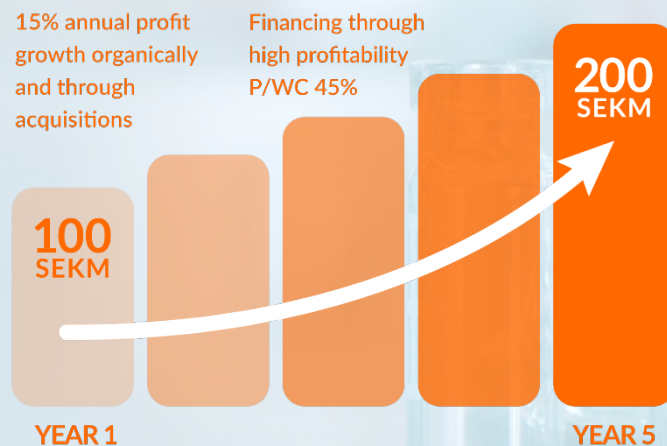


AddLife performance



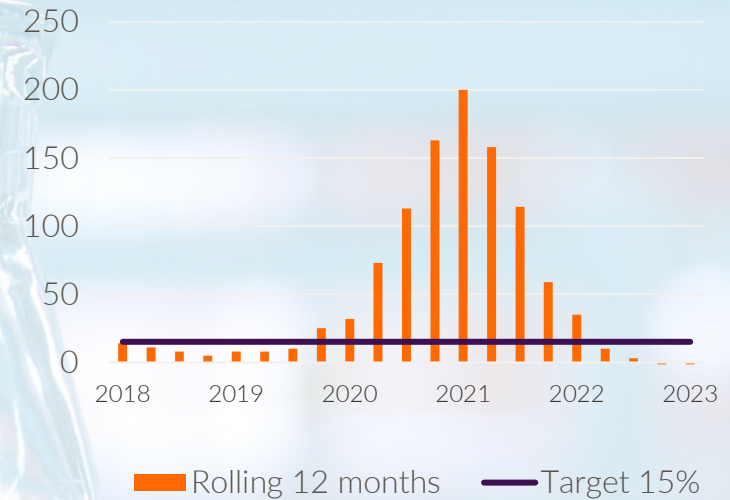
## Long term financial goals

- EBITA declined -17 %
- Average profit growth 35%\*
- Profitability, P/WC 55 %



\*Average profit growth since listing March 2016

Profit growth, EBITA (%)



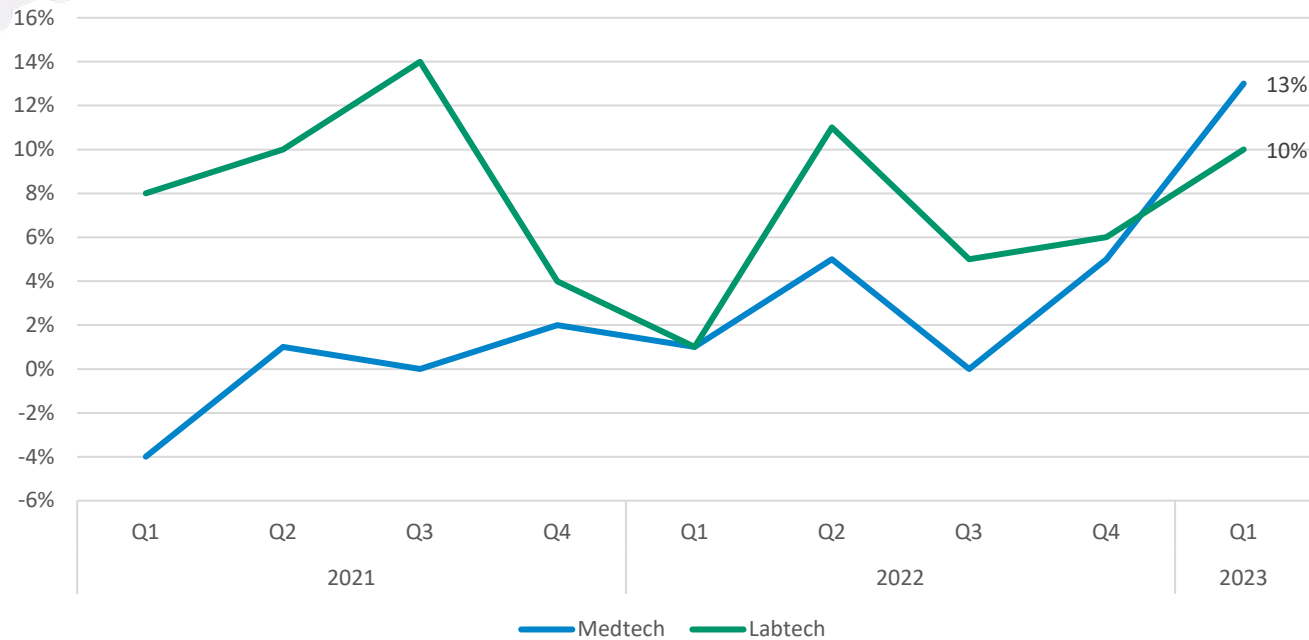
Profitability, P/WC (%)





## Organic growth, excluding Covid-19 related revenue

Development Organic growth

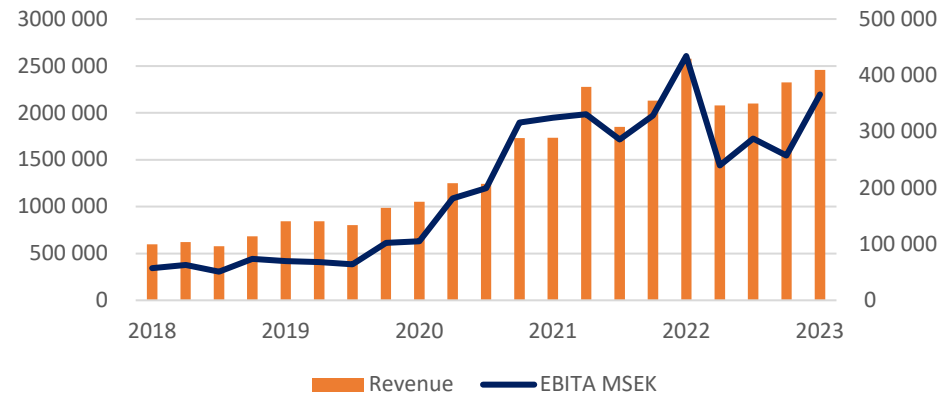


- **Labtech** growth stable over the years
- Within diagnostics, operations have normalized, and sample volumes are stable
- Within **Medtech** we have seen a clear recovery and increase in number of surgeries
- New suppliers and products being introduced

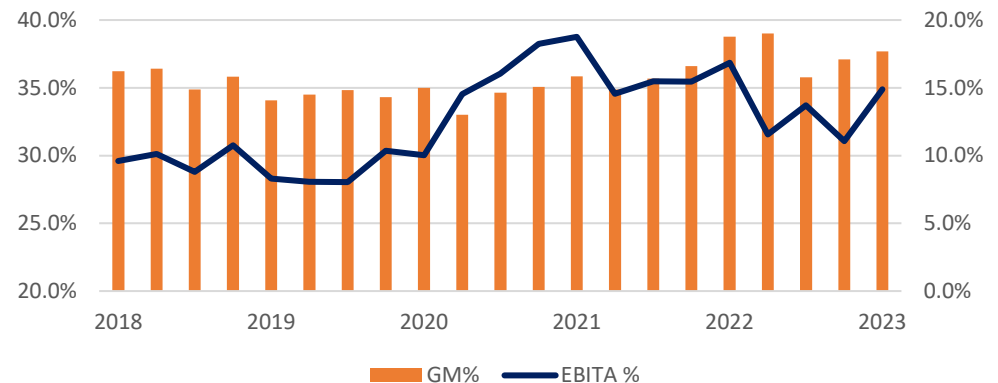
## Financial KPI's

- Stable revenue growth in a non-cyclical market
  - High share of recurring revenue
  - Focus on organic growth 2023
- 
- Stable gross margin, positive impacted by product mix and price management
  - COVID-19 sales handled within current organization
  - EBITA-margin driven by acquired companies due to recovery within Medtech

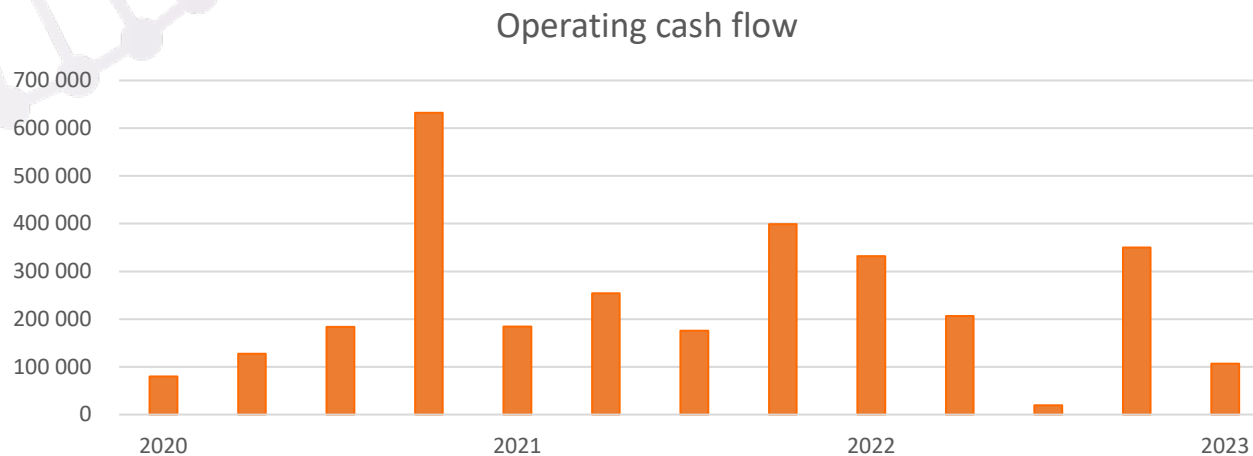
Revenue & EBITA, KSEK



GM% and EBITA-margin %



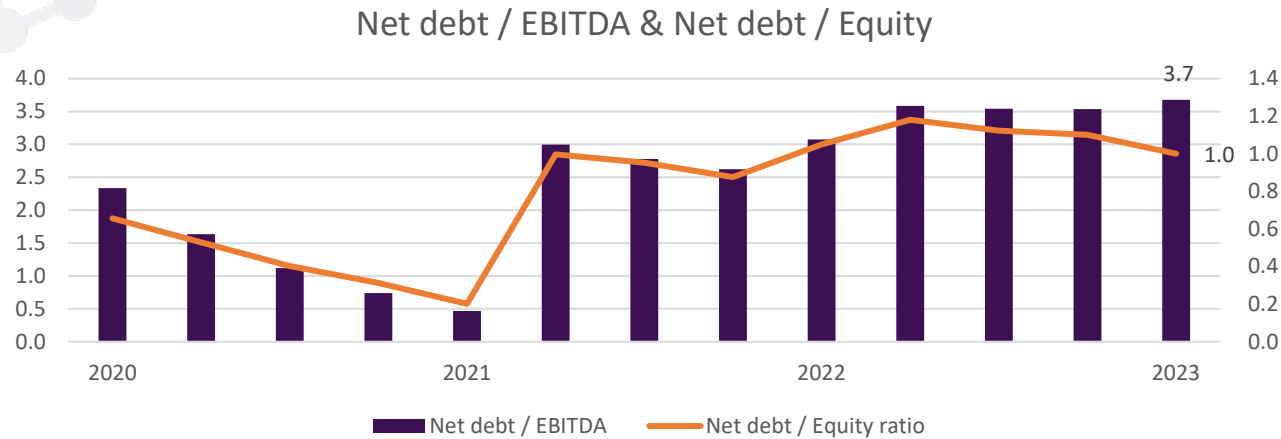
## Focus on cash flow



- Stable operating cash flow
- WC increase due to inventory build up;
  - Mitigate supply chain disturbances. Should gradually improve going forward
  - Introduction of new supplies and products
  - Surgery focused companies have demand for quick deliveries and also higher margins
- Continuous focus on cash generation and bringing down the leverage ratios
- Structured process that will take some time

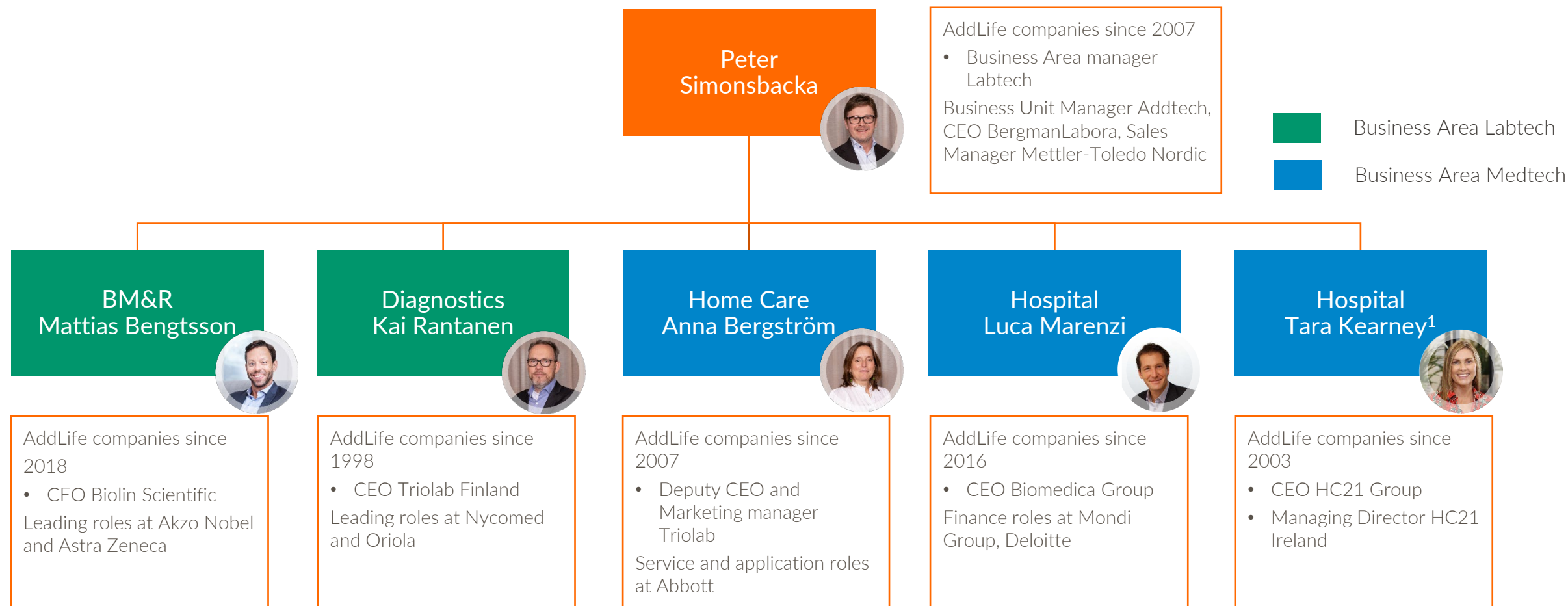


## Strengthening the Balance sheet



- Higher debt level correlate with major acquisitions 2021/2022
- Debt to be reduced via self-generated cash flow

# AddLife commercial organisation 2023



Note: Time at AddLife companies includes time before Addlife was listed at NASDAQ Stockholm

1) Senior Advisor with responsibility for MBA and Medioplast, reporting to CEO

## Summary

- During the pandemic AddLife has been positioned for the post pandemic market by growing significantly in multiple surgery related segments
- In Q1 2023 we have seen a significant increase in elective surgery across Europe
- Significant growth in orthopedic surgery, anesthesia, laparoscopy and general surgery
- Strong organic growth in both Labtech and Medtech
- Positive margin trend driven by volume, product mix, active price management
- Stability in revenues, profit, cashflow due to business model and market focus
- Strengthened commercial team to continue the successful business model
- Priorities going forward:
  1. Protect and improve profit
  2. Organic growth
  3. Cash flow
  4. Acquisitions



## Q&A

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# Income statement

SEKm	Quarter			Rolling 12 months		
	Q1 -23	Q1 -22	%	2023	2022	%
Net sales	2,457	2,579	-5%	8,962	9,084	-1%
Gross margin	37.7%	38.8%		37.4%	37.7%	
Overhead expenses	-560	-566	-1%	-2,200	-2,206	0%
<b>EBITA</b>	<b>366</b>	<b>435</b>	<b>-16%</b>	<b>1,152</b>	<b>1,221</b>	<b>-6%</b>
EBITA margin	14.9%	16.9%		12.9%	13.4%	
<b>EBIT</b>	<b>258</b>	<b>338</b>	<b>-24%</b>	<b>728</b>	<b>808</b>	<b>-10%</b>
Financial net items	-52	-49		-209	-206	
Tax	-32	-64		-87	-119	
<b>Profit for the period</b>	<b>174</b>	<b>225</b>	<b>-23%</b>	<b>432</b>	<b>483</b>	<b>-11%</b>
<b>Earnings per share (diluted)</b>	<b>1.42</b>	<b>1.84</b>	<b>-23%</b>	<b>3.54</b>	<b>3.95</b>	<b>-34%</b>

- Organic growth excluding Covid-19 related sales 12%
- Gross margin stable thanks to product mix and price management
- EBITA affected by;
  - ✓ Drop of Covid-19 sales compare to SEK 510m Q1 2022
  - ✓ investment in digital solutions of SEK -15m
- Interest expenses amounted to SEK 55

## Cash flow

SEKm	Quarter		Rolling 12 months	
	Q1-23	Q1-22	2023	2022
Profit after financial items	206	289	519	602
Adjustment for items not included in cash flow	102	215	571	684
Income tax paid	-52	-71	-237	-256
Change in working capital	-151	-101	-171	-121
<b>Cash flow from operating activities</b>	<b>105</b>	<b>332</b>	<b>682</b>	<b>909</b>
Net investments in non-current assets	-65	-57	-276	-268
Acquisitions and disposals	-16	-501	-333	-818
<b>Cash flow from investing activities</b>	<b>-81</b>	<b>-558</b>	<b>-609</b>	<b>-1,086</b>
Dividend paid to shareholders	-	-	-243	-243
Other financial activities	-54	334	-11	377
<b>Cash flow from financing activities</b>	<b>-54</b>	<b>334</b>	<b>-254</b>	<b>134</b>
<b>Cash flow from the period</b>	<b>-30</b>	<b>108</b>	<b>-181</b>	<b>-43</b>

- WC increase due to inventory build up;
  - ✓ Mitigate supply chain disturbances. Should gradually improve going forward
  - ✓ Introduction of new supplies and products