

INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2019

"Continued growth"

1 JULY – 30 SEPTEMBER 2019 (3 MONTHS)

- Net sales increased by 39 percent to SEK 802 million (578), of which organic growth amounted to 4 percent and acquired growth amounted to 34 percent.
- EBITA increased by 27 percent to SEK 65 million (51), corresponding to an EBITA-margin of 8.1 percent (8.8).
- Profit after tax increased by 11 percent to SEK 27 million (24).
- Cash flow from operating activities amounted to SEK 61 million (17), including IFRS 16 effect of SEK 23 million (0).

1 JANUARY – 30 SEPTEMBER 2019 (9 MONTHS)

- Net sales increased by 39 percent to SEK 2,491 million (1,797), of which organic growth amounted to 3 percent and acquired growth amounted to 34 percent.
- EBITA increased by 18 percent to SEK 203 million (171), corresponding to an EBITA-margin of 8.1 percent (9.5).
- Profit after tax increased by 9 percent and amounted to SEK 93 million (85).
- Earnings per share amounted to SEK 3.36 (3.53). For the 12-month period, earnings per share amounted to SEK 5.12 (5.21).
- Cash flow from operating activities amounted to SEK 225 million (85), including IFRS 16 effect of SEK 65 million (0).
- During the interim period, the company raised SEK 501 million in a rights issue.
- The equity ratio amounted to 45 percent (40).
- Return on working capital (P/WC) amounted to 51 percent (66).
- During the period three acquisitions have been completed, with a combined annual sale of about SEK 225 million.

SEKm	3 months ending			9 months ending			12 months ending	
	30 Sep 19	30 Sep 18	change	30 Sep 19	30 Sep 18	change	30 Sep 19	31 Dec 18
Net sales	802	578	39%	2,491	1,797	39%	3,176	2,482
EBITA	65	51	27%	203	171	18%	276	245
EBITA-margin, %	8.1	8.8		8.1	9.5		8.7	9.9
Profit before tax	34	29	16%	115	105	9%	169	158
Profit for the period	27	24	11%	93	85	9%	137	129
Earnings per share before dilution, SEK	0.93	0.99	-6%	3.36	3.53	-5%	5.12	5.36
Earnings per share after dilution, SEK	0.92	0.99	-7%	3.35	3.53	-5%	5.12	5.36

AddLife in brief

AddLife is an independent provider in Life Science that offers high-quality products, services and advice to both the private and public sector, mainly in the Nordic region and the rest of Europe. The Group is divided into two business areas: Labtech and Medtech. The Group comprises some 40 operating subsidiaries that provide equipment, instruments, medical devices and reagents, as well as advice and technical support to customers primarily in healthcare, research and academia, along with the food and pharmaceutical industries.

Comments by the CEO

Our positive growth continues. In the third quarter our sales increased by 39 percent and totalled SEK 802 million. For AddLife as a Group, the expansion into Europe is the beginning of a change for the future. The European platform we created during the year through our acquisitions provides us with several development opportunities regarding both increased product selection, with an increased share of our own products in all countries, and additional acquisitions. Organic sales growth in the quarter was 4 percent. Organically, we see strong growth especially in diagnostics, as well as in home care, driven in part by an increased willingness to invest in welfare technology.

EBITA increased by 27 percent during the quarter to SEK 65 million, corresponding to an EBITA margin of 8.1 percent (8.8). As was previously reported, the EBITA margin is generally lower in Biomedica compared with the Nordic operations. Accumulated for the entire period, sales increased by 39 percent to SEK 2,491 million and EBITA increased by 18 percent to SEK 203 million. The positive cash flow from operating activities both in the quarter and the period increased and the Group is well equipped for continued future growth.

In the Swedish market, the business climate is favourable in most segments and the Government has announced increased investments for 2020 to strengthen health care, elderly care and investments in medical research.

In Sweden, surgeries had to be cancelled in several regions during the autumn because of delivery problems at an externally procured logistics provider for healthcare. When the upcoming situation arose, AddLife's subsidiaries were able to help several regions by delivering products directly to the healthcare facilities from our warehouses. Discussions about public procurement processes and price versus quality have arisen in the wake of the delivery problems. As a provider to healthcare, we welcome this discussion since the quality aspect of publicly funded healthcare is crucial to enable maintenance of high quality care while retaining patient safety.

Sales in the Danish market continued to develop positively in the third quarter, with continued investments from the pharmaceutical industry and academia. The Finnish market remains cautious, which is mainly challenging for our companies in Medtech and caused continued weak growth in the third quarter. In Norway, the business climate has been more varied with somewhat weaker instrument sales to laboratories, while the trend for sales to both health services and home care was favourable. Our welfare technology solutions have been well-received in Norway by both public and private customers, and we continue to see great interest in the Norwegian market in particular.

Demand has developed steadily in our new markets in Europe, with growth in line with both market growth and our expectations. In Austria, our largest market, sales of both instruments and consumables have shown good growth during the quarter. Several integration projects are being run together with the Nordic operations to increase sales of our own products in more countries and to attract new suppliers.

Demand for our own products in other markets, including the US, China and the Benelux countries, has been favourable with growth continuing to exceed the level in the other markets.

Acquisitions

During the quarter the acquisitions of Lab-Vent Controls A/S and Koldt & Ryö El A/S were carried out within the Labtech business area. The companies focus on advanced cleanroom technology solutions in Denmark, and supplement our previous operations in Denmark. The acquisitions are expected to add about DKK 36 million to annual sales. During the period a total of three acquisitions were carried out, which are expected to add about SEK 225 million to annual sales. AddLife is constantly searching for interesting new acquisition candidates and suppliers with Nordic and European potential, companies that drive the market in our areas Labtech and Medtech.

Kristina Willgård,
President and CEO



Group development in the quarter

Net sales in the quarter increased by 39 percent to SEK 802 million (578). Organic sales was 4 percent and acquired growth totalled 34 percent. Exchange rate changes had a positive effect on net sales of 1 percent, corresponding to SEK 5 million. EBITA increased by 27 percent to SEK 65 million (51) and EBITA-margin amounted to 8.1 percent (8.8). Exchange rate changes had a positive effect on EBITA of 1 percent, corresponding to SEK 0 million. Net financial items amounted to SEK -2 million (-2) and profit after financial items amounted to SEK 34 million (29). Profit after tax for the quarter amounted to SEK 27 million (24) and the effective tax rate was 22 percent (18).

Group development in the interim period

Net sales in the interim period increased by 39 percent to SEK 2,491 million (1,797). Organic sales increased by 3 percent and acquired growth totalled 34 percent. Exchange rate changes had a positive effect on net sales of 2 percent, corresponding to SEK 29 million. EBITA increased by 18 percent to SEK 203 million (171) and EBITA-margin amounted to 8.1 percent (9.5). The EBITA-margin is generally lower in the markets in Central and Eastern Europe. Exchange rate changes had a positive effect on EBITA of 1 percent, corresponding to SEK 2 million. As a result of IFRS 16 Leases, impairment charges for property, plant and equipment increased by SEK 65 million and interest expenses increased by about SEK 2 million. Previously leasing costs were recognised as external operating expenses. The implementation of IFRS 16 Leases had a positive effect on EBITA of SEK 1 million. Net financial items amounted to SEK -8 million (-8) and profit after financial items increased by 9 percent to SEK 115 million (105). Profit after tax for the period increased by 9 percent to SEK 93 million (85) and the effective tax rate was 19 percent (19).



Development in the business areas

Labtech

Companies in the Labtech business are active in the market areas diagnostics, biomedical research and laboratory equipment.

SEKm	3 months ending			9 months ending			12 months ending	
	30 Sep 19	30 Sep 18	change	30 Sep 19	30 Sep 18	change	30 Sep 19	31 Dec 18
Net sales	445	325	37%	1,413	1,041	36%	1,823	1,451
EBITA	41	33	25%	132	113	17%	184	165
EBITA-margin, %	9.3	10.1		9.3	10.8		10.1	11.4

Labtech's net sales increased by 37 percent in the third quarter to SEK 445 million (325), of which organic growth increased by 2 percent, acquired growth totalled 34 percent and exchange rate changes had a positive effect of 1 percent. EBITA increased by 25 percent to SEK 41 million (33), corresponding to an EBITA-margin of 9.3 percent (10.1). Labtech's net sales increased by 36 percent in the interim period to SEK 1,413 million (1,041), of which organic growth amounted to 3 percent, acquired growth totalled 32 percent and exchange rate changes totalled 1 percent. EBITA increased by 17 percent to SEK 132 million (113), corresponding to an EBITA-margin of 9.3 percent (10.8). The sales increase in both the period and the quarter are largely the result of the Biomedica acquisition. During the period, 60 percent of Biomedica's sales and profit were included in Labtech business area.

Organic growth was divided in the third quarter. Our diagnostics operations reported strong organic growth, while growth in research companies was negative due to the closure of a major instrument agency in Sweden. The restructuring also entailed staff reductions and a new strategic focus to increase profitability in the company. Consequently, organic growth ended up at 2 percent for both the quarter and the period.

The positive trend in the diagnostics business continues in all Nordic markets, as well as in Austria and Hungary. In the Finnish market, we are experiencing delays in some major investments in laboratories, but our Finnish companies have nevertheless delivered strong figures for the quarter. We have a strong market offering with niche suppliers at the base and high expertise in our diagnostics companies. The companies constantly attract innovative new suppliers who want to gain access to both the Nordic and the European markets, enabling us to continually enhance our expertise and broaden our offering. At the same time, we see continued good growth in more traditional technology, especially blood gas.

The business climate in the research market is generally perceived as favourable and initiatives from both public and private actors continue in most countries. Investments are continuing to increase in the Danish market both in academia and the pharmaceutical industry in the third quarter. With expanded sales resources, we see several business opportunities with new suppliers and technologies, especially in Sweden and Denmark. However, instrument sales to researchers have remained weak in both Sweden and Norway.

The Group's company that sells its own advanced instruments continues to perform well regarding sales and profit in both the period and the quarter. Demand continues to be high from various research laboratories in both China and the US.

Medtech

Companies in the Medtech business provides medical device products within the medtech market, with a focus on surgery, thoracic medicine, neurology, wound care, anaesthesia, intensive care, ear, nose and throat, ostomies, and home healthcare.

SEKm	3 months ending			9 months ending			12 months ending	
	30 Sep 19	30 Sep 18	change	30 Sep 19	30 Sep 18	change	30 Sep 19	31 Dec 18
Net sales	357	253	41%	1,078	756	42%	1,353	1,031
EBITA	26	19	31%	79	65	20%	108	94
EBITA-margin, %	7.3	7.8		7.3	8.7		8.0	9.2

In the quarter Medtech's net sales increased by 41 percent to SEK 357 million (253), of which organic growth amounted to 6 percent, acquired growth totalled 34 percent and exchange rate changes totalled 1 percent. EBITA increased by 31 percent to SEK 26 million (19), corresponding to an EBITA-margin of 7.3 percent (7.8). During the interim period Medtech's net sales increased by 42 percent to SEK 1,078 million (756), of which organic growth amounted to 4 percent, acquired growth totalled 37 percent and exchange rate changes totalled 1 percent. EBITA increased by 20 percent to SEK 79 million (65), corresponding to an EBITA-margin of 7.3 percent (8.7).

Sales growth in both the period and the quarter is largely the result of the Group's most recently completed acquisition. During the period, 40 percent of Biomedica's sales and profit were included in the Medtech business area.

The trend for sales to health services remained stable in the third quarter in all markets, with the exception of the continued cautious market in Finland. As in previous years, activity in health services was substantially lower over the course of several weeks in the summer, mainly because of fewer surgeries. The integration of the product portfolio from Wellspect continued in the third quarter. The appropriate regulatory authorities registered us as product owner of the Wellspect product portfolio, but because of the slow process, as yet not all products have been registered under our name. Consequently, we continue to have extra costs in the business related to product ownership by the previous owner. The product portfolio from Wellspect provides a good complement to our previous offering in both respiration and surgery. The sales trend for our own products in ear, nose and throat continues to be favourable in several markets both within and outside the Nordic region. The integration projects continue between our Nordic operations and Biomedica in order to increase sales of and participate in tenders with our own products in markets in Central and Eastern Europe. The business in Australia that was acquired through Wellspect in May is developing in line with expectations.

Sales growth for the quarter for various types of assistive equipment for home care has been strong, especially regarding welfare technology for both municipal and private operations in Norway. Welfare technology achieved a breakthrough in the market in 2019. Our welfare technology solutions have been favourably received and we see continued strong interest in the market. We are participating in several municipal procurement processes in Norway with various solutions for secure housing for the elderly. In Sweden, we are experiencing increased interest in the hygiene concept that we offer the market in home care. In contrast, our Finnish home care company is experiencing caution in new investments in bathroom aids for housing for the elderly and institutions as a result of the uncertainty related to the Finnish health care reform.

Financial position and cash flow

At the end of the interim period the equity ratio stood at 45 percent (40). The rights issue of SEK 491 million, including issue costs, had a positive impact on the improved equity ratio, while implementation of IFRS 16 Leases had a negative impact and increased the balance sheet total by SEK 230 million. Equity per share totalled SEK 51.54 (32.66) and the return on equity at the end of the interim period was 11 percent (16). Return on working capital, P/WC (EBITA in relation to working capital) amounted to 51 percent (66). The change in the return on working capital between the years relates to the companies within Biomedica, which have more working capital tied up in accounts receivable.

The Group's interest-bearing net debt at the end of the interim period stood at SEK 982 million (676), including pension liabilities of SEK 93 million (67) and leasing liabilities from IFRS 16 Leases of SEK 217 million (0). During the period, the pension liability was revalued and increased by SEK 15 million due to lower discount rates. The net debt/equity ratio, calculated on the basis of net debt including provisions for pensions and leasing liability according to IFRS 16 Leases, totalled 0.7, compared to 0.9 at the beginning of the financial year. The decrease in the debt/equity ratio is due to the completed rights issue.

Cash and cash equivalents, consisting of cash and bank balances, together with approved but non-utilised credit facilities, totalled SEK 354 million on 30 September 2019.

Cash flow from operating activities reached SEK 225 million (85) during the interim period. The improved cash flow relates mainly from lower taxes paid and more efficient management of working capital. The implementation of IFRS 16 Leases has increased cash flow from operating activities by SEK 65 million and decreased cash flow from financing activities by SEK 65 million, on account of the fact that the amortization portion of lease payments is recognized as payments in the financing activities. Acquisitions of companies amounted to SEK 290 million (76). Investments in non-current assets during the interim period amounted to SEK 56 million (33); the increase is attributable to investments in equipment for rentals within Biomedica. Disposals of non-current assets amounted SEK 3 million (5). Repurchase of treasury shares amounted to SEK 43 million (35). Exercised and issued call options amounted to SEK 12 million (3). Dividends paid to the shareholder of the Parent Company amounted to SEK 62 million (53).

Employees

At the end of the interim period, the number of employees was 927, compared to 873 at the beginning of the financial year. During the interim period, implemented acquisitions led to an increase of 36 employees. The average number of employees for the 12-months period was 828 (596).

Acquisitions

Acquisitions completed from the 2018 financial year are distributed among the Group's business areas as follows:

Acquisitions	Time	Net sales, SEKm*	Number of employees*	Business area
Ossano Scandinavia AB, Sweden	February, 2018	20	5	Medtech
Food Diagnostics FDAB AB, Sweden	March, 2018	10	3	Labtech
Väinö Korpinen Oy, Finland	July, 2018	80	15	Medtech
Laboren ApS, Denmark	December, 2018	10	2	Labtech
Biomedica Medizinprodukte GmbH, Austria	December, 2018	635	280	Medtech/Labtech
Business from Wellspect HealthCare, Sweden	April, 2019	170	14	Medtech
Lab-Vent Controls A/S and Koldt & Ryø El A/S, Denmark	August, 2019	52	20	Labtech
Fysionord i Sollefteå, Sweden	September, 2019	6	2	Medtech

* Refers to conditions at the time of acquisition on a full-year basis.

On 19 December 2018 AddLife signed an agreement on the acquisition of Wellspect HealthCare's business in the surgery and respiration product areas. The acquisition was completed and became effective as of 30 April 2019. The business has net sales of around EUR 17 million, with eight markets in Europe and Australia accounting for more than 90 percent of sales. The business has primarily been integrated into AddLife's subsidiaries Medioplast and Biomedica.

On 13 August 2019, all shares in Lab-Vent Controls A/S and Koldt & Ryø El A/S were acquired for the Labtech business area. The companies have 20 employees and sales of about DKK 36 million. With these acquisitions, AddLife becomes more clearly established as a full-service provider of advanced solutions in cleanroom technology on the Danish market.

On 31 August 2019 all shares in Fysionord i Sollefteå AB were acquired for the Medtech business area. The company have 2 employees and sales of about SEK 6 million. The company markets assistive devices for children and young people with special needs and the acquisition enables AddLife to broaden its product offering in home care on the Swedish market. Fysionord will be integrated into SvanCare AB.

The combined effect of the acquisitions, excluding Wellspect, on the AddLife Group's net sales was SEK 6 million, on EBITA SEK 2 million, on operating profit SEK 0 million and on profit after tax for the financial year SEK 0 million. Had the acquisitions, excluding Wellspect, been completed on 1 January 2019, their impact would have been approximately SEK 29 million on consolidated net sales, on EBITA about SEK 9 million and on operating profit about SEK 8 million and SEK 6 million on profit after tax for the financial year.

The fair value of not yet paid contingent consideration for acquisitions made during the interim period is calculated to SEK 0 million, which is approximately 89 percent of the maximum outcome. The outcome depends on the results achieved in the companies and has a set maximum level.

According to the preliminary acquisition analyses, the assets and liabilities included in the acquisitions carried out during the financial year 2019 were as follows:

	Fair value
Intangible non-current assets	193
Other non-current assets	4
Inventories	22
Other current assets	33
Deferred tax liability/tax asset	-42
Other liabilities	-38
Acquired net assets	172
Goodwill	125
Consideration 1)	297
Less: cash and cash equivalents in acquired businesses	-13
Less: Consideration via Issue in kind	-
Contingent consideration not yet paid	0
Effect on the Group's cash and cash equivalents	284

1) The consideration is stated excluding acquisition expenses.

Transaction costs for the acquisitions totalled SEK 4 million and are recognized as selling expenses.

During the interim period, SEK 1 million has been recognized as other operating income due to estimated contingent considerations, relating to previous acquisitions, deviated from the actual outcome. Revaluation of liabilities for contingent consideration added income of SEK 8 million during the interim period, which is recognized as other operating income.

Shares structure

The share capital at the end of the interim period stood at SEK 58 million.

	Number of shares
Share class	
Class A shares	1,156,304
Class B shares	27,468,269
Total number of shares before repurchases	28,624,573
Of which repurchased class B shares	-565,250
Total number of shares after repurchases	28,059,323

The total number of shares in AddLife during the interim period increased by 144,538 Class A shares and 3,382,221 Class B shares as a result of the rights issue. The own holding of 565,250 Class B shares corresponds to 1.4 percent of the total number of shares and 2.0 percent of the votes. The average purchase price for shares held in treasury amounts to SEK 199.74 per share.

The average number of treasury shares held during the interim period was 445,603 (490,337). The share price at 30 September 2019 was SEK 258.00 and the most recent price paid for the AddLife share on 6 November 2019 was SEK 248.00.

AddLife has three outstanding call option programmes totalling 619,250 Class B shares. Issued call options for treasury shares have resulted in a calculated dilution effect based on average share price for the year of approximately 0.2 percent (0.2) during the interim period.

Outstanding programme	Number of options	Corresponding number of shares	Proportion of total shares	Exercise price	Initial exercise price	Expiration period
2019/2023	215,000	215,000	0.8%	306.20	-	20 Jun 2022 – 28 Feb 2023
2018/2022	170,000	178,500	0.6%	224.10	234.40	16 Jun 2021 – 28 Feb 2022
2017/2021	215,000	225,750	0.8%	212.70	222.50	16 Jun 2020 – 28 Feb 2021
Total	600,000	619,250				

Parent company

The Parent Company's net sales for the interim period amounted to SEK 28 million (24) and profit after financial items amounted to SEK -3 million (-6). At the end of the interim period, the Parent Company's net financial debt amounted to SEK 731 million (624). The share capital at the end of the interim period was SEK 58 million (50).

Accounting policies

This interim report was prepared as per IFRSs and IAS 34 Interim Financial Reporting. Information in accordance with IAS 34. 16A exist, except in the financial statements and the related notes also in other parts of the interim report. The interim report for the parent company was prepared in accordance with the Swedish Annual Accounts Act (1995:1554) and the Securities Market Act (2007:528) in compliance with recommendation RFR 2 Accounting for Legal Entities of the Swedish Financial Reporting Board. The accounting policies and basis for calculations applied in the 2018 annual report for AddLife AB were also used here except for the revised accounting policies described below.

Under IFRS 16 Leases, which entered into force on 1 January 2019, assets and liabilities attributable to previous operational leases must be reported on the balance sheet. AddLife has chosen to apply the modified retrospective transition method. The asset has been valued at the amount corresponding to the leasing liability as of 1 January 2019. AddLife's leases primarily consist of leases for premises. The standard has been assessed to have the following effects on the balance sheet as at 1 January 2019: assets recognised under property, plant and equipment increased by SEK 230 million. Lease liability increased by SEK 230 million, of which short-term liability amounted to SEK 78 million and long-term liability amounted to SEK 152 million. Lease liabilities are recognised under current and non-current interest-bearing liabilities.

As a result of IFRS 16 Leases, impairment charges for property, plant and equipment increased during the interim period of 2019 by about SEK 65 million and interest expenses increased by about SEK 2 million. Previously leasing costs were recognised as external operating expenses. In cases where the interest rate is not determined in the lease, a marginal rate has been set at the Group level with which payments are discounted.

The figures for rolling 12 months exclude the effect of IFRS 16 Leases in order to provide a fair picture in relation to the comparative period.

Alternative performance measures

AddLife presents certain financial measures in the interim report that are not defined according to IFRS. The Company believes that these measures provide valuable supplemental information to investors and the Company's management as they allow for evaluation of trends and the Company's performance. Since all companies do not calculate financial measures in the same way these are not always comparable to measures used by other companies. These financial measures should therefore not be considered to be a replacement for measurements as defined under IFRS. This report provides information in greater detail regarding definitions of financial performance measures.

Nomination committee

The 2019 AGM authorised the Board Chairman to establish a nomination committee for upcoming elections to the Board, by appointing members from among representatives of the five shareholders who controlled the largest number of votes in the Company at 30 September 2019, to serve with the Chairman on the nomination committee. In accordance with the above, the Committee comprises these appointed members: Johan Sjö, (Chairman of the Board), Stefan Hedelius, Håkan Roos (appointed by RoosGruppen AB), Vegard Søraunet (appointed by Odin Fonder), Monica Åsmyr (appointed by Swedbank Robur Fonder) and Kristofer Flack (appointed by SEB Investment Management). Information on how to contact the Nomination Committee is available on the AddLife website, www.add.life/en/investors/.

Transactions with related parties

No transactions with related parties that materially affected the Group's position and earnings took place during the interim period.

Events after the end of the interim period

No other events of significance to the Group occurred after the end of the reporting period.

Risks and uncertainties

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. AddLife's most significant external risks are the state of the economy and market trends combined with public sector contracts and policy decisions, as well as competition. The risks and uncertainties are the same as in previous periods. For more information, see the section "Risks and uncertainties" in the administration report (page 48-52), in AddLife's annual report 2018.

The Parent Company is indirectly affected by the above risks and uncertainties through its function in the Group.

Stockholm, 7 November 2019

Kristina Willgård
President and CEO

Teleconference

Investors, analysts and the media are invited to a teleconference at which CEO Kristina Willgård and CFO Martin Almgren will present the interim report. The presentation will be given in English and takes about 20 minutes, after which there will be an opportunity to ask questions.

The teleconference will be at 10:00 a.m. on 7 November 2019.

The presentation will be available via the following link: <https://5569958126.globalmeet.com/MartinAlmgren2>

Please call on: +46 8 22 90 90 code: 327497

Financial calendar

The Year-end report for the period 1 January – 31 December 2019 will be published on 6 February 2020.

The interim report for the period 1 January – 31 March 2020 will be published on 28 April 2020.

The Annual General Meeting (AGM) of AddLife AB (publ.) will be held on 7 May 2020, Stockholm.

The interim report for the period 1 January – 30 June 2020 will be published on 17 July 2020.

Review report

AddLife AB (publ.)
Corp. id. 556995-8126

Introduction

We have reviewed the summary interim financial information (interim report) of AddLife AB (publ.) as of 30 September 2019 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm 7 November 2019

KPMG AB

KPMG AB

Håkan Olsson Reising
Authorized Public Accountant
Auditor in charge

Jonas Eriksson
Authorized Public Accountant

Business areas

Net sales by business area		2019				2018	
Quarterly data, SEKm		Q3	Q2	Q1	Q4	Q3	Q2
Labtech		445	464	504	410	325	364
Medtech		357	380	341	275	253	258
Parent Company and Group items		-	-	-	-	-	-
AddLife Group		802	844	845	685	578	622
EBITA by business area		2019				2018	
Quarterly data, SEKm		Q3	Q2	Q1	Q4	Q3	Q2
Labtech		41	39	52	52	33	41
Medtech		26	31	22	29	19	25
Parent Company and Group items		-2	-2	-4	-7	-1	-3
EBITA		65	68	70	74	51	63
Depreciation intangible assets		-29	-26	-25	-19	-20	-20
Operating profit		36	42	45	55	31	43
Finance income and expenses		-2	-4	-2	-2	-2	-1
Profit after financial items		34	38	43	53	29	42
Net sales by revenue type		9 months ending 30 Sep 19			9 months ending 30 Sep 18		
SEKm		Labtech	Medtech	The Group	Labtech	Medtech	The Group
Products		1,002	941	1,943	685	662	1,347
Instruments		290	119	409	263	94	357
Service		121	18	139	93	-	93
Net Sales		1,413	1,078	2,491	1,041	756	1,797
Net sales by business area		3 months ending 30 Sep 19		9 months ending 30 Sep 19		12 months ending 30 Sep 19	
SEKm		30 Sep 19	30 Sep 18	30 Sep 19	30 Sep 18	30 Sep 19	31 Dec 18
Labtech		445	325	1,413	1,041	1,823	1,451
Medtech		357	253	1,078	756	1,353	1,031
Parent Company and Group items		-	-	-	-	-	-
AddLife Group		802	578	2,491	1,797	3,176	2,482
EBITA and EBITA-margin by business area and operating profit for the Group							
SEKm		3 months ending 30 Sep 19		9 months ending 30 Sep 19		12 months ending 30 Sep 19	
Labtech		41	9.3	33	10.1	132	9.3
Medtech		26	7.3	19	7.8	79	7.3
Parent Company and Group items		-2	-	-1	-	-8	-
EBITA		65	8.1	51	8.8	203	8.1
Depreciations of intangible non-current assets		-29	-	-20	-	-80	-
Operating profit		36	4.5	31	5.3	123	4.9
Financial income and expenses		-2	-	-2	-	-8	-
Profit after financial items		34		29		115	
						105	
						169	
							158

Group summary

Income statement SEKm	3 months ending 30 Sep 19		9 months ending 30 Sep 19		12 months ending 30 Sep 19	
Net sales	802	578	2,491	1,797	3,176	2,482
Cost of sales	-522	-376	-1,632	-1,152	-2,072	-1,592
Gross profit	280	202	859	645	1,104	890
Selling expenses	-194	-133	-576	-411	-723	-557
Administrative expenses	-54	-37	-170	-118	-209	-157
Research and Development	-5	-5	-17	-14	-22	-19
Other operating income and expenses	9	4	27	11	27	11
Operating profit	36	31	123	113	177	168
Financial income and expenses	-2	-2	-8	-8	-8	-10
Profit after financial items	34	29	115	105	169	158
Tax	-7	-5	-22	-20	-31	-29
Profit for the period	27	24	93	85	138	129
<i>Attributable to:</i>						
<i>Equity holders of the Parent Company</i>	26	24	92	85	137	129
<i>Non-controlling interests</i>	1	-	1	-	1	-
Earnings per share (EPS), SEK	0.93	0.99	3.36	3.53	5.12	5.36
Diluted EPS, SEK	0.92	0.99	3.35	3.53	5.12	5.36
Average number of shares '000s	28,111	24,038	27,468	24,127	26,618	24,118
Number of shares at end of the period, '000	28,059	24,008	28,059	24,008	28,059	24,629
EBITA	65	51	203	171	276	245
Depreciations included in operating expenses						
– property, plant and equipment	-30	-6	-90	-16	-31	-22
– intangible non-current assets from acquisitions	-25	-16	-67	-47	-83	-63
– other intangible non-current assets	-4	-4	-13	-11	-16	-14
Statement of comprehensive income						
SEKm	3 months ending 30 Sep 19		9 months ending 30 Sep 19		12 months ending 30 Sep 19	
Profit for the period	27	24	93	85	138	129
<i>Components that will be reclassified to profit for the year</i>						
Foreign currency translation differences for the period	6	-9	46	36	27	17
<i>Components that will not be reclassified to profit for the year</i>						
Revaluations of defined benefit pension plans	-15	-	-15	-	-17	-2
Tax attributable to items not to be reversed in profit or loss	3	-	3	-	4	1
Other comprehensive income	-6	-9	34	36	14	16
Total comprehensive income	21	15	127	121	152	145
<i>Attributable to:</i>						
<i>Equity holders of the Parent Company</i>	21	15	126	121	151	145
<i>Non-controlling interests</i>	1	-	1	-	1	-

Balance sheet, SEKm	30 Sep 19	31 Dec 18	30 Sep 18
Goodwill	964	823	673
Other intangible non-current assets	783	642	520
Property, plant and equipment	345	111	78
Financial non-current assets	34	48	12
Total non-current assets	2,126	1,624	1,283
Inventories	471	408	314
Current receivables	566	575	371
Cash and cash equivalents	85	61	16
Total current assets	1,122	1,044	701
Total assets	3,248	2,668	1,984
Total equity	1,456	932	784
Interest-bearing provisions	114	97	67
Non-interest-bearing provisions	118	108	79
Non-current interest-bearing liabilities	130	13	1
Non-current non-interest-bearing liabilities	2	0	0
Total non-current liabilities	364	218	147
Non-interest-bearing provisions	3	3	3
Current interest-bearing liabilities	823	833	625
Current non-interest-bearing liabilities	602	682	425
Total current liabilities	1,428	1,518	1,053
Total equity and liabilities	3,248	2,668	1,984

Statement of change in Group equity, SEKm	1 Jan 19 – 30 Sep 19			1 Jan 18 – 31 Dec 18			1 Jan 18 – 30 Sep 18		
	Equity excl. non- controlling interests	Non- controlling interests	Total equity	Equity excl. non- controlling interests	Non- controlling interests	Total equity	Equity excl. non- controlling interests	Non- controlling interests	Total equity
Amount at beginning of period	931	1	932	748	-	748	748	-	748
Issue in kind	-	-	-	102	-	102	-	-	-
Right Issue	491	-	491	-	-	-	-	-	-
Exercised and issued call options	12	-	12	24	-	24	3	-	3
Repurchase of treasury shares	-43	-	-43	-35	-	-35	-35	-	-35
Dividend	-62	-1	-63	-53	-	-53	-53	-	-53
Non-controlling interests	-9	9	0	-	1	1	-	-	-
Total comprehensive income	126	1	127	145	-	145	121	-	121
Amount at the end of the period	1,446	10	1,456	931	1	932	784	-	784

Cash flow statement SEKm	3 months ending		9 months ending		12 months ending	
	30 Sep 19	30 Sep 18	30 Sep 19	30 Sep 18	30 Sep 19	31 Dec 18
Profit after financial items	34	29	115	105	169	158
Adjustment for items not included in cash flow	74	29	181	74	135	94
Income tax paid	-14	-12	-43	-52	-60	-69
Changes in working capital	-33	-29	-28	-42	8	-6
Cash flow from operating activities	61	17	225	85	252	177
Net investments in non-current assets	-20	-8	-53	-28	-70	-45
Acquisitions and disposals	-123	-57	-290	-76	-550	-336
Cash flow from investing activities	-143	-65	-343	-104	-620	-381
Dividend paid to shareholders	-	-	-62	-53	-62	-53
Exercised and issued call options	4	3	12	3	33	24
Right Issue	-	-	491	-	491	-
Repurchase of treasury shares	-43	-35	-43	-35	-43	-35
Other financing activities	135	86	-264	102	12	313
Cash flow from financing activities	96	54	134	17	431	249
Cash flow for the period	14	6	16	-2	63	45
Cash and cash equivalents at beginning of period	69	11	61	11	16	11
Exchange differences on cash and cash equivalents	2	-1	8	7	6	5
Cash and cash equivalents at end of the period	85	16	85	16	85	61

Fair values on financial instruments	30 Sep 2019			31 Dec 2018		
	Carrying amount	Level 2	Level 3	Carrying amount	Level 2	Level 3
SEKm						
Derivatives measured at fair value through profit or loss	2	2	-	1	1	-
Total financial assets at fair value per level	2	2	-	1	1	-
Derivatives measured at fair value through profit or loss	0	0	-	0	0	-
Contingent considerations	0	-	0	9	-	9
Total financial liabilities at fair value per level	0	0	0	9	0	9

The fair value and carrying amount are recognized in the balance sheet as shown in the table above.

For quoted securities, the fair value is determined on the basis of the asset's quoted price in an active market, level 1. As at the reporting date the Group had no items in this category.

For currency contracts and embedded derivatives, the fair value is determined on the basis of observable market data, level 2.

For contingent considerations, a cash-flow-based valuation is performed, which is not based on observable market data, level 3.

For the Group's other financial assets and liabilities, fair value is estimated to be the same as the carrying amount.

Contingent considerations SEKm	3 months ending		9 months ending		12 months ending	
	30 Sep 19	30 Sep 18	30 Sep 19	30 Sep 18	30 Sep 19	31 Dec 18
Carrying amount, opening balance	8	5	9	14	1	14
Acquisitions during the year	0	-	0	1	8	9
Consideration paid	-	-	-	-6	-	-6
Reversed through profit or loss	-7	-4	-9	-8	-9	-8
Interest expenses	0	0	0	0	0	0
Exchange differences	-1	0	0	0	0	0
Carrying amount, closing balance	0	1	0	1	0	9

Key financial indicators	12 months ending				
	30 Sep 19	31 Dec 18	30 Sep 18	31 Dec 17	31 Dec 16
Net sales, SEKm	3,176	2,482	2,465	2,333	1,938
EBITA, SEKm ²⁾	276	245	250	234	189
EBITA margin, % ²⁾	8.7	9.9	10.1	10.0	9.7
Profit growth, EBITA, % ²⁾	10	5	8	24	47
Return on working capital (P/WC), % ²⁾	51	62	66	63	62
Profit for the period, SEKm	138	129	125	120	112
Return on equity, %	11	16	16	17	21
Financial net liabilities, SEKm ¹⁾	982	882	676	588	366
Financial net liabilities/EBITDA, multiple ^{1) 2)}	3.2	3.3	2.5	2.3	1.8
Net debt/equity ratio, multiple ¹⁾	0.7	0.9	0.9	0.8	0.5
Equity ratio, % ¹⁾	45	35	40	40	45
Average number of employees	828	620	596	579	452
Number of employees at end of the period	927	873	602	592	545

¹⁾ Key indicators include IFRS 16 from 2019. Comparative figures have not been restated.

²⁾ Performance-based key ratios exclude IFRS 16.

For definitions of key financial indicators, see page 16.

Key financial indicators per share	12 months ending				
	30 Sep 19	31 Dec 18	30 Sep 18	31 Dec 17	31 Dec 16
Earnings per share (EPS), SEK	5.12	5.36	5.21	4.95	4.87
Diluted EPS, SEK	5.12	5.36	5.20	4.94	4.87
Cash flow per share, SEK	9.47	7.34	7.54	8.55	5.79
Shareholders' equity per share, SEK	51.54	37.80	32.66	30.95	29.40
Average number of shares after repurchases, '000s	26,618	24,118	24,138	24,321	22,950
Average number of shares adjusted for repurchases and dilution, '000s	26,651	24,138	24,180	24,347	22,950
Number of shares outstanding at end of the period, '000s	28,059	24,629	24,008	24,172	24,387

Parent company summary

Income statement SEKm	3 months ending		9 months ending		12 months ending	
	30 Sep 19	30 Sep 18	30 Sep 19	30 Sep 18	30 Sep 19	31 Dec 18
Net sales	10	8	28	24	42	38
Administrative expenses	-12	-10	-37	-33	-47	-43
Operating profit/loss	-2	-2	-9	-9	-5	-5
Interest income/expenses and similar items	2	1	6	3	7	4
Profit/loss after financial items	0	-1	-3	-6	2	-1
Appropriations	-	-	-	-	52	52
Profit/loss before taxes	0	-1	-3	-6	54	51
Income tax expense	0	0	0	1	-12	-11
Profit/loss for the period	0	-1	-3	-5	42	40
 Balance sheet, SEKm						
	30 Sep 19		31 Dec 18		30 Sep 18	
Intangible non-current assets	0		0		0	
Tangible non-current assets	0		0		0	
Non-current financial assets	2,095		1,828		1,430	
Total non-current assets	2,095		1,828		1,430	
Current receivables	38		98		20	
Total current assets	38		98		20	
Total assets	2,133		1,926		1,450	
Equity	1,113		719		552	
Untaxed reserves	47		47		30	
Interest-bearing long-term liabilities	48		76		81	
Non-interest-bearing long-term liabilities	3		2		2	
Total long-term liabilities	51		78		83	
Interest-bearing short-term liabilities	907		1,039		766	
Non-interest-bearing short-term liabilities	15		43		19	
Total short-term liabilities	922		1,082		785	
Total equity and liabilities	2,133		1,926		1,450	

Note. Pledged assets and contingent liabilities in the Group

SEKm	30 Sep 19	31 Dec 18	30 Sep 18
Pledged assets	-	-	-
Contingent liabilities	42	42	42

Definitions

Return on equity	Profit/loss after tax attributable to shareholders, as a percentage of shareholders' proportion of average equity.		
Profit/loss for the period	2019-09-30 138	2018-12-31 129	2018-09-30 125
Average equity	1,225	814	770
Return on equity	138/1,225 = 11%	129/814 = 16%	125/770 = 16%
Return on working capital (P/WC)	EBITA in relation to average working capital.		
Operating profit before amortization of intangible assets EBITA (P)	2019-09-30 276	2018-12-31 245	2018-09-30 250
Average working capital (WC)	547	397	379
P/WC	276/547 = 51%	245/397 = 62%	250/379 = 66%
EBITA	Operating profit before amortization of intangible assets.		
Operating profit	2019-09-30 177	2018-12-31 168	2018-09-30 173
Depreciation of intangible assets	99	77	77
Operating profit before amortization of intangible assets	276	245	250
EBITA margin	EBITA in percentage of net sales.		
Operating profit before amortization of intangible assets	2019-09-30 276	2018-12-31 245	2018-09-30 250
Net sales	3,176	2,482	2,465
EBITA margin	276/3,176 = 8.7%	245/2,482 = 9.9%	250/2,465 = 10.1%
EBITDA	Operating profit before depreciation and amortization of intangible assets and property, plant and equipment.		
Equity per share	Shareholders' proportion of equity divided by the number of shares outstanding at the end of the reporting period.		
Cash flow per share	Cash flow from operating activities, divided by the average number of shares.		
Net debt/equity ratio	Financial net liabilities in relation to shareholders' equity.		
Earnings per share (EPS)	Shareholders' proportion of profit/loss for the year in relation to the average number of shares outstanding.		
Profit growth EBITA	This year's EBITA decreased by previous year's EBITA divided by previous year's EBITA.		
Financial net liabilities	Interest-bearing liabilities and interest-bearing provisions, less cash and cash equivalents.		
Financial net liabilities/EBITDA	Financial net liabilities divided by EBITDA.		
Equity ratio	Equity as a percentage of total assets.		

The key figures presented above are central in order to understand and evaluate AddLife's business and financial position. The key figures are presented in the "Key financial indicators" table on page 14 and they are commented on pages 1-5.

This information is information that AddLife AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 8:00 a.m. CET on November 7, 2019.



AddLife AB (publ), Box 3145, Birger Jarlsgatan 43, SE-103 62 Stockholm. info@add.life, www.add.life, org.nr. 556995-8126