

# ADDvise

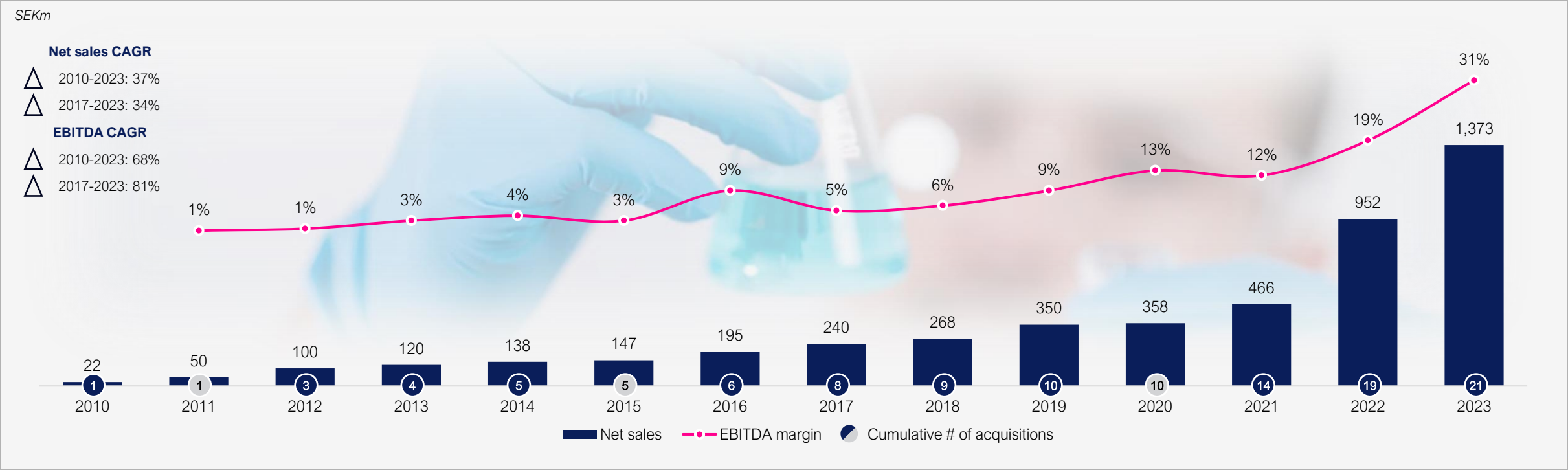
Annual General Meeting

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3 May 2024

# Long history of uninterrupted, profitable growth

Healthy organic growth combined with disciplined M&A has driven 37% sales CAGR and expanding profitability since 2010



## Growth drivers



### Fragmented market facing regulatory pressure

Increasing cost and effort associated with regulatory compliance is driving consolidation by players of sufficient size to navigate the landscape, such as ADDvise



### Clear and disciplined acquisition strategy

Focused and disciplined execution of acquisition strategy has driven strong revenue growth and structural profitability uplift since 2010



### Hands-off but supportive owner

Decentralised model empowers local management, while dedicated operations teams provide strategic, financial, legal and regulatory support if required



### Consistently improving cash generation

Scale effects, consolidation of higher-margin companies and targeted internal initiatives have significantly strengthened cash flow over the past years, providing internal funds to support further inorganic growth

# ADDvise has a proven operational model and roadmap to drive performance

Highlights of the ADDvise operational playbook

## Analysis and preparation



### Strategic plan for growth

- Strategic planning in current and new subsidiaries based on acquisition due diligence and management input.
- Aims to strengthen existing operations and organisation, sustain / accelerate growth and drive long-term value creation.

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### Implement KPIs

- Set of predetermined KPIs are implemented to create visibility on and track financial performance and overall company health:
  - ✓ Organic growth.
  - ✓ EBITDA / EBIT margin.
  - ✓ NWC / Cash EBITDA.

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### Prioritise

- Identify areas with potential for operational improvement and create priority list of lowest hanging fruits.
- A vital aspect of the Group's prioritisation efforts involves achieving consensus on what areas should be de-prioritised.

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## Converting strategy into performance



### Execute on priority list

- Allocate resources and execute on strategic priorities to support continued performance and accelerated growth:
  - ✓ Pricing.
  - ✓ Marketing.
  - ✓ Organisation.
  - ✓ New product development.
  - ✓ Balance sheet streamlining.

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### Leverage on ADDvise

- Leverage the cumulative knowledge within the Group to achieve operational excellence by offering subsidiaries:
  - ✓ Central support functions (legal, regulatory, finance).
  - ✓ High-level strategic guidance.
  - ✓ Sharing of knowledge and best practices (ADDvise Academy).

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### Follow-up

- Weekly reporting of sales, order intake and cash balance.
- Monthly reporting of full P&L, cash flow and balance sheet.
- Quarterly business reviews.
- Ongoing monitoring to identify underperformers and support them in improving performance.
- KPI competitions.

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# ADDvise Academy is the Group's central education and information platform

A key tool in facilitating the exchange of ideas and best practices across all Group companies whilst increasing HQ scalability



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ADDVISE ACADEMY

*Never stop learning*  
**and inspire each other**

ADDvise Academy is the Group's online education and information portal and available to management of all Group companies

A live, continuously updated portal offering:

-  Information about the Group, core values, financial and sustainability targets, etc.
-  Online courses covering onboarding, financial reporting, sales and pricing, marketing and legal
-  Information about the Group, core values, financial and sustainability targets, etc.
-  Tools to address / pre-empt repeat queries to Group management and improve the scalability of HQ

# ADDvise adheres to a proven and prudent acquisition strategy

Clear acquisition criteria and consistent valuation discipline have been key success factors

**SEK 50-500m**

Revenue

**+20%**

EBITDA margin

**Mature**

Companies at a mature stage with  
stable growth trajectory

**Cash generation**

Proven history of solid  
cash generation

**Established**

Well-defined and established  
market position

**Niche segment**

MedTech, LabTech, pharma and  
healthcare software focus

**Low risk**

Company-specific risk must be  
relatively low

**B2B**

Operating in the  
business-to-business market

**As the Group grows and matures, M&A focus is increasingly shifting towards building density in certain attractive verticals**

# Continued growth and improved profit in Q1 2024

Record earnings per share despite product mix impacting margins

- Net sales of SEK 413m, corresponding to 33% growth y-o-y
- Organic growth of 4% excluding pharmaceuticals
- EBITDA of SEK 99m and EBITDA margin of 24%
  - Impacted by lower share of pharmaceuticals sales
- Strongest EPS to date at SEK 0.22
- More balanced geographic footprint
- Issue of USD bond reduces currency exposure and improves debt maturity profile
- M&A strategy remains unchanged
  - Exploring numerous opportunities to strengthen offering in the right areas

**SEK 413m** (310)

Net sales

**33%**

Net sales growth

**24%** (27%)

EBITDA margin

**21%** (24%)

EBITA margin

**56%** (147%)

Cash conversion

**2.4x** (2.1x)

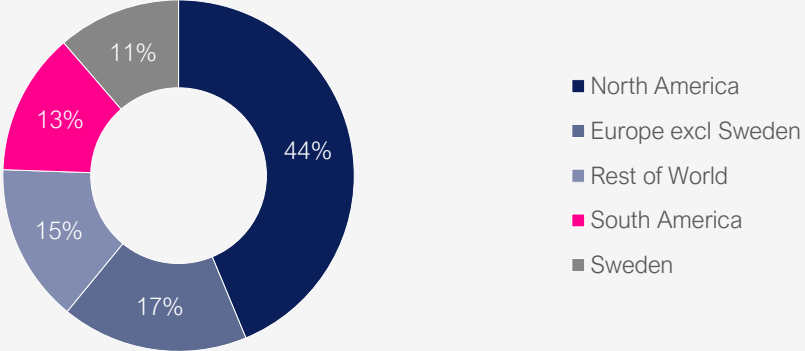
Net leverage

# Commercial and operational highlights of Q1 2024

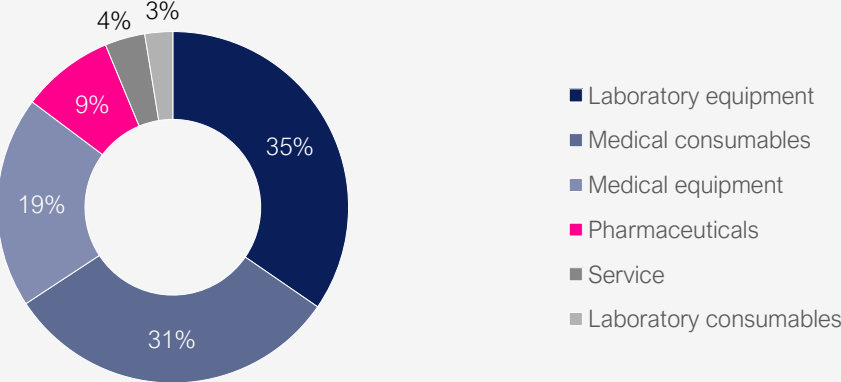
Strong operational performance across most geographies, North America weaker in the quarter

- Robust market activity in the Nordics across Healthcare and Lab
- Strong demand for climate- and cleanrooms, in particular from the Middle East
- Recent acquisitions fully consolidated and performing in line with or above expectations
  - South America accounted for 13% of sales in the quarter, with strong profitability
- Continued normalisation of demand for pharmaceuticals after a very strong 2023
  - 9% of sales in the quarter vs. 23% in Q1 2023
- Weaker quarter for US-based capital goods businesses
  - Interest rate cuts expected to contribute to recovery in demand
- Strengthened operations team in the US to better support our businesses
  - COO Americas and Business controller, located on site

Q1 2024 net sales by geography

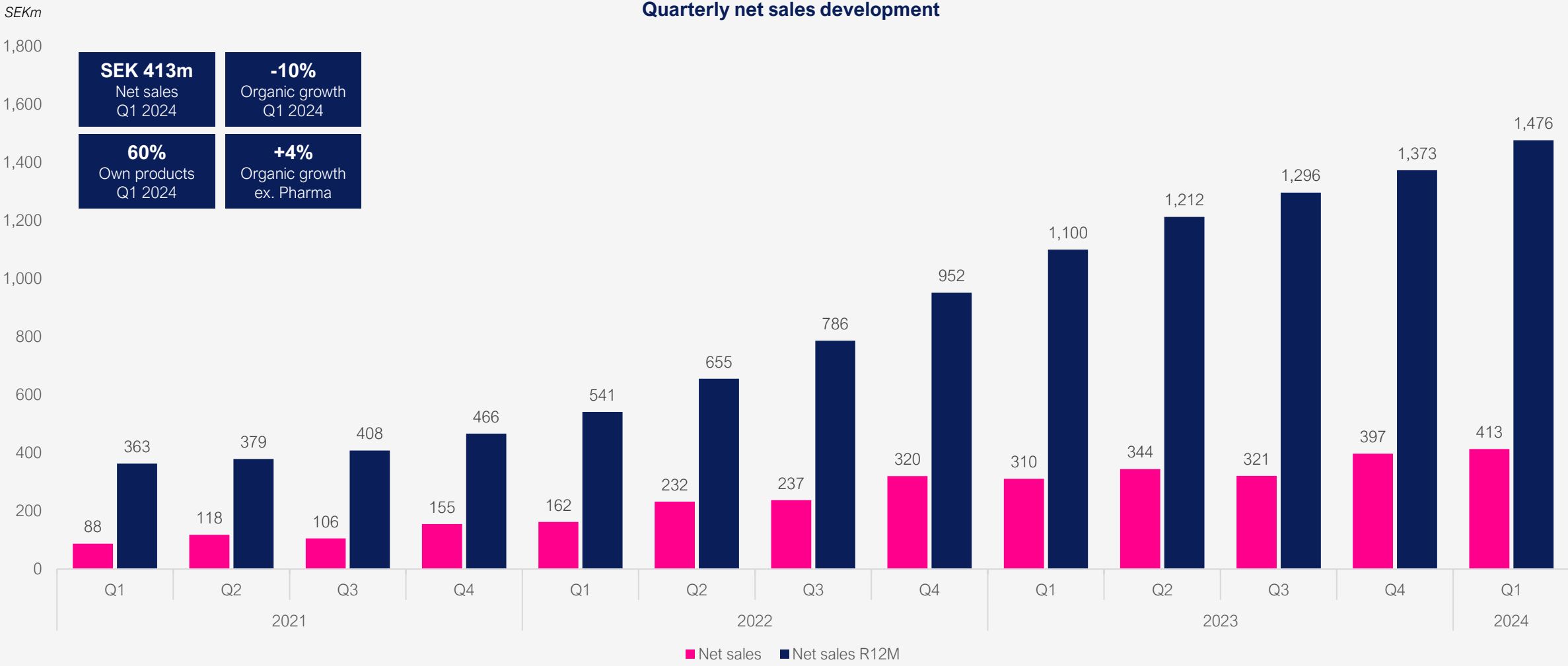


Q1 2024 net sales by product category



# Strong net sales growth in Q1 2024, driven by acquisitions

33% net sales growth, with recent acquisitions offsetting normalisation of demand for pharmaceuticals in the quarter

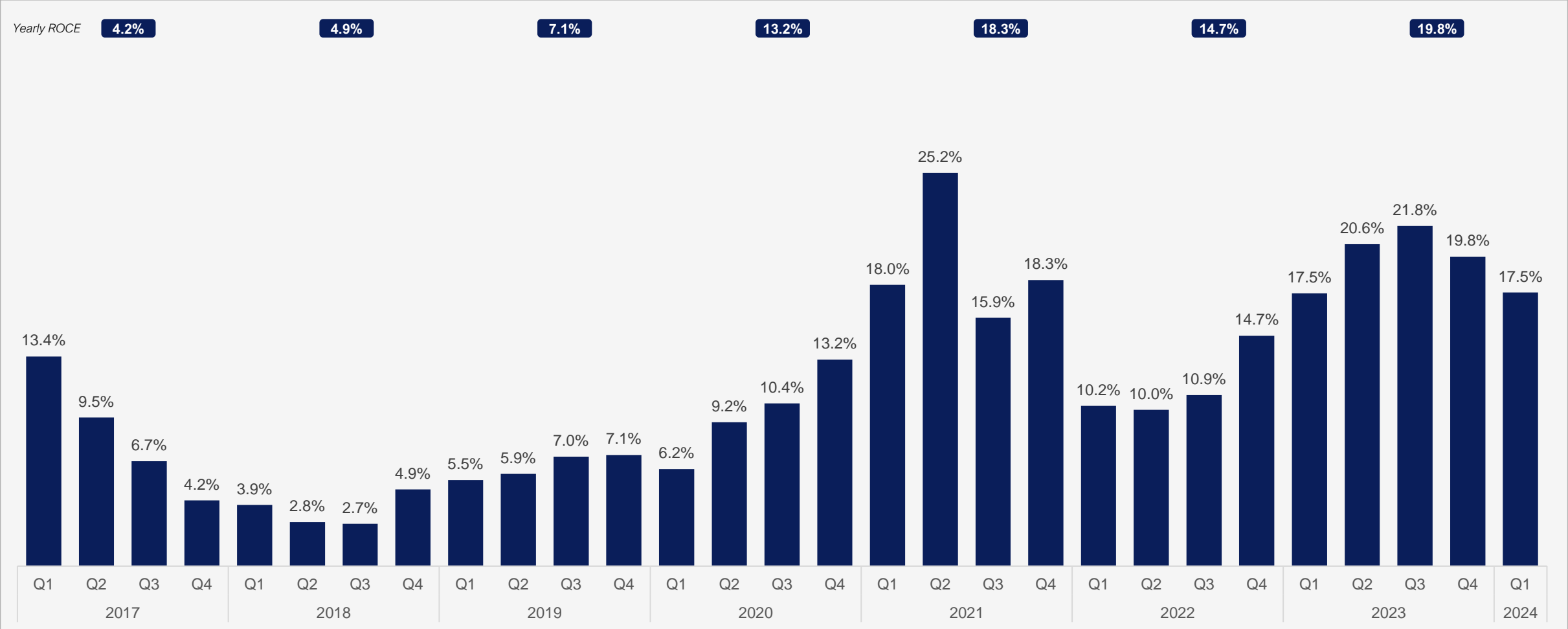




# Significantly improved ROCE in recent years, averaging 20% in 2023

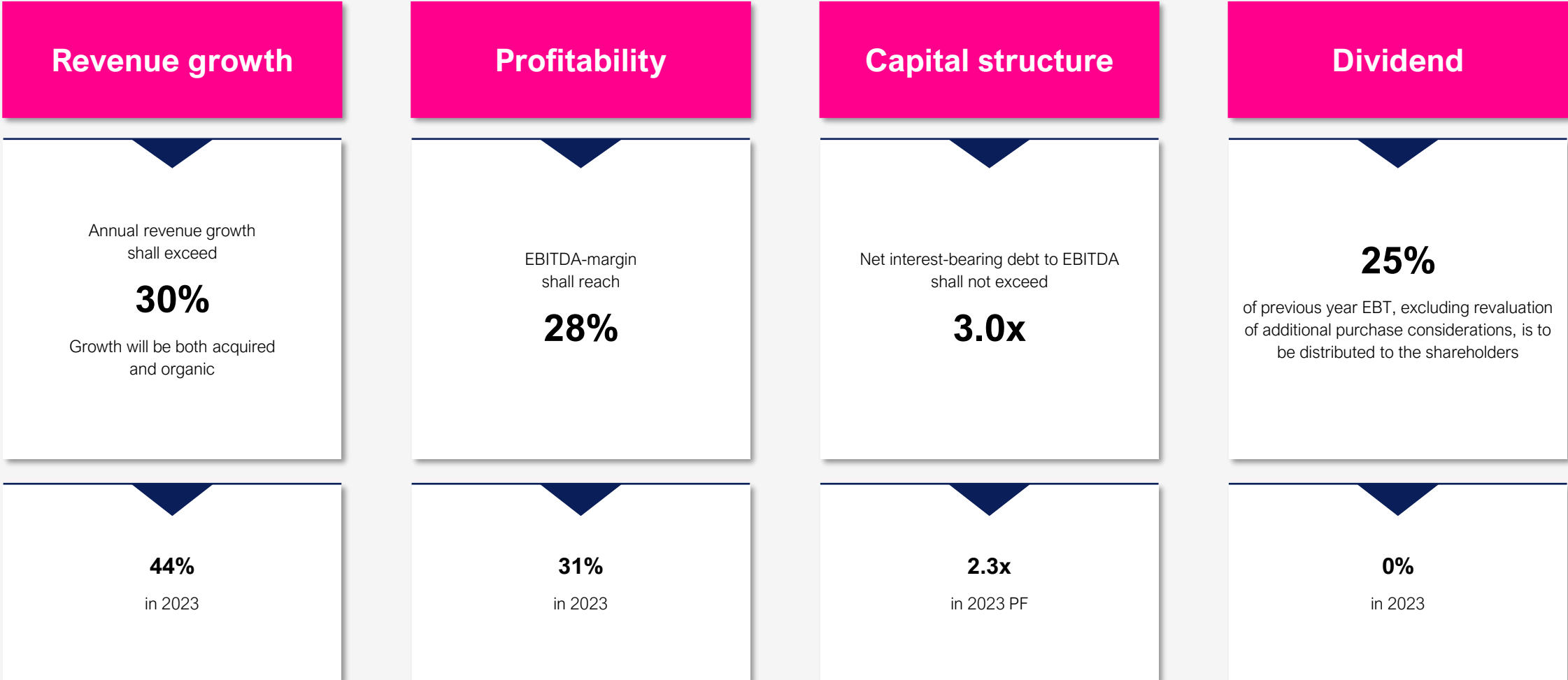
Growing return on capital in recent quarters supported by expanding profitability and increasing scalability

RTM ROCE development per quarter, 2017-Q1 2024



Note: ROCE calculated as EBIT / Average Capital Employed (Total Assets – Cash – Non-current Liabilities)

# Long-term financial targets



**ADDvise**