

## YEAR-END REPORT 2020

### Reporting period January – December

- Net sales declined -0.5 per cent to SEK 13,782 (13,845) million. Organically, net sales declined -5.8 per cent.
- EBITA\* increased 7.1 per cent to SEK 2,702 (2,523) million.
- The EBITA margin\* improved 1.4 percentage points to 19.6 (18.2) per cent.
- Profit before tax grew 10.2 per cent to SEK 2,199 (1,996) million.
- Net profit for the period grew 9.8 per cent to SEK 1,677 (1,528) million.
- Earnings per share increased 10.1 per cent till SEK 18.24 (16.57).
- Cash flow from operating activities increased 41.3 per cent to SEK 2,812 (1,990) million.
- The Dental business area was positively impacted during the second half of the year by the recovery of the European dental markets back to more normal levels following a decline in April-May due to the pandemic. The Systems Solutions business area as a whole was relatively unaffected by the pandemic during the year. Within the Demolition & Tools business area, the market situation improved slightly in general terms in the fourth quarter compared to the second and third quarter.
- During the year, the acquisition of twelve businesses were announced with total annual sales of about SEK 1,100 million.
- Dividend per share is proposed at SEK 6.00 (5.25) per share, corresponding to SEK 545 (477) million.
- The Board of Directors will propose that the Annual General Meeting resolve on a 5:1 split of the company's shares.

### Reporting period October – December

- Net sales increased 0.3 per cent to SEK 3,751 (3,741) million. Organically, net sales declined 2.1 per cent.
- EBITA\* increased 20.1 per cent to SEK 782 (651) million.
- The EBITA margin\* improved 3.4 percentage points to 20.8 (17.4) per cent.
- Profit before tax grew 19.3 per cent to SEK 654 (548) million.
- Net profit for the period grew 17.2 per cent to SEK 518 (442) million.
- Cash flow from operating activities increased 0.6 per cent to SEK 817 (812) million.

### Summary of financial performance

SEK million	TWELVE MONTHS			FOURTH QUARTER		
	2020	2019	change	2020	2019	change
Net sales	13,782	13,845	-0.5%	3,751	3,741	0.3%
EBITA*	2,702	2,523	7.1%	782	651	20.1%
EBITA margin*	19.6%	18.2%	1.4	20.8%	17.4%	3.4
Profit before tax	2,199	1,996	10.2%	654	548	19.3%
Net profit for the period	1,677	1,528	9.8%	518	442	17.2%
Earnings per share	18.24	16.57	10.1%	5.65	4.81	17.5%
Return on capital employed	19.6%	19.5%	0.1	19.6%	19.5%	0.1
Return on capital employed excl. goodwill	139%	108%	31.0	139%	108%	31.0

## COMMENTS FROM THE CEO

The COVID-19 pandemic continued to affect Lifco's subsidiaries in different ways during the fourth quarter. Net sales increased 0.3 per cent during the quarter to SEK 3,751 (3,741) million, positively affected by acquisitions. The Dental business area was positively impacted by the recovery of European dental markets which returned to more normal levels. The Systems Solutions business area as a whole has been relatively unaffected by the pandemic. Some operations in Systems Solutions benefited from the effects of the pandemic, while others were impacted negatively. This depended on where the companies operate in the value chain and to which segment their customers belong. Within the Demolition & Tools business area, the market situation improved slightly in general terms in the fourth quarter compared to the second and third quarter.

EBITA\* increased 20.1 per cent to SEK 782 (651) million and the EBITA margin\* improved 3.4 percentage points to 20.8 (17.4) per cent due to acquisitions and continued low sales and marketing activities during the quarter since many subsidiaries were unable to conduct normal market activities as a result of the pandemic. Earnings per share increased 17.5 per cent till SEK 5.65 (4.81) in the fourth quarter and cash flow increased 0.6 per cent to SEK 817 (812) million due to improved earnings and lower inventories.

During the spring and summer, the pandemic led to a slight reduction in acquisition activities. After the summer, the situation became more normal and, during the year, Lifco announced the acquisition of a total of twelve businesses in Europe and the US, with total net sales of approximately SEK 1,100 million.

During the year, Lifco announced ten acquisitions in its Dental business area, of which eight were consolidated in 2020. The acquisitions in Dental comprised two manufacturing companies in Denmark, two in Sweden, one in Germany and one in the US, a leading distributor in Croatia, as well as a niche distributor in the UK and a company developing medical journals and a dental lab in Germany. The acquisitions of Rissmann Dental and Kaniedenta will be consolidated as of January 2021.

In Systems Solutions, the Italian companies, Cramaro Tarpaulin Systems, a niche manufacturer of tarpaulin systems for trucks and agricultural vehicles, was acquired, as well as Tastitalia, which manufactures customised touch panels, displays and keypads. The acquisitions in Dental and Systems Solutions had a combined positive impact on Lifco's results and financial position for the year.

During the autumn, Lifco issued three unsecured bonds totalling SEK 1,800 million and therefore has bonds outstanding totalling SEK 2,800 million. In addition to bonds outstanding, Lifco has standard short-term credit facilities. Lifco's financial position remains solid and interest-bearing net debt amounted to 1.1 times EBITDA\* at 31 December 2020, which is well in line with our target of interest-bearing net debt of a maximum of three times EBITDA\* and means that Lifco possesses the financial scope to make additional acquisitions.



Per Waldemarson  
President and CEO

## GROUP PERFORMANCE IN JANUARY – DECEMBER

Net sales declined -0.5 per cent to SEK 13,782 (13,845) million. Acquisitions contributed 7.0 per cent, organic growth was -5.8 per cent, while foreign exchange gains had a negative impact on sales of 1.7%. Ten businesses were consolidated during the year with total annual sales of about SEK 770 million.

EBITA\* increased 7.1 per cent to SEK 2,702 (2,523) million and the EBITA margin\* improved 1.4 percentage points to 19.6 (18.2) per cent due to acquisitions and unusually low sales and marketing activities as a result of the pandemic. Foreign exchange gains impacted EBITA\* negatively by 1.6%. During the period, 34 (35) per cent of EBITA\* was generated in EUR, 30 (28) per cent in SEK and 13 (15) per cent in NOK, 7 (8) per cent in DKK, 7 (3) per cent in GBP, 3 (6) per cent in USD and 6 (5) per cent in other currencies.

Net financial items were SEK -62 (-63) million.

Profit before tax grew 10.2 per cent to SEK 2,199 (1,996) million and net profit for the period increased 9.8 per cent to SEK 1,677 (1,528) million.

Average capital employed excluding goodwill declined by SEK 407 million during the period to SEK 1,938 million at 31 December 2020, compared with SEK 2,345 million at 31 December 2019. EBITA\* relative to average capital employed excluding goodwill was at 139 per cent at year-end and increased by 31.0 percentage points during the year.

The Group's net debt declined SEK 775 million from 31 December 2019 to SEK 4,776 (5,551) million at 31 December 2020, of which liabilities related to put/call options and additional considerations for acquisitions amounted to SEK 986 (916) million. Interest-bearing net debt declined by SEK 798 million since year-end and amounted to SEK 3,242 (4,040) million at 31 December 2020.

On 27 August, Lifco issued two unsecured bonds totalling SEK 1,200 million and on 23 October, an unsecured bond of SEK 600 million was issued. Accordingly, outstanding bonds amount to SEK 2,800 million. In addition to bonds outstanding, Lifco has standard short-term credit facilities.

The net debt/equity ratio at 31 December 2020 was 0.6 (0.7) and net debt/EBITDA\* was 1.6 (1.9) times. Interest-bearing net debt/EBITDA\* was 1.1 (1.4) times. At year-end, 41 (35) per cent of the Group's interest-bearing liabilities were denominated in EUR.

Cash flow from operating activities increased 41.3 per cent to SEK 2,812 (1,990) million, mainly on the back of improved earnings and reduced working capital. Cash flow from investing activities was SEK -1,304 (-2,056) million, which was mainly attributable to acquisitions.

## GROUP PERFORMANCE IN THE FOURTH QUARTER

Sales increased by 0.3 per cent to SEK 3,751 (3,741) million in the fourth quarter, driven by acquisitions. Acquisitions contributed 5.9 per cent, organic growth was -2.1 per cent, while foreign exchange gains had a negative impact of 3.5%.

EBITA\* increased 20.1 per cent to SEK 782 (651) million and the EBITA margin\* improved 3.4 percentage points to 20.8 (17.4) per cent due to unusually low sales and marketing activities as a result of the pandemic and acquisitions. Foreign exchange gains impacted EBITA\* negatively by 3.4%. During the fourth quarter, 34 (36) per cent of EBITA\* was generated in EUR, 33 (32) per cent in SEK, 13 (13) per cent in NOK, 7 (10) per cent in DKK, 6 (2) per cent in GBP, 4 (5) per cent in USD and 3 (2) per cent in other currencies.

Net financial items were SEK -18 (-16) million.

Profit before tax grew by 19.3 per cent to SEK 654 (548) million. Net profit for the period grew 17.2 per cent to SEK 518 (442) million.

Average capital employed excluding goodwill declined by SEK 119 million to SEK 1,938 million at 31 December 2020, compared with SEK 2,057 million at 30 September 2020. EBITA relative to average capital employed excluding goodwill increased from 125 per cent at 30 September 2020 to 139 per cent at 31 December 2020. The Group's net debt fell during the quarter by SEK 649 million to SEK 4,776 million.

Cash flow from operating activities increased 0.6 per cent during the fourth quarter to SEK 817 (812) million due to improved income and lower inventories. Cash flow from investing activities was SEK -206 (-501) million, which was attributable to acquisitions and investments.

## FINANCIAL PERFORMANCE – BUSINESS AREAS

### Dental

SEK million	TWELVE MONTHS			FOURTH QUARTER		
	2020	2019	change	2020	2019	change
Net sales	4,290	4,393	-2.3%	1,213	1,137	6.7%
EBITA*	898	874	2.7%	266	206	29.1%
EBITA margin*	20.9%	19.9%	1.0	21.9%	18.1%	3.8

The companies in Lifco's Dental business area are leading suppliers of consumables, equipment and technical service to dentists across Europe, and the business area also has operations in the US. Lifco sells dental technology to dentists in the Nordic countries and Germany, and develops and sells medical record systems in Denmark, Sweden and Germany. The business area also includes a number of manufacturers which produce fitting products for dentures, disinfectants, saliva ejectors, bite registration and dental impression materials, bonding agents and other consumables that are sold to dentists through distributors around the world. In recent years, Dental has through acquisitions and organic growth increased its earnings in manufacturing, dental technology and software faster than in distribution, which has had a positive impact on margin growth in the business area.

Net sales in Dental declined by -2.3 per cent to SEK 4,290 (4,393) million during the year as a result of the impact of the pandemic, primarily in April and May. During the fourth quarter, the European dental markets recovered to more normal levels. The distribution operation and the manufacturing dental companies and software companies had normal volumes during the quarter, while dental products continued to be negatively affected by the pandemic, as there has been a tendency to postpone major dental treatment.

EBITA\* increased by 2.7 per cent to SEK 898 (874) million during the year and the EBITA margin\* improved by 1.0 percentage point to 20.9 (19.9) per cent. Profitability was positively impacted during the fourth quarter due to the unusually low levels of sales and marketing activities as a result of the pandemic.

The dental market remains generally stable. The results of individual companies in Lifco's Dental business may in any individual quarter be influenced by significant fluctuations in exchange rates, calendar effects such as Easter, gained or lost contracts in procurements of consumables by public-sector or major private-sector customers and fluctuations in the delivery of equipment. The pandemic had a significant negative impact on the dental market during the second quarter of 2020. The effects were different in different markets, but demand in all countries decreased significantly. In June, all European dental markets recovered, and these markets continued at more normal levels during the fourth quarter.

During the year, ten acquisitions were announced in Dental, of which eight were consolidated in 2020. The acquisitions announced had combined sales of approximately SEK 710 million in 2019 and have about 190 employees. As of January 2020, Rønvig Dental Manufacturing A/S of Denmark was consolidated. The company is a niche manufacturer of dental products. Rønvig had a turnover of around DKK 30 million in 2018 and has 17 employees. The acquisition pertained to all of the shares. As of February 2020, Lifco consolidated the Workplace Safety division of KiiltoClean A/S. The business is a leading niche manufacturer of eyewashes, plasters and first aid stations. The products are sold

under the Plum brand and generated net sales of around DKK 79 million in 2019. The business has ten employees. As of February 2020, the Croatian company Dental Grupa, a leading distributor of equipment and consumables for dentists in Croatia, was consolidated. Dental Grupa recorded net sales of around HRK 66 million in 2019 and has around 40 employees. The acquisition comprised the majority of the shares. As of June 2020, Swedish company TrollDental's product portfolio was consolidated, which had net sales of about SEK 25 million in 2019. The German company Consys was consolidated as of September 2020. The company develops, sells and maintains medical record systems for dentists in Germany. The company generated sales of about EUR 1.9 million in 2019 and has nine employees. The acquisition comprised all of the shares. As of December 2020, Swedish company Sendoline is consolidated. The company is a niche manufacturer of dental products. Sendoline had a turnover of around SEK 38 million in 2019 and has seven employees. The acquisition comprised all of the shares. As of December 2020, the UK company Swallow, a niche distributor of dental consumables, mainly in the UK market, was consolidated. Swallow had a turnover of around GBP 3.9 million in 2019 and has 18 employees. The acquisition comprised the majority of the shares. As of December 2020, a product portfolio of dental products acquired by US-based company ContacEZ was consolidated. The product portfolio had sales of about USD 2.2 million in 2019.

In the fourth quarter, the acquisitions were announced of the two German companies Kaniedenta and Rissmann Dental, which will be consolidated as of January 2021. Kaniedenta produces and sells dental consumables for the German market. The company had a turnover of around EUR 29 million in 2019 and has 35 employees. The acquisition comprised the majority of the shares. Rissmann Dental is a dental laboratory and had sales of approximately EUR 4.1 million in 2019. The company has about 50 employees. The acquisition comprised all of the shares.

## Demolition & Tools

SEK million	TWELVE MONTHS			FOURTH QUARTER		
	2020	2019	change	2020	2019	change
Net sales	3,234	3,610	-10.4%	856	886	-3.4%
EBITA*	750	834	-10.0%	220	180	22.2%
EBITA margin*	23.2%	23.1%	0.1	25.7%	20.3%	5.4

The Demolition & Tools business area develops, manufactures and sells equipment for the construction and demolition industries. The Group is the world's leading supplier of demolition robots and crane attachments. The Group is also one of the leading global suppliers of excavator attachments. The business area's EBITA margin may fluctuate between quarters due to single, major special orders and changes to the product mix.

During the year, sales decreased 10.4 per cent to SEK 3,234 (3,610) million and EBITA\* decreased 10.0 per cent to SEK 750 (834) million with an EBITA margin\* of 23.2 per cent (23.1). The reduced sales and earnings were attributable to a weaker market situation in the first nine months of the year. In the fourth quarter, the market generally improved compared to the second and third quarter. The improved profitability in the fourth quarter was partly due to the comparison with the corresponding quarter in 2019, which was weak due to an absence of profitable special orders, but

also to the positive effects of reduced sales and marketing activities as a result of the pandemic. China was strong during the year, while the US had a weaker performance.

## Systems Solutions

SEK million	TWELVE MONTHS			FOURTH QUARTER		
	2020	2019	change	2020	2019	change
Net sales	6,258	5,842	7.1%	1,682	1,718	-2.1%
EBITA*	1,166	909	28.3%	326	292	11.6%
EBITA margin*	18.6%	15.6%	3.0	19.4%	17.0%	2.4

Through its operating units, the Systems Solutions business area operates in industries offering systems solutions. Systems Solutions is divided into five divisions: Construction Materials, Contract Manufacturing, Environmental Technology, Service and Distribution (previously Interiors for Service Vehicles) and Forest.

Net sales in Systems Solutions increased by 7.1 per cent to SEK 6,258 (5,842) million during the year on the back of acquisitions. The Systems Solutions business area as a whole was relatively unaffected by the pandemic. Some operations in the business area have benefited from the effects of the pandemic, while others have been impacted negatively. This has depended on where the companies operate in the value chain and to which segment their customers belong.

During the year, EBITA\* increased by 28.3 per cent to SEK 1,166 (909) million and the EBITA margin\* improved by 3.0 percentage points to 18.6 (15.6) per cent. The increase in profitability is on the back of acquisitions and unusually low levels of sales and marketing activities as a result of the pandemic.

Sales declined somewhat in Construction Materials during the fourth quarter and the twelve-month period, while profitability increased since it was not possible to carry out normal marketing activities due to the pandemic.

Contract Manufacturing reported positive developments in its sales and profitability during the twelve-month period. Many of the division's customers were relatively unaffected by the pandemic, and some customers have also benefited from the effects of COVID-19. Sales in the fourth quarter were stable with somewhat lower profitability compared to the same quarter 2019.

Sales and income decreased in Environmental Technology during the year. Companies that sell indirect products that are not part of a value chain were negatively impacted by the pandemic during the second, third and fourth quarter. Project-related sales also declined during the fourth quarter.

Service and Distribution has reported positive developments in its sales and profitability during the fourth quarter and for the twelve-month period. Growth has been driven by acquisitions and the slightly positive impact in several operations as a result of the pandemic.

Forest had lower sales and improved earnings and profitability in the fourth quarter, which was due to the project-related component of the business, in which the earnings can fluctuate strongly between the quarters. While profitability improved in 2020, the comparison with the preceding year was impacted by provisions of approximately SEK 15 million made by the division in 2019 for restructuring due to reduced sales and projects setbacks.

The Italian company Cramaro Tarpaulin Systems was consolidated in the Service and Distribution division as of February 2020. The company is a niche manufacturer of tarpaulin systems for trucks and agricultural vehicles. The company generated net sales of around EUR 27 million in 2019 and has about 90 employees. The acquisition comprised the majority of the shares. The Italian company Tastitalia was consolidated in the Contract Manufacturing division as of September 2020. The company is a niche manufacturer of customised touch panels, displays and keypads. Tastitalia generated net sales of about EUR 12.2 million in 2019 and has approximately 70 employees. The acquisition comprised the majority of the shares.

## ACQUISITIONS

Lifco announced the following acquisitions during the year:

Consolidated from month	Acquisitions	Business area	Net sales	Employees
January	Rønvig Dental Manufacturing	Dental	DKK 30m	17
February	Workplace Safety	Dental	DKK 79m	10
February	Dental Grupa	Dental	HRK 66m	40
February	Cramaro Tarpaulin Systems	Systems Solutions	EUR 27m	90
June	TrollDental's product portfolio	Dental	SEK 25m	-
September	Tastitalia	Systems Solutions	EUR 12.2m	70
September	Consys	Dental	EUR 1.9m	9
December	Swallow	Dental	GBP 3.9m	18
December	Sendoline	Dental	SEK 38m	7
December	Product portfolio from ContacEZ	Dental	USD 2.2m	-
January 2021	Kaniedenta	Dental	EUR 29m	35
January 2021	Rissmann Dental	Dental	EUR 4.1m	50

Further information on the acquisitions is provided on page 18. The figures for net sales and number of employees refer to estimated annual net sales and the number of employees at the acquisition date.

Taken together, the acquisitions had a positive impact on Lifco's results and financial position in 2020.

## OTHER FINANCIAL INFORMATION

### Employees

The average number of employees was 5,491 (5,255) during the year. At the end of the period, the number of employees was 5,433 (5,443). Acquisitions added around 260 employees.

### Events after the end of the reporting period

Lifco continues to monitor the effects of the COVID-19 pandemic.

The acquisition of all of the shares in UK company T. Freemantle Ltd was announced on 5 January 2021. The company is a niche manufacturer of cartoning robots and had sales of approximately GBP 5.0 million in 2019. The company is based in Scunthorpe, UK, and has about 40 employees. The business will be consolidated in the Systems Solutions business area, Service and Distribution division.

On 1 February 2021, it was announced that Lifco had acquired a majority stake in MultiOne SRL of Italy. The company is a leading manufacturer of mini-loaders and attachments. MultiOne had a turnover of around EUR 27 million in 2020. The company is based in Vincenza, Italy, and has 46 employees. MultiOne will be consolidated in the Demolition & Tools business area, Crane and Excavator Attachments division.

The acquisitions will not have a significant impact on Lifco's results and financial position in the current year.

### **Proposed dividend**

The Board of Directors and Chief Executive Officer propose that the Annual General Meeting authorise the payment of a dividend of SEK 6.00 (5.25) per share for 2020, representing a total distribution of SEK 545.1 million (476.9). This is equal to 32.9 (31.7) per cent of the net profit for the year attributable to shareholders of Lifco AB, which is consistent with Lifco's dividend policy. The proposed record date is 27 April. Euroclear Sweden expects to be able to send the dividend to the shareholders on 30 April, subject to the resolution of the Annual General Meeting.

### **Proposed 5:1 split**

The Board of Directors of Lifco will propose that the Annual General Meeting resolve on a split of the company's shares, so that each existing share is split into five new shares of the same share class. The Board will be authorised to set the record date with Euroclear Sweden AB for implementation of the share split. The record date will be announced separately.

### **Related party transactions**

No significant transactions with related parties took place during the period.

### **Risks and uncertainties**

The risk factors which have the biggest impact for Lifco are global macroeconomic factors, the competitive situation as well as structural changes in the market and general levels of economic activity. Lifco is also exposed to financial risks such as currency risks, interest rate risks, credit and counterparty risks.

Lifco operates in a large number of industries that have been affected to varying degrees by the COVID-19 pandemic. During the fourth quarter the Dental business area was positively impacted by the European dental markets returning to more normal levels. The Systems Solutions business area has as a whole been relatively unaffected by the pandemic. Some operations in Systems Solutions benefited from the effects of the pandemic, while others were impacted negatively. This depended on where the companies operate in the value chain and to which segment their customers belong. Within the Demolition & Tools business area, the market situation improved slightly in general terms in the fourth quarter compared to the second and third quarter.

The Parent Company is affected by the above risks and uncertainties in its capacity as owner of the subsidiary companies. For further information on Lifco's risks and risk management, see the 2019 Annual Report.

## Accounting policies

The Group's interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. In respect of the Parent Company, the report has been prepared in accordance with the Annual Accounts Act and Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board. The accounting policies have been applied in accordance with those which are presented in the 2019 Annual Report and should be read in conjunction with these. In many countries, Lifco's companies have received state aid from short-time work schemes and other aid for the second, third and fourth quarter as a consequence of the pandemic. This aid was recognised as a cost reduction against personnel costs, but had no material impact on Lifco's earnings in the current year.

This report has not been examined by the Company's auditors.

## DECLARATION OF THE BOARD OF DIRECTORS

The Board of Directors and Chief Executive Officer warrant and declare that this year-end report gives a true and fair view of the Parent Company's and Group's operations, financial positions and results, and that it describes significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Enköping, 2 February 2021

*Carl Bennet*  
Chairman of the Board

*Ulrika Dellby*  
Director

*Dan Frohm*  
Director

*Erik Gabrielson*  
Director

*Ulf Grunander*  
Director

*Annika Espander*  
Director

*Anders Lorentzson*  
Director, employee  
representative

*Johan Stern*  
Vice Chairman

*Caroline af Ugglas*  
Director

*Axel Wachtmeister*  
Director

*Per Waldemarson*  
President and CEO, Director

*Peter Wiberg*  
Director,  
employee representative

## FINANCIAL CALENDAR

The annual report for 2020 will be published in the week starting 15 March 2021.

The report for the first quarter 2021 will be published on 23 April.

The report for the second quarter 2021 will be published on 16 July.

The report for the third quarter 2021 will be published on 22 October.

## DIGITAL ANNUAL GENERAL MEETING 2021

Lifco AB's Annual General Meeting (AGM) will be held on Friday, 23 April 2021, at 11:00 a.m. CEST. Due to the ongoing pandemic, the Board of Lifco has decided to hold the AGM virtually through electronic connection with shareholders and provide the opportunity for shareholders to also vote by post. This will protect the health of shareholders and best help reduce the rate of inflection of COVID-19. Practical information about registration and participation will be provided in the notice to the AGM.

Shareholders wishing to raise an issue for discussion at the AGM may do so by submitting their proposal to the Chairman of Lifco by e-mail: ir@lifco.se or by post to: Lifco AB, Attn: Bolagsstämmeärenden, Verkmästaregatan 1, SE-745 85 Enköping, Sweden. To ensure their inclusion in the notice and thus on the agenda for the AGM, proposals must be received by the Company no later than 5 March 2021.

## THE NOMINATION COMMITTEE

Prior to the Annual General Meeting 2021, the Nomination Committee consists of Carl Bennet, Carl Bennet AB, Per Colleen, the Fourth Swedish National Pension Fund (AP4), Hans Hedström, Carnegie Fonder, Marianne Nilsson, Swedbank Robur Fonder and Javiera Ragnartz, SEB Fonder & Liv. Carl Bennet is Chairman of the Nomination Committee.

Shareholders wishing to submit proposals to the Nomination Committee for the 2021 AGM may do so by sending an e-mail to ir@lifco.se or writing to: Lifco, Attn: Valberedningen, Verkmästaregatan 1, SE-745 85 Enköping, Sweden.

## FURTHER INFORMATION

Media and investor relations: Åse Lindskog, ir@lifco.se, telephone: +46 730 24 48 72.

## TELECONFERENCE

Media and analysts are welcome to call in to a teleconference, where CEO Per Waldemarson and CFO Therése Hoffman will present the interim report. After the presentation, there will be an opportunity to ask questions.

Time: Tuesday, 2 February at 9:00 a.m. CET

Link to the presentation: <https://tv.streamfabriken.com/lifco-q4-2020>

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## LIFCO IN BRIEF

*Lifco offers a safe haven for small and medium-sized businesses. Lifco's business concept is to acquire and develop market-leading niche businesses with the potential to deliver sustainable earnings growth and robust cash flows. Lifco is guided by a clear philosophy centred on long-term growth, a focus on profitability and a strongly decentralised organisation. The Group has three business areas: Dental, Demolition & Tools and Systems Solutions. At year-end, the Lifco Group consisted of 175 operating companies in 31 countries. In 2020, Lifco reported EBITA of SEK 2,702 million on net sales of SEK 13.8 billion. The EBITA margin was 19.6 per cent. Read more at [www.lifco.se](http://www.lifco.se).*

This information constitutes information that Lifco AB is required to publish under the EU's Market Abuse Regulation. The information was submitted for publication through the aforementioned contact person on 2 February 2021, at 7:30 a.m. CET.

## CONDENSED CONSOLIDATED INCOME STATEMENT

SEK million	TWELVE MONTHS			FOURTH QUARTER		
	2020	2019	change	2020	2019	change
Net sales	13,782	13,845	-0.5%	3,751	3,741	0.3%
Cost of goods sold	-7,968	-8,033	-0.8%	-2,139	-2,188	-2.2%
<b>Gross profit</b>	<b>5,814</b>	<b>5,812</b>	<b>0.0%</b>	<b>1,612</b>	<b>1,553</b>	<b>3.8%</b>
Selling expenses	-1,491	-1,600	-6.8%	-370	-440	-15.9%
Administrative expenses	-1,921	-1,928	-0.4%	-519	-505	2.8%
Development costs	-121	-171	-29.2%	-34	-48	-29.2%
Other income and expenses	-20	-54	-63.0%	-17	4	-525%
<b>Operating profit</b>	<b>2,261</b>	<b>2,059</b>	<b>9.8%</b>	<b>672</b>	<b>564</b>	<b>19.1%</b>
Net financial items	-62	-63	-1.6%	-18	-16	12.5%
<b>Profit before tax</b>	<b>2,199</b>	<b>1,996</b>	<b>10.2%</b>	<b>654</b>	<b>548</b>	<b>19.3%</b>
Tax	-522	-468	11.5%	-136	-106	28.3%
<b>Net profit for the period</b>	<b>1,677</b>	<b>1,528</b>	<b>9.8%</b>	<b>518</b>	<b>442</b>	<b>17.2%</b>
<b>Profit attributable to:</b>						
Parent Company shareholders	1,657	1,505	10.1%	514	436	17.9%
Non-controlling interests	20	23	-13.0%	4	6	-33.3%
Earnings per share before and after dilution for the period, attributable to Parent Company shareholders	18.24	16.57	10.1%	5.65	4.81	17.5%
<b>EBITA*</b>	<b>2,702</b>	<b>2,523</b>	<b>7.1%</b>	<b>782</b>	<b>651</b>	<b>20.1%</b>
Depreciation of tangible assets	344	311	10.6%	74	78	-5.1%
Amortisation of intangible assets	16	15	6.7%	8	5	60.0%
Amortisation of intangible assets arising from acquisitions	412	329	25.2%	105	89	18.0%

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	TWELVE MONTHS			FOURTH QUARTER		
	2020	2019	change	2020	2019	change
Net profit for the period	1,677	1,528	9.8%	518	442	17.2%
<b>Other comprehensive income</b>						
<i>Items which can later be reclassified to profit or loss:</i>						
Hedge of net investment	57	6	850%	-33	-18	83.3%
Translation differences	-530	140	-479%	-297	-169	75.7%
Tax related to other comprehensive income	-13	-1	1200%	7	4	75.0%
<b>Total comprehensive income for the period</b>	<b>1,191</b>	<b>1,673</b>	<b>-28.8%</b>	<b>195</b>	<b>259</b>	<b>-24.7%</b>
<b>Comprehensive income attributable to:</b>						
Parent Company shareholders	1,176	1,648	-28.6%	193	254	-24.0%
Non-controlling interests	15	25	-40.0%	2	5	-60.0%
	<b>1,191</b>	<b>1,673</b>	<b>-28.8%</b>	<b>195</b>	<b>259</b>	<b>-24.7%</b>

## SEGMENT OVERVIEW

Lifco's operations are monitored and evaluated by the CEO and resources are allocated based on information from the three operating segments Dental, Demolition & Tools and Systems Solutions. The defined quantitative limits have been exceeded only by Dental and Demolition & Tools. One further operating segment, Systems Solutions, is presented. This operating segment consists of a merger of those divisions which have similar economic characteristics and which do not individually meet the defined quantitative limits. These divisions are; Construction Materials, Contract Manufacturing, Environmental Technology, Service and Distribution, and Forest.

### NET SALES TO EXTERNAL CUSTOMERS

No sales are made between the segments.

SEK million	TWELVE MONTHS			FOURTH QUARTER		
	2020	2019	change	2020	2019	change
Dental	4,290	4,393	-2.3%	1,213	1,137	6.7%
Demolition & Tools	3,234	3,610	-10.4%	856	886	-3.4%
Systems Solutions	6,258	5,842	7.1%	1,682	1,718	-2.1%
<b>Group</b>	<b>13,782</b>	<b>13,845</b>	<b>-0.5%</b>	<b>3,751</b>	<b>3,741</b>	<b>0.3%</b>

Net sales by type of income:

SEK million	TWELVE MONTHS			FOURTH QUARTER		
	2020	2019	change	2020	2019	change
Dental products	4,290	4,393	-2.3%	1,213	1,137	6.7%
Machinery and tools	3,234	3,610	--10.4%	856	886	-3.4%
Construction Materials	1,158	1,192	-2.9%	306	324	-5.6%
Contract Manufacturing	1,205	1,055	14.2%	339	339	0.0%
Environmental Technology	1,689	1,855	-8.9%	446	593	-24.8%
Service and Distribution	1,461	882	65.6%	410	235	74.5%
Forest	745	858	-13.2%	181	227	-20.3%
<b>Group</b>	<b>13,782</b>	<b>13,845</b>	<b>-0.5%</b>	<b>3,751</b>	<b>3,741</b>	<b>0.3%</b>

## EBITA

A breakdown of results by segment is made up to and including EBITA. EBITA is reconciled to profit before tax in accordance with the following table:

SEK million	TWELVE MONTHS			FOURTH QUARTER		
	2020	2019	change	2020	2019	change
Dental	898	874	2.7%	266	206	29.1%
Demolition & Tools	750	834	-10.1%	220	180	22.2%
Systems Solutions	1,166	909	28.3%	326	292	11.6%
Central Group functions	-112	-94	19.1%	-30	-27	11.1%
<b>EBITA before acquisition costs</b>	<b>2,702</b>	<b>2,523</b>	<b>7.1%</b>	<b>782</b>	<b>651</b>	<b>20.1%</b>
Acquisition costs <sup>1</sup>	-29	-79	-6.3%	-5	2	-350%
Non-recurring items <sup>2</sup>	-	-56	-100%	-	-	-
<b>EBITA</b>	<b>2,673</b>	<b>2,388</b>	<b>11.9%</b>	<b>777</b>	<b>653</b>	<b>19.0%</b>
Amortisation of intangible assets arising from acquisitions	-412	-329	25.2%	-105	-89	18.0%
Net financial items	-62	-63	-1.6%	-18	-16	12.5%
<b>Profit before tax</b>	<b>2,199</b>	<b>1,996</b>	<b>10.2%</b>	<b>654</b>	<b>548</b>	<b>19.3%</b>

<sup>1</sup> Of which, change in put/call options and additional considerations for the current year, SEK -8 (-50) million.

<sup>2</sup> Pertaining to costs in connection with management change.

## CONDENSED CONSOLIDATED BALANCE SHEET

SEK million	31 Dec 2020	31 Dec 2019
<b>ASSETS</b>		
Intangible assets	11,610	11,209
Tangible assets	1,504	1,503
Financial assets	199	182
Inventories	1,864	1,997
Accounts receivable	1,533	1,584
Current receivables	382	374
Cash and cash equivalents	1,170	729
<b>TOTAL ASSETS</b>	<b>18,262</b>	<b>17,578</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	8,676	7,972
Non-current interest-bearing liabilities incl. pension provisions	2,311	1,674
Other non-current liabilities and provisions	2,164	1,986
Current interest-bearing liabilities	2,649	3,691
Accounts payable	796	680
Other current liabilities	1,666	1,575
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>18,262</b>	<b>17,578</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### Attributable to Parent Company shareholders

SEK million	31 Dec 2020	31 Dec 2019
<b>Opening equity</b>	7,915	6,685
Comprehensive income for the period	1,176	1,648
Dividend	-477	-418
<b>Closing equity</b>	<b>8,614</b>	<b>7,915</b>
<i>Equity attributable to:</i>		
Parent Company shareholders	8,614	7,915
Non-controlling interests	62	57
	<b>8,676</b>	<b>7,972</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SEK million	TWELVE MONTHS		FOURTH QUARTER	
	2020	2019	2020	2019
<b>Operating activities</b>				
Operating profit	2,261	2,059	672	564
Non-cash items	780	705	187	163
Interest and financial items, net	-62	-63	-18	-16
Tax paid	-593	-571	-164	-167
<b>Cash flow before changes in working capital</b>	<b>2,386</b>	<b>2,130</b>	<b>677</b>	<b>544</b>
<b>Changes in working capital</b>				
Inventories	208	-94	66	238
Current receivables	145	137	191	198
Current liabilities	73	-183	-117	-168
<b>Cash flow from operating activities</b>	<b>2,812</b>	<b>1,990</b>	<b>817</b>	<b>812</b>
Business acquisitions and sales, net	-1,056	-1,781	-138	-422
Net investment in tangible assets	-223	-243	-58	-71
Net investment in intangible assets	-25	-32	-9	-8
<b>Cash flow from investing activities</b>	<b>-1,304</b>	<b>-2,056</b>	<b>-205</b>	<b>-501</b>
Borrowings/repayment of borrowings, net	-472	863	-269	5
Dividends paid	-526	-490	-12	-3
<b>Cash flow from financing activities</b>	<b>-998</b>	<b>373</b>	<b>-281</b>	<b>2</b>
<b>Cash flow for the period</b>	<b>510</b>	<b>307</b>	<b>331</b>	<b>313</b>
Cash and cash equivalents at beginning of period	729	405	865	456
Translation differences	-69	17	-26	-40
<b>Cash and cash equivalents at end of period</b>	<b>1,170</b>	<b>729</b>	<b>1,170</b>	<b>729</b>

## ACQUISITIONS IN 2020

Ten new businesses were consolidated during the year. The acquisitions refer to a product portfolio from ContacEZ, TrollDental's product portfolio and the Workplace Safety division of Kiiltoclean A/S, all shares in the Germany company Consys, Danish company Rønvig Dental Manufacturing and Sendoline of Sweden, as well as the majority of the Croatian company Dental Grupa, UK company Swallow and the Italian companies Cramaro Tarpon Systems and Tastitalia.

The purchase price allocation includes all acquisitions consolidated in 2020.

Acquisition-related expenses of SEK 21 million are included in administrative expenses in the consolidated income statement for the 2020. The acquired businesses have, since their dates of consolidation, contributed SEK 486 million to the Group's net sales, and SEK 109 million to EBITA. If consolidation had taken place on 1 January 2020, the Group's net sales would have been positively impacted by about SEK 165 million and EBITA by about SEK 45 million.

### Acquired net assets

Net assets, SEK million	Carrying amount	Value adjustment	Fair value
Trademarks, customer relationships, licences	16	761	777
Tangible assets	57	-	57
Inventories, accounts receivable and other receivables	239	-13	226
Accounts payable and other liabilities	-266	-177	-443
Cash and cash equivalents	192	-	192
<b>Net assets</b>	<b>238</b>	<b>571</b>	<b>809</b>
Goodwill	-	577	577
<b>Total net assets</b>	<b>238</b>	<b>1,148</b>	<b>1,386</b>

### Effect on cash flow, SEK million

Consideration	1,386
<i>Consideration not paid</i>	-183
Cash and cash equivalents in acquired companies	-192
Consideration paid relating to acquisitions from previous years	45
<b>Total cash flow effect</b>	<b>1,056</b>

## FINANCIAL INSTRUMENTS

SEK million	31 Dec 2020	31 Dec 2019
<b>Financial assets at amortised cost</b>		
Accounts receivable	1,533	1,584
Other non-current financial receivables	11	9
Cash and cash equivalents	1,170	729
<b>Total</b>	<b>2,714</b>	<b>2,322</b>
<b>Liabilities at fair value through profit or loss</b>		
Other liabilities <sup>1</sup>	986	916
<b>Financial liabilities at amortised cost</b>		
Interest-bearing borrowings	4,916	5,325
Accounts payable	796	680
<b>Total</b>	<b>6,698</b>	<b>6,921</b>

<sup>1</sup> Other liabilities classified as financial instruments refer to mandatory put/call options related to non-controlling interests and additional considerations.

The carrying amount is the same as the fair value. Financial instruments at fair value are classified into different levels depending on how fair value is determined. All financial instruments at fair value in the Lifco Group have been classified as level 3, i.e. non-observable inputs. The fair value of short-term borrowings is equal to the carrying amount, as the discount effect is insignificant.

## KEY PERFORMANCE INDICATORS

ROLLING TWELVE MONTHS TO	2020	2019
	31 DEC	31 DEC
Net sales, SEK million	13,782	13,845
Change in net sales, %	-0.5	15.8
EBITA*, SEK million	2,702	2,523
EBITA margin*, %	19.6	18.2
EBITDA*, SEK million	3,062	2,849
EBITDA margin*, %	22.2	20.6
Capital employed, SEK million	13,812	12,925
Capital employed excl. goodwill and other intangible assets, SEK million	1,938	2,345
Return on capital employed, %	19.6	19.5
Return on capital employed excl. goodwill, %	139	108
Return on equity, %	19.8	20.3
Net debt, SEK million	4,776	5,552
Net debt/equity ratio, times	0.6	0.7
Net debt/EBITDA*	1.6	1.9
Interest-bearing net debt, SEK million	3,242	4,040
Interest-bearing net debt/EBITDA*, times	1.1	1.4
Equity/assets ratio, %	47.5	45.4
Number of shares, thousand	90,843	90,843
Average number of employees	5,491	5,255

## CONDENSED PARENT COMPANY INCOME STATEMENT

SEK million	TWELVE MONTHS		FOURTH QUARTER	
	2020	2019	2020	2019
Administrative expenses	-106	-162	-28	-32
Other operating income <sup>1</sup>	147	139	147	139
<b>Operating profit</b>	<b>41</b>	<b>-23</b>	<b>119</b>	<b>107</b>
Net financial items <sup>2</sup>	954	837	24	27
<b>Profit after financial items</b>	<b>995</b>	<b>814</b>	<b>143</b>	<b>134</b>
Appropriations	-31	-30	-38	-30
Tax	-27	-6	-14	-22
<b>Net profit for the period</b>	<b>937</b>	<b>778</b>	<b>91</b>	<b>82</b>

<sup>1</sup> Invoicing of Group-wide services.

<sup>2</sup> Net financial items include SEK 771 (758) million in dividends received during the twelve-month period.

## CONDENSED PARENT COMPANY BALANCE SHEET

SEK million	31 Dec	31 Dec
	2020	2019
<b>ASSETS</b>		
Tangible assets	-	0
Financial assets	4,777	4,872
Current receivables	6,204	5,226
Cash and cash equivalents	625	379
<b>TOTAL ASSETS</b>	<b>11,606</b>	<b>10,477</b>
<b>EQUITY AND LIABILITIES</b>		
Equity	3,731	3,271
Untaxed reserves	75	72
Provisions	23	-
Non-current interest-bearing liabilities	1,779	1,004
Current interest-bearing liabilities	2,463	3,670
Current non-interest-bearing liabilities	3,535	2,460
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>11,606</b>	<b>10,477</b>
Pledged assets	-	-
Contingent liabilities	199	46

## DEFINITIONS AND OBJECTIVES

<b>Return on equity</b>	Net profit for the period divided by average equity.
<b>Return on capital employed</b>	EBITA before acquisition costs and non-recurring items divided by capital employed.
<b>Return on capital employed excluding goodwill and other intangible assets</b>	EBITA before acquisition costs and non-recurring items divided by capital employed excluding goodwill and other intangible assets.
<b>EBITA</b>	EBITA is a measure which Lifco considers relevant for investors who wish to understand the earnings generated after investments in tangible and intangible assets requiring reinvestment but before investments in intangible assets attributable to acquisitions. Lifco defines earnings before interest, tax and amortisation (EBITA) as operating profit before amortisation and impairment of intangible assets arising from acquisitions. In its financial reports, Lifco excludes acquisition costs and non-recurring items. This is indicated by an asterisk.
<b>EBITA margin</b>	EBITA divided by net sales.
<b>EBITDA</b>	EBITDA is a measure which Lifco considers relevant for investors who wish to understand the earnings generated before investments in non-current assets. Lifco defines earnings before interest, tax, depreciation and amortisation (EBITDA) as operating profit before depreciation, amortisation and impairment of tangible and intangible assets. In its financial reports, Lifco excludes acquisition costs and non-recurring items. This is indicated by an asterisk.
<b>EBITDA margin</b>	EBITDA divided by net sales.
<b>Net debt/equity ratio</b>	Net debt divided by equity.
<b>Net debt</b>	Lifco uses the alternative KPI net debt. Lifco considers that this is a useful additional KPI which allows users of the financial reports to assess the Group's ability to pay dividends, make strategic investments and meet its financial obligations. Lifco defines the KPI as follows: current and non-current liabilities to credit institutions, bonds, interest-bearing pension provisions, liabilities related to put/call options and additional considerations

relating to acquisitions as well as lease liabilities less cash and cash equivalents.

**Earnings per share**

Profit after tax attributable to Parent Company shareholders, divided by the average number of shares outstanding.

**Interest-bearing net debt**

Lifco uses the alternative KPI interest-bearing net debt. Lifco considers that this is a useful additional KPI which allows users of the financial reports to assess the Group's ability to pay dividends, make strategic investments and meet its financial obligations. Lifco defines the KPI as follows: current and non-current liabilities to credit institutions, bonds as well as interest-bearing pension provisions less cash and cash equivalents.

**Equity/assets ratio**

Equity divided by total assets (balance sheet total).

**Capital employed**

Capital employed is a measure which Lifco uses for calculating the return on capital employed and for measuring how efficient the Group is. Lifco considers that capital employed is useful in helping users of the financial reports to understand how the Group finances itself. Lifco defines capital employed as total assets less cash and cash equivalents, interest-bearing pension provisions and non-interest-bearing liabilities with the exception of liabilities related to put/call options and additional considerations relating to acquisitions, calculated as the average of the last four quarters.

**Capital employed excluding goodwill and other intangible assets**

Capital employed excluding goodwill and other intangible assets is a measure which Lifco uses for calculating the return on capital employed and for measuring how efficient the Group is. Lifco considers that capital employed excluding goodwill and other intangible assets is useful in helping users of the financial reports to understand the impact of goodwill and other intangible assets on that capital which requires a return. Lifco defines capital employed excluding goodwill and other intangible assets as total assets less cash and cash equivalents, interest-bearing pension provisions, non-interest-bearing liabilities with the exception of liabilities related to put/call options and additional considerations relating to acquisitions, goodwill and other intangible assets, calculated as the average of the last four quarters.

## RECONCILIATION OF ALTERNATIVE KEY PERFORMANCE INDICATORS

The interim report presents alternative key performance indicators for assessing the Group's performance. The primary alternative KPIs presented in this interim report are EBITA, EBITDA, net debt and capital employed. Definitions of the alternative KPIs are presented on pages 21–22.

### ***EBITA compared with financial statements in accordance with IFRS***

SEK million	TWELVE MONTHS	TWELVE MONTHS
	2020	2019
<b>Operating profit</b>	2,261	2,059
Amortisation of intangible assets arising from acquisitions	412	329
<b>EBITA</b>	<b>2,673</b>	<b>2,388</b>
Acquisition costs and non-recurring items	29	135
<b>EBITA before acquisition costs and non-recurring items</b>	<b>2,702</b>	<b>2,523</b>

### ***EBITDA compared with financial statements in accordance with IFRS***

SEK million	TWELVE MONTHS	TWELVE MONTHS
	2020	2019
<b>Operating profit</b>	2,261	2,059
Depreciation of tangible assets	344	311
Amortisation of intangible assets	16	15
Amortisation of intangible assets arising from acquisitions	412	329
<b>EBITDA</b>	<b>3,033</b>	<b>2,714</b>
Acquisition costs and non-recurring items	29	135
<b>EBITDA before acquisition costs and non-recurring items</b>	<b>3,062</b>	<b>2,849</b>

### ***Net debt compared with financial statements in accordance with IFRS***

SEK million	31 Dec 2020	31 Dec 2019
Non-current interest-bearing liabilities including pension provisions	1,909	1,093
Current interest-bearing liabilities	2,503	3,676
Cash and cash equivalents	-1,170	-729
<b>Interest-bearing net debt</b>	<b>3,242</b>	<b>4,040</b>
Put/call options, additional considerations	986	916
Lease liability	548	596
<b>Net debt</b>	<b>4,776</b>	<b>5,552</b>

***Capital employed and capital employed excluding goodwill and other intangible assets compared with financial statements in accordance with IFRS***

SEK million	31 Dec 2020	30 Sep 2020	30 Jun 2020	31 Mar 2020
<b>Total assets</b>	<b>18,262</b>	<b>18,624</b>	<b>18,291</b>	<b>19,278</b>
Cash and cash equivalents	-1,170	-865	-781	-714
Interest-bearing pension provisions	-44	-45	-41	-38
Non-interest-bearing liabilities	-3,639	-3,852	-4,174	-3,841
<b>Capital employed</b>	<b>13,409</b>	<b>13,862</b>	<b>13,295</b>	<b>14,685</b>
Goodwill and other intangible assets	-11,610	-11,933	-11,701	-12,255
<b>Capital employed excluding goodwill and other intangible assets</b>	<b>1,799</b>	<b>1,929</b>	<b>1,594</b>	<b>2,430</b>

***Capital employed and capital employed excluding goodwill and other intangible assets calculated as the average of the last four quarters compared with financial statements in accordance with IFRS***

SEK million	Average	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Capital employed	<b>13,813</b>	13,409	13,862	13,295	14,685
Capital employed excluding goodwill and other intangible assets	<b>1,938</b>	1,799	1,929	1,594	2,430
EBITA*	<b>Total</b> <b>2,702</b>	782	699	569	652
<b>Return on capital employed</b>	<b>19.6%</b>				
<b>Return on capital employed excluding goodwill and other intangible assets</b>	<b>139%</b>				