

YEAR-END REPORT 2021

Reporting period January – December

- Net sales increased 26.8 per cent to SEK 17,480 (13,782) million. Organically, net sales grew by 15.3 per cent.
- EBITA* increased 37.3 per cent to SEK 3,709 (2,702) million.
- The EBITA margin* improved 1.6 percentage points to 21.2 (19.6) per cent.
- Profit before tax grew 39.1 per cent to SEK 3,070 (2,207) million.
- Net profit for the period grew 44.2 per cent to SEK 2,429 (1,685) million.
- Earnings per share increased 43.3 per cent to SEK 5.26 (3.67).
- Cash flow from operating activities increased 4.5 per cent to SEK 2,938 (2,812) million.
- The pandemic did not negatively affect the market situation during the year.
- 17 new businesses were consolidated during the year with total estimated annual net sales of about SEK 1,890 million as per the acquisition dates.
- Dividend per share is proposed at SEK 1.50 (1.20) per share, corresponding to SEK 681 (545) million.

Reporting period October – December

- Net sales increased 32.0 per cent to SEK 4,952 (3,751) million. Organically, net sales grew by 19.8 per cent.
- EBITA* increased 29.5 per cent to SEK 1,013 (782) million.
- The EBITA margin* was 20.5 (20.8) per cent.
- Profit before tax grew 29.1 per cent to SEK 844 (654) million.
- Net profit for the period grew 46.7 per cent to SEK 760 (518) million.
- Cash flow from operating activities increased 25.2 per cent to SEK 1,023 (817) million.

Summary of financial performance

SEK million	TWELVE MONTHS			FOURTH QUARTER		
	2021	2020 ¹	change	2021	2020 ¹	change
Net sales	17,480	13,782	26.8%	4,952	3,751	32.0%
EBITA*	3,709	2,702	37.3%	1,013	782	29.5%
EBITA margin*	21.2%	19.6%	1.6	20.5%	20.8%	-0.3
Profit before tax	3,070	2,207	39.1%	844	654	29.1%
Net profit for the period	2,429	1,685	44.2%	760	518	46.7%
Earnings per share ²	5.26	3.67	43.3%	1.64	1.13	45.1%
Return on capital employed	22.5%	19.6%	2.9	22.5%	19.6%	2.9
Return on capital employed excl. goodwill	162%	139%	23	162%	139%	23

* Before acquisition costs.

¹ In the first quarter 2021, the Group changed its accounting policies concerning call/put options issued in non-controlling interests. Comparative figures have been recalculated for 2020 without this leading to any material impact on the reporting. For more information, see the section on accounting policies.

² Comparative figures have been recalculated after the share split in May 2021, whereby each share was split into five new shares of the same share class (split 5:1).

COMMENTS FROM THE CEO

Lifco's primary target is to increase its earnings every year through organic growth as well as acquisitions. Net sales increased by 26.8 per cent to SEK 17,480 (13,782) million during the year, driven by organic growth and acquisitions. Exchange rate effects negatively impacted sales. The generally favourable market environment in Demolition & Tools and Systems Solutions was a strong contributing factor to organic growth of 15.3 per cent.

During the year, EBITA* increased by 37.3 per cent to SEK 3,709 (2,702) million and the EBITA margin* improved by 1.6 percentage points to 21.2 (19.6) per cent. Improvements in profitability are a result of organic growth, Lifco's continual focus on profit margins, acquisitions and low sales and marketing activities during the first half of 2021 as a result of the pandemic. Sales and marketing activities began to return to more normal levels from the start of the third quarter of 2021.

Earnings per share during the year increased 43.3 per cent till SEK 5.26 (3.67). Cash flow from operating activities amounted to SEK 2,938 (2,812) million during the year.

In 2021, Lifco consolidated 17 acquisitions, of which five in the Dental business area, two in Demolition & Tools and ten in Systems Solutions. The acquisitions comprise five German companies, four Italian, three British, two Swedish, one Dutch, one Czech and one in the US. Many of the companies are market leaders in their respective niches. Overall, the acquisitions had a positive effect on Lifco's results and financial position during the year.

On 20 July, Lifco established a new MTN program with a loan framework of SEK 5 billion, making it possible to issue bonds in the Swedish market. On 26 August, Lifco issued an unsecured bond totalling SEK 750 million and on 24 November, Lifco issued a further unsecured bond of SEK 1,000 million. Lifco thereby has bonds outstanding totalling SEK 3,550 million. Lifco's financial position remains solid and interest-bearing net debt amounted to 1.1 times EBITDA* at 31 December 2021, which is well in line with our target of interest-bearing net debt of a maximum of three times EBITDA* and means that Lifco continues to possess significant financial scope to make additional acquisitions.



Per Waldemarson
President and CEO

GROUP PERFORMANCE IN JANUARY – DECEMBER

Sales increased 26.8 per cent to SEK 17,480 (13,782) million. Organic growth was 15.3 per cent, acquisitions attributed 13.2 per cent and exchange rate effects had a negative impact on sales of 1.7 per cent. 17 new businesses were consolidated during the year with total estimated annual net sales of about SEK 1,890 million as per the acquisition dates.

EBITA* increased 37.3 per cent to SEK 3,709 (2,702) million and the EBITA margin* improved 1.6 percentage points to 21.2 (19.6) as a result of organic growth, Lifco's ongoing focus on profit margins, acquisitions and low sales and marketing activities during the first half of the year as a result of the pandemic. Foreign exchange gains had a negative impact on EBITA* of 1.6 per cent. During the period, 40 (34) per cent of EBITA* was generated in EUR, 25 (30) per cent in SEK, 12 (13) per cent in NOK, 7 (7) per cent in GBP, 5 (7) per cent in DKK, 5 (3) per cent in USD and 6 (6) per cent in other currencies.

Net financial items were SEK -71 (-62) million.

Profit before tax grew 39.1 per cent to SEK 3,070 (2,207) million. Net profit for the period grew 44.2 per cent to SEK 2,429 (1,685) million.

Average capital employed excluding goodwill increased by SEK 356 million during the year, to SEK 2,294 million at 31 December 2021, compared with SEK 1,938 million at 31 December 2020. EBITA* in relation to average capital employed excluding goodwill was at 162 per cent at year-end and increased by 23 percentage points during the year.

The Group's net debt increased by SEK 2,337 million from 31 December 2020 to SEK 7,113 (4,776) million at 31 December 2021, of which liabilities related to put/call options and additional considerations for acquisitions amounted to SEK 1,657 (986) million. Interest-bearing net debt increased by SEK 1,361 million since year-end and amounted to SEK 4,603 (3,242) million at 31 December 2021.

On 20 July 2021, Lifco established a new MTN program with a loan framework of SEK 5 billion, making it possible to issue bonds in the Swedish market. On 26 August 2021, Lifco issued an unsecured bond totalling SEK 750 million and on 24 November 2021, Lifco issued a further unsecured bond of SEK 1,000 million, thereby having bonds outstanding at year-end totalling SEK 3,550 million. In addition to bonds outstanding, Lifco has standard short-term credit facilities.

The net debt/equity ratio at 31 December 2021 was 0.7 (0.6) and net debt to EBITDA* was 1.7 (1.6) times. Interest-bearing net debt/EBITDA* was 1.1 (1.1) times. At year-end, 55 (41) per cent of the Group's interest-bearing liabilities were denominated in EUR.

Cash flow from operating activities increased 4.5 per cent to SEK 2,938 (2,812) million during the year, mainly on the back of improved earnings. Organic growth resulted in an increase in working capital in 2021. Cash flow from investing activities was SEK -3,287 (-1,304) million, which was mainly attributable to acquisitions.

GROUP PERFORMANCE IN THE FOURTH QUARTER

Sales increased by 32.0 per cent to SEK 4,952 (3,751) million in the fourth quarter. Organic growth was 19.8 per cent, acquisitions contributed 15.2 per cent while foreign exchange gains had a negative impact of 3.0 per cent.

EBITA* increased 29.5 per cent to SEK 1,013 (782) million as the result of acquisitions and organic growth. Foreign exchange gains had a negative impact on EBITA* of 1.0 per cent. The EBITA margin* was 20.5 (20.8) per cent. The quarterly comparison is affected by sales and marketing activities being at unusually low levels from the second quarter of 2020 as a result of the pandemic. Sales and marketing activities began to return to more normal levels from the start of the third quarter of 2021. During the fourth quarter, 39 (34) per cent of EBITA* was generated in EUR, 30 (33) per cent in SEK, 12 (13) per cent in NOK, 5 (7) per cent in DKK, 5 (6) per cent in GBP, 5 (4) per cent in USD and 4 (3) per cent in other currencies.

Net financial items were SEK -19 (-18) million.

Profit before tax grew by 29.1 per cent to SEK 844 (654) million. Net profit for the period grew 46.7 per cent to SEK 760 (518) million. The Group's tax expense for the period declined by about SEK 71 million, due to higher deferred tax assets as a result of the revaluation of pension obligations secured by endowment insurance.

Average capital employed excluding goodwill increased by SEK 129 million, to SEK 2,294 million at 31 December 2021, compared with SEK 2,165 million at 30 September 2021. EBITA relative to average capital employed excluding goodwill increased from 161 per cent at 30 September 2021 to 162 per cent at 31 December 2021.

The Group's net debt increased during the quarter by SEK 200 million to SEK 7,113 million.

Cash flow from operating activities increased 25.2 per cent during the fourth quarter to SEK 1,023 (817) million due to improved income. Cash flow from investing activities was SEK -895 (-206) million, which was attributable to acquisitions and investments.

FINANCIAL PERFORMANCE – BUSINESS AREAS

Dental

SEK million	TWELVE MONTHS			FOURTH QUARTER		
	2021	2020	change	2021	2020	change
Net sales	5,123	4,290	19.4%	1,301	1,212	7.3%
EBITA*	1,080	898	20.3%	241	266	-9.4%
EBITA margin*	21.1%	20.9%	0.2	18.5%	21.9%	-3.4

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 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 increased by 19.4 per cent to SEK 5,123 (4,290) million during the year, positively impacted by acquisitions and organic growth. The year-on-year comparison is affected by the negative effects of the pandemic in 2020 that primarily occurred during the second quarter of 2020.

EBITA* increased by 20.3 per cent to SEK 1,080 (898) million during the year and the EBITA margin improved by 0.2 of a percentage point to 21.1 (20.9) per cent. Profitability was impacted positively by acquisitions, organic growth and Lifco's continual focus on profit margins. The quarterly comparison is affected by sales and marketing activities being at unusually low levels from the second quarter of 2020 as a result of the pandemic. Sales and marketing activities began to return to more normal levels from the third quarter of 2021.

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. In the fourth quarter, there were no individual events that had a substantial impact on the earnings of the Dental group as a whole.

As of January 2021, the German operations Kaniedenta and Rissmann Dental were consolidated. Kaniedenta produces and sells dental consumables primarily for the German market. The company had a turnover of about 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 was an assets and liabilities acquisition. As of February 2021, the majority of the German company Kentzler-Kaschner was consolidated, which sells consumables to the dental market, mainly in Germany. The company had a turnover of about EUR 3.6 million in 2020 and has 20 employees. As of March 2021, the Czech company Medema was consolidated, which sells consumables and smaller sized equipment to dental

clinics and dental laboratories in the Czech Republic. The company had a turnover in 2020 of about CZK 26 million, corresponding to about EUR 1 million. The company has four employees and the acquisition comprised all of the shares. The Swedish IT services company Anidem Computers was consolidated in October 2021, and reported sales of about SEK 4 million in 2020 and has four employees. The company's customers are dentist clinics and the acquisition comprised the majority of the shares.

Demolition & Tools

SEK million	TWELVE MONTHS			FOURTH QUARTER		
	2021	2020	change	2021	2020	change
Net sales	4,701	3,234	45.4%	1,329	857	55.1%
EBITA*	1,261	750	68.1%	361	220	64.1%
EBITA margin*	26.8%	23.2%	3.6	27.2%	25.7%	1.5

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.

Net sales increased by 45.4 per cent to SEK 4,701 (3,234) million during the year, driven by organic growth and acquisitions. The market environment was generally very strong during the year. EBITA* increased by 68.1 per cent to SEK 1,261 (750) million during the same period and the EBITA margin* improved by 3.6 percentage points to 26.8 (23.2) per cent. The EBITA margin was positively impacted by organic growth and acquisitions. The strong growth resulted in considerable operational leverage during the year. The quarterly comparison is affected by sales and marketing activities being at unusually low levels from the second quarter of 2020 as a result of the pandemic. Sales and marketing activities began to return to more normal levels from the third quarter of 2021.

The majority of shares of the Italian company MultiOne were consolidated as of February 2021, a leading manufacturer of mini loaders and attachments. The company had a turnover of around EUR 27 million in 2020 and has 46 employees. The majority of the shares of the Italian company Cangini Benne were consolidated as of April 2021, a leading manufacturer of attachments for excavators and front loaders. Cangini Benne had a turnover of about EUR 35 million in 2020 and has 115 employees.

Systems Solutions

SEK million	TWELVE MONTHS			FOURTH QUARTER		
	2021	2020	change	2021	2020	change
Net sales	7,656	6,258	22.3%	2,322	1,682	38.0%
EBITA*	1,494	1,166	28.1%	446	326	36.8%
EBITA margin*	19.5%	18.6%	0.9	19.2%	19.4%	-0.2

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, and Forest.

Net sales in Systems Solutions increased by 22.3 per cent to SEK 7,656 (6,258) million during the year, mainly on the back of organic growth in all divisions and acquisitions. The market for Systems Solutions was healthy overall during the period.

In 2021, EBITA* increased by 28.1 per cent to SEK 1,494 (1,166) million and the EBITA margin* improved by 0.9 of a percentage point to 19.5 (18.6) per cent. Improvements in profitability are a result of Lifco's continual focus on profit margins, acquisitions and organic growth. The quarterly comparison is affected by sales and marketing activities being at unusually low levels from the second quarter of 2020 as a result of the pandemic. Sales and marketing activities began to return to more normal levels from the third quarter of 2021. Certain operations have still not received full cross-compensation of elevated raw-material prices due to them delivering on existing order backlogs.

Construction Materials posted a positive sales trend for the entire year with improved profitability, partly due to acquisitions.

Contract Manufacturing reported a positive increase in sales with stable profitability in 2021, driven by a strong performance in the fourth quarter.

Environmental Technology reported positive developments in sales and profitability in 2021 due to acquisitions and generally healthy demand for the full year. In the three final quarters of 2020, those companies that sell indirect products that are not part of a value chain took a hit from the pandemic.

Service and Distribution reported a favourable sales trend for the full year as a result of organic growth and acquisitions. Profitability showed a somewhat weaker trend due to the product mix and that cross-compensation for elevated raw-material prices was yet to be fully implemented in certain operations in the second half of 2021.

Forest improved in terms of sales and profitability during the year. In the fourth quarter of 2021, sales were favourable, but with weaker profitability compared with the same quarter in 2020. In the project-related component of the business, sales and earnings can fluctuate substantially between the quarters. These variations do not usually correlate with the underlying market situation but instead depend largely on the outcome of specific projects.

In the Construction Materials division, Elvärmeprodukter i Skellefteå was consolidated as of July 2021, which sells heating products for floor, roof, ground and frost protection, mainly in Sweden. The

company had a turnover of around SEK 38 million in 2020 and has eleven employees. The acquisition comprised all of the shares. The German company Bode Components was consolidated as of August 2021, a leading manufacturer of safety products for elevators. Bode Components generated sales of about EUR 5 million in 2020 and has nine employees. The acquisition comprised all of the shares.

In the Environmental Technology division, the British company Cleveland Cascades was consolidated as of February 2021, a global leader in the design and manufacture of bespoke dry bulk loading chutes. The company had a turnover of around GBP 5.1 million in 2020 and has some 30 employees. The acquisition comprised all of the shares. The British company Spinaclean was consolidated as of April 2021, which develops and sells vacuum cleaners and pressure washers for indoor and outdoor high-level cleaning. The company had a turnover of about GBP 5.8 million in 2020 and has some 20 employees. The acquisition comprised the majority of the shares. ErgoPack's distributor in the US was consolidated as of May 2021. The company had a turnover of about USD 4.2 million in 2020, all of which was generated by the German company ErgoPack GmbH, which Lifco acquired in 2019. The acquisition of the distributor in the US was an assets and liabilities acquisition. As of December 2021, the Dutch company Easy Life International was consolidated, which is a leading manufacturer of consumables used for water purification and plant nutrition for aquariums. In 2020, the company had a turnover of about EUR 3.3 million and has six employees. The acquisition comprised the majority of the shares.

In the Service and Distribution division, the British company T. Freemantle was consolidated as of January 2021, a niche manufacturer of cartoning and sleeving machinery. The company had a turnover of around GBP 5.0 million in 2019 and has some 40 employees. The acquisition comprised all of the shares. The Italian company DVG De Vecchi was consolidated as of July 2021, a leading manufacturer and distributor of coffee machines. DVG De Vecchi had a turnover of about EUR 16 million in 2020 and has 39 employees. The acquisition comprised the majority of the shares. The Italian company Next Hydraulics was also consolidated as of July 2021, a leading manufacturer of telescopic cranes mainly used on light vehicles. The company also produces stabilisers for vehicles. Next Hydraulics had a turnover of about EUR 21 million in 2020 and has 43 employees. The acquisition comprised the majority of the shares. As of December 2021, the German company Truckline was consolidated, which is a leading manufacturer of high-end lightbars for trucks, sold under the LightFix brand. The company had a turnover of around EUR 15 million in 2020 and has 31 employees. The acquisition comprised the majority of the shares.

ACQUISITIONS

Lifco made the following consolidations during the year:

Consolidated from month	Acquisitions	Business area	Net sales	Employees
January	Kaniedenta	Dental	EUR 29m ¹	35
January	Rissmann Dental	Dental	EUR 4.1m ¹	50
January	T. Freemantle	Systems Solutions	GBP 5.0m ¹	40
February	MultiOne	Demolition & Tools	EUR 27m	46
February	Cleveland Cascades	Systems Solutions	GBP 5.1m	30
March	Kentzler-Kaschner	Dental	EUR 3.6m	20
March	Medema	Dental	EUR 1m	4
April	Spinaclean	Systems Solutions	GBP 5.8m	20
April	Cangini Benne	Demolition & Tools	EUR 35m	115
May	ErgoPack's distributor in the US	Systems Solutions	USD 4.2m ²	-
July	Elvärmeprodukter i Skellefteå	Systems Solutions	SEK 38m	11
July	DVG De Vecchi	Systems Solutions	EUR 16m	39
July	Next Hydraulics	Systems Solutions	EUR 21m	43
August	Bode Components	Systems Solutions	EUR 5m	9
October	Anidem Computers	Dental	SEK 4m	4
December	Easy Life International	Systems Solutions	EUR 3.3m	6
December	Truck-line	Systems Solutions	EUR 15m	31

¹ Refers to net sales in 2019.

² All of the turnover was generated by the German company ErgoPack GmbH, which was acquired by Lifco in 2019.

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. As of the third quarter of 2021, Lifco does not announce acquisitions with annual net sales of less than SEK 10 million in press releases.

Taken together, the acquisitions had a positive impact on Lifco's results and financial position in 2021.

OTHER FINANCIAL INFORMATION

Employees

The average number of employees was 5,995 (5,491) during the year. At the end of the period, the number of employees was 6,265 (5,433). Acquisitions added about 500 employees.

Events after the end of the reporting period

On 1 October 2021, Lifco announced that the company had signed an agreement to acquire the assets and liabilities of the Danish company Zenith Dental Aps. Zenith Dental is a niche distributor of dental products in Denmark that reported sales of about DKK 21 million in 2020. The business will be consolidated in the Dental business area and the consolidation will take place in January 2022.

On 21 December 2021, Lifco announced that the company had signed an agreement to acquire the majority of shares of the Norwegian company Cenec Tavlebygg AS. Cenec Tavlebygg manufactures

low volt electrical supplies and reported net sales of approximately NOK 17 million in 2020. The business will be consolidated in the Systems Solutions business area, division Construction Materials and the consolidation will take place in January 2022.

On 27 December 2021, Lifco announced that the company had signed an agreement to acquire the majority of shares of the Italian company Cormidi SRL. Cormidi is a leading manufacturer of mini dumpers and mini loaders that reported net sales of approximately EUR 13 million in 2020. Cormidi will be consolidated in the Demolition & Tools business area. The acquisition is expected to take place in the first quarter of 2022, subject to relevant regulatory approvals.

Proposed dividend

The Board of Directors and Chief Executive Officer propose that the Annual General Meeting authorise the payment of a dividend of SEK 1.50 (1.20) per share for 2021, representing a total distribution of SEK 681.3 million (545.1). This is equal to 28.5 (32.9) per cent of the net profit for the year attributable to shareholders of Lifco AB. The proposed record date is 3 May. Euroclear Sweden expects to be able to send the dividend to the shareholders on 6 May, subject to the resolution of the Annual General Meeting.

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, structural changes in the market and general level of economic activity. Lifco is also exposed to financial risks, including currency risks, interest rate risks, credit and counterparty risks.

The pandemic did not negatively affect the market situation in 2021. Lifco continues to monitor the effects of the pandemic.

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 2020 Annual Report.

Accounting policies

The Group's year-end 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 2020 Annual Report and should be read in conjunction with these.

In the first quarter of 2021, the Group changed its accounting policies concerning call/put options issued in non-controlling interests. Changes in value of these options were previously recognised in profit or loss. The changed accounting policy means that these changes in value are instead recognised in equity as shareholder transactions. The Group is of the opinion that this reporting is justified since it better reflects the significance of the transaction and thus provides a more true and

fair view. Comparative figures have been recalculated for 2020 without this leading to any material impact on the reporting.

The new standards or interpretations that become effective from the 2021 financial year did not otherwise have any material impact on the financial reporting.

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 2022

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 2021 will be published in the week starting 14 March 2022.

The report for the first quarter 2022 will be published on 29 April.

The report for the second quarter 2022 will be published on 15 July.

The report for the third quarter 2022 will be published on 21 October.

ANNUAL GENERAL MEETING 2022

The Annual General Meeting of Lifco AB will be held on Friday, 29 April 2022, at 11 a.m. CEST, at Bonnierhuset, Torsgatan 21, Stockholm. 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: Bolagsstämmoärenden, 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 11 March 2022.

THE NOMINATION COMMITTEE

Prior to the Annual General Meeting 2022, the Nomination Committee consists of Carl Bennet, Carl Bennet AB, Per Colleen, the Fourth Swedish National Pension Fund (AP4), Hans Hedström, Carnegie Fonder Javiera Ragnartz, SEB Fonder & Liv and Frank Larsson, SHB Fonder & Liv. Carl Bennet is Chairman of the Nomination Committee.

Shareholders wishing to submit proposals to the Nomination Committee for the 2022 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: Wednesday, 2 February at 9:00 a.m. CET

Link to the presentation: <https://tv.streamfabriken.com/lifco-q4-2021>

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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 198 operating companies in 31 countries. In 2021, Lifco reported EBITA of SEK 3.7 billion on net sales of SEK 17.5 billion. The EBITA margin was 21.2 per cent. Read more at 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 2022, at 7:30 a.m. CET.

CONDENSED CONSOLIDATED INCOME STATEMENT

	TWELVE MONTHS			FOURTH QUARTER		
SEK million	2021	2020	change	2021	2020	change
Net sales	17,480	13,782	26.8%	4,952	3,751	32.0%
Cost of goods sold	-10,150	-7,968	27.4%	-2,905	-2,139	35.8%
Gross profit	7,330	5,814	26.1%	2,047	1,612	27.0%
Selling expenses	-1,788	-1,491	19.9%	-499	-370	34.9%
Administrative expenses	-2,249	-1,921	17.1%	-666	-519	28.3%
Development costs	-140	-121	15.7%	-38	-34	11.8%
Other income and expenses	-12	-12	-	19	-17	-212%
Operating profit	3,141	2,269	38.4%	863	672	28.4%
Net financial items	-71	-62	14.5%	-19	-18	5.6%
Profit before tax	3,070	2,207	39.1%	844	654	29.1%
Tax	-641	-522	22.8%	-84	-136	-38.2%
Net profit for the period	2,429	1,685	44.2%	760	518	46.7%
Profit attributable to:						
Parent Company shareholders	2,390	1,665	43.5%	746	514	45.1%
Non-controlling interests	39	20	95.0%	14	4	250%
Earnings per share before and after dilution for the period, attributable to Parent Company shareholders	5.26	3.67	43.3%	1.64	1.13	45.1%
EBITA*	3,709	2,702	37.3%	1,013	782	29.5%
Depreciation of tangible assets	393	344	14.2%	101	74	36.5%
Amortisation of intangible assets	20	16	25.0%	8	8	-
Amortisation of intangible assets arising from acquisitions	526	412	27.7%	142	105	35.2%

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	TWELVE MONTHS			FOURTH QUARTER		
SEK million	2021	2020	change	2021	2020	change
Net profit for the period	2,429	1,685	44.2%	760	518	46.7%
Other comprehensive income						
<i>Items which can later be reclassified to profit or loss:</i>						
Hedge of net investment	-53	57	-193%	-18	-33	-45.5%
Translation differences	426	-530	-180%	137	-297	-146%
Tax related to other comprehensive income	12	-13	-192%	4	7	-42.9%
Total comprehensive income for the period	2,814	1,199	135%	883	195	353%
Comprehensive income attributable to:						
Parent Company shareholders	2,770	1,184	134%	867	193	349%
Non-controlling interests	44	15	193%	16	2	700%
	2,814	1,199	135%	883	195	353%

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		
	2021	2020	change	2021	2020	change
Dental	5,123	4,290	19.4%	1,301	1,212	7.3%
Demolition & Tools	4,701	3,234	45.4%	1,329	857	55.1%
Systems Solutions	7,656	6,258	22.6%	2,322	1,682	38.0%
Group	17,480	13,782	26.8%	4,952	3,751	32.0%

Net sales by type of income:

SEK million	TWELVE MONTHS			FOURTH QUARTER		
	2021	2020	change	2021	2020	change
Dental products	5,123	4,290	19.4%	1,301	1,212	7.3%
Machinery and tools	4,701	3,234	45.4%	1,329	857	55.1%
Construction Materials	1,267	1,158	9.4%	373	306	21.9%
Contract Manufacturing	1,526	1,205	26.6%	502	339	48.1%
Environmental Technology	2,075	1,689	22.9%	594	446	33.2%
Service and Distribution	2,023	1,461	38.5%	594	410	44.9%
Forest	765	745	2.7%	259	181	43.1%
Group	17,480	13,782	26.8%	4,952	3,751	32.0%

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		
	2021	2020	change	2021	2020	change
Dental	1,080	898	20.3%	241	266	-9.4%
Demolition & Tools	1,261	750	68.1%	361	220	64.1%
Systems Solutions	1,494	1,166	28.1%	446	326	36.8%
Central Group functions	-126	-112	12.5%	-35	-30	16.7%
EBITA before acquisition costs	3,709	2,702	37.3%	1,013	782	29.5%
Acquisition costs	-42	-21	100%	-8	-5	60.0%
EBITA	3,667	2,681	36.8%	1,005	777	29.3%
Amortisation of intangible assets arising from acquisitions	-526	-412	27.7%	-142	-105	35.2%
Net financial items	-71	-62	14.5%	-19	-18	5.6%
Profit before tax	3,070	2,207	39.1%	844	654	29.1%

CONDENSED CONSOLIDATED BALANCE SHEET

SEK million	31 Dec 2021	31 Dec 2020
ASSETS		
Intangible assets	15,497	11,610
Tangible assets	2,052	1,504
Financial assets	320	199
Inventories	2,821	1,864
Accounts receivable	2,257	1,533
Current receivables	420	382
Cash and cash equivalents	1,509	1,170
TOTAL ASSETS	24,876	18,262
EQUITY AND LIABILITIES		
Equity	10,756	8,676
Non-current interest-bearing liabilities incl. pension provisions	3,228	2,311
Other non-current liabilities and provisions	3,144	2,164
Current interest-bearing liabilities	3,737	2,649
Accounts payable - trade	1,294	796
Other current liabilities	2,717	1,666
TOTAL EQUITY AND LIABILITIES	24,876	18,262

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to Parent Company shareholders

SEK million	31 Dec 2021	31 Dec 2020
Opening equity	8,614	7,915
Comprehensive income for the period	2,770	1,184
Change in value, owner transactions	-194	-8
Dividend	-545	-477
Closing equity	10,645	8,614
<i>Equity attributable to:</i>		
Parent Company shareholders	10,645	8,614
Non-controlling interests	111	62
	10,756	8,676

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	TWELVE MONTHS		FOURTH QUARTER	
SEK million	2021	2020	2021	2020
Operating activities				
Operating profit	3,141	2,269	863	672
Depreciation of right-of-use assets	173	151	46	37
Other non-cash items	766	621	205	150
Interest and financial items, net	-71	-62	-19	-18
Tax paid	-684	-593	-146	-164
Cash flow before changes in working capital	3,325	2,386	949	677
<i>Changes in working capital</i>				
Inventories	-627	208	-89	66
Current receivables	-463	145	-61	191
Current liabilities	703	73	224	-117
Cash flow from operating activities	2,938	2,812	1,023	817
Business acquisitions and sales, net	-2,990	-1,056	-799	-138
Net investment in tangible assets	-266	-223	-82	-58
Net investment in intangible assets	-31	-25	-14	-9
Cash flow from investing activities	-3,287	- 1,304	-895	-205
Borrowings/repayment of borrowings, net	1,216	-472	-104	-269
Dividends paid	-545	-477	-	-
Dividends paid to non-controlling interests	-98	-49	-14	-12
Cash flow from financing activities	573	-998	-118	-281
Cash flow for the period	224	510	10	331
Cash and cash equivalents at beginning of period	1,170	729	1,450	865
Translation differences	115	-69	49	-26
Cash and cash equivalents at end of period	1,509	1,170	1,509	1,170

ACQUISITIONS IN 2021

17 businesses were consolidated during the year. The acquisitions pertain to the assets in the German company Rissmann Dental and ErgoPack's distributor in the US, and to all of the shares in the German company Bode Components, the Czech company Medema, the Swedish company Elvärme produkter i Skellefteå and the British companies T. Freemantle and Cleveland Cascades. The consolidated acquisitions also include the majority of the British company Spinaclean, the German companies Kaniedenta, Kentzler-Kaschner and Truck-line as well as the Italian companies Cangini Benne, DVG De Vecchi, MultiOne and Next Hydraulics. The majority of the Swedish company Anidem Computers and the Dutch company Easy Life International were also consolidated during the year.

The purchase price allocation includes all acquisitions consolidated in 2021.

Acquisition-related expenses of SEK 42 million are included in administrative expenses in the consolidated income statement for 2021. Since the respective consolidation dates, the acquired companies have added SEK 1,639 million to consolidated net sales and SEK 433 million to EBITA. If the businesses had been consolidated as of 1 January 2021, net sales for the year would have increased by a further SEK 635 million and EBITA would have increased by a further SEK 162 million.

Acquired net assets

Net assets, SEK million	Carrying amount	Value adjustment	Fair value
Trademarks, customer relationships, licences	182	2,067	2,249
Tangible assets	182	-	182
Inventories, accounts receivable and other receivables	746	-29	717
Accounts payable and other liabilities	-771	-617	-1,388
Cash and cash equivalents	435	-	435
Net assets	774	1,421	2,195
Goodwill	-	1,736	1,736
Total net assets	774	3,157	3,931

Effect on cash flow, SEK million

Consideration	3,931
<i>Consideration not paid</i>	-622
Cash and cash equivalents in acquired companies	-435
Consideration paid relating to acquisitions from previous years	116
Total cash flow effect	2,990

FINANCIAL INSTRUMENTS

SEK million	31 Dec 2021	31 Dec 2020
Financial assets at amortised cost		
Accounts receivable	2,257	1,533
Other non-current financial receivables	13	11
Cash and cash equivalents	1,509	1,170
Total	3,779	2,714
Liabilities at fair value through profit or loss		
Other liabilities ¹	1,657	986
Financial liabilities at amortised cost		
Interest-bearing borrowings	6,908	4,916
Accounts payable - trade	1,294	796
Total	9,859	6,698

¹ 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	31 Dec 2021	31 Dec 2021
Net sales, SEK million	17,480	13,782
Change in net sales, %	26.8	-0.5
EBITA*, SEK million	3,709	2,702
EBITA margin*, %	21.2	19.6
EBITDA*, SEK million	4,122	3,062
EBITDA margin*, %	23.6	22.2
Capital employed, SEK million	16,447	13,812
Capital employed excl. goodwill and other intangible assets, SEK million	2,294	1,938
Return on capital employed, %	22.5	19.6
Return on capital employed excl. goodwill, %	162	139
Return on equity, %	24.6	19.9
Net debt, SEK million	7,113	4,776
Net debt/equity ratio, times	0.7	0.6
Net debt/EBITDA*	1.7	1.6
Interest-bearing net debt, SEK million	4,603	3,242
Interest-bearing net debt/EBITDA*, times	1.1	1.1
Equity/assets ratio, %	43.2	47.5
Number of shares, thousand ¹	454,216	90,843
Average number of employees	5,995	5,491

¹ In May 2021, Lifco carried out a share split whereby each share was split into five new shares of the same share class (split 5:1).

CONDENSED PARENT COMPANY INCOME STATEMENT

SEK million	TWELVE MONTHS		FOURTH QUARTER	
	2021	2020	2021	2020
Administrative expenses	-119	-106	-33	-28
Other operating income ¹	170	147	170	147
Operating profit	51	41	137	119
Finansnetto2	711	954	22	24
Profit after financial items	762	995	159	143
Appropriations	-54	-31	-54	-38
Tax	-8	-27	-12	-14
Net profit for the period	700	937	93	91

¹ Invoicing of Group-wide services.

² Net financial items include SEK 623 (771) million in dividends received during the twelve-month period.

CONDENSED PARENT COMPANY BALANCE SHEET

SEK million	31 Dec 2021	31 Dec 2020
ASSETS		
Financial assets	5,946	4,777
Current receivables	8,333	6,204
Cash and cash equivalents	584	625
TOTAL ASSETS	14,863	11,606
EQUITY AND LIABILITIES		
Equity	3,886	3,731
Untaxed reserves	122	75
Provisions	2	23
Non-current interest-bearing liabilities	2,363	1,779
Current interest-bearing liabilities	3,522	2,463
Current non-interest-bearing liabilities	4,968	3,535
TOTAL EQUITY AND LIABILITIES	14,863	11,606
Pledged assets	-	-
Contingent liabilities	241	199

DEFINITIONS AND OBJECTIVES

Return on equity	Net profit for the period divided by average equity.
Return on capital employed	EBITA before acquisition costs divided by capital employed.
Return on capital employed excluding goodwill and other intangible assets	EBITA before acquisition costs divided by capital employed excluding goodwill and other intangible assets.
EBITA	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, which is indicated by an asterisk.
EBITA margin	EBITA divided by net sales.
EBITDA	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, which is indicated by an asterisk.
EBITDA margin	EBITDA divided by net sales.
Net debt/equity ratio	Net debt divided by equity.
Net debt	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 2021	TWELVE MONTHS 2020
Operating profit	3,141	2,269
Amortisation of intangible assets arising from acquisitions	526	412
EBITA	3,667	2,681
Acquisition costs	42	21
EBITA before acquisition costs	3,709	2,702

EBITDA compared with financial statements in accordance with IFRS

SEK million	TWELVE MONTHS 2021	TWELVE MONTHS 2020
Operating profit	3,141	2,269
Depreciation of tangible assets	393	344
Amortisation of intangible assets	20	16
Amortisation of intangible assets arising from acquisitions	526	412
EBITDA	4,080	3,041
Acquisition costs	42	21
EBITDA before acquisition costs	4,122	3,062

Net debt compared with financial statements in accordance with IFRS

SEK million	31 Dec 2021	31 Dec 2020
Non-current interest-bearing liabilities including pension provisions	2,554	1,909
Current interest-bearing liabilities	3,558	2,503
Cash and cash equivalents	-1,509	-1,170
Interest-bearing net debt	4,603	3,242
Put/call options, additional considerations	1,657	986
Lease liability	853	548
Net debt	7,113	4,776

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

SEK million	31 Dec 2021	30 Sep 2021	30 Jun 2021	31 Mar 2021
Total assets	24,876	23,543	21,781	20,979
Cash and cash equivalents	-1,509	-1,450	-1,178	-1,266
Interest-bearing pension provisions	-57	-57	-45	-43
Non-interest-bearing liabilities	-5,497	-5,248	-4,732	-4,311
Capital employed	17,813	16,788	15,826	15,359
Goodwill and other intangible assets	-15,497	-14,513	-13,513	-13,085
Capital employed excluding goodwill and other intangible assets	2,316	2,275	2,313	2,274

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 2021	Q3 2021	Q2 2021	Q1 2021
Capital employed	16,447	17,813	16,788	15,826	15,359
Capital employed excluding goodwill and other intangible assets	2,295	2,316	2,275	2,313	2,274
EBITA*	Total 3,709	1,013	862	1,019	815
Return on capital employed	22.6%				
Return on capital employed excluding goodwill and other intangible assets	162%				