

INTERIM REPORT JANUARY – SEPTEMBER 2022

Reporting period January – September

- Net sales increased 24.1 per cent to SEK 15,550 (12,528) million. Organically, net sales grew by 12.0 per cent.
- EBITA increased 23.9 per cent to SEK 3,340 (2,696) million.
- The EBITA margin was 21.5 (21.5) per cent.
- Profit before tax grew 24.0 per cent to SEK 2,760 (2,226) million.
- Net profit for the period grew 24.0 per cent to SEK 2,070 (1,669) million.
- Earnings per share increased 23.8 per cent till SEK 4.48 (3.62).
- Cash flow from operating activities amounted to SEK 1,531 (1,915) million.
- Nine new businesses were consolidated during the period with total annual net sales of about SEK 1,130 million.

Reporting period July – September

- Net sales increased 20.7 per cent to SEK 5,020 (4,158) million. Organically, net sales grew by 10.2 per cent.
- EBITA increased 28.0 per cent to SEK 1,103 (862) million.
- The EBITA margin increased to 22.0 (20.7) per cent.
- Profit before tax grew 29.3 per cent to SEK 895 (692) million.
- Net profit for the period grew 29.5 per cent to SEK 671 (518) million.
- Cash flow from operating activities amounted to SEK 584 (736) million.

Summary of financial performance

	NINE MONTHS			THIRD QUARTER			Rolling 12 months		FULL YEAR
SEK million	2022	2021	change	2022	2021	change	change		2021
Net sales	15,550	12,528	24.1%	5,020	4,158	20.7%	20,502	17.3%	17,480
EBITA	3,340	2,696	23.9%	1,103	862	28.0%	4,353	17.4%	3,709
EBITA margin	21.5%	21.5%	-	22.0%	20.7%	1.3	21.2%	-	21.2%
Profit before tax	2,760	2,226	24.0%	895	692	29.3%	3,604	17.4%	3,070
Net profit for the period	2,070	1,669	24.0%	671	518	29.5%	2,830	16.5%	2,429
Earnings per share	4.48	3.62	23.8%	1.46	1.12	30.4%	6.12	16.3%	5.26
Return on capital employed	22.1%	22.7%	-0.6	22.1%	22.7%	-0.6	22.1%	-0.4	22.5%
Return on capital employed excl. goodwill	139%	161%	-22	139%	161%	-22	139%	-23	162%

COMMENTS FROM THE CEO

Net sales increased by 24.1 per cent to SEK 15,550 (12,528) million in the first nine months of the year, driven by organic growth, acquisitions and positive exchange rate effects. The generally favourable market environment in Demolition & Tools and Systems Solutions was a strong contributing factor to organic growth of 12.0 per cent. Net sales were positively impacted by cross-compensation for higher costs in most parts of the business.

During the nine-month period, EBITA increased by 23.9 per cent to SEK 3,340 (2,696) million and the EBITA margin amounted to 21.5 (21.5) per cent. Acquisitions, organic growth and exchange rate effects contributed to the increased EBITA.

Earnings per share increased by 23.8% till SEK 4.48 (3.62) during the first nine months of the year. Cash flow from operating activities amounted to SEK 1,531 (1,915) million. The lower cash flow was due primarily to increased inventory build-up as the result of high demand for a longer period and disruptions to the global supply chain that led to requirements for greater safety stock.

During the year, Lifco consolidated nine acquisitions, of which three in the Dental business area, two in Demolition & Tools and four in Systems Solutions. The acquisitions in Dental pertain to Zenith Dental, which distributes dental products in Denmark; Oslo Dental, which does the same with a focus on Norwegian dentists; and Specialist Alarm Services in the UK that develops and manufactures staff attack alarms and nurse call systems for the healthcare sector. Operations in Demolition & Tools have expanded with two Italian companies: Cormidi, which manufactures mini loaders and mini dumpers, and Trevi Benne, which manufactures excavator tools and attachments. The Construction Materials division in the Systems Solutions business area was strengthened with the Norwegian company Cenec Tavlebygg, which manufactures low-voltage electrical supplies, and the Finnish company BCC Solutions, whose products include optical transceivers and fibre cabling. The British company Condale Plastics, a specialist manufacturer of bespoke plastic extrusions, was consolidated in Contract Manufacturing division and the Dutch company EFKA Holding, which manufactures customised aluminium frames for textiles, was consolidated in Service and Distribution division. Taken together, the acquisitions will have a positive impact on Lifco's results and financial position in the current year.

In August, Lifco updated its MTN programme, increasing the framework amount from SEK 5 billion to SEK 6 billion, and issued two unsecured bonds totalling SEK 750 million. Lifco thereby has bonds outstanding totalling SEK 3,100 million. Lifco's financial position remains solid and interest-bearing net debt amounted to 1.3 times EBITDA at 30 September 2022, 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 – SEPTEMBER

Sales increased 24.1 per cent to SEK 15,550 (12,528) million. Organic growth was 12.0 per cent, acquisitions contributed 8.7 per cent while changes in exchange rates had a positive impact of 4.6 per cent. Net sales were positively impacted by cross-compensation for higher costs in most parts of the business. The divestment of the Estonian company Hekotek, which mainly sells sawmill equipment to Russia, impacted net sales negatively by 1.2 per cent.

During the period, assets were consolidated of the Danish company Zenith Dental as well as the majority of the Finnish company BCC Solutions, the two Norwegian companies Cenec Tavlebygg and Oslo Dental, the two Italian companies Cormidi and Trevi Benne, and the British company Specialist Alarm Services. All shares in the British company Condale Plastics and the Dutch company EFKA Holding were also consolidated.

EBITA increased 23.9 per cent to SEK 3,340 (2,696) million and the EBITA margin was 21.5 (21.5) per cent. Acquisitions and organic growth contributed to the increased EBITA. Foreign exchange gains added 4.0 per cent to EBITA. During the period, 42 (41) per cent of EBITA was generated in EUR, 23 (24) per cent in SEK, 12 (12) per cent in NOK, 8 (7) per cent in GBP, 6 (5) per cent in DKK, 5 (5) per cent in USD and 4 (6) per cent in other currencies.

Net financial items were SEK -63 (-52) million.

Profit before tax grew by 24.0 per cent to SEK 2,760 (2,226) million and net profit for the period increased by 24.0 per cent to SEK 2,070 (1,669) million.

Average capital employed excluding goodwill increased by SEK 839 million during the period, to SEK 3,133 million at 30 September 2022, compared with SEK 2,294 million at 31 December 2021. EBITA in relation to average capital employed excluding goodwill declined during the period to 139 per cent from 162 per cent at year-end.

The Group's net debt increased by SEK 2,046 million from 31 December 2021 to SEK 9,159 million at 30 September 2022, of which liabilities related to put/call options and additional considerations for acquisitions increased SEK 274 million since year-end to SEK 1,931 million. Interest-bearing net debt increased by SEK 1,672 million since year-end and amounted to SEK 6,275 million at 30 September 2022.

On 2 August 2022, Lifco updated its MTN programme, increasing the framework amount from SEK 5 billion to SEK 6 billion. The MTN programme allows Lifco to issue bonds in the Swedish market. On 23 August 2022, Lifco issued two unsecured bonds totalling SEK 750 million, and thereby has bonds outstanding totalling SEK 3,100 million. In addition to bonds outstanding, Lifco has standard short-term credit facilities.

The net debt/equity ratio at 30 September 2022 was 0.7 and was unchanged since year-end. Net debt/EBITDA increased to 1.9 times from 1.7 times at 31 December 2021. Interest-bearing net debt/EBITDA increased to 1.3 times from 1.1 times at year-end. At period-end, 57 (50) per cent of the Group's interest-bearing liabilities were denominated in EUR.

Cash flow from operating activities amounted to SEK 1,531 (1,915) million in the period, and was impacted negatively by higher inventory build-up and increased accounts receivable as a result of the organic growth. Cash flow from investing activities was SEK -2,072 (-2,392) million, which was mainly attributable to acquisitions.

GROUP PERFORMANCE IN THE THIRD QUARTER

Sales increased 20.7 per cent to SEK 5,020 (4,158) million in the third quarter. Organic growth contributed 10.2 per cent and acquisitions 7.4 per cent, while exchange rate effects had a positive impact of 5.6 per cent. Net sales were positively impacted by cross-compensation for higher costs in most parts of the business. The divestment of the Estonian company Hekotek, which mainly sells sawmill equipment to Russia, impacted net sales negatively by 2.5 per cent.

EBITA increased 28.0 per cent to SEK 1,103 (862) million as the result of organic growth, acquisitions and exchange rate effects. The EBITA margin increased to 22.0 (20.7) per cent, positively impacted by acquisitions and cross-compensation for higher costs in most parts of the business. Foreign exchange gains added 5.3 per cent to EBITA. During the third quarter, 45 (46) per cent of EBITA was generated in EUR, 19 (22) per cent in SEK, 11 (11) per cent in NOK, 8 (7) per cent in GBP, 6 (4) per cent in USD, 4 (4) per cent in DKK and 7 (6) per cent in other currencies.

Net financial items were SEK -24 (-18) million.

Profit before tax grew by 29.3 per cent to SEK 895 (692) million. Net profit for the period grew 29.5 per cent to SEK 671 (518) million.

Average capital employed excluding goodwill increased by SEK 408 million to SEK 3,133 million at 30 September 2022, compared with SEK 2,725 million at 30 June 2022. EBITA relative to average capital employed excluding goodwill decreased from 151 per cent at 30 June 2022 to 139 percent at 30 September 2022.

From 30 June 2022, the Group's net debt increased by SEK 730 million to SEK 9,159 million.

Cash flow from operating activities amounted to SEK 584 (736) million, primarily as a result of higher inventory build-up and increased accounts receivable as a result of the organic growth. Cash flow from investing activities was SEK -1,000 (-721) million, which was mainly attributable to acquisitions and investments.

FINANCIAL PERFORMANCE – BUSINESS AREAS

Dental

SEK million	NINE MONTHS			THIRD QUARTER			Rolling 12 months		FULL YEAR
	2022	2021	change	2022	2021	change	change		2021
Net sales	3,862	3,822	1.0%	1,213	1,166	4.0%	5,163	0.8%	5,123
EBITA	746	839	-11.1%	225	239	-5.9%	987	-8.6%	1,080
EBITA margin	19.3%	22.0%	-2.7	18.5%	20.5%	-2.0	19.1%	-2.0	21.1%

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.

Net sales in Dental increased by 1.0 per cent to SEK 3,862 (3,822) million during the first nine months of the year. Production of dental prosthetics in China was impacted by the pandemic in the first quarter. This affected net sales negatively throughout the entire year, since customers increasingly decided to purchase locally-produced dental technology even after production disruptions were addressed.

EBITA declined by 11.1 per cent during the nine-month period to SEK 746 (839) million and the EBITA margin was 19.3 (22.0) per cent. Profitability was negatively affected by the lower demand for dental prosthetics from China and increased sales and marketing activities after pandemic restrictions were eased.

In January 2022, the assets of the Danish company Zenith Dental were consolidated. The company is a niche distributor of dental products in Denmark and generated net sales of around DKK 21 million in 2020. In March 2022, the majority of the shares of the British company Specialist Alarm Services Ltd were consolidated. The company develops and manufactures staff attack alarms and nurse call systems for the healthcare sector. Specialist Alarm Services had a turnover of around GBP 3.9 million in 2021 and has 27 employees. In July 2022, a majority of the shares in the Norwegian company Oslo Dental were consolidated. Oslo Dental sells equipment and services to dentists in Norway. The company reported net sales of about NOK 27 million in 2021 and has five employees.

Demolition & Tools

	NINE MONTHS			THIRD QUARTER			Rolling 12 months		FULL YEAR
SEK million	2022	2021	change	2022	2021	change	change		2021
Net sales	4,518	3,372	34.0%	1,529	1,146	33.4%	5,847	24.4%	4,701
EBITA	1,162	900	29.1%	393	299	31.4%	1,523	20.8%	1,261
EBITA margin	25.7%	26.7%	-1.0	25.7%	26.1%	-0.4	26.0%	-0.8	26.8%

The Demolition & Tools business area develops, manufactures and sells equipment for the infrastructure, 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 34.0 per cent to SEK 4,518 (3,372) million in the first nine months of the year, driven by organic growth, acquisitions and exchange rate effects. The market environment was generally good for the period. Net sales were also positively impacted by cross-compensation for higher costs in operations.

EBITA increased 29.1 per cent to SEK 1,162 (900) million during the nine-month period, positively affected by organic growth, acquisitions and exchange rate effects. The product mix had a negative effect on the EBITA margin, amounting to 25.7 per cent (26.7).

The majority of shares of the Italian company Cormidi were consolidated as of March 2022, a leading manufacturer of mini dumpers and mini loaders. The company had a turnover of around EUR 13 million in 2020 and has 45 employees. In July 2022, a majority of the shares were consolidated in the Italian company Trevi Benne, which manufactures excavator tools and attachments. The company had a turnover of around EUR 37 million in 2021 and has 105 employees.

Systems Solutions

	NINE MONTHS			THIRD QUARTER			Rolling 12 months		FULL YEAR
SEK million	2022	2021	change	2022	2021	change	change		2021
Net sales	7,170	5,334	34.4%	2,278	1,846	23.4%	9,492	24.0%	7,656
EBITA	1,543	1,048	47.2%	520	353	47.3%	1,989	33.1%	1,494
EBITA margin	21.5%	19.6%	1.9	22.8%	19.1%	3.7	21.0%	1.5	19.5%

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 34.4 per cent to SEK 7,170 (5,334) million during the first nine months of the year, mainly on the back of organic growth in all divisions, acquisitions and positive exchange rate effects. The market for Systems Solutions was healthy overall during the first

nine months of the year and net sales were also positively affected by cross-compensation for higher costs in most parts of the business.

EBITA increased by 47.2 per cent in the period to SEK 1,543 (1,048) million and the EBITA margin expanded by 1.9 percentage points to 21.5 (19.6) per cent. Organic growth, acquisitions and exchange rate effects contributed to the increased EBITA and improvement in the margin.

Construction Materials reported a healthy sales trend for the first nine months of the year with improved profitability, positively affected by acquisitions.

Contract Manufacturing reported a healthy sales trend for the nine-month period with improved profitability.

Environmental Technology reported a healthy performance in sales and profitability in the first nine months of the year.

Service and Distribution reported a healthy sales trend in the nine-month period with improved profitability, positively impacted by acquisitions.

The remaining operations within the Forest division after the divestment of Hekotek had a stable sales trend, with healthy year-on-year profitability. For more information about the divestment of Hekotek in May 2022, refer to the section “Divestment” below.

In the Construction Materials division, the majority of shares of the Norwegian company Cenec Tavlebygg AS, which manufactures low-voltage electrical supplies, were consolidated as of January 2022. The company had net sales of about NOK 17 million in 2020 and has eight employees. In the Construction Materials division, the majority of shares of the Finnish company BCC Solutions, a supplier of optical transceivers, fibre cabling, multiplexers, media converters, test and measurement instruments, for the Finnish fibre market, were consolidated as of May 2022. The company had net sales of about EUR 11 million in 2021 and has nine employees. In September 2022, all shares in the Dutch company EFKA Holding, which manufactures customized aluminium frames for textiles, were consolidated in the Service and Distribution division. The company reported net sales of MEUR 11.6 in 2021 and has about 40 employees. All shares in the British company Condale Plastics, a specialist manufacturer of bespoke plastic extrusions, were consolidated in the Contract Manufacturing division as of September 2022. The company reported sales of approximately GBP 18 million in 2021 and has about 80 employees.

ACQUISITIONS

Lifco made the following consolidations in the nine-month period:

Consolidated from month	Acquisitions	Business area	Net sales	Employees
January	Zenith Dental	Dental	DKK 21m ¹	-
January	Cenec Tavlebygg	Systems Solutions	NOK 17m ¹	8
March	Cormidi	Demolition & Tools	EUR 13m ¹	45
March	Specialist Alarm Services	Dental	GBP 3.9m	27
May	BCC Solutions	Systems Solutions	EUR 11m	9
July	Trevi Benne	Demolition & Tools	EUR 37m	105
July	Dental	Dental	NOK 27m	5
September	EFKA Holding	Systems Solutions	EUR 11.6m	40
September	Condale Plastics	Systems Solutions	GBP 18m	80

¹ Refers to net sales in 2020.

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 will have a positive impact on Lifco's results and financial position in the current year.

DIVESTMENT

All of the shares in the Estonian company Hekotek, which sells sawmill equipment primarily in Russia, were divested in May 2022. Hekotek had 130 employees and sales in 2021 were approximately EUR 40 million. The company was consolidated in the Systems Solutions business area, Forest division. The buyers are management of the company, who owned 17.5 per cent of the shares before the transaction. The divestment was not significant for the Group's or the Forest division's financial position and did not have a significant impact on Lifco's earnings or financial position during the year.

OTHER INFORMATION

Employees

The average number of employees was 6,347 (5,912) during the nine-month period. At the end of the period, the number of employees was 6,415 (6,171). Over 320 employees joined the company through acquisitions in the nine-month period.

Events after the end of the reporting period

No significant events occurred after the end of the reporting period.

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.

Lifco is monitoring developments in the conflict in Ukraine and currently finds it difficult to assess the effect of sanctions against Russia and the implications that the conflict could have on the economic situation in Europe. Following the divestment of Hekotek in May 2022, Lifco has only marginal exposure to Russia. Excluding Hekotek, sales to Russia in 2021 amounted to SEK 131 million or 0.7 per cent of the Group's sales. The Group's sales to Ukraine in 2021 amounted to SEK 0.3 million.

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 2021 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 2021 Annual Report and should be read in conjunction with these.

DECLARATION OF THE BOARD OF DIRECTORS

The Board of Directors and Chief Executive Officer warrant and declare that this nine-month 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, 21 October 2022

Carl Bennet
Chairman of the Board

Ulrika Dellby
Director

Dan Frohm
Director

Erik Gabrielson
Director

Ulf Grunander
Director

Annika Espander
Director

Tobias Nordin
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

AUDITOR'S REPORT

Lifco AB (publ) Corp. Reg. No. 556465-3185

Introduction

We have reviewed the condensed interim financial information (interim report) of Lifco AB as of 30 September 2022 and the nine-month period then ended. The Board of Directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed on the basis of a review does not provide the same level of assurance as a conclusion expressed on the basis of an audit.

Conclusion

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

Enköping, 21 October 2022

PricewaterhouseCoopers AB

Cecilia Andrén Dorselius
Authorised Public Accountant
Auditor in Charge

Vicky Johansson
Authorised Public Accountant

FINANCIAL CALENDAR

The 2022 year-end report and the report for the fourth quarter will be published on 3 February 2023.

The annual report for 2022 will be published in the week starting 27 March 2023.

The report for the first quarter 2023 will be published on 28 April.

The report for the second quarter 2023 will be published on 14 July.

The report for the third quarter 2023 will be published on 20 October.

ANNUAL GENERAL MEETING 2023

The Annual General Meeting of Lifco AB will be held on Friday, 28 April 2023, 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: Bolagsstämмоärenden, 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 10 March 2023.

THE NOMINATION COMMITTEE

Prior to the Annual General Meeting 2023, the Nomination Committee consists of Carl Bennet, Carl Bennet AB, Jannis Kitsakis, the Fourth Swedish National Pension Fund (AP4), Frank Larsson, SHB Fonder & Liv, Javiera Ragnartz, SEB Fonder & Liv and Jörgen Wärmlöv, Spiltan Fonder. Carl Bennet is Chairman of the Nomination Committee.

Shareholders wishing to submit proposals to the Nomination Committee for the 2023 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.

WEBCASTED PRESENTATION

A webcasted presentation with Per Waldemarson, CEO, and Therése Hoffman, CFO, will take place on Friday, 21 October at 9.00 a.m. CEST. The presentation can be listened to online or by calling one of the telephone numbers below. The presentation will be followed by a question-and-answer session.

Link to the presentation: <https://ir.financialhearings.com/lifco-q3-2022>

Telephone numbers:

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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 21 October 2022, at 7.30 a.m. CEST.

CONDENSED CONSOLIDATED INCOME STATEMENT

SEK million	NINE MONTHS			THIRD QUARTER			FULL YEAR 2021
	2022	2021	change	2022	2021	change	
Net sales	15,550	12,528	24.1%	5,020	4,158	20.7%	17,480
Cost of goods sold	-9,104	-7,245	25.7%	-2,898	-2,431	19.2%	-10,150
Gross profit	6,446	5,283	22.0%	2,122	1,727	22.9%	7,330
Selling expenses	-1,632	-1,289	26.6%	-547	-444	23.2%	-1,788
Administrative expenses	-1,876	-1,583	18.5%	-622	-525	18.5%	-2,249
Development costs	-116	-102	13.7%	-36	-31	16.1%	-140
Other income and expenses	1	-31	-103%	2	-17	-112%	-12
Operating profit	2,823	2,278	23.9%	919	710	29.4%	3,141
Net financial items	-63	-52	21.2%	-24	-18	33.3%	-71
Profit before tax	2,760	2,226	24.0%	895	692	29.3%	3,070
Tax	-690	-557	23.9%	-224	-174	28.7%	-641
Net profit for the period	2,070	1,669	24.0%	671	518	29.5%	2,429
Profit attributable to:							
Parent Company shareholders	2,033	1,644	23.7%	657	507	29.6%	2,390
Non-controlling interests	37	25	48.0%	14	11	27.3%	39
Earnings per share before and after dilution for the period, attributable to Parent Company shareholders	4.48	3.62	23.8%	1.46	1.12	30.4%	5.26
EBITA	3,340	2,696	23.9%	1,103	862	28.0%	3,709
Depreciation of tangible assets	324	292	11.0%	113	102	10.8%	393
Amortisation of intangible assets	15	12	25.0%	5	4	25.0%	20
Amortisation of intangible assets arising from acquisitions	494	384	28.6%	173	141	22.7%	526

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	NINE MONTHS			THIRD QUARTER			FULL YEAR 2021
	2022	2021	change	2022	2021	change	
Net profit for the period	2,070	1,669	24.0%	671	518	29.5%	2,429
Other comprehensive income							
<i>Items which can later be reclassified to profit or loss:</i>							
Hedge of net investment	-59	-35	68.6%	-30	-2	-1,400%	-53
Translation differences	722	289	150%	281	80	251%	426
Tax related to other comprehensive income	12	8	50.0%	6	1	500%	12
Total comprehensive income for the period	2,745	1,931	42.2%	928	597	55.4%	2,814
Comprehensive income attributable to:							
Parent Company shareholders	2,701	1,903	41.9%	912	585	55.9%	2,770
Non-controlling interests	44	28	57.1%	16	12	33.3%	44
	2,745	1,931	42.2%	928	597	55.4%	2,814

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.

	NINE MONTHS			THIRD QUARTER			Rolling 12 months	FULL YEAR
SEK million	2022	2021	change	2022	2021	change	change	2021
Dental	3,862	3,822	1.0%	1,213	1,166	4.0%	5,163	5,123
Demolition & Tools	4,518	3,372	34.0%	1,529	1,146	33.4%	5,847	4,701
Systems Solutions	7,170	5,334	34.4%	2,278	1,846	23.4%	9,492	7,656
Group	15,550	12,528	24.1%	5,020	4,158	20.7%	20,502	17,480

Net sales by type of income:

	NINE MONTHS			THIRD QUARTER			Rolling 12 months	FULL YEAR
SEK million	2022	2021	change	2022	2021	change	change	2021
Dental products	3,862	3,822	1.0%	1,213	1,166	4.0%	5,163	5,123
Machinery and tools	4,518	3,372	34.0%	1,529	1,146	33.4%	5,847	4,701
Construction Materials	1,121	894	25.4%	364	291	25.1%	1,494	1,267
Contract Manufacturing	1,419	1,024	38.6%	466	337	38.3%	1,921	1,526
Environmental Technology	2,039	1,481	37.7%	684	481	42.2%	2,633	2,075
Service and Distribution	2,119	1,429	48.3%	692	541	27.9%	2,713	2,023
Forest	472	506	-6.7%	72	196	-63.3%	731	765
Group	15,550	12,528	24.1%	5,020	4,158	20.7%	20,502	17,480

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:

	NINE MONTHS			THIRD QUARTER			Rolling 12 months		FULL YEAR
SEK million	2022	2021	change	2022	2021	change	change		2021
Dental	746	839	-11.1%	225	239	-5.9%	987	-8.6%	1,080
Demolition & Tools	1,162	900	29.1%	393	299	31.4%	1,523	20.8%	1,261
Systems Solutions	1,543	1,048	47.2%	520	353	47.3%	1,989	33.1%	1,494
Central Group functions	-111	-91	22.0%	-35	-29	20.7%	-146	15.9%	-126
EBITA before acquisition costs	3,340	2,696	23.9%	1,103	862	28.0%	4,353	17.4%	3,709
Acquisition costs	-23	-34	-32.4%	-11	-11	-	-31	-26.2%	-42
EBITA	3,317	2,662	24.6%	1,092	851	28.3%	4,322	17.9%	3,667
Amortisation of intangible assets arising from acquisitions	-494	-384	28.6%	-173	-141	22.7%	-636	20.9%	-526
Net financial items	-63	-52	21.2%	-24	-18	33.3%	-82	15.5%	-71
Profit before tax	2,760	2,226	24.0%	895	692	29.3%	3,604	17.4%	3,070

CONDENSED CONSOLIDATED BALANCE SHEET

SEK million	30 Sep 2022	30 Sep 2021	31 Dec 2021
ASSETS			
Intangible assets	17,753	14,513	15,497
Tangible assets	2,235	1,878	2,052
Financial assets	376	245	320
Inventories	3,890	2,700	2,821
Accounts receivable - trade	2,934	2,238	2,257
Current receivables	687	519	420
Cash and cash equivalents	1,368	1,450	1,509
TOTAL ASSETS	29,243	23,543	24,876
EQUITY AND LIABILITIES			
Equity	12,564	9,932	10,756
Non-current interest-bearing liabilities incl. pension provisions	3,303	2,080	3,228
Other non-current liabilities and provisions	3,840	2,828	3,144
Current interest-bearing liabilities	5,293	4,765	3,737
Accounts payable - trade	1,602	1,236	1,294
Other current liabilities	2,641	2,702	2,717
TOTAL EQUITY AND LIABILITIES	29,243	23,543	24,876

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to Parent Company shareholders

SEK million	30 Sep 2022	30 Sep 2021	31 Dec 2021
Opening equity	10,645	8,614	8,614
Comprehensive income for the period	2,701	1,903	2,770
Change in value, owner transactions	-201	-137	-194
Dividend	-681	-545	-545
Closing equity	12,464	9,835	10,645
<i>Equity attributable to:</i>			
Parent Company shareholders	12,464	9,835	10,645
Non-controlling interests	100	97	111
	12,564	9,932	10,756

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	NINE MONTHS		THIRD QUARTER		FULL YEAR
SEK million	2022	2021	2022	2021	2021
Operating activities					
Operating profit	2,823	2,278	919	710	3,141
Depreciation of right-of-use assets	152	127	54	44	173
Other non-cash items	681	561	237	203	766
Interest and financial items, net	-63	-52	-24	-18	-71
Tax paid	-646	-538	-169	-176	-684
Cash flow before changes in working capital	2,947	2,376	1,017	763	3,325
<i>Changes in working capital</i>					
Inventories	-1,027	-538	-226	-195	-627
Current receivables	-564	-402	37	34	-463
Current liabilities	175	479	-244	134	703
Cash flow from operating activities	1,531	1,915	584	736	2,938
 Business acquisitions and sales, net	 -1,875	 -2,191	 -927	 -648	 -2,990
Net investment in tangible assets	-176	-184	-64	-69	-266
Net investment in intangible assets	-21	-17	-9	-4	-31
Cash flow from investing activities	-2,072	-2,392	-1,000	-721	-3,287
 Borrowings/repayment of borrowings, net	 1,021	 1,320	 445	 238	 1,216
Dividends paid	-681	-545	-	-	-545
Dividends paid to non-controlling interests	-113	-84	-	-4	-98
Cash flow from financing activities	227	691	445	234	573
 Cash flow for the period	 -314	 214	 29	 249	 224
Cash and cash equivalents at beginning of period	1,509	1,170	1,255	1,178	1,170
Translation differences	173	66	84	23	115
Cash and cash equivalents at end of period	1,368	1,450	1,368	1,450	1,509

ACQUISITIONS IN 2022

Nine businesses were consolidated in the first nine months of the year. The acquisition pertains to the assets of the Danish company Zenith Dental as well as the majority of the Finnish company BCC Solutions, the two Norwegian companies Cenec Tavlebygg and Oslo Dental, the two Italian companies Cormidi and Trevi Benne, and the British company Specialist Alarm Services. Additionally, all shares in the British company Condale Plastics and the Dutch company EFKA Holding were consolidated during the nine-month period.

The purchase price allocation includes all acquisitions consolidated during the first nine months of the year.

Acquisition-related expenses of SEK 23 million are included in administrative expenses in the consolidated income statement for the first nine months of the year. Since the respective consolidation dates, the acquired companies have added SEK 353 million to consolidated net sales and SEK 79 million to EBITA. If the businesses had been consolidated as of 1 January 2022, net sales for the year would have increased by a further SEK 565 million and EBITA would have increased by a further SEK 118 million.

Acquired net assets

Net assets, SEK million	Carrying amount	Value adjustment	Fair value
Trademarks, customer relationships, licences	12	1,058	1,070
Tangible assets	67	-	67
Inventories, accounts receivable and other receivables	449	-9	440
Accounts payable and other liabilities	-359	-252	-611
Cash and cash equivalents	148	-	148
Total net assets	317	797	1,114
Goodwill	-	813	813
Total net assets	317	1,610	1,927

Effect on cash flow, SEK million

Consideration	1,927
Considerations not paid	-271
Cash and cash equivalents in acquired companies	-148
Consideration paid relating to acquisitions from previous years	263
Total cash flow effect	1,771

FINANCIAL INSTRUMENTS

SEK million	30 Sep 2022	30 Sep 2021	31 Dec 2021
Financial assets at amortised cost			
Accounts receivable - trade	2,934	2,238	2,257
Other non-current financial receivables	13	12	13
Cash and cash equivalents	1,368	1,450	1,509
Total	4,315	3,700	3,779
Liabilities at fair value			
Other liabilities ¹	1,931	1,518	1,657
Financial liabilities at amortised cost			
Interest-bearing borrowings	8,531	6,788	6,908
Accounts payable - trade	1,602	1,236	1,294
Total	12,064	9,542	9,859

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	2022 30 SEP	2021 31 DEC	2021 30 SEP
Net sales, SEK million	20,502	17,480	16,279
Change in net sales, %	17.3	26.8	18.1
EBITA, SEK million	4,353	3,709	3,478
EBITA margin, %	21.2	21.2	21.4
EBITDA, SEK million	4,801	4,122	3,864
EBITDA margin, %	23.4	23.6	23.7
Capital employed, SEK million	19,660	16,447	15,346
Capital employed excl. goodwill and other intangible assets, SEK million	3,133	2,294	2,165
Return on capital employed, %	22.1	22.5	22.7
Return on capital employed excl. goodwill, %	139	162	161
Return on equity, %	24.4	24.6	23.4
Net debt, SEK million	9,159	7,113	6,913
Net debt/equity ratio, times	0.7	0.7	0.7
Net debt/EBITDA, times	1.9	1.7	1.8
Interest-bearing net debt, SEK million	6,275	4,603	4,678
Interest-bearing net debt/EBITDA, times	1.3	1.1	1.2
Equity/assets ratio, %	43.0	43.2	42.2
Number of shares, thousand	454,216	454,216	454,216
Average number of employees	6,347	5,995	5,912

CONDENSED PARENT COMPANY INCOME STATEMENT

SEK million	NINE MONTHS		THIRD QUARTER		FULL YEAR
	2022	2021	2022	2021	2021
Administrative expenses	-91	-86	-32	-27	-119
Other operating income ¹	-	-	-	-	170
Operating profit/loss	-91	-86	-32	-27	51
Net financial items ²	498	689	-3	31	711
Profit after financial items	407	603	-35	4	762
Appropriations	-	-	-	-	-54
Tax	14	4	7	-1	-8
Net profit for the period	421	607	-28	3	700

¹ Invoicing of Group-wide services.

² Net financial items include SEK 476 (623) million in dividends received during the nine-month period.

CONDENSED PARENT COMPANY BALANCE SHEET

SEK million	30 Sep 2022	30 Sep 2021	31 Dec 2021
ASSETS			
Financial assets	6,747	5,973	5,946
Current receivables	8,760	7,668	8,333
Cash and cash equivalents	339	394	584
TOTAL ASSETS	15,846	14,035	14,863
EQUITY AND LIABILITIES			
Equity	3,626	3,793	3,886
Untaxed reserves	122	75	122
Provisions	-	11	2
Non-current interest-bearing liabilities	2,394	1,343	2,363
Current interest-bearing liabilities	4,996	4,561	3,522
Current non-interest-bearing liabilities	4,708	4,252	4,968
TOTAL EQUITY AND LIABILITIES	15,846	14,035	14,863
Pledged assets	-	-	-
Contingent liabilities	206	241	241

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 excluding acquisition costs.
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 excluding acquisition costs.
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	NINE MONTHS 2022	NINE MONTHS 2021	FULL YEAR 2021
Operating profit	2,823	2,278	3,141
Amortisation of intangible assets arising from acquisitions	494	384	526
EBITA	3,317	2,662	3,667
Acquisition costs	23	34	42
EBITA before acquisition costs	3,340	2,696	3,709

EBITDA compared with financial statements in accordance with IFRS

SEK million	NINE MONTHS 2022	NINE MONTHS 2021	FULL YEAR 2021
Operating profit	2,823	2,278	3,141
Depreciation of tangible assets	324	292	393
Amortisation of intangible assets	15	12	20
Amortisation of intangible assets arising from acquisitions	494	384	526
EBITDA	3,656	2,966	4,080
Acquisition costs	23	34	42
EBITDA before acquisition costs	3,679	3,000	4,122

Net debt compared with financial statements in accordance with IFRS

SEK million	30 Sep 2022	30 Sep 2021	31 Dec 2021
Non-current interest-bearing liabilities including pension provisions	2,566	1,522	2,554
Current interest-bearing liabilities	5,077	4,606	3,558
Cash and cash equivalents	-1,368	-1,450	-1,509
Interest-bearing net debt	6,275	4,678	4,603
Put/call options, additional considerations	1,931	1,518	1,657
Lease liability	953	717	853
Net debt	9,159	6,913	7,113

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

SEK million	30 Sep 2022	30 Jun 2022	31 Mar 2022	31 Dec 2021
Total assets	29,243	27,296	26,712	24,876
Cash and cash equivalents	-1,368	-1,255	-1,474	-1,509
Interest-bearing pension provisions	-65	-61	-57	-57
Non-interest-bearing liabilities	-6,151	-5,934	-6,059	-5,497
Capital employed	21,659	20,046	19,122	17,813
Goodwill and other intangible assets	-17,753	-16,624	-16,234	-15,497
Capital employed excluding goodwill and other intangible assets	3,906	3,422	2,888	2,316

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	Q3 2022	Q2 2022	Q1 2022	Q4 2021
Capital employed	19,660	21,659	20,046	19,122	17,813
Capital employed excluding goodwill and other intangible assets	3,133	3,906	3,422	2,888	2,316
Total	4,353	1,103	1,221	1,016	1,013
Return on capital employed	22.1%				
Return on capital employed excluding goodwill and other intangible assets	139%				