

YEAR-END REPORT 2022

Reporting period January – December

- Net sales increased 23.3 per cent to SEK 21,552 (17,480) million. Organically, net sales grew 11.3 per cent.
- EBITA increased 25.7 per cent to SEK 4,662 (3,709) million.
- The EBITA margin improved 0.4 percentage points to 21.6 (21.2) per cent.
- Earnings before tax grew 25.1 per cent to SEK 3,842 (3,070) million.
- Net profit for the period grew 16.4 per cent to SEK 2,828 (2,429) million.
- Earnings per share increased 16.5 per cent to SEK 6.13 (5.26).
- Cash flow from operating activities increased 4.5 per cent to SEK 3,069 (2,938) million.
- Twelve new businesses were consolidated during the year with assessed total annual net sales of about SEK 1,475 million at the time they were acquired.
- Dividend per share is proposed at SEK 1.80 (1.50) per share, corresponding to SEK 817.6 (681.3) million.

Reporting period October – December

- Net sales increased 21.2 per cent to SEK 6,002 (4,952) million. Organically, net sales grew 9.5 per cent.
- EBITA increased 30.5 per cent to SEK 1,322 (1,013) million.
- The EBITA margin improved 1.5 percentage points to 22.0 (20.5) per cent.
- Profit before tax grew 28.2 per cent to SEK 1,082 (844) million.
- Net profit for the period amounted to SEK 758 (760) million.
- Cash flow from operating activities increased 50.3 per cent to SEK 1,538 (1,023) million.

Summary of financial performance

SEK million	TWELVE MONTHS			FOURTH QUARTER		
	2022	2021	change	2022	2021	change
Net sales	21,552	17,480	23.3%	6,002	4,952	21.2%
EBITA	4,662	3,709	25.7%	1,322	1,013	30.5%
EBITA margin	21.6%	21.2%	0.4	22.0%	20.5%	1.5
Profit before tax	3,842	3,070	25.1%	1,082	844	28.2%
Net profit for the period	2,828	2,429	16.4%	758	760	-0.3%
Earnings per share	6.13	5.26	16.5%	1.65	1.64	0.6%
Return on capital employed	22.6%	22.5%	0.1	22.6%	22.5%	0.1
Return on capital employed excl. goodwill	135%	162%	-27	135%	162%	-27

COMMENTS FROM THE CEO

Lifco's primary goal is to increase its earnings every year through organic growth as well as acquisitions. Net sales increased by 23.3 per cent to SEK 21,552 (17,480) million during 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 11.3 per cent. Net sales were positively impacted, primarily in the latter part of the year, by cross-compensation for higher costs in most parts of the business.

During the year, EBITA increased by 25.7 per cent to SEK 4,662 (3,709) million and the EBITA margin improved to 21.6 (21.2) per cent. Organic growth, acquisitions and exchange rate effects contributed to the increase in EBITA.

Earnings per share during the year increased 16.5 per cent till SEK 6.13 (5.26). The effective tax rate was higher than normal due to the revaluation of pension obligations secured by endowment policies, which led to lower deferred tax assets. The effective tax rate was also impacted by the announced higher corporate tax rates in the UK, which led to higher deferred tax liabilities.

Cash flow from operating activities amounted to SEK 3,069 (2,938) million during the year. The cash flow was negatively impacted by 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.

In 2022, Lifco consolidated twelve acquisitions, of which four in the Dental business area, three in Demolition & Tools and five in Systems Solutions. The acquisitions consist of one Danish, one Finnish, two Italian, one Dutch, two Norwegian, three British and two German companies. Many of the companies are market leaders in their respective niches. The acquisitions had a positive impact on Lifco's results and financial position during the 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 1.1 times EBITDA at 31 December 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 possesses the financial scope to make additional acquisitions.



Per Waldemarson
President and CEO

GROUP PERFORMANCE IN JANUARY – DECEMBER

Sales increased 23.3 per cent to SEK 21,552 (17,480) million. Organic growth was 11.3 per cent, acquisitions contributed 8.7 per cent while changes in exchange rates had a positive impact of 5.1 per cent. The divestment of the Estonian company Hekotek in May 2022, which mainly sells sawmill equipment to Russia, impacted net sales negatively by 1.8 per cent. Net sales were positively impacted by cross-compensation for higher costs in most parts of the business.

Twelve new businesses were consolidated during the year with assessed total annual net sales of about SEK 1,475 million at the time they were acquired.

EBITA increased by 25.7 per cent to SEK 4,662 (3,709) million and the EBITA margin expanded by 0.4 percentage points to 21.6 (21.2) per cent. Organic growth and acquisitions contributed to the increased EBITA. Foreign exchange gains added 4.4 per cent to EBITA. During the period, 41 (40) per cent of EBITA was generated in EUR, 24 (25) per cent in SEK, 12 (12) per cent in NOK, 8 (7) per cent in GBP, 6 (5) per cent in DKK, 4 (5) per cent in USD and 5 (6) per cent in other currencies.

Net financial items were SEK -111 (-71) million, negatively affected by mainly higher interest costs.

Earnings before tax grew 25.1 per cent to SEK 3,842 (3,070) million. Net profit for the period grew 16.4 per cent to SEK 2,828 (2,429) million.

Average capital employed excluding goodwill increased by SEK 1,150 million during the year, to SEK 3,444 million at 31 December 2022, compared with SEK 2,294 million at 31 December 2021. EBITA in relation to average capital employed excluding goodwill was at 135 per cent at year-end and decreased by 27 percentage points during the year.

The Group's net debt increased by SEK 1,463 million from 31 December 2021 to SEK 8,576 (7,113) million at 31 December 2022, of which liabilities related to put/call options for acquisitions amounted to SEK 1,946 (1,657) million. Interest-bearing net debt increased by SEK 987 million since year-end and amounted to SEK 5,590 (4,603) million at 31 December 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 Lifco had bonds outstanding totalling SEK 3,100 million at the end of the year. In addition to bonds outstanding, Lifco has standard short-term credit facilities.

The net debt/equity ratio at 31 December 2022 was 0.6 (0.7) and net debt/EBITDA was 1.7 (1.7) times. Interest-bearing net debt/EBITDA was 1.1 (1.1) times. At year-end, 62 (55) 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 3,069 (2,938) million during the year, 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 -2,717 (-3,287) million, which was mainly attributable to acquisitions.

GROUP PERFORMANCE IN THE FOURTH QUARTER

Sales increased by 21.2 per cent to SEK 6,002 (4,952) million in the fourth quarter. Organic growth contributed 9.5 per cent and acquisitions 8.7 per cent, while exchange rate effects had a positive impact of 6.3 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 in May 2022, which mainly sells sawmill equipment to Russia, impacted net sales negatively by 3.3 per cent.

EBITA increased by 30.5 per cent to SEK 1,322 (1,013) million, driven by organic growth, acquisitions and exchange rate effects. The EBITA margin increased to 22.0 (20.5) per cent, positively impacted by acquisitions and cross-compensation for higher costs in most parts of the business. Foreign exchange gains added 5.4 per cent to EBITA. During the fourth quarter, 38 (39) per cent of EBITA was generated in EUR, 28 (30) per cent in SEK, 11 (12) per cent in NOK, 8 (5) per cent in GBP, 7 (5) per cent in DKK, 2 (5) per cent in USD and 6 (4) per cent in other currencies.

Net financial items were SEK -48 (-19) million, negatively affected by mainly higher interest costs.

Profit before tax grew by 28.2 per cent to SEK 1,082 (844) million. Net profit for the period amounted to SEK 758 (760) million. The effective tax rate was higher than normal due to the revaluation of pension obligations secured by endowment policies, which led to lower deferred tax assets. This revaluation increased the tax expense for the year by approximately SEK 47 million (-71). The effective tax rate in the fourth quarter of 2022 was also impacted by the announced higher corporate tax rates in the UK, which led to higher deferred tax liabilities.

Average capital employed excluding goodwill increased by SEK 311 million, to SEK 3,444 million at 31 December 2022, compared with SEK 3,133 million at 30 September 2022. EBITA relative to average capital employed excluding goodwill decreased from 139 per cent at 30 September 2022 to 135 per cent at 31 December 2022.

From 30 September 2022, the Group's net debt decreased by SEK 583 million to SEK 8,576 million.

Cash flow from operating activities increased 50.3 per cent to SEK 1,538 (1,023) million, primarily as a result of lower inventory build-up during the quarter. Cash flow from investing activities was SEK -645 (-895) million, which was mainly attributable to acquisitions.

FINANCIAL PERFORMANCE – BUSINESS AREAS

Dental

SEK million	TWELVE MONTHS			FOURTH QUARTER		
	2022	2021	change	2022	2021	change
Net sales	5,295	5,123	3.4%	1,433	1,301	10.1%
EBITA	1,017	1,080	-5.8%	271	241	12.4%
EBITA margin	19.2%	21.1%	-1.9	18.9%	18.5%	0.4

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 a number of manufacturers which produce among all 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 3.4 per cent to SEK 5,295 million (5,123) during the year. During the first quarter of 2022, the production of dental prosthetics in China was impacted by the pandemic, which also had a negative impact on sales in the second and third quarters since customers largely chose locally produced dental technology for some time after the production disruptions ceased. In the fourth quarter, sales approached normal levels.

EBITA declined by 5.8 per cent to SEK 1,017 (1,080) million during the year and the EBITA margin amounted to 19.2 (21.1) 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 were consolidated in the Norwegian company Oslo Dental, which sells equipment and services to dentists in Norway. The company reported net sales of about NOK 27 million in 2021 and has five employees. As of November 2022, all of the shares of the German company Medtec Medizintechnik were consolidated. The company manufactures equipment and consumables based on MR technology for the treatment of joints. Medtec Medizintechnik had a turnover of about EUR 6.6 million in 2021 and has 20 employees.

Demolition & Tools

SEK million	TWELVE MONTHS			FOURTH QUARTER		
	2022	2021	change	2022	2021	change
Net sales	6,285	4,701	33.7%	1,767	1,329	33.0%
EBITA	1,607	1,261	27.4%	445	361	23.3%
EBITA margin	25.6%	26.8%	-1.2	25.2%	27.2%	-2.0

The Demolition & Tools business area develops, manufactures and sells equipment for the infrastructure, demolition and construction 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 33.7 per cent to SEK 6,285 (4,701) million during the year, driven by organic growth, acquisitions and positive exchange rate effects. The market environment was generally good during the year. Net sales were also positively impacted by cross-compensation for higher costs in operations.

During the year, EBITA increased by 27.4 per cent to SEK 1,607 (1,261) million, driven by organic growth, acquisitions and exchange rate effects. The product mix had a negative effect on the EBITA margin, amounting to 25.6 per cent (26.8).

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. As of December 2022, all of the shares of the British company Prolec, which develops software and hardware for the construction industry, were consolidated. The company had a turnover of around GBP 4 million in 2021 and has 15 employees.

Systems Solutions

SEK million	TWELVE MONTHS			FOURTH QUARTER		
	2022	2021	change	2022	2021	change
Net sales	9,972	7,656	30.3%	2,802	2,322	20.7%
EBITA	2,184	1,494	46.2%	641	446	43.7%
EBITA margin	21.9%	19.5%	2.4	22.9%	19.2%	3.7

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 30.3 per cent to SEK 9,972 (7,656) million during the year, mainly on the back of organic growth in all divisions except Forest, acquisitions and positive

exchange rate effects. The market for Systems Solutions was healthy overall during the year and net sales were also positively affected by cross-compensation for higher costs in most parts of the business.

EBITA increased by 46.2 per cent in 2022, to SEK 2,184 (1,494) million and the EBITA margin expanded by 2.4 percentage points to 21.9 (19.5) 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 year with stable profitability, positively impacted by organic growth and acquisitions.

Contract Manufacturing reported a healthy sales trend for 2022 with improved profitability, positively impacted by organic growth and acquisitions.

Environmental Technology reported healthy sales and profitability growth for the year.

Service and Distribution reported a healthy sales trend for the year with improved profitability, positively impacted by acquisitions.

The remaining operations within the Forest division after the divestment of Hekotek had a somewhat weaker sales trend, with stable 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 as well as communications equipment, 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 EUR 11.6 million 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. As of November 2022, all of the shares of the German company Heinz Schuller, which is a niche distributor of cable support systems and products for lightning protection, were consolidated. The company had a turnover of around EUR 22 million in 2021 and has 44 employees.

ACQUISITIONS

Lifco made the following consolidations during the year:

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	Oslo Dental	Dental	NOK 27m	5
September	EFKA Holding	Systems Solutions	EUR 11.6m	40
September	Condale Plastics	Systems Solutions	GBP 18m	80
November	Heinz Schuller	Systems Solutions	EUR 22m	44
November	Medtec Medizintechnik	Dental	EUR 6.6m	20
December	Prolec	Demolition & Tools	GBP 4m	15

¹ Refers to net sales in 2020.

Further information on the acquisitions is provided on page 17. The figures for net sales and number of employees refer to estimated annual net sales and the number of employees at the acquisition date.

Taken together, the acquisitions had a positive impact on Lifco's results and financial position in 2022.

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 FINANCIAL INFORMATION

Employees

The average number of employees was 6,495 (5,995) during the year. At the end of the period, the number of employees was 6,512 (6,265). Acquisitions added about 400 employees.

Events after the end of the reporting period

Lifco announced on 24 November 2022 that the company had signed an agreement to acquire all of the shares in the German dental laboratory Welte Dentallabor. Welte Dentallabor had a turnover of about EUR 1.3 million in 2021 and has twelve employees. The business was consolidated in the Dental business area in January 2023.

Lifco announced on 15 December 2022 that the company had signed an agreement to acquire all of the shares in Doxa Dental. The company develops, manufactures and commercialises bioceramic dental materials. Doxa Dental had a turnover of about SEK 12 million in 2021 and was consolidated in the Dental business area in January 2023.

Proposed dividend

The Board of Directors and Chief Executive Officer propose that the Annual General Meeting authorise the payment of a dividend of SEK 1.80 (1.50) per share for 2022, representing a total distribution of SEK 817.6 million (681.3). This is equal to 29.4 (28.5) per cent of the net profit for the year attributable to shareholders of Lifco AB. The proposed record date is 3 May 2023. Euroclear Sweden expects to be able to send the dividend to the shareholders on 8 May 2023, 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.

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. In conjunction with the outbreak of the war in Ukraine, Lifco ceased all orders from Russia. Sales to Russia in 2022 comprised deliveries from orders delivered or signed before the outbreak of the war and comprise deliveries not subject to sanctions. Excluding Hekotek, sales to Russia in 2022 amounted to SEK 68 million or 0.3 per cent of the Group's sales. The Group's sales to Ukraine in 2022 amounted to SEK 0.6 million.

Lifco works actively to monitor and continuously evaluate sustainability-related risks and their impact on the Group's operations and results. The Group has established a governance structure that involves both Group Management and the Board and works to constantly improve the company's sustainability activities and minimize related risks. As part of this management, Group Management reviews all subsidiaries' compliance with, for example, the code of conduct, occupational injuries, IT security and legal disputes on a quarterly basis.

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

The new standards or interpretations that become effective for the 2022 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, 3 February 2023

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

FINANCIAL CALENDAR

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: Bolagsstämmoärenden, 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.

FURTHER INFORMATION

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

ONLINE PRESENTATION

An online presentation with Per Waldemarson, CEO, and Therése Hoffman, CFO, will take place on Friday, 3 February 2023 at 9.00 a.m. CET. The presentation can be listened to online or by calling in. The presentation will be followed by a question-and-answer session.

Time: Friday, 3 February at 9:00 a.m. CET

Link to the presentation: <https://ir.financialhearings.com/lifco-q4-2022>

If you wish to ask questions verbally at the telephone conference, you can register using the link below. Following registration, you will receive a telephone number and a conference ID to log in to the conference.

Link to register for the telephone conference:

<https://conference.financialhearings.com/teleconference/?id=5003521>

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 211 operating companies in 30 countries. In 2022, Lifco reported EBITA of SEK 4.7 billion on net sales of SEK 21.6 billion. The EBITA margin was 21.6 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 3 February 2023, at 7:30 a.m. CET.

CONDENSED CONSOLIDATED INCOME STATEMENT

SEK million	TWELVE MONTHS			FOURTH QUARTER		
	2022	2021	change	2022	2021	change
Net sales	21,552	17,480	23.3%	6,002	4,952	21.2%
Cost of goods sold	-12,544	-10,150	23.6%	-3,440	-2,905	18.4%
Gross profit	9,008	7,330	22.9%	2,562	2,047	25.2%
Selling expenses	-2,256	-1,788	26.2%	-624	-499	25.1%
Administrative expenses	-2,651	-2,249	17.9%	-775	-666	16.4%
Development costs	-163	-140	16.4%	-47	-38	23.7%
Other income and expenses	15	-12	-225%	14	19	-26.3%
Operating profit	3,953	3,141	25.9%	1,130	863	30.9%
Net financial items	-111	-71	56.3%	-48	-19	153%
Profit before tax	3,842	3,070	25.1%	1,082	844	28.2%
Tax	-1,014	-641	58.2%	-324	-84	286%
Net profit for the period	2,828	2,429	16.4%	758	760	-0.3%
Profit attributable to:						
Parent Company shareholders	2,784	2,390	16.5%	751	746	0.7%
Non-controlling interests	44	39	12.8%	7	14	-50.0%
Earnings per share before and after dilution for the period, attributable to Parent Company shareholders	6.13	5.26	16.5%	1.65	1.64	0.6%
EBITA	4,662	3,709	25.7%	1,322	1,013	30.5%
Depreciation of tangible assets	454	393	15.5%	130	101	28.7%
Amortisation of intangible assets	24	20	20.0%	9	8	12.5%
Amortisation of intangible assets arising from acquisitions	673	526	27.9%	179	142	26.1%

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	TWELVE MONTHS			FOURTH QUARTER		
	2022	2021	change	2022	2021	change
Net profit for the period	2,828	2,429	16.4%	758	760	-0.3%
Other comprehensive income						
<i>Items which can later be reclassified to profit or loss:</i>						
Hedge of net investment	-79	-53	49.1%	-20	-18	11.1%
Translation differences	856	426	100%	134	137	-2.2%
Tax related to other comprehensive income	16	12	33.3%	4	4	-
Total comprehensive income for the period	3,621	2,814	28.7%	876	883	-0.8%
Comprehensive income attributable to:						
Parent Company shareholders	3,569	2,770	28.8%	868	867	0.1%
Non-controlling interests	52	44	18.2%	8	16	-50.0%
	3,621	2,814	28.7%	876	883	-1.0%

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		
	2022	2021	change	2022	2021	change
Dental	5,295	5,123	3.4%	1,433	1,301	10.1%
Demolition & Tools	6,285	4,701	33.7%	1,767	1,329	33.0%
Systems Solutions	9,972	7,656	30.3%	2,802	2,322	20.7%
Group	21,552	17,480	23.3%	6,002	4,952	21.2%

Net sales by type of income:

SEK million	TWELVE MONTHS			FOURTH QUARTER		
	2022	2021	change	2022	2021	change
Dental products	5,295	5,123	3.4%	1,433	1,301	10.1%
Machinery and tools	6,285	4,701	33.7%	1,767	1,329	33.0%
Construction Materials	1,604	1,267	26.6%	483	373	29.5%
Contract Manufacturing	2,034	1,526	33.3%	614	502	22.3%
Environmental Technology	2,903	2,075	39.9%	865	594	45.6%
Service and Distribution	2,873	2,023	42.0%	754	594	26.9%
Forest	558	765	-27.1%	86	259	-66.8%
Group	21,552	17,480	23.3%	6,002	4,952	21.2%

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		
	2022	2021	change	2022	2021	change
Dental	1,017	1,080	-5.8%	271	241	12.4%
Demolition & Tools	1,607	1,261	27.4%	445	361	23.3%
Systems Solutions	2,184	1,494	46.2%	641	446	43.7%
Central Group functions	-146	-126	15.9%	-35	-35	-
EBITA before acquisition costs	4,662	3,709	25.7%	1,322	1,013	30.5%
Acquisition costs	-36	-42	-14.3%	-13	-8	62.5%
EBITA	4,626	3,667	26.2%	1,309	1,005	30.2%
Amortisation of intangible assets arising from acquisitions	-673	-526	27.9%	-179	-142	26.1%
Net financial items	-111	-71	56.3%	-48	-19	153%
Profit before tax	3,842	3,070	25.1%	1,082	844	28.2%

CONDENSED CONSOLIDATED BALANCE SHEET

SEK million	31 Dec 2022	31 Dec 2021
ASSETS		
Intangible assets	18,286	15,497
Tangible assets	2,364	2,052
Financial assets	365	320
Inventories	3,682	2,821
Accounts receivable - trade	2,853	2,257
Current receivables	518	420
Cash and cash equivalents	1,703	1,509
TOTAL ASSETS	29,771	24,876
EQUITY AND LIABILITIES		
Equity	13,339	10,756
Non-current interest-bearing liabilities incl. pension provisions	1,725	3,228
Other non-current liabilities and provisions	4,053	3,144
Current interest-bearing liabilities	6,608	3,737
Accounts payable - trade	1,449	1,294
Other current liabilities	2,597	2,717
TOTAL EQUITY AND LIABILITIES	29,771	24,876

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to Parent Company shareholders

SEK million	31 Dec 2022	31 Dec 2021
Opening equity	10,645	8,614
Comprehensive income for the period	3,569	2,770
Change in value, owner transactions	-295	-194
Dividend	-681	-545
Closing equity	13,238	10,645
<i>Equity attributable to:</i>		
Parent Company shareholders	13,238	10,645
Non-controlling interests	101	111
	13,339	10,756

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SEK million	TWELVE MONTHS		FOURTH QUARTER	
	2022	2021	2022	2021
Operating activities				
Operating profit	3,953	3,141	1,130	863
Depreciation of right-of-use assets	211	173	59	46
Other non-cash items	940	766	259	205
Interest and financial items, net	-111	-71	-48	-19
Tax paid	-911	-684	-265	-146
Cash flow before changes in working capital	4,082	3,325	1,135	949
Changes in working capital				
Inventories	-737	-627	290	-89
Current receivables	-429	-463	135	-61
Current liabilities	153	703	-22	224
Cash flow from operating activities	3,069	2,938	1,538	1,023
Business acquisitions and sales, net	-2,399	-2,990	-524	-799
Net investment in tangible assets	-249	-266	-73	-82
Net investment in intangible assets	-69	-31	-48	-13
Cash flow from investing activities	-2,717	-3,287	-645	-894
Borrowings/repayment of borrowings, net	540	1,216	-481	-104
Dividends paid	-681	-545	-	-
Dividends paid to non-controlling interests	-167	-98	-54	-14
Cash flow from financing activities	-308	573	-535	-118
Cash flow for the period	44	224	358	10
Cash and cash equivalents at beginning of period	1,509	1,170	1,368	1,450
Translation differences	150	115	-23	49
Cash and cash equivalents at end of period	1,703	1,509	1,703	1,509

ACQUISITIONS IN 2022

Twelve businesses were consolidated in 2022. The acquisition pertains to the assets of the Danish company Zenith Dental as well as the majority of the shares in 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. In addition, all shares in the British companies Condale Plastics and Prolec, the German companies Medtec Medizintechnik and Heinz Schuller and the Dutch company EFKA Holding were consolidated during the year.

The purchase price allocation includes all acquisitions consolidated in 2022.

Acquisition-related expenses of SEK 36 million are included in administrative expenses in the consolidated income statement for 2022. Since the respective consolidation dates, the acquired companies have added SEK 724 million to consolidated net sales and SEK 170 million to EBITA. If the businesses had been consolidated as of 1 January 2022, consolidated net sales for the year would have increased by a further SEK 894 million and EBITA would have increased by a further SEK 183 million.

Acquired net assets

Net assets, SEK million	Carrying amount	Value adjustment	Fair value
Trademarks, customer relationships, licences	14	1,294	1,308
Tangible assets	84	-	84
Inventories, accounts receivable and other receivables	610	-19	591
Accounts payable and other liabilities	-420	-337	-757
Cash and cash equivalents	191	-	191
Total net assets	479	938	1,417
Goodwill	-	1,021	1,021
Total net assets	479	1,959	2,438

Effect on cash flow, SEK million

Consideration	2,438
Considerations not paid	-273
Cash and cash equivalents in acquired companies	-191
Consideration paid relating to acquisitions from previous years	321
Total cash flow effect	2,295

FINANCIAL INSTRUMENTS

SEK million	31 Dec 2022	31 Dec 2021
Financial assets at amortised cost		
Accounts receivable - trade	2,853	2,257
Other non-current financial receivables	15	13
Cash and cash equivalents	1,703	1,509
Total	4,571	3,779
Liabilities at fair value		
Other liabilities ¹	1,946	1,657
Financial liabilities at amortised cost		
Interest-bearing borrowings	8,263	6,908
Accounts payable - trade	1,449	1,294
Total	11,658	9,859

¹ Other liabilities classified as financial instruments refer to mandatory put/call options related to non-controlling interests.

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 31 DEC	2021 31 DEC
Net sales, SEK million	21,552	17,480
Change in net sales, %	23.3	26.8
EBITA, SEK million	4,662	3,709
EBITA margin, %	21.6	21.2
EBITDA, SEK million	5,140	4,122
EBITDA margin, %	23.8	23.6
Capital employed, SEK million	20,668	16,447
Capital employed excl. goodwill and other intangible assets, SEK million	3,444	2,294
Return on capital employed, %	22.6	22.5
Return on capital employed excl. goodwill, %	135	162
Return on equity, %	23.1	24.6
Net debt, SEK million	8,576	7,113
Net debt/equity ratio, times	0.6	0.7
Net debt/EBITDA, times	1.7	1.7
Interest-bearing net debt, SEK million	5,590	4,603
Interest-bearing net debt/EBITDA, times	1.1	1.1
Equity/assets ratio, %	44.8	43.2
Number of shares, thousand	454,216	454,216
Average number of employees	6,495	5,995

CONDENSED PARENT COMPANY INCOME STATEMENT

	TWELVE MONTHS		FOURTH QUARTER	
SEK million	2022	2021	2022	2021
Administrative expenses	-120	-119	-29	-33
Other operating income ¹	63	170	63	170
Operating profit/loss	-57	51	34	137
Net financial items ²	501	711	3	22
Profit after financial items	444	762	37	159
Appropriations	-8	-54	-8	-54
Tax	8	-8	-6	-12
Net profit for the period	444	700	23	93

¹ Invoicing of Group-wide services.

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

CONDENSED PARENT COMPANY BALANCE SHEET

SEK million	31 Dec 2022	31 Dec 2021
ASSETS		
Financial assets	6,892	5,946
Current receivables	8,618	8,333
Cash and cash equivalents	587	584
TOTAL ASSETS	16,097	14,863
EQUITY AND LIABILITIES		
Equity	3,649	3,886
Untaxed reserves	114	122
Provisions	-	2
Non-current interest-bearing liabilities	750	2,363
Current interest-bearing liabilities	6,302	3,522
Current non-interest-bearing liabilities	5,282	4,968
TOTAL EQUITY AND LIABILITIES	16,097	14,863

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 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 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 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 20–21.

EBITA compared with financial statements in accordance with IFRS

SEK million	TWELVE MONTHS 2022	TWELVE MONTHS 2021
Operating profit	3,953	3,141
Amortisation of intangible assets arising from acquisitions	673	526
EBITA	4,626	3,667
Acquisition costs	36	42
EBITA before acquisition costs	4,662	3,709

EBITDA compared with financial statements in accordance with IFRS

SEK million	TWELVE MONTHS 2022	TWELVE MONTHS 2021
Operating profit	3,953	3,141
Depreciation of tangible assets	454	393
Amortisation of intangible assets	24	20
Amortisation of intangible assets arising from acquisitions	673	526
EBITDA	5,104	4,080
Acquisition costs	36	42
EBITDA before acquisition costs	5,140	4,122

Net debt compared with financial statements in accordance with IFRS

SEK million	31 Dec 2022	31 Dec 2021
Non-current interest-bearing liabilities including pension provisions	920	2,554
Current interest-bearing liabilities	6,373	3,558
Cash and cash equivalents	-1,703	-1,509
Interest-bearing net debt	5,590	4,603
Put/call options	1,946	1,657
Lease liability	1,040	853
Net debt	8,576	7,113

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

SEK million	31 Dec 2022	30 Sep 2022	30 Jun 2022	31 Mar 2022
Total assets	29,771	29,243	27,296	26,712
Cash and cash equivalents	-1,703	-1,368	-1,255	-1,474
Interest-bearing pension provisions	-70	-65	-61	-57
Non-interest-bearing liabilities	-6,153	-6,151	-5,934	-6,059
Capital employed	21,845	21,659	20,046	19,122
Goodwill and other intangible assets	-18,286	-17,753	-16,624	-16,234
Capital employed excluding goodwill and other intangible assets	3,559	3,906	3,422	2,888

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 2022	Q3 2022	Q2 2022	Q1 2022
Capital employed	20,668	21,845	21,659	20,046	19,122
Capital employed excluding goodwill and other intangible assets	3,444	3,559	3,906	3,422	2,888
EBITA	Total 4,662	1,322	1,103	1,221	1,016
Return on capital employed	22.6%				
Return on capital employed excluding goodwill and other intangible assets	135%				