

INTERIM REPORT JANUARY–MARCH 2023

Reporting period January – March

- Net sales increased 18.7 per cent to SEK 5,959 (5,022) million. Organically, net sales grew by 7.6 per cent.
- EBITA increased 30.9 per cent to SEK 1,330 (1,016) million.
- The EBITA margin increased to 22.3 (20.2) per cent.
- Profit before tax grew 26.1 per cent to SEK 1,057 (838) million.
- Net profit for the period grew 26.3 per cent to SEK 793 (628) million.
- Earnings per share increased 26.5 per cent till SEK 1.72 (1.36).
- Cash flow from operating activities amounted to SEK 731 (322) million.
- Six new businesses were consolidated during the period with total annual net sales of about SEK 525 million.
- New distribution of divisions in the Systems Solutions business area.

Summary of financial performance

SEK million	FIRST QUARTER			Rolling 12 months		FULL YEAR 2022
	2023	2022	change		change	
Net sales	5,959	5,022	18.7%	22,489	4.3%	21,552
EBITA	1,330	1,016	30.9%	4,976	6.7%	4,662
EBITA margin	22.3%	20.2%	2.1	22.1%	0.5	21.6%
Profit before tax	1,057	838	26.1%	4,061	5.7%	3,842
Net profit for the period	793	628	26.3%	2,993	5.8%	2,828
Earnings per share	1.72	1.36	26.5%	6.49	5.9%	6.13
Return on capital employed	22.8%	22.5%	0.3	22.8%	0.2	22.6%
Return on capital employed excl. goodwill	134%	160%	-26	134%	-1	135%

COMMENTS FROM THE CEO

Net sales increased 18.7 per cent in the quarter to SEK 5,959 (5,022) million as the result of acquisitions, organic growth and foreign exchange gains. The generally favourable market environment in all business areas was a strong contributing factor to organic growth of 7.6 per cent. Net sales were also positively affected by price increases to compensate for higher costs.

EBITA increased by 30.9 per cent in the first quarter, to SEK 1,330 (1,016) million, and the EBITA margin expanded by 2.1 percentage points to 22.3 (20.2) per cent. Organic growth, acquisitions and exchange rate effects contributed to the increase in EBITA.

Earnings per share increased 26.5% till SEK 1.72 (1.36) in the first quarter. Cash flow from operating activities amounted to SEK 731 (322) million during the quarter. The low cash flow in the preceding year was due primarily to increased inventory build-up as the result of high demand and disruptions to the global supply chain that led to requirements for greater safety stock.

Lifco consolidated six acquisitions during the quarter. In Dental, operations were expanded with the German medical technology company Kohler Medizintechnik, the German dental lab Welte Dentallabor and the Swedish product company Doxa Dental. In Demolition & Tools, the British company Broughton Plant Hire and Sales was acquired, which is a niche provider of plant hire solutions for the construction industry. In Systems Solutions, the British companies Alwayse Engineering and Didsbury Engineering were acquired in the Transportation Products division. Alwayse Engineering is a global supplier of ball transfer units and Didsbury Engineering is a global supplier of equipment for ground service and maintenance of aircraft. Taken together, the acquisitions will have a positive impact on Lifco's results and financial position in the current year.

As a consequence of the divestment of a major company in the Forest division in 2022, and to increase transparency in Systems Solutions, a partly new distribution of divisions is reported from the first quarter of 2023. The change means that the Service and Distribution division is divided into the Transportation Products and Special Products divisions. The remaining operations in the Forest division are reported in the Special Products division. The Construction Materials division has changed name to Infrastructure Products to more clearly clarify the companies' direction.

Lifco's financial position remains good and interest-bearing net debt amounted to 1.2 times EBITDA at 31 March 2023, 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 – MARCH

Net sales increased 18.7 per cent to SEK 5,959 (5,022) million. Acquisitions contributed 9.5 per cent, organic growth accounted for 7.6 per cent, while foreign exchange gains had a positive impact of 4.5 per cent. The divestment in May 2022 of the Estonian company Hekotek, which mainly sells sawmill equipment to Russia, had a negative impact on net sales of 2.9 per cent. The British companies Alwayse Engineering, Broughton Plant Hire and Sales and Didsbury Engineering, the Swedish company Doxa Dental and the German company Kohler Medizintechnik were consolidated during the quarter. Assets of the German company Welte Dentallabor were also consolidated.

EBITA increased by 30.9 per cent to SEK 1,330 (1,016) million and the EBITA margin expanded by 2.1 percentage points to 22.3 (20.2) per cent. Organic growth, acquisitions and positive exchange rate effects contributed to the increase in EBITA. Foreign exchange gains had a positive impact on EBITA of 4.1 per cent. During the period, 44 (42) per cent of EBITA was generated in EUR, 23 (25) per cent in SEK, 10 (11) per cent in NOK, 8 (9) per cent in GBP, 6 (6) per cent in DKK, 4 (4) per cent in USD and 5 (3) per cent in other currencies.

Net financial items were SEK -65 (-17) million, negatively impacted primarily by higher interest expenses.

Profit before tax grew by 26.1 per cent to SEK 1,057 (838) million and net profit for the period increased by 26.3 per cent to SEK 793 (628) million.

Average capital employed excluding goodwill increased by SEK 279 million during the quarter, to SEK 3,723 million at 31 March 2023, compared with SEK 3,444 million at 31 December 2022. EBITA in relation to average capital employed excluding goodwill declined during the quarter to 134 per cent from 135 per cent at year-end.

The Group's net debt increased by SEK 893 million from 31 December 2022 to SEK 9,469 million at 31 March 2023, of which liabilities related to put/call options for acquisitions amounted to SEK 2,013 (1,903) million. Interest-bearing net debt increased by SEK 757 million since year-end and amounted to SEK 6,347 (4,938) million at 31 March 2023.

The net debt/equity ratio at 31 March 2023 was 0.7 (0.7) and net debt/EBITDA was 1.7 (1.8) times. Interest-bearing net debt/EBITDA was 1.2 (1.1) times. At period-end, 38 (58) per cent of the Group's interest-bearing liabilities were denominated in EUR.

Cash flow from operating activities amounted to SEK 731 (322) million. The low cash flow in the preceding year was due primarily to increased inventory build-up as the result of high demand and disruptions to the global supply chain that led to requirements for greater safety stock. Cash flow from investing activities was SEK -1,379 (-574) million, which was mainly attributable to acquisitions.

FINANCIAL PERFORMANCE – BUSINESS AREAS

Dental

SEK million	FIRST QUARTER			Rolling 12 months		FULL YEAR 2022
	2023	2022	change		change	
Net sales	1,525	1,306	16.8%	5,514	4.1%	5,295
EBITA	328	255	28.6%	1,090	7.2%	1,017
EBITA margin	21.5%	19.5%	2.0	19.8%	0.6	19.2%

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, *inter alia*, 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 16.8 per cent to SEK 1,525 (1,306) million during the first quarter, primarily as the result of organic growth and acquisitions.

EBITA increased by 28.6 per cent to SEK 328 (255) million during the period and the EBITA margin improved by 2.0 percentage points to 21.5 (19.5) per cent. In the preceding year, profitability was negatively impacted by disruptions in production of dental prosthetics in China due to the pandemic.

From January 2023, Doxa Dental of Sweden, which develops, manufactures and commercialises bioceramic dental products, was consolidated. The company had sales of approximately SEK 12 million in 2021. Assets of the German company Welte Dentallabor were consolidated from January 2023. In 2021, the company had a turnover of about EUR 1.3 million and has 12 employees. The German company Kohler Medizintechnik, which manufactures dental instruments, was consolidated from March 2023. The company had a turnover of around EUR 7 million in 2022 and has 36 employees.

Demolition & Tools

SEK million	FIRST QUARTER			Rolling 12 months		FULL YEAR 2022
	2023	2022	change		change	
Net sales	1,810	1,338	35.3%	6,757	7.5%	6,285
EBITA	446	319	39.8%	1,734	7.9%	1,607
EBITA margin	24.6%	23.8%	0.8	25.7%	0.1	25.6%

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 35.3 per cent during the quarter to SEK 1,810 (1,338) million, primarily as the result of acquisitions and organic growth. The market situation during the quarter was generally strong. Net sales were also positively affected by price increases to compensate for higher costs in the business.

EBITA increased by 39.8 per cent to SEK 446 (319) million, positively impacted primarily by organic growth and acquisitions. The EBITA margin improved 0.8 of a percentage point to 24.6 (23.8) per cent.

The British company Broughton Plant Hire and Sales was consolidated from March 2023, which is a niche provider of plant hire solutions for the construction industry. The company had a turnover of around GBP 22 million in 2022 and has 100 employees.

Systems Solutions

SEK million	FIRST QUARTER			Rolling 12 months		FULL YEAR 2022
	2023	2022	change		change	
Net sales	2,624	2,378	10.3%	10,218	2.5%	9,972
EBITA	594	480	23.8%	2,298	5.2%	2,184
EBITA margin	22.6%	20.2%	2.4	22.5%	0.6	21.9%

Through its operating units, the Systems Solutions business area operates in industries offering systems solutions. Systems Solutions is divided into five divisions: Contract Manufacturing, Environmental Technology, Infrastructure Products, Special Products and Transportation Products. The distribution of the division changed as of the first quarter of 2023. More information about the divisions can be found of pages 11–12.

Net sales in Systems Solutions increased by 10.3 per cent to SEK 2,624 (2,378) million during the quarter, mainly on the back of acquisitions and organic growth in the Contract Manufacturing and

Environmental Technology divisions. Net sales were also positively affected by price increases to compensate for higher costs.

EBITA increased during the period by 23.8 per cent to SEK 594 (480) million and the EBITA margin increased by 2.4 percentage points to 22.6 (20.2) per cent, primarily as the result of organic growth and acquisitions.

Contract Manufacturing reported a healthy sales trend in the quarter with improved profitability.

Environmental Technology reported a healthy sales and profitability trend in the quarter.

Infrastructure Products reported a healthy sales trend in the quarter as the result of acquisitions, but profitability declined.

Special Products reported a decline in sales in the quarter due to the divestment of the Estonian company Hekotek in May 2022, while profitability improved substantially.

Transportation Products grew to a certain extent in the quarter with a favourable profitability trend.

In the Transportation Products division, the British company Alwayse Engineering was consolidated from March 2023, which is a global supplier of ball transfer units. The company had a turnover of around GBP 5.6 million in 2022 and has 41 employees. In the Transportation Products division, the British company Didsbury Engineering was also consolidated from March 2023, which is a global supplier of equipment for ground service and maintenance of aircraft. The company had a turnover of around GBP 6.5 million in 2022 and has 33 employees.

ACQUISITIONS

Lifco consolidated the following acquisitions in the period:

Consolidated from month	Acquisitions	Business area	Net sales 2022	Employees
January	Doxa Dental	Dental	SEK 12m ¹	-
January	Welte Dentallabor	Dental	EUR 1.3m ¹	12
March	Alwayse Engineering	Systems Solutions	GBP 5.6m	41
March	Broughton Plant Hire and Sales	Demolition & Tools	GBP 22m	100
March	Didsbury Engineering	Systems Solutions	GBP 6.5m	33
March	Kohler Medizintechnik	Dental	EUR 7m	36

¹ Refers to assessed annual net sales in 2021.

Further information on the acquisitions is provided on page 15. 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.

OTHER INFORMATION

Employees

The average number of employees was 6,583 (6,258) in the first quarter. At the end of the period, the number of employees was 6,694 (6,311). Acquisitions added 222 employees.

Events after the end of the reporting period

Consolidation of the British company The Real Spirit of Coffee is expected to take place in the second quarter of 2023 in the Systems Solutions business area, division Special Products. The Real Spirit of Coffee is a supplier of high-end coffee machines and consumables, mainly for the British market. The company had a turnover of around GBP 24 million in 2022 and has 66 employees. The acquisition, which encompasses all shares, was announced on 13 February 2023.

Consolidation of the German company Datamed is expected to take place in the second quarter of 2023 in the Dental business area. Datamed develops, sells and supports a software program used by German dental clinics. The company had a turnover of around EUR 2 million in 2022 and has ten employees. The acquisition, which encompasses all shares, was announced on 23 March 2023.

Consolidation of the Norwegian company Aura Electric will take place in April 2023 in the Systems Solutions business area, division Infrastructure Products. Aura Electric manufactures low volt electrical supplies. The company reported net sales of about NOK 38 million in 2022 and has ten employees. The acquisition, which encompasses a majority of the shares, was announced on 24 March 2023.

On 6 April 2023, Lifco announced the acquisition of the majority of the shares in the Italian company Geax, a niche manufacturer of compact piling rigs. Geax had a turnover of around EUR 15 million in 2022 and has 26 employees. Consolidation is expected to take place in the second quarter of 2023 in the Demolition & Tools business area.

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 working actively to monitor and continually evaluate sustainability-related risks and their impact on the Group's operations and earnings. The Group has established a governance structure that involves Group management and the Board and works to continually improve the company's sustainability-related activities and minimise related risks. As part of this governance, Group management evaluates the compliance of, for example, the Code of Conduct, occupational injuries, IT security and legal disputes, for every subsidiary 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 2022 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 2022 Annual Report and should be read in conjunction with these.

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 three-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, 28 April 2023

Carl Bennet
Chairman of the Board

Ulrika Dellby
Director

Annika Espander
Director

Dan Frohm
Director

Erik Gabrielson
Director

Ulf Grunander
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 report for the second quarter will be published on 14 July.

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

The year-end report and the report for the fourth quarter will be published on 2 February 2024.

The Annual Report and Sustainability Report 2023 will be published in March 2024.

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, 28 April at 9.00 a.m. CEST. The presentation can be listened to online or by calling in to the telephone conference. Questions can be asked at the telephone conference.

Link to the presentation: <https://ir.financialhearings.com/lifco-q1-2023>

If you wish to participate 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=5005427>

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 28 April 2023, at 7.30 a.m. CEST.

CONDENSED CONSOLIDATED INCOME STATEMENT

SEK million	FIRST QUARTER			FULL YEAR 2022
	2023	2022	change	
Net sales	5,959	5,022	18.7%	21,552
Cost of goods sold	-3,350	-2,983	12.3%	-12,544
Gross profit	2,609	2,039	28.0%	9,008
Selling expenses	-664	-520	27.7%	-2,256
Administrative expenses	-782	-619	26.3%	-2,651
Development costs	-46	-39	17.9%	-163
Other income and expenses	5	-6	-183%	15
Operating profit	1,122	855	31.2%	3,953
Net financial items	-65	-17	282%	-111
Profit before tax	1,057	838	26.1%	3,842
Tax	-264	-210	25.7%	-1,014
Net profit for the period	793	628	26.3%	2,828
Profit attributable to:				
Parent Company shareholders	782	619	26.3%	2,784
Non-controlling interests	11	9	22.2%	44
Earnings per share before and after dilution for the period, attributable to Parent Company shareholders	1.72	1.36	26.5%	6.13
EBITA	1,330	1,016	30.9%	4,662
Depreciation of tangible assets	129	104	24.0%	454
Amortisation of intangible assets	5	5	-	24
Amortisation of intangible assets arising from acquisitions	191	157	21.7%	673

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	FIRST QUARTER			FULL YEAR 2022
	2023	2022	change	
Net profit for the period	793	628	26.3%	2,828
Other comprehensive income				
<i>Items which can later be reclassified to profit or loss:</i>				
Hedge of net investment	32	-35	-191%	-79
Translation differences	41	176	-76.7%	856
Tax related to other comprehensive income	-7	7	-200%	16
Total comprehensive income for the period	859	776	10.7%	3,621
Comprehensive income attributable to:				
Parent Company shareholders	850	764	11.3%	3,569
Non-controlling interests	9	12	-25.0%	52
	859	776	10.7%	3,621

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. Until 31 December 2022, these divisions were Construction Materials, Contract Manufacturing, Environmental Technology, Service and Distribution and Forest. The Forest division became significantly smaller than other divisions following the divestment in May 2022 of the Estonian company Hekotek, which mainly sells sawmill equipment to Russia. As a consequence of the decrease in the size of the Forest division, and to increase transparency concerning Systems Solutions, a partly new distribution of divisions is reported from the first quarter of 2023. The change means that the Service and Distribution division is divided into the Transportation Products and Special Products divisions. Operations in the Forest division have been relocated to the Special Products division. The Construction Materials division has changed name to Infrastructure Products to clearly clarify the companies' direction.

NET SALES TO EXTERNAL CUSTOMERS

No sales are made between the segments.

SEK million	FIRST QUARTER			Rolling 12 months		FULL YEAR 2022
	2023	2022	change		change	
Dental	1,525	1,306	16.8%	5,514	4.1%	5,295
Demolition & Tools	1,810	1,338	35.3%	6,757	7.5%	6,285
Systems Solutions	2,624	2,378	10.3%	10,218	2.5%	9,972
Group	5,959	5,022	18.7%	22,489	4.3%	21,552

Net sales by type of income:

SEK million	FIRST QUARTER			Rolling 12 months		FULL YEAR 2022
	2023	2022	change		change	
Dental products	1,525	1,306	16.8%	5,514	4.1%	5,295
Machinery and tools	1,810	1,338	35.3%	6,757	7.5%	6,285
Infrastructure Products	479	368	30.2%	1,715	6.9%	1,604
Contract Manufacturing	554	428	29.4%	2,160	6.2%	2,034
Environmental Technology	748	641	16.7%	3,010	3.7%	2,903
Transportation Products	609	592	2.9%	2,890	0.6%	2,336
Special Products	234	349	-33.0%	443	-20.6%	1,095
Group	5,959	5,022	18.7%	22,489	4.3%	21,552

Net sales for the Systems Solutions business area by type of income quarters 2–4 2022 and total 2022:

SEK million	2022			
	Q2	Q3	Q4	FULL YEAR
Contract Manufacturing	525	466	614	2,034
Environmental Technology	714	684	865	2,903
Infrastructure Products	389	364	483	1,604
Special Products	288	211	246	1,095
Transportation Products	598	553	594	2,336
Total Systems Solutions	2,514	2,278	2,802	9,972

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	FIRST QUARTER			Rolling 12 months		FULL YEAR 2022
	2023	2022	change		change	
Dental	328	255	28.7%	1,090	7.2%	1,017
Demolition & Tools	446	319	39.8%	1,734	7.9%	1,607
Systems Solutions	594	480	23.8%	2,298	5.2%	2,184
Central Group functions	-38	-38	-	-146	-	-146
EBITA before acquisition costs	1,330	1,016	30.9%	4,976	6.7%	4,662
Acquisition costs	-17	-4	325%	-49	36.1%	-36
EBITA	1,313	1,012	29.7%	4,927	6.5%	4,626
Amortisation of intangible assets arising from acquisitions	-191	-157	21.7%	-707	5.1%	-673
Net financial items	-65	-17	282%	-159	43.2%	-111
Profit before tax	1,057	838	26.1%	4,061	5.7%	3,842

CONDENSED CONSOLIDATED BALANCE SHEET

SEK million	31 Mar 2023	31 Mar 2022	31 Dec 2022
ASSETS			
Intangible assets	19,553	16,234	18,286
Tangible assets	2,547	2,091	2,364
Financial assets	364	340	365
Inventories	3,965	3,362	3,682
Accounts receivable - trade	3,209	2,664	2,853
Current receivables	729	547	518
Cash and cash equivalents	1,754	1,474	1,703
TOTAL ASSETS	32,121	26,712	29,771
EQUITY AND LIABILITIES			
Equity	14,180	11,470	13,339
Non-current interest-bearing liabilities incl. pension provisions	2,564	2,700	1,725
Other non-current liabilities and provisions	4,269	3,458	4,053
Current interest-bearing liabilities	6,647	4,581	6,608
Accounts payable - trade	1,773	1,596	1,449
Other current liabilities	2,688	2,907	2,597
TOTAL EQUITY AND LIABILITIES	32,121	26,712	29,771

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to Parent Company shareholders

SEK million	31 Mar 2023	31 Mar 2022	31 Dec 2022
Opening equity	13,238	10,645	10,645
Comprehensive income for the period	850	764	3,569
Change in value, owner transactions	-18	-57	-295
Dividend	-	-	-681
Closing equity	14,070	11,352	13,238
<i>Equity attributable to:</i>			
Parent Company shareholders	14,070	11,352	13,238
Non-controlling interests	110	118	101
	14,180	11,470	13,339

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SEK million	FIRST QUARTER		FULL YEAR 2022
	2023	2022	
Operating activities			
Operating profit	1,122	855	3,953
Depreciation of right-of-use assets	62	47	211
Other non-cash items	258	219	940
Interest and financial items, net	-65	-17	-111
Tax paid	-296	-242	-911
Cash flow before changes in working capital	1,081	862	4,082
Changes in working capital			
Inventories	-238	-480	-737
Current receivables	-374	-384	-429
Current liabilities	262	324	153
Cash flow from operating activities	731	322	3,069
Business acquisitions and sales, net	-1,273	-505	-2,399
Net investment in tangible assets	-80	-61	-249
Net investment in intangible assets	-26	-8	-69
Cash flow from investing activities	-1,379	-574	-2,717
Borrowings/repayment of borrowings, net	708	186	540
Dividends paid	-	-	-681
Dividends paid to non-controlling interests	-	-9	-167
Cash flow from financing activities	709	177	-308
Cash flow for the period	60	-75	44
Cash and cash equivalents at beginning of period	1,703	1,509	1,509
Translation differences	-9	40	150
Cash and cash equivalents at end of period	1,754	1,474	1,703

ACQUISITIONS IN 2023

Six businesses were consolidated in the first three months of the year. The consolidated business are the British companies Alwayse Engineering, Broughton Plant Hire and Sales and Didsbury Engineering, the Swedish company Doxa Dental and the German company Kohler Medizintechnik. Assets of the German company Welte Dentallabor were also consolidated.

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

Acquisition-related expenses of SEK 17 million are included in administrative expenses in the consolidated income statement for the first three months of the year. Since the respective consolidation dates, the acquired companies have added SEK 45 million to consolidated net sales and SEK 14 million to EBITA. If the businesses had been consolidated as of 1 January 2023, consolidated net sales for the year would have increased by a further SEK 97 million and EBITA would have increased by a further SEK 34 million.

Acquired net assets

Net assets, SEK million	Carrying amount	Value adjustment	Fair value
Trademarks, customer relationships, licences	3	730	733
Tangible assets	85	-	85
Inventories, accounts receivable and other receivables	157	-11	146
Accounts payable and other liabilities	-39	-192	-231
Cash and cash equivalents	73	-	73
Total net assets	279	527	806
Goodwill	-	586	586
Total net assets	279	1,113	1,392

Effect on cash flow, SEK million

Consideration	1,392
Considerations not paid	-46
Cash and cash equivalents in acquired companies	-73
Consideration paid relating to acquisitions from previous years	-
Total cash flow effect	1,273

FINANCIAL INSTRUMENTS

SEK million	31 Mar 2023	31 Mar 2022	31 Dec 2022
Financial assets at amortised cost			
Accounts receivable - trade	3,209	2,664	2,853
Other non-current financial receivables	17	12	15
Cash and cash equivalents	1,754	1,474	1,703
Total	4,980	4,150	4,571
Liabilities at fair value			
Other liabilities ¹	2,013	1,903	1,946
Financial liabilities at amortised cost			
Interest-bearing borrowings	9,121	7,224	8,263
Accounts payable - trade	1,773	1,596	1,449
Total	12,907	10,723	11,658

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	2023	2022	2022
	31 MAR	31 DEC	31 MAR
Net sales, SEK million	22,489	21,552	18,633
Change in net sales, %	4.3	23.3	6.6
EBITA, SEK million	4,976	4,662	3,910
EBITA margin, %	22.1	21.6	21.0
EBITDA, SEK million	5,479	5,140	4,336
EBITDA margin, %	24.4	23.8	23.3
Capital employed, SEK million	21,778	20,668	17,387
Capital employed excl. goodwill and other intangible assets, SEK million	3,724	3,444	2,448
Return on capital employed, %	22.8	22.6	22.5
Return on capital employed excl. goodwill, %	134	135	160
Return on equity, %	23.1	23.1	24.6
Net debt, SEK million	9,469	8,576	7,710
Net debt/equity ratio	0.7	0.6	0.7
Net debt/EBITDA	1.7	1.7	1.8
Interest-bearing net debt, SEK million	6,347	5,590	4,938
Interest-bearing net debt/EBITDA*	1.2	1.1	1.1
Equity/assets ratio, %	44.1	44.8	42.9
Number of shares, thousands	454,216	454,216	454,216
Average number of employees	6,583	6,495	6,258

CONDENSED PARENT COMPANY INCOME STATEMENT

SEK million	FIRST QUARTER		FULL YEAR
	2023	2022	2022
Administrative expenses	-33	-35	-120
Other operating income ¹	0	0	63
Operating loss	-33	-35	-57
Net financial items	48	-5	501
Profit/loss after financial items	15	-40	444
Appropriations	-	-	-8
Tax	-3	8	8
Net profit/loss for the period	12	-32	444

¹ Invoicing of Group-wide services.

CONDENSED PARENT COMPANY BALANCE SHEET

SEK million	31 Mar 2023	31 Mar 2022	31 Dec 2022
ASSETS			
Financial assets	7,792	6,404	6,892
Current receivables	9,029	8,128	8,618
Cash and cash equivalents	578	634	587
TOTAL ASSETS	17,399	15,166	16,097
EQUITY AND LIABILITIES			
Equity	3,661	3,854	3,649
Untaxed reserves	114	122	114
Provisions	0	0	-
Non-current interest-bearing liabilities	1,500	1,820	750
Current interest-bearing liabilities	6,361	4,354	6,302
Current non-interest-bearing liabilities	5,763	5,016	5,282
TOTAL EQUITY AND LIABILITIES	17,399	15,166	16,097

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 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 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 18–19.

EBITA compared with financial statements in accordance with IFRS

SEK million	THREE MONTHS 2023	THREE MONTHS 2022	FULL YEAR 2022
Operating profit	1,122	855	3,953
Amortisation of intangible assets arising from acquisitions	191	157	673
EBITA	1,313	1,012	4,626
Acquisition costs	16	4	36
EBITA before acquisition costs	1,330	1,016	4,662

EBITDA compared with financial statements in accordance with IFRS

SEK million	THREE MONTHS 2023	THREE MONTHS 2022	FULL YEAR 2022
Operating profit	1,122	855	3,953
Depreciation of tangible assets	129	104	454
Amortisation of intangible assets	5	5	24
Amortisation of intangible assets arising from acquisitions	191	157	673
EBITDA	1,447	1,121	5,104
Acquisition costs	17	4	36
EBITDA before acquisition costs	1,464	1,125	5,140

Net debt compared with financial statements in accordance with IFRS

SEK million	31 Mar 2023	31 Mar 2022	31 Dec 2022
Non-current interest-bearing liabilities including pension provisions	1,711	2,014	920
Current interest-bearing liabilities	6,390	4,398	6,373
Cash and cash equivalents	-1,754	-1,474	-1,703
Interest-bearing net debt	6,347	4,938	5,590
Put/call options, additional considerations	2,013	1,903	1,946
Lease liability	1,109	869	1,040
Net debt	9,469	7,710	8,576

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

SEK million	31 Mar 2023	31 Dec 2022	30 Sep 2022	30 Jun 2022
Total assets	32,121	29,771	29,243	27,296
Cash and cash equivalents	-1,754	-1,703	-1,368	-1,255
Interest-bearing pension provisions	-90	-70	-65	-61
Non-interest-bearing liabilities	-6,717	-6,153	-6,151	-5,934
Capital employed	23,560	21,845	21,659	20,046
Goodwill and other intangible assets	-19,553	-18,286	-17,753	-16,624
Capital employed excluding goodwill and other intangible assets	4,007	3,559	3,906	3,422

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	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Capital employed	21,778	23,560	21,845	21,659	20,046
Capital employed excluding goodwill and other intangible assets	3,724	4,007	3,559	3,906	3,422
EBITA	Total 4,976	1,330	1,322	1,103	1,221
Return on capital employed	22.8%				
Return on capital employed excluding goodwill and other intangible assets	134%				