

INTERIM REPORT JANUARY – SEPTEMBER 2020

Reporting period January – September

- Net sales declined -0.7 per cent to SEK 10,031 (10,104) million. Organically, net sales declined -7.1 per cent.
- EBITA* increased 2.6 per cent to SEK 1,920 (1,872) million.
- The EBITA margin* improved 0.6 percentage points to 19.1 (18.5) per cent.
- Profit before tax grew 6.7 per cent to SEK 1,545 (1,448) million.
- Net profit for the period grew 6.7 per cent to SEK 1,159 (1,086) million.
- Earnings per share increased 7.1 per cent till SEK 12.59 (11.76).
- Cash flow from operating activities increased 69.4 per cent to SEK 1,995 (1,178) million.
- Seven businesses were acquired during the period with total annual sales of about SEK 700 million.

Reporting period July – September

- Net sales increased 3.1 per cent to SEK 3,311 (3,211) million. Organically, net sales declined -0.4 per cent.
- The Dental business area was positively impacted by the continued recovery of the European dental markets which are returning to more normal levels. The Systems Solutions business area has as a whole been relatively unaffected by the pandemic. The market remains uncertain in the Demolition & Tools business area and was weaker than the previous year.
- EBITA* increased 17.3 per cent to SEK 699 (596) million.
- The EBITA margin* expanded 2.5 percentage points to 21.1 (18.6) per cent.
- Profit before tax grew 19.7 per cent to SEK 566 (473) million.
- Net profit for the period grew 19.7 per cent to SEK 425 (355) million.
- Cash flow from operating activities increased 11.2 per cent to SEK 736 (662) million.

Summary of financial performance

SEK million	NINE MONTHS			THIRD QUARTER			Rolling 12 months		FULL YEAR 2019
	2020	2019	change	2020	2019	change	change		
Net sales	10,031	10,104	-0.7%	3,311	3,211	3.1%	13,772	-0.5%	13,845
EBITA*	1,920	1,872	2.6%	699	596	17.3%	2,571	1.9%	2,523
EBITA margin*	19.1%	18.5%	0.6	21.1%	18.6%	2.5	18.7%	0.5	18.2%
Profit before tax	1,545	1,448	6.7%	566	473	19.7%	2,093	4.9%	1,996
Net profit for the period	1,159	1,086	6.7%	425	355	19.7%	1,601	4.8%	1,528
Earnings per share	12.59	11.76	7.1%	4.61	3.86	19.4%	17.40	5.0%	16.57
Return on capital employed	18.6%	20.9%	-2.3	18.6%	20.9%	-2.3	18.6%	-0.9	19.5%
Return on capital employed excl. goodwill	125%	122%	3.0	125%	122%	3.0	125%	17.0	108%

*Before acquisition costs and non-recurring items.

COMMENTS FROM THE CEO

Even during the third quarter, the COVID-19 pandemic has continued to affect Lifco's subsidiaries in different ways. Net sales increased 3.1 per cent during the quarter to SEK 3,311 (3,211) million, driven by acquisitions. The Dental business area was positively impacted by the continued recovery of the European dental markets which are returning to more normal levels. The Systems Solutions business area has as a whole been relatively unaffected by the pandemic. Some operations in the Systems Solutions business area have benefited from the effects of the pandemic, while others have been impacted negatively. This has depended on where the companies operate in the value chain and in which segment their customers belong. The market remains uncertain in the Demolition & Tools business area and was weaker than the previous year, particularly for more capital-intensive products.

EBITA* increased 17.3 per cent to SEK 699 (596) million and the EBITA margin* improved 2.5 percentage points to 21.1 (18.6) per cent due to acquisitions as well as low sales and marketing activities during the quarter since many subsidiaries were unable to conduct normal sales and market activities as a result of the pandemic. Earnings per share increased 19.4 per cent till SEK 4.61 (3.86) in the third quarter and cash flow increased 11.2 per cent to SEK 736 (662) million due to improved earnings and lower inventories.

During the first nine months of the year, Lifco strengthened Dental with five acquisitions: two manufacturing companies in Denmark, one in Sweden, a leading distributor in Croatia and a company developing medical record systems in Germany. For Systems Solutions, two Italian companies were acquired: Cramaro Tarpaulin Systems, a niche manufacturer of tarpaulin systems for trucks and agricultural vehicles as well as Tastitalia, which manufactures customised touch panels, displays and keypads. The acquisitions jointly had a positive impact on Lifco's earnings and financial position during the quarter.

On 27 August, Lifco issued two unsecured bonds totalling SEK 1,200 million and therefore has bonds outstanding totalling SEK 2,200 million in the MTN programme with a loan framework of SEK 3,000 million. In addition to bonds outstanding, Lifco has standard short-term credit facilities. Lifco's financial position remains solid and interest-bearing net debt amounted to 1.3 times EBITDA* at 30 September 2020, which is well in line with our target of interest-bearing net debt of a maximum of three times EBITDA* and means that Lifco possesses the financial scope to make additional acquisitions.



Per Waldemarson
President and CEO

GROUP PERFORMANCE IN JANUARY – SEPTEMBER

Net sales declined -0.7 per cent to SEK 10,031 (10,104) million, driven by the effects of the pandemic and a weaker market in the Demolition & Tools business area. Acquisitions contributed 7.4 per cent, organic growth was -7.1 per cent, while foreign exchange gains impacted sales by -1.0%. During the first nine months of the year, the German company Consys, the Italian company Cramaro Tarpaulin Systems, the Croatian company Dental Grupa, the Danish company Rönvig Dental Manufacturing, the Italian company Tastitalia, TrollDental's product portfolio and the Workplace Safety division of KiiltoClean A/S were consolidated.

EBITA* increased 2.6 per cent to SEK 1,920 (1,872) million and the EBITA margin* improved 0.6 percentage points to 19.1 (18.5) per cent due to acquisitions as well as unusually low sales and marketing activities as a result of the pandemic. Foreign exchange gains impacted EBITA* with -1.0%. During the period, 34 (34) per cent of EBITA* was generated in EUR, 29 (27) per cent in SEK, 14 (16) per cent in NOK, 8 (3) per cent in GBP, 6 (8) per cent in DKK, 3 (6) per cent in USD and 6 (6) per cent in other currencies.

Net financial items were SEK -44 (-47) million.

Profit before tax grew 6.7 per cent to SEK 1,545 (1,448) million and net profit for the period increased 6.7 per cent to SEK 1,159 (1,086) million.

Average capital employed excluding goodwill declined by SEK 288 million during the period to SEK 2,057 million at 30 September 2020, compared with SEK 2,345 million at 31 December 2019.

EBITA* relative to average capital employed excluding goodwill was at 108 per cent at year-end and increased to 125 per cent during the first nine months of the year.

The Group's net debt declined SEK 127 million from 31 December 2019 to SEK 5,425 million at 30 September 2020, of which liabilities related to put/call options and additional considerations for acquisitions amounted to SEK 1,018 (861) million. Interest-bearing net debt declined by SEK 178 million since year-end and amounted to SEK 3,862 (4,332) million at 30 September 2020.

On 27 August, Lifco issued two unsecured bonds totalling SEK 1,200 million and therefore has bonds outstanding of SEK 2,200 million in the MTN programme with a loan framework of SEK 3,000 million. In addition to bonds outstanding, Lifco has standard short-term credit facilities.

The net debt/equity ratio at 30 September 2020 was 0.6 (0.7) and net debt/EBITDA* was 1.9 (2.0) times. Interest-bearing net debt/EBITDA* was 1.3 (1.5) times. At period-end, 41 (38) per cent of the Group's interest-bearing liabilities were denominated in EUR.

Cash flow from operating activities increased 69.4 per cent during the period, to SEK 1,995 (1,178) million, mainly on the back of improved earnings and reduced working capital. Cash flow from investing activities was SEK -1,099 (-1,555) million, which was mainly attributable to acquisitions.

GROUP PERFORMANCE IN THE THIRD QUARTER

Sales increased 3.1 per cent to SEK 3,311 (3,211) million in the third quarter as the result of acquisitions. Acquisitions contributed 6.8 per cent, organic growth was -0.4 per cent, while foreign exchange gains had a negative impact of -3.3%.

EBITA* increased 17.3 per cent to SEK 699 (596) million and the EBITA margin* improved 2.5 percentage points to 21.1 (18.6) per cent due to acquisitions as well as unusually low sales and marketing activities as a result of the pandemic. Foreign exchange gains impacted EBITA* by -3.0%. During the third quarter, 35 (32) per cent of EBITA* was generated in EUR, 30 (26) per cent in SEK, 13 (15) per cent in NOK, 9 (4) per cent in GBP, 4 (8) per cent in DKK, 4 (6) per cent in USD and 5 (9) per cent in other currencies.

Net financial items were SEK -16 (-15) million.

Profit before tax grew by 19.7 per cent to SEK 566 (473) million. Net profit for the period grew 19.7 per cent to SEK 425 (355) million.

Average capital employed excluding goodwill declined by SEK 116 million to SEK 2,057 million at 30 September 2020, compared with SEK 2,173 million at 30 June 2020. EBITA* relative to average capital employed excluding goodwill increased from 114 per cent at 30 June 2020 to 125 per cent at 30 September 2020.

The Group's net debt increased during the quarter by SEK 150 million to SEK 5,425 million. At the Annual General Meeting on 24 June 2020, the dividend for the 2019 financial year was set at SEK 5.25 per share. The total dividend to shareholders for the 2019 financial year was SEK 476.9 million, and was paid on 1 July 2020. The dividend to shareholders for the 2018 financial year was paid during the second quarter of 2019.

Cash flow from operating activities increased 11.2 per cent during the third quarter to SEK 736 (662) million due to improved income and lower inventories. Cash flow from investing activities was SEK -228 (-610) million, which was attributable to acquisitions and investments.

FINANCIAL PERFORMANCE – BUSINESS AREAS

Dental

SEK million	NINE MONTHS			THIRD QUARTER			Rolling 12 months		FULL YEAR
	2020	2019	change	2020	2019	change	change	2019	
Net sales	3,077	3,256	-5.5%	1,065	1,004	6.1%	4,214	-4.1%	4,393
EBITA*	632	668	-5.4%	247	203	21.7%	838	-4.1%	874
EBITA margin*	20.5%	20.5%	-	23.2%	20.2%	3.0	19.9%	-	19.9%

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

Net sales in Dental declined by -5.5 per cent to SEK 3,077 (3,256) million in the first nine months of the year as a result of the impact of the pandemic, primarily in April and May. EBITA* declined -5.4 per cent to SEK 632 (668) million for the period and the EBITA margin was 20.5 (20.5) per cent. The European dental markets have continued to recover to more normal levels during the third quarter. Profitability was positively impacted during the third quarter due to the unusually low levels of sales and marketing activities as a result of the pandemic.

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

As of January 2020, Lifco consolidated Rönvig Dental Manufacturing A/S of Denmark. The company is a niche manufacturer of dental products. Rönvig had a turnover of around DKK 30 million in 2018 and has 17 employees. As of February 2020, Lifco also consolidated the Workplace Safety division of KiiltoClean A/S. The business is a leading niche manufacturer of eyewashes, plasters and first aid stations. The products are sold under the Plum brand and generated net sales of around DKK 79 million in 2019. The business has ten employees. As of February 2020, Lifco consolidated the Croatian company Dental Grupa, a leading distributor of equipment and consumables for dentists in Croatia. Dental Grupa recorded net sales of around HRK 66 million in 2019 and has around 40

employees. The acquisition included the majority of the shares. As of June 2020, TrollDental's product portfolio was consolidated, which had net sales of about SEK 25 million in 2019. The German company Consys was consolidated in September 2020. The company sells and maintains medical record systems to dentists in Germany. The company generated sales of about EUR 1.9 million in 2019 and has nine employees.

Demolition & Tools

SEK million	NINE MONTHS			THIRD QUARTER			Rolling 12 months		FULL YEAR
	2020	2019	change	2020	2019	change	change		2019
Net sales	2,378	2,724	-12.7%	741	901	-17.8%	3,264	-9.6%	3,610
EBITA*	530	654	-19.0%	175	239	-26.8%	710	-14.9%	834
EBITA margin*	22.3%	24.0%	-1.7	23.6%	26.5%	-2.9	21.8%	-1.3	23.1%

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

During the first nine months of the year, sales decreased -12.7 per cent to SEK 2,378 (2,724) million and EBITA* decreased -19.0 per cent to SEK 530 (654) million with an EBITA margin of 22.3 per cent (24.0). The decline in demand and profitability is a result of the remaining uncertainty in the market and a weaker market than the previous year, particularly for more capital-intensive products. The US market was weaker than European markets during the quarter.

Systems Solutions

SEK million	NINE MONTHS			THIRD QUARTER			Rolling 12 months		FULL YEAR
	2020	2019	change	2020	2019	change	change		2019
Net sales	4,576	4,124	11.0%	1,505	1,306	15.2%	6,294	7.7%	5,842
EBITA*	840	617	36.1%	304	172	76.7%	1,132	24.5%	909
EBITA margin*	18.4%	15.0%	3.4	20.2%	13.2%	7.0	18.0%	2.4	15.6%

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

Net sales in Systems Solutions increased 11.0 per cent to SEK 4,576 (4,124) million during the first nine months of the year primarily due to acquisitions. The Systems Solutions business area has as a whole been relatively unaffected by the pandemic. Some operations in the Systems Solutions business area have benefited from the effects of the pandemic, while others have been impacted

negatively. This has depended on where the companies operate in the value chain and in which segment their customers belong.

During the first nine months of the year, EBITA* increased 36.1 per cent to SEK 840 (617) million and the EBITA margin* improved 3.4 percentage points to 18.4 (15.0) per cent. The increase in profitability is on the back of acquisitions as well as unusually low levels of sales and marketing activities as a result of the pandemic.

Sales have fallen somewhat in Construction Materials during the third quarter and the nine-month period, while earnings and profitability have increased since it was not possible to carry out sales and marketing activities as normal due to the pandemic.

Contract Manufacturing has reported positive developments to its sales and profitability during the third quarter and for the nine-month period. Many of the division's customers were relatively unaffected by the pandemic, and there are also customers which have benefited from the effects of COVID-19.

Sales and earnings decreased in Environmental Technology during the third quarter and for the nine-month period, while maintaining profitability. Companies that sell indirect products that are not part of a value chain were negatively impacted by the pandemic during the second and third quarter.

Service and Distribution has reported positive developments to its sales and profitability during the third quarter and for the nine-month period. Growth has been driven by acquisitions and partly by a positive impact to several operations as a result of the pandemic.

Forest reported a positive trend during the third quarter with increased sales and improved earnings and profitability. Sales declined during the nine-month period as a result of lower volumes in the first half of the year. While profitability for the Forest division has improved, the comparison to the preceding year is impacted by provisions of approximately SEK 15 million made during the third quarter of 2019 for restructuring due to decreased sales and projects setbacks.

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

ACQUISITIONS

Lifco made the following acquisitions in the first nine months of the year:

Consolidated from month	Acquisitions	Business area	Net sales	Employees
January	Rönvig Dental Manufacturing	Dental	DKK 30m	17
February	Workplace Safety	Dental	DKK 79m	10
February	Dental Grupa	Dental	HRK 66m	40
February	Cramaro Tarpaulin Systems	Systems Solutions	EUR 27m	90
June	TrollDental's product portfolio	Dental	SEK 25m	-
September	Tastitalia	Systems Solutions	EUR 12.2m	70
September	Consys	Dental	EUR 1.9m	9

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.

OTHER FINANCIAL INFORMATION

Employees

The average number of employees was 5,461 (5,241) in the first nine months of the year. At the end of the period, the number of employees was 5,423 (5,370). Acquisitions added around 240 employees.

Events after the end of the reporting period

Lifco continues to monitor the effects of the COVID-19 pandemic. No significant events for the Group 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 as well as structural changes in the market and general levels of economic activity. Lifco is also exposed to financial risks such as currency risks, interest rate risks, credit and counterparty risks.

Lifco operates in a large number of industries that have been affected to varying degrees by the COVID-19 pandemic. The Dental business area was positively impacted during the third quarter by the continued recovery of the European dental markets back to more normal levels. The Systems Solutions business area has as a whole been relatively unaffected by the pandemic. Some operations in the Systems Solutions business area have benefited from the effects of the pandemic, while others have been impacted negatively. This has depended on where the companies operate in the value

chain and in which segment their customers belong. The market remains uncertain in the Demolition & Tools business area and was weaker than the previous year, particularly for more capital-intensive products.

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

Accounting policies

The Group's interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. In respect of the Parent Company, the report has been prepared in accordance with the Annual Accounts Act and Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board. The accounting policies have been applied in accordance with those which are presented in the 2019 Annual Report and should be read in conjunction with these. In many countries, Lifco's companies have received state aid from short-time work schemes and other aid which has reduced personnel costs for the second and third quarters.

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, 22 October 2020

Carl Bennet
Chairman of the Board

Ulrika Dellby
Director

Dan Frohm
Director

Erik Gabrielson
Director

Ulf Grunander
Director

Annika Espander Jansson
Director

Anders Lorentzson
Director, employee
representative

Johan Stern
Vice Chairman

Caroline af Ugglas
Director

Axel Wachtmeister
Director

Per Waldemarson
President and CEO, Director

Peter Wiberg
Director,
employee representative

AUDITOR'S REPORT

Lifco AB (publ) reg.no 556465-3185

Introduction

We have reviewed the condensed interim financial information (interim report) of Lifco AB as of 30 September 2020 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, 22 October 2020
PricewaterhouseCoopers AB

Eric Salander
Authorised Public Accountant
Auditor in Charge

Tomas Hilmarsson
Authorised Public Accountant

FINANCIAL CALENDAR

The 2020 year-end report and the report for the fourth quarter will be published on 1 February 2021.

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

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

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

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

ANNUAL GENERAL MEETING 2021

The Annual General Meeting of Lifco AB will be held on Friday, 23 April 2021, 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 5 March 2021.

THE NOMINATION COMMITTEE

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

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

FURTHER INFORMATION

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

TELECONFERENCE

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

Time: Thursday, 22 October at 9:00 a.m. CEST

Link to the presentation: <https://tv.streamfabriken.com/lifco-q3-2020>

Telephone numbers:

Sweden +46 8 505 583 52

UK +44 3333 00 90 32

US +1 833 823 05 90

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 164 operating companies in 30 countries. In 2019, Lifco reported EBITA of SEK 2,523 million on net sales of SEK 13.9 billion. The EBITA margin was 18.2 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 22 October 2020, at 7.30 a.m. CEST.

CONDENSED CONSOLIDATED INCOME STATEMENT

SEK million	NINE MONTHS			THIRD QUARTER			FULL YEAR 2019
	2020	2019	change	2020	2019	change	
Net sales	10,031	10,104	-0.7%	3,311	3,211	3.1%	13,845
Cost of goods sold	-5,829	-5,845	-0.3%	-1,889	-1,846	2.3%	-8,033
Gross profit	4,202	4,259	-1.3%	1,422	1,365	4.2%	5,812
Selling expenses	-1,121	-1,160	-3.4%	-346	-376	-8.0%	-1,600
Administrative expenses	-1,402	-1,423	-1.5%	-449	-455	-1.3%	-1,928
Development costs	-87	-123	-29.3%	-32	-38	-15.8%	-171
Other income and expenses	-3	-58	-94.8%	-13	-8	62.5%	-54
Operating profit	1,589	1,495	6.3%	582	488	19.3%	2,059
Net financial items	-44	-47	-6.4%	-16	-15	6.7%	-63
Profit before tax	1,545	1,448	6.7%	566	473	19.7%	1,996
Tax	-386	-362	6.6%	-141	-118	19.5%	-468
Net profit for the period	1,159	1,086	6.7%	425	355	19.7%	1,528
Profit attributable to:							
Parent Company shareholders	1,143	1,069	6.9%	418	351	19.1%	1,505
Non-controlling interests	16	17	-5.9%	7	4	75.0%	23
Earnings per share before and after dilution for the period, attributable to Parent Company shareholders	12.59	11.76	7.1%	4.61	3.86	19.4%	16.57
EBITA*	1,920	1,872	2.6%	699	596	17.3%	2,523
Depreciation of tangible assets	270	233	15.9%	92	81	13.6%	311
Amortisation of intangible assets	8	10	-20.0%	3	3	-	15
Amortisation of intangible assets arising from acquisitions	307	240	27.9%	103	86	19.8%	329

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	NINE MONTHS			THIRD QUARTER			FULL YEAR 2019
	2020	2019	change	2020	2019	change	
Net profit for the period	1,159	1,086	6.7%	425	355	19.7%	1,528
Other comprehensive income							
<i>Items which can later be reclassified to profit or loss:</i>							
Hedge of net investment	90	24	275%	8	13	-38.5%	6
Translation differences	-233	309	-175%	-11	91	-112%	140
Tax related to other comprehensive income	-20	-5	300%	-2	-3	-33.3%	-1
Total comprehensive income for the period	996	1,414	-29.6%	420	456	-7.9%	1,673
<i>Comprehensive income attributable to:</i>							
Parent Company shareholders	983	1,394	-29.5%	414	452	-8.4%	1,648
Non-controlling interests	13	20	-35.0%	6	4	50.0%	25
	996	1,414	-29.6%	420	456	-7.9%	1,673

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	NINE MONTHS			THIRD QUARTER			Rolling 12 months		FULL YEAR
	2020	2019	change	2020	2019	change	change	2019	
Dental	3,077	3,256	-5.5%	1,065	1,004	6.1%	4,214	-4.1%	4,393
Demolition & Tools	2,378	2,724	-12.7%	741	901	-17.8%	3,264	-9.6%	3,610
Systems Solutions	4,576	4,124	11.0%	1,505	1,306	15.2%	6,294	7.7%	5,842
Group	10,031	10,104	-0.7%	3,311	3,211	3.1%	13,772	-0.5%	13,845

Net sales by type of income:

SEK million	NINE MONTHS			THIRD QUARTER			Rolling 12 months		FULL YEAR
	2020	2019	change	2020	2019	change	change	2019	
Dental products	3,077	3,256	-5.5%	1,065	1,004	6.1%	4,214	-4.1%	4,393
Machinery and tools	2,378	2,724	-12.7%	741	901	-17.8%	3,264	-9.6%	3,610
Construction Materials	852	868	-1.8%	261	267	-2.2%	1,176	-1.3%	1,192
Contract Manufacturing	866	716	20.9%	276	216	27.8%	1,205	14.2%	1,055
Environmental Technology	1,243	1,262	-1.5%	367	464	-20.9%	1,836	-1.0%	1,855
Service and Distribution	1,051	647	62.4%	400	210	90.5%	1,286	45.8%	882
Forest	564	631	-10.6%	201	149	34.9%	791	-7.8%	858
Group	10,031	10,104	-0.7%	3,311	3,211	3.1%	13,772	-0.5%	13,845

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	NINE MONTHS			THIRD QUARTER			Rolling 12 months		FULL YEAR
	2020	2019	change	2020	2019	change	change		2019
Dental	632	668	-5.4%	247	203	21.7%	838	-4.1%	874
Demolition & Tools	530	654	-19.0%	175	239	-26.8%	710	-14.9%	834
Systems Solutions	840	617	36.1%	304	172	76.7%	1,132	24.5%	909
Central Group functions	-82	-67	22.4%	-27	-18	50.0%	-109	16.0%	-94
EBITA before acquisition costs	1,920	1,872	2.6%	699	596	17.3%	2,571	1.9%	2,523
Acquisition costs ¹	-24	-81	-70.4%	-14	-22	-36.4%	-22	-72.2%	-79
Non-recurring items ²	-	-56	-100%	-	-	-	-	-100%	-56
EBITA	1,896	1,735	9.3%	685	574	19.3%	2,549	6.7%	2,388
Amortisation of intangible assets arising from acquisitions	-307	-240	27.9%	-103	-86	19.8%	-396	20.4%	-329
Net financial items	-44	-47	-6.4%	-16	-15	6.7%	-60	-4.8%	-63
Profit before tax	1,545	1,448	6.7%	566	473	19.7%	2,093	4.9%	1,996

¹ Of which, change in put/call options and additional considerations for the current year, SEK -8 (-59) million.

² Pertaining to costs in connection with management change.

CONDENSED CONSOLIDATED BALANCE SHEET

SEK million	30 Sep 2020	30 Sep 2019	31 Dec 2019
ASSETS			
Intangible assets	11,933	10,969	11,209
Tangible assets	1,514	1,358	1,503
Financial assets	183	196	182
Inventories	1,920	2,193	1,997
Accounts receivable	1,733	1,722	1,584
Current receivables	476	506	374
Cash and cash equivalents	865	456	729
TOTAL ASSETS	18,624	17,400	17,578
EQUITY AND LIABILITIES			
Equity	8,482	7,717	7,972
Non-current interest-bearing liabilities incl. pension provisions	2,689	597	1,674
Other non-current liabilities and provisions	2,185	1,871	1,986
Current interest-bearing liabilities	2,583	4,679	3,691
Accounts payable	825	788	680
Other current liabilities	1,860	1,748	1,575
TOTAL EQUITY AND LIABILITIES	18,624	17,400	17,578

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to Parent Company shareholders

SEK million	30 Sep 2020	30 Sep 2019	31 Dec 2019
Opening equity	7,915	6,685	6,685
Comprehensive income for the period	983	1,394	1,648
Dividend	-477	-418	-418
Closing equity	8,421	7,661	7,915
<i>Equity attributable to:</i>			
Parent Company shareholders	8,421	7,661	7,915
Non-controlling interests	61	56	57
	8,482	7,717	7,972

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SEK million	NINE MONTHS		THIRD QUARTER		FULL YEAR
	2020	2019	2020	2019	2019
Operating activities					
Operating profit	1,589	1,495	582	488	2,059
Non-cash items	593	542	208	181	705
Interest and financial items, net	-44	-47	-16	-15	-63
Tax paid	-429	-404	-92	-111	-571
Cash flow before changes in working capital	1,709	1,586	682	543	2,130
<i>Changes in working capital</i>					
Inventories	142	-332	105	-19	-94
Current receivables	-46	-61	-58	118	137
Current liabilities	190	-15	7	20	-183
Cash flow from operating activities	1,995	1,178	736	662	1,990
Business acquisitions and sales, net	-918	-1,359	-140	-544	-1,781
Net investment in tangible assets	-165	-172	-84	-50	-243
Net investment in intangible assets	-16	-24	-4	-16	-32
Cash flow from investing activities	-1,099	-1,555	-228	-610	-2,056
Borrowings/repayment of borrowings, net	-203	858	61	40	863
Dividends paid	-514	-487	-477	-	-490
Cash flow from financing activities	-717	371	-416	40	373
Cash flow for the period	179	-6	92	92	307
Cash and cash equivalents at beginning of period	729	405	781	340	405
Translation differences	-43	57	-8	24	17
Cash and cash equivalents at end of period	865	456	865	456	729

ACQUISITIONS IN 2020

Seven businesses were consolidated in the first nine months of the year. The acquisitions refer to TrollDental's product portfolio and the Workplace Safety division of KiiltoClean A/S, all shares in the Germany company Consys and the Danish company Rönvig Dental Manufacturing A/S as well as the majority of the Croatian company Dental Grupa and the Italian businesses Cramaro Tarpaulin Systems and Tastitalia.

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

Acquisition-related expenses of SEK 16 million are included in administrative expenses in the consolidated income statement for the first nine months of the year. If consolidation had taken place on 1 January 2020, the Group's net sales would have been positively impacted by about SEK 110 million and earnings by about SEK 30 million.

Acquired net assets

Net assets, SEK million	Carrying amount	Value adjustment	Fair value
Trademarks, customer relationships, licences	16	666	682
Tangible assets	57	-	57
Inventories, accounts receivable and other receivables	206	-4	202
Accounts payable and other liabilities	-243	-155	-398
Cash and cash equivalents	164	-	164
Net assets	200	507	707
Goodwill	-	506	506
Total net assets	200	1,013	1,213

Effect on cash flow, SEK million

Consideration	1,213
<i>Consideration not paid</i>	-176
Cash and cash equivalents in acquired companies	-164
Consideration paid relating to acquisitions from previous years	45
Total cash flow effect	918

FINANCIAL INSTRUMENTS

SEK million	30 Sep 2020	30 Sep 2019	31 Dec 2019
Financial assets at amortised cost			
Accounts receivable	1,733	1,722	1,584
Other non-current financial receivables	12	19	9
Cash and cash equivalents	865	456	729
Total	2,610	2,197	2,322
Liabilities at fair value through profit or loss			
Other liabilities ¹	1,018	861	916
Financial liabilities at amortised cost			
Interest-bearing borrowings	5,227	5,237	5,325
Accounts payable	825	788	680
Total	7,070	6,886	6,921

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	2020 30 DEC	2019 31 DEC	2019 30 DEC
Net sales, SEK million	13,772	13,845	13,558
Change in net sales, %	-0.5	15.8	13.4
EBITA*, SEK million	2,571	2,523	2,542
EBITA margin*, %	18.7	18.2	18.7
EBITDA*, SEK million	2,932	2,849	2,822
EBITDA margin*, %	21.3	20.6	20.8
Capital employed, SEK million	13,831	12,925	12,153
Capital employed excl. goodwill and other intangible assets, SEK million	2,057	2,345	2,092
Return on capital employed, %	18.6	19.5	20.9
Return on capital employed excl. goodwill, %	125	108	122
Return on equity, %	19.3	20.3	21.3
Net debt, SEK million	5,425	5,552	5,681
Net debt/equity ratio, times	0.6	0.7	0.7
Net debt/EBITDA*	1.9	1.9	2.0
Interest-bearing net debt, SEK million	3,862	4,040	4,332
Interest-bearing net debt/EBITDA*, times	1.3	1.4	1.5
Equity/assets ratio, %	45.5	45.4	44.4
Number of shares, thousand	90,843	90,843	90,843
Average number of employees	5,461	5,255	5,241

CONDENSED PARENT COMPANY INCOME STATEMENT

SEK million	NINE MONTHS		THIRD QUARTER		FULL YEAR
	2020	2019	2020	2019	2019
Administrative expenses	-78	-130	-27	-18	-162
Other operating income ¹	0	0	0	0	139
Operating profit	-78	-130	-27	-18	-23
Financial net items ²	930	810	43	45	837
Profit after financial items	852	680	16	27	814
Appropriations	7	-	-	-	-30
Tax	-13	16	-4	-2	-6
Net profit for the period	846	696	12	25	778

¹ Invoicing of Group-wide services.

² Net financial items include SEK 771 (758) million in dividends received during the nine-month period.

CONDENSED PARENT COMPANY BALANCE SHEET

SEK million	30 Sep 2020	30 Sep 2019	31 Dec 2019
ASSETS			
Tangible assets	-	0	0
Financial assets	4,994	5,027	4,872
Current receivables	6,165	4,859	5,226
Cash and cash equivalents	332	144	379
TOTAL ASSETS	11,491	10,030	10,477
EQUITY AND LIABILITIES			
Equity	3,640	3,189	3,271
Untaxed reserves	65	70	72
Provisions	14	-	-
Non-current interest-bearing liabilities	2,136	-	1,004
Current interest-bearing liabilities	2,381	4,628	3,670
Current non-interest-bearing liabilities	3,255	2,143	2,460
TOTAL EQUITY AND LIABILITIES	11,491	10,030	10,477
Pledged assets	-	-	-
Contingent liabilities	201	80	46

DEFINITIONS AND OBJECTIVES

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

Earnings per share

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

Interest-bearing net debt

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

Equity/assets ratio

Equity divided by total assets (balance sheet total).

Capital employed

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

Capital employed excluding goodwill and other intangible assets

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

RECONCILIATION OF ALTERNATIVE KEY PERFORMANCE INDICATORS

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

EBITA compared with financial statements in accordance with IFRS

SEK million	NINE MONTHS 2020	NINE MONTHS 2019	FULL YEAR 2019
Operating profit	1,589	1,495	2,059
Amortisation of intangible assets arising from acquisitions	307	240	329
EBITA	1,896	1,735	2,388
Acquisition costs and non-recurring items	24	137	135
EBITA before acquisition costs and non-recurring items	1,920	1,872	2,523

EBITDA compared with financial statements in accordance with IFRS

SEK million	NINE MONTHS 2020	NINE MONTHS 2019	FULL YEAR 2019
Operating profit	1,589	1,495	2,059
Depreciation of tangible assets	270	233	311
Amortisation of intangible assets	8	10	15
Amortisation of intangible assets arising from acquisitions	307	240	329
EBITDA	2,174	1,978	2,714
Acquisition costs and non-recurring items	24	137	135
EBITDA before acquisition costs and non-recurring items	2,198	2,115	2,849

Net debt compared with financial statements in accordance with IFRS

SEK million	30 Sep 2020	30 Sep 2019	31 Dec 2019
Non-current interest-bearing liabilities including pension provisions	2,287	125	1,093
Current interest-bearing liabilities	2,440	4,663	3,676
Cash and cash equivalents	-865	-456	-729
Interest-bearing net debt	3,862	4,332	4,040
Put/call options, additional considerations	1,018	861	916
Lease liability	545	488	596
Net debt	5,425	5,681	5,552

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

SEK million	30 Sep 2020	30 Jun 2020	31 Mar 2020	31 Dec 2019
Total assets	18,624	18,291	19,278	17,578
Cash and cash equivalents	-865	-781	-714	-729
Interest-bearing pension provisions	-45	-41	-38	-40
Non-interest-bearing liabilities	-3,852	-4,174	-3,841	-3,325
Capital employed	13,862	13,295	14,685	13,484
Goodwill and other intangible assets	-11,933	-11,701	-12,255	-11,209
Capital employed excluding goodwill and other intangible assets	1,929	1,594	2,430	2,275

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 2020	Q2 2020	Q1 2020	Q4 2019
Capital employed	13,831	13,862	13,295	14,685	13,484
Capital employed excluding goodwill and other intangible assets	2,057	1,929	1,594	2,430	2,275
EBITA*	2,571	699	569	652	651
Return on capital employed	18.6%				
Return on capital employed excluding goodwill and other intangible assets	125%				