

## INTERIM REPORT JANUARY–MARCH 2021

### Reporting period January – March

- Net sales increased 6.3 per cent to SEK 3,869 (3,641) million. Organically, net sales grew by 2.4 per cent.
- EBITA\* increased 25.0 per cent to SEK 815 (652) million.
- The EBITA margin\* improved 3.2 percentage points to 21.1 (17.9) per cent.
- Profit before tax grew 24.9 per cent to SEK 668 (535) million.
- Net profit for the period grew 25.3 per cent to SEK 501 (400) million.
- Earnings per share increased 24.5 per cent till SEK 5.43 (4.36).
- Cash flow from operating activities increased to SEK 321 (475) million.
- The pandemic did not negatively affect the market situation during the quarter.
- Seven new businesses were consolidated during the period with total annual sales of about SEK 788 million.

### Summary of financial performance

SEK million	FIRST QUARTER			Rolling 12 months		FULL YEAR
	2021	2020 <sup>1</sup>	change	change		2020 <sup>1</sup>
Net sales	3,869	3,641	6.3%	14,010	1.7%	13,782
EBITA*	815	652	25.0%	2,865	6.0%	2,702
EBITA margin*	21.1%	17.9%	3.2	20.5%	0.9	19.6%
Profit before tax	668	535	24.9%	2,341	6.0%	2,208
Net profit for the period	501	400	25.3%	1,786	6.0%	1,685
Earnings per share	5.43	4.36	24.5%	19.40	5.8%	18.33
Return on capital employed	20.5%	19.1%	1.4	20.5%	0.9	19.6%
Return on capital employed excl. goodwill	151%	108%	43	151%	12	139%

\* Before acquisition costs.

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

## COMMENTS FROM THE CEO

Net sales increased 6.3 per cent during the quarter to SEK 3,869 (3,641) million, driven by acquisitions and organic growth. Exchange rate effects negatively impacted sales. The pandemic did not negatively affect the market situation during the first quarter of the year. In Dental, all markets returned to normal levels and Demolition & Tools experienced a favourable market situation in the quarter. The market for Systems Solutions was healthy overall.

During the first quarter, EBITA\* increased 25.0 per cent to SEK 815 (652) million and the EBITA margin\* improved by 3.2 percentage points to 21.1 (17.9) per cent. Improvements in profitability are a result of Lifco's continual focus on profit margins, acquisitions and continued low sales and marketing activities as a result of the pandemic. Earnings per share increased 24.5% till SEK 5.43 (4.36) in the first quarter. Cash flow from operating activities amounted to SEK 321 (475) million for the quarter.

During the first quarter of the year, Lifco consolidated seven acquisitions, of which four in the Dental business area, two in Systems Solutions and one in Demolition & Tools. The acquisitions in Dental mean that Lifco continued to strengthen its position in the German market with Kaniedenta, Kentzler-Kaschner and Rissmann Dental, and carried out a small bolt-on acquisition in the Czech Republic. The acquisition in Demolition & Tools means that Lifco has expanded its offering with the Italian company MultiOne, which manufactures mini loaders. In Systems Solutions, operations have expanded with the British company T. Freemantle, which manufactures cartoning and sleeving machinery and Cleveland Cascades, a global manufacturer of bespoke dry bulk loading chutes. Taken together, the acquisitions will have a positive impact on Lifco's results and financial position during the year.

After the end of the quarter, Lifco announced the acquisition of the British company Spinaclean that develops and sells vacuum cleaners and pressure washers for indoor and outdoor high-level cleaning and the Italian company Cangini Benne, which is a leading manufacturer of attachments for excavators and front loaders.

Lifco's financial position remains good and interest-bearing net debt amounted to 1.2 times EBITDA\* at 31 March 2021, which is well in line with our target of interest-bearing net debt of a maximum of three times EBITDA\* and means that Lifco possesses the financial scope to make additional acquisitions.



Per Waldemarson  
President and CEO

## GROUP PERFORMANCE IN JANUARY – MARCH

Sales increased 6.3 per cent to SEK 3,869 (3,641) million. Acquisitions contributed 7.1 per cent, organic growth was 2.4 per cent, while exchange rate effects had a negative impact on sales of 3.3%. During the quarter, the German company Rissmann Dental, the Czech company Medema and the British companies T. Freemantle and Cleveland Cascades as well as the majority of the German companies Kaniedenta and Kentzler-Kaschner and the Italian company MultiOne were consolidated.

EBITA\* increased 25.0 per cent to SEK 815 (652) million and the EBITA margin\* improved 3.2 percentage points to 21.1 (17.9) as a result of Lifco's ongoing focus on profit margins, acquisitions and continued low sales and marketing activities as a result of the pandemic. Exchange rate effects had a negative impact on EBITA\* of 4.2 per cent. During the period, 40 (35) per cent of EBITA\* was generated in EUR, 24 (28) per cent in SEK and 12 (12) per cent in NOK, 7 (8) per cent in DKK, 7 (6) per cent in GBP, 5 (4) per cent in USD and 5 (7) per cent in other currencies.

Net financial items were SEK -14 (-6) million.

Profit before tax grew by 24.9 per cent to SEK 668 (535) million and net profit for the period increased by 25.3 per cent to SEK 501 (400) million.

Average capital employed excluding goodwill declined by SEK 39 million during the quarter to SEK 1,899 million at 31 March 2021, compared with SEK 1,938 million at 31 December 2020. EBITA\* relative to average capital employed excluding goodwill increased during the quarter to 151 per cent from 139 per cent at year-end.

The Group's net debt increased by SEK 1,127 million from 31 December 2020 to SEK 5,903 million at 31 March 2021, of which liabilities related to put/call options and additional considerations for acquisitions amounted to SEK 1,299 (986) million. Interest-bearing net debt increased by SEK 653 million since year-end and amounted to SEK 3,895 (3,242) million at 31 March 2021.

The net debt/equity ratio at 31 March 2021 was 0.6 (0.7) and net debt/EBITDA\* was 1.8 (2.1) times. Interest-bearing net debt/EBITDA\* was 1.2 (1.6) times. At period-end, 43 (41) per cent of the Group's interest-bearing liabilities were denominated in EUR.

Cash flow from operating activities declined by 32.4 per cent to SEK 321 (475) million during the quarter, primarily as a result of increased inventory build-up and increased current receivables. Cash flow from investing activities was SEK -872 (-827) million, which was mainly attributable to acquisitions.

## FINANCIAL PERFORMANCE – BUSINESS AREAS

### Dental

SEK million	FIRST QUARTER			Rolling 12 months		FULL YEAR
	2021	2020	change	change		2020
Net sales	1,339	1,171	14.3%	4,458	3.9%	4,290
EBITA*	303	241	25.7%	960	6.9%	898
EBITA margin*	22.6%	20.6%	2.0	21.5%	0.6	20.9%

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 increased by 14.3 per cent to SEK 1,339 (1,171) during the first quarter, positively impacted by acquisitions and organic growth. All markets returned to normal levels during the quarter following the negative effects of the pandemic in 2020, which primarily occurred during the second quarter of 2020.

EBITA\* increased by 25.7 per cent to SEK 303 (241) million during the period and the EBITA margin improved by 2.0 percentage points to 22.6 (20.6) per cent. Profitability was impacted positively from Lifco's continual focus on profit margins, acquisitions and continued low 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. In the first quarter of the year, there were no individual events that had a substantial impact on the earnings of the Dental group as a whole.

As of January 2021, the German businesses Kaniedenta and Rissmann Dental were consolidated. Kaniedenta produces and sells dental consumables primarily for the German market. The company had a turnover of about EUR 29 million in 2019 and has 35 employees. The acquisition comprised the majority of the shares. Rissmann Dental is a dental laboratory and had sales of approximately EUR 4.1 million in 2019. The company has about 50 employees. The acquisition was an assets and liabilities acquisition. As of February 2021, the majority of the German company Kentzler-Kaschner was consolidated, which sells consumables to the dental market, mainly in Germany. The company had a turnover of about EUR 3.6 million in 2020 and has 20 employees. As of March 2021, the Czech

company Medema was consolidated, which sells consumables and smaller sized equipment to dental clinics and dental laboratories in the Czech Republic. The company had a turnover in 2020 of about CZK 26 million, corresponding to about EUR 1 million. The company has four employees and the acquisition comprised all of the shares.

## Demolition & Tools

SEK million	FIRST QUARTER			Rolling 12 months		FULL YEAR
	2021	2020	change	change		2020
Net sales	915	862	6.1%	3,287	1.6%	3,234
EBITA*	232	179	29.6%	803	7.1%	750
EBITA margin*	25.4%	20.8%	4.6	24.4%	1.2	23.2%

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

Net sales increased by 6.1 per cent to SEK 915 (862) million in the quarter, driven by acquisitions and a healthy market situation. EBITA\* increased by 29.6 per cent to SEK 232 (179) million and the EBITA margin\* improved by 4.6 percentage points to 25.4 (20.8) per cent. The EBITA margin\* was impacted negatively by fewer profitable special orders, which was compensated by Lifco's continual focus on profit margins, acquisitions and continued low sales and marketing activities as a result of the pandemic.

As of February 2021, the majority of the Italian company MultiOne was consolidated, a leading manufacturer of mini loaders and attachments. The company had a turnover of around EUR 27 million in 2020 and has 46 employees.

## Systems Solutions

SEK million	FIRST QUARTER			Rolling 12 months		FULL YEAR
	2021	2020	change	change		2020
Net sales	1,615	1,608	0.4%	6,265	0.1%	6,258
EBITA*	309	262	17.9%	1,213	4.0%	1,166
EBITA margin*	19.1%	16.3%	2.8	19.4%	0.8	18.6%

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, and Forest.

Net sales in Systems Solutions increased by 0.4 per cent to SEK 1,615 (1,608) million during the quarter on the back of acquisitions. The market for Systems Solutions was healthy overall during the quarter.

EBITA\* increased during the period by 17.9 per cent to SEK 309 (262) million and the EBITA margin\* increased by 2.8 percentage points to 19.1 (16.3) per cent. Improvements in profitability are a result of Lifco's continual focus on profit margins, acquisitions and continued low sales and marketing activities as a result of the pandemic.

Construction Materials reported a stable performance in sales and profitability in the quarter.

Contract Manufacturing reported good sales and profitability growth during the quarter.

In Environmental Technology, sales and earnings decreased with somewhat improved margins. The decline in sales is mainly related to project sales that tend to fluctuate between the quarters.

Profitability was positively impacted partly by healthy demand in the aftermarket segment.

Service and Distribution saw a good development in sales and profitability in the quarter as a result of acquisitions, a healthy market situation and profitability focus.

Forest had lower sales and improved earnings and profitability, which was due to the project-related component of the business, in which sales and earnings can fluctuate substantially between the quarters.

In the Environmental Technology division, the British company Cleveland Cascades was consolidated as of February 2021, a global leader in the design and manufacture of bespoke dry bulk loading chutes. The company had a turnover of around GBP 5.1 million in 2020 and has some 30 employees. The acquisition comprised all of the shares. In the Service and Distribution division, the British company T. Freemantle was consolidated as of January 2021, a niche manufacturer of cartooning and sleeving machinery. The company had a turnover of around GBP 5.0 million in 2019 and has some 40 employees. The acquisition comprised all of the shares.

## ACQUISITIONS

Lifco consolidated the following acquisitions in the period:

Consolidated from month	Acquisitions	Business area	Net sales	Employees
January	Kaniedenta	Dental	EUR 29m <sup>1</sup>	35
January	Rissmann Dental	Dental	EUR 4.1m <sup>1</sup>	50
January	T. Freemantle	Systems Solutions	GBP 5.0m <sup>1</sup>	40
February	MultiOne	Demolition & Tools	EUR 27m	46
February	Cleveland Cascades	Systems Solutions	GBP 5.1m	30
March	Kentzler-Kaschner	Dental	EUR 3.6m	20
March	Medema	Dental	EUR 1m	4

<sup>1</sup> Refers to net sales in 2019.

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 FINANCIAL INFORMATION

### Employees

The average number of employees was 5,862 (5,496) in the first quarter. At the end of the period, the number of employees was 5,745 (5,569). Acquisitions added around 225 employees.

### Events after the end of the reporting period

On 1 April 2021, Lifco announced the acquisition of the British company Spinaclean that develops and sells vacuum cleaners and pressure washers for indoor and outdoor high-level cleaning. The company had a turnover of about GBP 5.8 million in 2020 and has some 20 employees. The business will be consolidated in the Systems Solutions business area as of April 2021.

On 9 April 2021, Lifco announced the acquisition of the majority of the shares of the Italian company Cangini Benne, a leading manufacturer of attachments for excavators and front loaders. Cangini Benne had a turnover of about EUR 35 million in 2020 and has 115 employees. Cangini Benne will be consolidated in the Demolition & Tools business area as of April 2021.

The individual acquisitions will not have a significant impact on Lifco's earnings and financial position in the current year.

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

The pandemic did not negatively affect the market situation during the first quarter of the year. Lifco continues to monitor the effects of the pandemic.

The Parent Company is affected by the above risks and uncertainties in its capacity as owner of the subsidiary companies. For further information on Lifco's risks and risk management, see the 2020 Annual Report.

### Accounting policies

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

In the first quarter of 2021, the Group changed its accounting policies concerning call/put options issued in non-controlling interests. Changes in value of these options were previously recognised in profit or loss. The changed accounting policy means that these changes in value are instead recognised in equity as shareholder transactions. The Group is of the opinion that this reporting is justified since it better reflects the significance of the transaction and thus provides a more true and fair view. Comparative figures have been recalculated for 2020 without this leading to any material impact on the reporting.

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, 23 April 2021**

*Carl Bennet*  
Chairman of the Board

*Ulrika Dellby*  
Director

*Annika Espander*  
Director

*Dan Frohm*  
Director

*Erik Gabrielson*  
Director

*Ulf Grunander*  
Director

*Anders Lorentzson*  
Director, employee  
representative

*Johan Stern*  
Vice Chairman

*Caroline af Ugglas*  
Director

*Axel Wachtmeister*  
Director

*Per Waldemarson*  
President and CEO, Director

*Peter Wiberg*  
Director,  
employee representative

## FINANCIAL CALENDAR

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

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

The year-end report and the report for the fourth quarter of 2021 will be published on 2 February 2022.

## FURTHER INFORMATION

Media and investor relations: Åse Lindskog, [ir@lifco.se](mailto: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: Friday, 23 April at 9.00 a.m. CEST

Link to the presentation: <https://tv.streamfabriken.com/lifco-q1-2021>

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## LIFCO IN BRIEF

*Lifco offers a safe haven for small and medium-sized businesses. Lifco's business concept is to acquire and develop market-leading niche businesses with the potential to deliver sustainable earnings growth and robust cash flows. Lifco is guided by a clear philosophy centred on long-term growth, a focus on profitability and a strongly decentralised organisation. The Group has three business areas: Dental, Demolition & Tools and Systems Solutions. At year-end, the Lifco Group consisted of 175 operating companies in 31 countries. In 2020, Lifco reported EBITA of SEK 2,702 million on net sales of SEK 13.8 billion. The EBITA margin was 19.6 per cent. Read more at [www.lifco.se](http://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 23 April 2021, at 7.30 a.m. CEST.

## CONDENSED CONSOLIDATED INCOME STATEMENT

SEK million	FIRST QUARTER			FULL YEAR 2020
	2021	2020	change	
Net sales	3,869	3,641	6.3%	13,782
Cost of goods sold	-2,227	-2,117	5.2%	-7,968
<b>Gross profit</b>	<b>1,642</b>	<b>1,524</b>	<b>7.7%</b>	<b>5,814</b>
Selling expenses	-400	-430	-7.0%	-1,491
Administrative expenses	-522	-529	-1.3%	-1,921
Development costs	-34	-27	25.9%	-121
Other income and expenses	-4	3	-233.3%	-12
<b>Operating profit</b>	<b>682</b>	<b>541</b>	<b>26.1%</b>	<b>2,269</b>
Net financial items	-14	-6	133.3%	-62
<b>Profit before tax</b>	<b>668</b>	<b>535</b>	<b>24.9%</b>	<b>2,207</b>
Tax	-167	-135	23.7%	-522
<b>Net profit for the period</b>	<b>501</b>	<b>400</b>	<b>25.3%</b>	<b>1,685</b>
<b>Profit attributable to:</b>				
Parent Company shareholders	493	397	24.2%	1,665
Non-controlling interests	8	3	166.7%	20
Earnings per share before and after dilution for the period, attributable to Parent Company shareholders	5.43	4.36	24.5%	18.33
<b>EBITA*</b>	<b>815</b>	<b>652</b>	<b>25.0%</b>	<b>2,702</b>
Depreciation of tangible assets	93	89	4.5%	344
Amortisation of intangible assets	3	3	0.0%	16
Amortisation of intangible assets arising from acquisitions	120	102	17.6%	412

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	FIRST QUARTER			FULL YEAR 2020
	2021	2020	change	
Net profit for the period	501	400	25.3%	1,685
<b>Other comprehensive income</b>				
<i>Items which can later be reclassified to profit or loss:</i>				
Hedge of net investment	-53	110	-148.2%	57
Translation differences	352	131	168.7%	-530
Tax related to other comprehensive income	12	-24	-150.0%	-13
<b>Total comprehensive income for the period</b>	<b>812</b>	<b>617</b>	<b>31.6%</b>	<b>1,199</b>
<i>Comprehensive income attributable to:</i>				
Parent Company shareholders	800	614	30.3%	1,184
Non-controlling interests	12	3	300.0%	15
	<b>812</b>	<b>617</b>	<b>31.6%</b>	<b>1,199</b>

## 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	FIRST QUARTER			Rolling 12 months		FULL YEAR 2020
	2021	2020	change	change		
Dental	1,339	1,171	14.3%	4,458	3.9%	4,290
Demolition & Tools	915	862	6.1%	3,287	1.6%	3,234
Systems Solutions	1,615	1,608	0.4%	6,265	0.1%	6,258
<b>Group</b>	<b>3,869</b>	<b>3,641</b>	<b>6.3%</b>	<b>14,010</b>	<b>1.7%</b>	<b>13,782</b>

Net sales by type of income:

SEK million	FIRST QUARTER			Rolling 12 months		FULL YEAR 2020
	2021	2020	change	change		
Dental products	1,339	1,171	14.3%	4,458	3.9%	4,290
Machinery and tools	915	862	6.1%	3,287	1.6%	3,234
Construction Materials	280	289	-3.1%	1,149	-0.8%	1,158
Contract Manufacturing	318	269	18.2%	1,254	4.1%	1,205
Environmental Technology	454	504	-9.9%	1,639	-3.0%	1,689
Service and Distribution	434	330	31.5%	1,565	7.1%	1,461
Forest	129	216	-40.3%	658	-11.7%	745
<b>Group</b>	<b>3,869</b>	<b>3,641</b>	<b>6.3%</b>	<b>14,010</b>	<b>1.7%</b>	<b>13,782</b>

## 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 2020
	2021	2020	change	change		
Dental	303	241	25.7%	960	6.9%	898
Demolition & Tools	232	179	29.6%	803	7.1%	750
Systems Solutions	309	262	17.9%	1,213	4.0%	1,166
Central Group functions	-29	-30	-3.3%	-111	-0.9%	-112
<b>EBITA before acquisition costs</b>	<b>815</b>	<b>652</b>	<b>25.0%</b>	<b>2,865</b>	<b>6.0%</b>	<b>2,702</b>
Acquisition costs	-13	-9	44.4%	-25	19.0%	-21
<b>EBITA</b>	<b>802</b>	<b>643</b>	<b>24.7%</b>	<b>2,840</b>	<b>5.9%</b>	<b>2,681</b>
Amortisation of intangible assets arising from acquisitions	-120	-102	17.6%	-430	4.4%	-412
Net financial items	-14	-6	133.3%	-70	12.9%	-62
<b>Profit before tax</b>	<b>668</b>	<b>535</b>	<b>24.9%</b>	<b>2,340</b>	<b>6.0%</b>	<b>2,207</b>

## CONDENSED CONSOLIDATED BALANCE SHEET

SEK million	2021 31 MAR	2020 31 MAR	2020 31 DEC
<b>ASSETS</b>			
Intangible assets	13,085	12,255	11,610
Tangible assets	1,732	1,604	1,504
Financial assets	223	205	199
Inventories	2,306	2,168	1,864
Accounts receivable	1,914	1,851	1,533
Current receivables	453	481	382
Cash and cash equivalents	1,266	714	1,170
<b>TOTAL ASSETS</b>	<b>20,979</b>	<b>19,278</b>	<b>18,262</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	9,499	8,594	8,676
Non-current interest-bearing liabilities incl. pension provisions	2,454	1,521	2,311
Other non-current liabilities and provisions	2,659	2,175	2,164
Current interest-bearing liabilities	3,417	4,351	2,649
Accounts payable - trade	1,052	998	796
Other current liabilities	1,898	1,639	1,666
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>20,979</b>	<b>19,278</b>	<b>18,262</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### Attributable to Parent Company shareholders

SEK million	2021 31 MAR	2020 31 MAR	2020 31 DEC
<b>Opening equity</b>	8,614	7,915	7,915
Comprehensive income for the period	800	614	1,184
Change in value owner transactions	-6	5	-8
Dividend	-	-	-477
<b>Closing equity</b>	<b>9,408</b>	<b>8,534</b>	<b>8,614</b>
<i>Equity attributable to:</i>			
Parent Company shareholders	9,408	8,534	8,614
Non-controlling interests	91	60	62
	<b>9,499</b>	<b>8,594</b>	<b>8,676</b>

## CONDENSED CONSOLIDATED CASH FLOW STATEMENT

SEK million	FIRST QUARTER		FULL YEAR
	2021	2020	2020
<b>Operating activities</b>			
Operating profit	682	541	2,269
Non-cash items	216	194	772
Interest and financial items, net	-14	-6	-62
Tax paid	-174	-168	-593
<b>Cash flow before changes in working capital</b>	<b>710</b>	<b>561</b>	<b>2,386</b>
<i>Changes in working capital</i>			
Inventories	-275	-122	208
Current receivables	-338	-193	145
Current liabilities	224	229	73
<b>Cash flow from operating activities</b>	<b>321</b>	<b>475</b>	<b>2,812</b>
Business acquisitions and sales, net	-819	-757	-1,056
Net investment in tangible assets	-48	-68	-223
Net investment in intangible assets	-5	-2	-25
<b>Cash flow from investing activities</b>	<b>-872</b>	<b>-827</b>	<b>-1,304</b>
Borrowings/repayment of borrowings, net	584	345	-472
Dividends paid	-	-	-477
Dividends paid to non-controlling interests	-5	-4	-49
<b>Cash flow from financing activities</b>	<b>579</b>	<b>341</b>	<b>-998</b>
<b>Cash flow for the period</b>	<b>28</b>	<b>-11</b>	<b>510</b>
Cash and cash equivalents at beginning of period	1,170	729	729
Translation differences	68	-4	-69
<b>Cash and cash equivalents at end of period</b>	<b>1,266</b>	<b>714</b>	<b>1,170</b>

## ACQUISITIONS IN 2021

Seven businesses were consolidated in the first three months of the year. The acquisitions pertain to the assets in the German company Rissmann Dental, all shares of the Czech company Medema and the British companies T. Freemantle and Cleveland Cascades as well as the majority of the German companies Kaniedenta and Kentzler-Kaschner and the Italian company MultiOne.

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

Acquisition-related expenses of SEK 13 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 187 million to consolidated net sales and SEK 51 million to EBITA. If the businesses had been consolidated as of 1 January 2021, net sales for the year would have increased by a further SEK 23 million and EBITA would have increased by a further SEK 6 million.

### Acquired net assets

Net assets, SEK million	Carrying amount	Value adjustment	Fair value
Trademarks, customer relationships, licences	2	668	670
Tangible assets	52	-	52
Inventories, accounts receivable and other receivables	267	-15	252
Accounts payable and other liabilities	-248	-203	-451
Cash and cash equivalents	109	-	109
<b>Net assets</b>	<b>182</b>	<b>450</b>	<b>632</b>
Goodwill	-	570	570
<b>Total net assets</b>	<b>182</b>	<b>1,020</b>	<b>1,202</b>

### Effect on cash flow, SEK million

Consideration	1,202
<i>Consideration not paid</i>	-274
Cash and cash equivalents in acquired companies	-109
<b>Total cash flow effect</b>	<b>819</b>

## FINANCIAL INSTRUMENTS

SEK million	2021 31 MAR	2020 31 MAR	2020 31 DEC
<b>Financial assets at amortised cost</b>			
Accounts receivable	1,914	1,851	1,533
Other non-current financial receivables	13	10	11
Cash and cash equivalents	1,266	714	1,170
<b>Total</b>	<b>3,193</b>	<b>2,575</b>	<b>2,714</b>
<b>Liabilities at fair value</b>			
Other liabilities <sup>1</sup>	1,299	971	986
<b>Financial liabilities at amortised cost</b>			
Interest-bearing borrowings	5,827	5,834	4,916
Accounts payable - trade	1,052	998	796
<b>Total</b>	<b>8,178</b>	<b>7,803</b>	<b>6,698</b>

<sup>1</sup> 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	2021 31 MAR	2020 31 DEC	2020 31 MAR
Net sales, SEK million	14,010	13,782	14,129
Change in net sales, %	1.6	-0.5	2.1
EBITA*, SEK million	2,865	2,702	2,588
EBITA margin*, %	20.5	19.6	18.3
EBITDA*, SEK million	3,229	3,062	2,929
EBITDA margin*, %	23.0	22.2	20.7
Capital employed, SEK million	13,981	13,812	13,560
Capital employed excl. goodwill and other intangible assets, SEK million	1,899	1,938	2,388
Return on capital employed, %	20.5	19.6	19.1
Return on capital employed excl. goodwill, %	151	139	108
Return on equity, %	20.6	19.9	20.3
Net debt, SEK million	5,903	4,776	6,129
Net debt/equity ratio	0.6	0.6	0.7
Net debt/EBITDA*	1.8	1.6	2.1
Interest-bearing net debt, SEK million	3,895	3,242	4,558
Interest-bearing net debt/EBITDA*	1.2	1.1	1.6
Equity/assets ratio, %	45.3	47.5	44.6
Number of shares, thousand	90,843	90,843	90,843
Average number of employees	5,862	5,491	5,496



## CONDENSED PARENT COMPANY INCOME STATEMENT

SEK million	FIRST QUARTER		FULL YEAR
	2021	2020	2020
Administrative expenses	-28	-33	-106
Other operating income <sup>1</sup>	0	0	147
<b>Operating profit</b>	<b>-28</b>	<b>-33</b>	<b>41</b>
Net financial items	-22	99	954
<b>Profit after financial items</b>	<b>-50</b>	<b>66</b>	<b>995</b>
Appropriations	-	-	-31
Tax	10	-14	-27
<b>Net profit for the period</b>	<b>-40</b>	<b>52</b>	<b>937</b>

<sup>1</sup> Invoicing of Group-wide services.

## CONDENSED PARENT COMPANY BALANCE SHEET

SEK million	2021 31 MAR	2020 31 MAR	2020 31 DEC
<b>ASSETS</b>			
Financial assets	5,420	5,321	4,777
Current receivables	6,358	5,464	6,204
Cash and cash equivalents	590	261	625
<b>TOTAL ASSETS</b>	<b>12,368</b>	<b>11,046</b>	<b>11,606</b>
<b>EQUITY AND LIABILITIES</b>			
Equity	3,691	3,323	3,731
Untaxed reserves	75	72	75
Provisions	8	10	23
Non-current interest-bearing liabilities	1,793	968	1,779
Current interest-bearing liabilities	3,192	4,163	2,463
Current non-interest-bearing liabilities	3,609	2,510	3,535
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>12,368</b>	<b>11,046</b>	<b>11,606</b>
Pledged assets	-	-	-
Contingent liabilities	202	29	199

## DEFINITIONS AND OBJECTIVES

<b>Return on equity</b>	Net profit for the period divided by average equity.
<b>Return on capital employed</b>	EBITA before acquisition costs divided by capital employed.
<b>Return on capital employed excluding goodwill and other intangible assets</b>	EBITA before acquisition costs divided by capital employed excluding goodwill and other intangible assets.
<b>EBITA</b>	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. This is indicated by an asterisk.
<b>EBITA margin</b>	EBITA divided by net sales.
<b>EBITDA</b>	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. This is indicated by an asterisk.
<b>EBITDA margin</b>	EBITDA divided by net sales.
<b>Net debt/equity ratio</b>	Net debt divided by equity.
<b>Net debt</b>	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 18–19.

### *EBITA compared with financial statements in accordance with IFRS*

SEK million	THREE MONTHS 2021	THREE MONTHS 2020	FULL YEAR 2020
<b>Operating profit</b>	682	541	2,269
Amortisation of intangible assets arising from acquisitions	120	102	412
<b>EBITA</b>	<b>802</b>	<b>643</b>	<b>2,681</b>
Acquisition costs	13	9	21
<b>EBITA before acquisition costs</b>	<b>815</b>	<b>652</b>	<b>2,702</b>

### *EBITDA compared with financial statements in accordance with IFRS*

SEK million	THREE MONTHS 2021	THREE MONTHS 2020	FULL YEAR 2020
<b>Operating profit</b>	682	541	2,269
Depreciation of tangible assets	93	89	344
Amortisation of intangible assets	3	3	16
Amortisation of intangible assets arising from acquisitions	120	102	412
<b>EBITDA</b>	<b>898</b>	<b>735</b>	<b>3,041</b>
Acquisition costs	13	9	21
<b>EBITDA before acquisition costs</b>	<b>911</b>	<b>744</b>	<b>3,062</b>

### *Net debt compared with financial statements in accordance with IFRS*

SEK million	2021 31 MAR	2020 31 MAR	2020 31 DEC
Non-current interest-bearing liabilities including pension provisions	1,904	1,071	1,909
Current interest-bearing liabilities	3,257	4,201	2,503
Cash and cash equivalents	-1,266	-714	-1,170
<b>Interest-bearing net debt</b>	<b>3,895</b>	<b>4,558</b>	<b>3,242</b>
Put/call options, additional considerations	1,299	971	986
Lease liability	709	600	548
<b>Net debt</b>	<b>5,903</b>	<b>6,129</b>	<b>4,776</b>

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

SEK million	2021 31 MAR	2020 31 DEC	2020 30 SEP	2020 30 JUNE
<b>Total assets</b>	<b>20,979</b>	<b>18,262</b>	<b>18,624</b>	<b>18,291</b>
Cash and cash equivalents	-1,266	-1,170	-865	-781
Interest-bearing pension provisions	-43	-44	-45	-41
Non-interest-bearing liabilities	-4,311	-3,639	-3,852	-4,174
<b>Capital employed</b>	<b>15,359</b>	<b>13,409</b>	<b>13,862</b>	<b>13,295</b>
Goodwill and other intangible assets	-13,085	-11,610	-11,933	-11,701
<b>Capital employed excluding goodwill and other intangible assets</b>	<b>2,274</b>	<b>1,799</b>	<b>1,929</b>	<b>1,594</b>

**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 2021	Q4 2020	Q3 2020	Q2 2020
Capital employed	<b>13,981</b>	15,359	13,409	13,862	13,295
Capital employed excluding goodwill and other intangible assets	<b>1,899</b>	2,274	1,799	1,929	1,594
<b>Total</b>	<b>2,865</b>	815	782	699	569
EBITA*					
<b>Return on capital employed</b>	<b>20.5%</b>				
<b>Return on capital employed excluding goodwill and other intangible assets</b>	<b>151%</b>				