

INTERIM REPORT JANUARY – SEPTEMBER 2023

Reporting period January – September

- Net sales increased 15.9 per cent to SEK 18,015 (15,550) million. Organically, net sales grew by 1.9 per cent.
- EBITA increased 24.9 per cent to SEK 4,172 (3,340) million.
- The EBITA margin improved 1.7 percentage points to 23.2 (21.5) per cent.
- Profit before tax grew 17.9 per cent to SEK 3,255 (2,760) million.
- Net profit for the period grew 16.8 per cent to SEK 2,417 (2,070) million.
- Earnings per share increased 16.7 per cent till SEK 5.23 (4.48).
- Cash flow from operating activities increased 93.1 per cent to SEK 2,957 (1,531) million.
- 13 new businesses were consolidated during the period with total annual net sales of about SEK 1,230 million.

Reporting period July – September

- Net sales increased by 16.5 per cent to SEK 5,850 (5,020) million. Organically, net sales declined by 0.5 per cent.
- EBITA increased 22.8 per cent to SEK 1,355 (1,103) million.
- The EBITA margin improved 1.2 percentage points to 23.2 (22.0) per cent.
- Profit before tax grew 14.2 per cent to SEK 1,022 (895) million.
- Net profit for the period grew 12.4 per cent to SEK 754 (671) million.
- Cash flow from operating activities increased 145 per cent to SEK 1,433 (584) million.

Summary of financial performance

	NINE MONTHS			THIRD QUARTER			Rolling 12 months		FULL YEAR
SEK million	2023	2022	change	2023	2022	change	change		2022
Net sales	18,015	15,550	15.9%	5,850	5,020	16.5%	24,017	11.4%	21,552
EBITA	4,172	3,340	24.9%	1,355	1,103	22.8%	5,494	17.8%	4,662
EBITA margin	23.2%	21.5%	1.7	23.2%	22.0%	1.2	22.9%	1.3	21.6%
Profit before tax	3,255	2,760	17.9%	1,022	895	14.2%	4,337	12.9%	3,842
Net profit for the period	2,417	2,070	16.8%	754	671	12.4%	3,175	12.3%	2,828
Earnings per share	5.23	4.48	16.7%	1.63	1.46	11.6%	6.88	12.2%	6.13
Return on capital employed	22.9%	22.1%	0.8	22.9%	22.1%	0.8	22.9%	0.3	22.6%
Return on capital employed excl. goodwill	138%	139%	-1	138%	139%	-1	138%	3	135%

COMMENTS FROM THE CEO

Net sales increased by 15.9 per cent to SEK 18,015 (15,550) million in the first nine months of the year, driven by acquisitions, positive exchange rate effects and organic growth. Organic growth was negative 0.5 per cent for the third quarter due to a weaker market situation in Demolition & Tools.

EBITA increased by 24.9 per cent in the nine-month period, to SEK 4,172 (3,340) million, and the EBITA margin expanded by 1.7 percentage points to 23.2 (21.5) per cent. Acquisitions, organic growth and positive exchange rate effects contributed to the increased EBITA.

Earnings per share increased by 16.7 per cent to SEK 5.23 (4.48) during the first nine months of the year. Cash flow from operating activities increased 93.1 per cent to SEK 2,957 (1,531) million as a result of a decline in tied-up capital.

In the first nine months of the year, Lifco consolidated 13 acquisitions. In Dental, operations were expanded with the Swedish product company Doxa Dental, the Italian product company Emilplastica and three German companies: the medical technology company Kohler Medizintechnik, the dental lab Welte Dentallabor and the software company Datamed. 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, and the Italian company Geax, which is a niche manufacturer of compact piling rigs. In Systems Solutions, the British companies Always Engineering and Didsbury Engineering were acquired in the Transportation Products division. Always 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. The Norwegian company Aura Electric, which manufactures low volt electrical supplies, was acquired in the Infrastructure Products division. The British company The Real Spirit of Coffee was acquired in the Special Products division, which is a supplier of high-end coffee machines and consumables. We also acquired the Danish company Amayse and the Italian company Astro in the Special Products division. Amayse is a leading global supplier of 3D advertisements for televised sporting events and stadium branding solutions and Astro is a niche manufacturer of professional, high-quality and recyclable polyethylene tanks. Taken together, the acquisitions will have a positive impact on Lifco's results and financial position in the current year.

In July, Lifco updated its MTN programme, increasing the framework amount from SEK 6 billion to SEK 8 billion, and in August, Lifco issued two unsecured bonds totalling SEK 750 million. Lifco thereby has bonds outstanding totalling SEK 4,000 million. Lifco's financial position remains solid and interest-bearing net debt amounted to 1.1 times EBITDA at 30 September 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 continues to possess significant financial scope to make additional acquisitions.

Per Waldemarson
President and CEO

GROUP PERFORMANCE IN JANUARY – SEPTEMBER

Net sales increased 15.9 per cent to SEK 18,015 (15,550) million. Acquisitions contributed 10.0 per cent, foreign exchange gains had a positive impact of 5.2 per cent and organic growth accounted for 1.9 per cent. The divestment in May 2022 of the Estonian company Hekotek had a negative impact on net sales of 1.3 per cent. The four British companies Alwayse Engineering, Broughton Plant Hire and Sales, Didsbury Engineering and The Real Spirit of Coffee, the German companies Datamed and Kohler Medizintechnik and the three Italian companies Astro, Emilplastica and Geax were consolidated during the period. The Norwegian company Aura Electric, the Swedish company Doxa Dental, the Danish company Amayse and the assets of the German company Welte Dentallabor were also consolidated.

EBITA increased by 24.9 per cent to SEK 4,172 (3,340) million and the EBITA margin expanded by 1.7 percentage points to 23.2 (21.5) per cent. Acquisitions, organic growth and positive exchange rate effects contributed to the increased EBITA. Foreign exchange gains had a positive impact on EBITA of 5.0 per cent. During the period, 44 (42) per cent of EBITA was generated in EUR, 20 (23) per cent in SEK, 11 (8) per cent in GBP, 10 (12) per cent in NOK, 5 (6) per cent in DKK, 4 (5) per cent in USD and 5 (4) per cent in other currencies.

Net financial items were SEK -259 (-63) million, negatively impacted primarily by higher interest expenses.

Profit before tax grew by 17.9 per cent to SEK 3,255 (2,760) million and net profit for the period increased by 16.8 per cent to SEK 2,417 (2,070) million.

Average capital employed excluding goodwill increased by SEK 549 million during the period, to SEK 3,993 million at 30 September 2023, compared with SEK 3,444 million at 31 December 2022. EBITA in relation to average capital employed excluding goodwill increased during the period to 138 per cent from 135 per cent at year-end.

The Group's net debt increased by SEK 1,430 million from 31 December 2022 to SEK 10,006 million at 30 September 2023, of which liabilities related to put/call options for acquisitions increased SEK 312 million since year-end to SEK 2,258 million. Interest-bearing net debt increased by SEK 1,046 million since year-end and amounted to SEK 6,636 million at 30 September 2023.

On 27 July 2023, Lifco updated its MTN programme, increasing the framework amount from SEK 6 billion to SEK 8 billion. The MTN programme allows Lifco to issue bonds in the Swedish market. On 28 August 2023, Lifco issued two unsecured bonds totalling SEK 750 million, and thereby has bonds outstanding totalling SEK 4,000 million. In addition to bonds outstanding, Lifco has standard short-term credit facilities.

The net debt/equity ratio at 30 September 2023 was 0.7, an increase from 0.6 at 31 December 2022. Net debt/EBITDA declined to 1.6 times from 1.7 times at 31 December 2022. Interest-bearing net debt/EBITDA was 1.1 times and unchanged since the end of 2022. At period-end, 38 (57) per cent of the Group's interest-bearing liabilities were denominated in EUR.

Cash flow from operating activities during the period increased 93.1 per cent to SEK 2,957 (1,531) 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 -2,500 (-2,072) million, which was mainly attributable to acquisitions.

GROUP PERFORMANCE IN THE THIRD QUARTER

Sales increased by 16.5 per cent to SEK 5,850 (5,020) million in the third quarter. Acquisitions contributed 10.8 per cent and foreign exchange gains had a positive impact of 6.2 per cent. Organic growth amounted to -0.5 per cent.

EBITA increased by 22.8 per cent to SEK 1,355 (1,103) million and the EBITA margin expanded by 1.2 percentage points to 23.2 (22.0) per cent. Acquisitions, exchange rate effects and organic growth contributed to the increased EBITA. Foreign exchange gains had a positive impact on EBITA of 6.1 per cent. During the third quarter, 43 (45) per cent of EBITA was generated in EUR, 18 (19) per cent in SEK, 14 (8) per cent in GBP, 10 (11) per cent in NOK, 4 (6) per cent in USD, 7 (4) per cent in DKK and 4 (7) per cent in other currencies.

Net financial items were SEK -108 (-24) million, negatively impacted primarily by higher interest expenses.

Profit before tax grew by 14.2 per cent to SEK 1,022 (895) million. Net profit for the period grew 12.4 per cent to SEK 754 (671) million.

Average capital employed excluding goodwill increased by SEK 41 million to SEK 3,993 million at 30 September 2023, compared with SEK 3,952 million at 30 June 2023. EBITA relative to average capital employed excluding goodwill increased from 133 per cent at 30 June 2023 to 138 per cent at 30 September 2023.

From 30 June 2023, the Group's net debt decreased by SEK 954 million to SEK 10,006 million.

Cash flow from operating activities increased 145 per cent to SEK 1,433 (584) million as a result of lower working capital. Cash flow from investing activities was SEK -358 (-1,000) million, which attributes to acquisitions.

FINANCIAL PERFORMANCE – BUSINESS AREAS

Dental

NINE MONTHS				THIRD QUARTER			Rolling 12 months		FULL YEAR
SEK million	2023	2022	change	2023	2022	change	change		2022
Net sales	4,438	3,862	14.9%	1,409	1,213	16.2%	5,871	10.9%	5,295
EBITA	923	746	23.7%	293	225	30.2%	1,194	17.4%	1,017
EBITA margin	20.8%	19.3%	1.5	20.8%	18.5%	2.3	20.3%	1.1	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.

Net sales in Dental increased by 14.9 per cent to SEK 4,438 (3,862) million during the first nine months of the year as the result of positive exchange rate effects, organic growth and acquisitions.

EBITA increased by 23.7 per cent to SEK 923 (746) million during the nine-month period and the EBITA margin improved by 1.5 percentage points to 20.8 (19.3) per cent. In 2022, profitability for the first nine months of the year 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 twelve 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. The German company Datamed, which develops, sells and supports a software program used by German dental clinics, was consolidated from April 2023. The company had a turnover of around EUR 2 million in 2022 and has ten employees. The Italian company Emilplastica, which is a subcontractor within the molding of plastic products for the dental and electronics industries, was consolidated from August 2023. In 2022, the company reported net sales of approximately EUR 1.7 million of which about EUR 0.6 million was generated by the Lifco company Rhein83. Emilplastica has nine employees.

Demolition & Tools

	NINE MONTHS			THIRD QUARTER			Rolling 12 months		FULL YEAR
SEK million	2023	2022	change	2023	2022	change	change		2022
Net sales	5,368	4,518	18.8%	1,669	1,529	9.2%	7,135	13.5%	6,285
EBITA	1,419	1,162	22.1%	440	393	12.0%	1,864	16.0%	1,607
EBITA margin	26.4%	25.7%	0.7	26.4%	25.7%	0.7	26.1%	0.5	25.6%

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 18.8 per cent to SEK 5,368 (4,518) million in the first nine months of the year, driven by acquisitions and positive exchange rate effects. Organic growth was negative for the third quarter due to lower volumes as the result of a weaker market situation.

EBITA increased by 22.1 per cent to SEK 1,419 (1,162) million during the nine-month period, positively impacted by acquisitions and positive exchange rate effects. The EBITA margin improved 0.7 of a percentage point to 26.4 (25.7) per cent, positively impacted by the product mix and acquisitions during the nine-month period.

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. The Italian company Geax was consolidated from April 2023, which is a niche manufacturer of compact piling rigs. The company had a turnover of around EUR 15 million in 2022 and has 26 employees.

Systems Solutions

	NINE MONTHS			THIRD QUARTER			Rolling 12 months		FULL YEAR
SEK million	2023	2022	change	2023	2022	change	change		2022
Net sales	8,209	7,170	14.5%	2,772	2,278	21.7%	11,011	10.4%	9,972
EBITA	1,944	1,543	26.0%	659	520	26.7%	2,585	18.4%	2,184
EBITA margin	23.7%	21.5%	2.2	23.8%	22.8%	1.0	23.5%	1.6	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 14–15.

Net sales in Systems Solutions increased 14.5 per cent to SEK 8,209 (7,170) million during the first nine months of the year, primarily due to acquisitions, positive exchange rate effects and organic growth.

EBITA increased by 26.0 per cent during the nine-month period to SEK 1,944 (1,543) million and the EBITA margin expanded by 2.2 percentage points to 23.7 (21.5) per cent. Acquisitions, organic growth and positive exchange rate effects contributed to the margin increase.

Contract Manufacturing reported a healthy sales trend and improved profitability during the nine-month period as a result of organic growth.

Environmental Technology reported a healthy sales trend for the first nine months of the year with improved profitability.

Infrastructure Products reported a healthy sales trend as the result of acquisitions, but profitability declined during the nine-month period.

Net sales in Special Products increased during the first nine months of the year, primarily due to acquisitions. Profitability improved during the period.

Transportation Products grew somewhat during the nine-month period as a result of organic growth and acquisitions. Profitability improved during the period.

In the Transportation Products division, the British company Alwaysse 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. In the Infrastructure Products division, the Norwegian company Aura Electric was consolidated from April 2023, which manufactures low-voltage electrical supplies. The company reported net sales of about NOK 38 million in 2022 and has ten employees. The British company The Real Spirit of Coffee, which is a supplier of high-end coffee machines and consumables, was consolidated from May 2023 in the Special Products division. The company had a turnover of around GBP 24 million in 2022 and has 66 employees. The Danish company Amayse, which is a leading global supplier of 3D advertisements for televised sporting events and stadium branding solutions, was consolidated from July 2023 in the Special Products division. The company had a turnover of around DKK 51 million in 2022 and has 21 employees. The Italian company Astro, which is a niche manufacturer of professional, high-quality and recyclable polyethylene tanks, was also consolidated from September 2023 in the Special Products division. The company had a turnover of about EUR 9.1 million in 2022 and has 47 employees.

ACQUISITIONS

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

Consolidated from month	Acquisitions	Business area	Net sales	Employees
January	Doxa Dental	Dental	SEK 12m ¹	–
January	Welte Dentallabor	Dental	EUR 1.3m ¹	12
March	Always 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
April	Aura Electric	Systems Solutions	NOK 38m	10
April	Datamed	Dental	EUR 2m	10
April	Geax	Demolition & Tools	EUR 15m	26
May	The Real Spirit of Coffee	Systems Solutions	GBP 24m	66
July	Amayse	Systems Solutions	DKK 51m	21
August	Emilplastica	Dental	EUR 1.7m ²	9
September	Astro	Systems Solutions	EUR 9.1m	47
¹ Refers to assessed annual net sales in 2021. ² About SEK 0.6 million was generated by the Lifco company Rhein83.				

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 INFORMATION

Employees

The average number of employees was 6,683 (6,347) in the nine-month period. At the end of the period, the number of employees was 6,806 (6,415). About 410 employees joined the company through acquisitions in the nine-month period.

Events after the end of the reporting period

Consolidation of the German company Kefla is expected to take place in the fourth quarter of 2023 in the Systems Solutions business area, division Special Products. Kefla develops and distributes specialised premium glass bottles sold to various industries such as food and beverage, pharmaceuticals and cosmetics. Kefla had a turnover of around EUR 33 million in the 2022/23 financial year and has 38 employees. The acquisition, which comprised the majority of the shares, was announced on 28 September 2023.

Consolidation of the British company Ortho-Care is expected to take place in the fourth quarter of 2023 in the Dental business area. Ortho-Care is a supplier of orthodontic products to dentists in the UK. Ortho-Care had a turnover of around GBP 10 million in 2022 and has 40 employees. The acquisition, which comprised the majority of the shares, was announced on 9 October 2023.

Consolidation of the German company HGT is expected to take place in the fourth quarter of 2023 in the Demolition & Tools business area. HGT is a niche manufacturer of attachments for material handling machines. HGT had a turnover of around EUR 19 million in 2022 and has 35 employees. The acquisition, which comprised the majority of the shares, was announced on 12 October 2023.

Consolidation of the Dutch company Sailmakers Group is expected to take place in the fourth quarter in the Systems Solutions business area, division Transportation Products. Sailmakers Group manufactures tarpaulins, mainly for the transport sector. The company had a turnover of about EUR 7.2 million in 2022 and has 53 employees. The acquisition, which comprised the majority of the shares, was announced on 12 October 2023.

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.

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, 20 October 2023

Carl Bennet
Chairman of the Board

Ulrika Dellby
Director

Dan Frohm
Vice Chairman

Erik Gabrielson
Director

Ulf Grunander
Director

Annika Espander
Director

Anders Lindström
Director, employee
representative

Tobias Nordin
Director, employee
representative

Caroline af Ugglas
Director

Axel Wachtmeister
Director

Per Waldemarson
President and CEO, Director

AUDITOR'S REPORT

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

Introduction

We have reviewed the condensed interim financial information (interim report) of Lifco AB as of 30 September 2023 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.

Malmö, 20 October 2023
PricewaterhouseCoopers AB

Cecilia Andrén Dorselius
Authorised Public Accountant
Auditor in Charge

Vicky Johansson
Authorised Public Accountant

FINANCIAL CALENDAR

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 the week beginning 18 March 2024.
The report for the first quarter 2024 will be published on 24 April.
The report for the second quarter 2024 will be published on 12 July.
The report for the third quarter 2024 will be published on 22 October.

ANNUAL GENERAL MEETING 2024

The Annual General Meeting of Lifco AB (publ) will be held on Wednesday, 24 April 2024, 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 Wednesday, 6 March 2024.

THE NOMINATION COMMITTEE

Prior to the Annual General Meeting 2024, the Nomination Committee consists of Carl Bennet, Carl Bennet AB, Jannis Kitsakis, the Fourth Swedish National Pension Fund (AP4), Javiera Ragnartz, SEB Fonder & Liv and Jörgen Wärmlöv, Spiltan Fonder. Carl Bennet is Chairman of the Nomination Committee.

Shareholders wishing to submit proposals to the Nomination Committee for the 2024 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.

ONLINE PRESENTATION

An online presentation with Per Waldemarson, CEO, and Therése Hoffman, CFO, will take place on Friday, 20 October 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-q3-2023>

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=5008397>

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 (publ) is required to publish under the EU's Market Abuse Regulation.

The information was submitted for publication through the aforementioned contact person on 20 October 2023, at 7.30 a.m. CEST.

CONDENSED CONSOLIDATED INCOME STATEMENT

SEK million	NINE MONTHS			THIRD QUARTER			FULL YEAR 2022
	2023	2022	change	2023	2022	change	
Net sales	18,015	15,550	15.9%	5,850	5,020	16.5%	21,552
Cost of goods sold	-10,068	-9,104	10.6%	-3,236	-2,898	11.7%	-12,544
Gross profit	7,947	6,446	23.3%	2,614	2,122	23.2%	9,008
Selling expenses	-1,949	-1,632	19.4%	-662	-547	21.0%	-2,256
Administrative expenses	-2,379	-1,876	26.8%	-785	-622	26.2%	-2,651
Development costs	-134	-116	15.5%	-43	-36	19.4%	-163
Other income and expenses	29	1	2,800%	6	2	200%	15
Operating profit	3,514	2,823	24.5%	1,130	919	23.0%	3,953
Net financial items	-259	-63	311%	-108	-24	350%	-111
Profit before tax	3,255	2,760	17.9%	1,022	895	14.2%	3,842
Tax	-838	-690	21.4%	-268	-224	19.6%	-1,014
Net profit for the period	2,417	2,070	16.8%	754	671	12.4%	2,828
Profit attributable to:							
Parent Company shareholders	2,380	2,033	17.1%	743	657	13.1%	2,784
Non-controlling interests	37	37	-	11	14	-21.4%	44
Earnings per share before and after dilution for the period, attributable to Parent Company shareholders	5.23	4.48	16.7%	1.63	1.46	11.6%	6.13
EBITA	4,172	3,340	24.9%	1,355	1,103	22.8%	4,662
Depreciation of tangible assets	431	324	33.0%	155	113	37.2%	454
Amortisation of intangible assets	17	15	13.3%	6	5	20.0%	24
Amortisation of intangible assets arising from acquisitions	621	494	25.7%	223	173	28.9%	673

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	NINE MONTHS			THIRD QUARTER			FULL YEAR 2022
	2023	2022	change	2023	2022	change	
Net profit for the period	2,417	2,070	16.8%	754	671	12.4%	2,828
Other comprehensive income							
<i>Items which can later be reclassified to profit or loss:</i>							
Hedge of net investment	-73	-59	23.7%	1	-30	-103%	-79
Translation differences	409	722	-43.4%	-367	281	-231%	856
Tax related to other comprehensive income	16	12	33.3%	-1	6	-117%	16
Total comprehensive income for the period	2,769	2,745	0.9%	387	928	-58.3%	3,621
Comprehensive income attributable to:							
Parent Company shareholders	2,733	2,701	1.2%	378	912	-58.6%	3,569
Non-controlling interests	36	44	-18.2%	9	16	-43.8%	52
	2,769	2,745	0.9%	387	928	-58.3%	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. From the first quarter of 2023, a partially new distribution of the divisions was reported. 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 company's direction. Net sales for the Systems Solutions business area by type of income quarters 2–4 2022 and total 2022 can be found in the interim report for the first quarter of 2023.

NET SALES TO EXTERNAL CUSTOMERS

No sales are made between the segments.

NINE MONTHS				THIRD QUARTER			Rolling 12 months		FULL YEAR
SEK million	2023	2022	change	2023	2022	change	change		2022
Dental	4,438	3,862	14.9%	1,409	1,213	16.2%	5,871	10.9%	5,295
Demolition & Tools	5,368	4,518	18.8%	1,669	1,529	9.2%	7,135	13.5%	6,285
Systems Solutions	8,209	7,170	14.5%	2,772	2,278	21.7%	11,011	10.4%	9,972
Group	18,015	15,550	15.9%	5,850	5,020	16.5%	24,017	11.4%	21,552

Net sales by type of income:

NINE MONTHS				THIRD QUARTER			Rolling 12 months		FULL YEAR
SEK million	2023	2022	change	2023	2022	change	change		2022
Dental products	4,438	3,862	14.9%	1,409	1,213	16.2%	5,871	10.9%	5,295
Machinery and tools	5,368	4,518	18.8%	1,669	1,529	9.2%	7,135	13.5%	6,285
Infrastructure Products	1,413	1,121	26.0%	448	364	23.1%	1,896	18.2%	1,604
Contract Manufacturing	1,651	1,419	16.3%	505	466	8.4%	2,266	11.4%	2,034
Environmental Technology	2,277	2,038	11.7%	785	683	14.9%	3,142	8.2%	2,903
Transportation Products	2,002	1,743	14.9%	684	553	23.7%	2,595	11.1%	2,336
Special Products	866	849	2.0%	350	212	65.1%	1,112	1.6%	1,095
Group	18,015	15,550	15.9%	5,850	5,020	16.5%	24,017	11.4%	21,552

EBITA

A breakdown of results by segment is made up to and including EBITA. EBITA is reconciled to profit before tax in accordance with the following table:

	NINE MONTHS			THIRD QUARTER			Rolling 12 months		FULL YEAR
SEK million	2023	2022	change	2023	2022	change	change		2022
Dental	923	746	23.7%	293	225	30.2%	1,194	17.4%	1,017
Demolition & Tools	1,419	1,162	22.1%	440	393	12.0%	1,864	16.0%	1,607
Systems Solutions	1,944	1,543	26.0%	659	520	26.7%	2,585	18.4%	2,184
Central Group functions	-114	-111	2.7%	-37	-35	5.7%	-149	2.1%	-146
EBITA before acquisition costs	4,172	3,340	24.9%	1,355	1,103	22.8%	5,494	17.8%	4,662
Acquisition costs	-37	-23	60.9%	-2	-11	-81.8%	-50	38.9%	-36
EBITA	4,135	3,317	24.7	1,353	1,092	23.9%	5,444	17.7%	4,626
Amortisation of intangible assets arising from acquisitions	-621	-494	25.7%	-223	-173	28.9%	-800	18.9%	-673
Net financial items	-259	-63	311%	-108	-24	350%	-307	177%	-111
Profit before tax	3,255	2,760	17.9%	1,022	895	14.2%	4,337	12.9%	3,842

CONDENSED CONSOLIDATED BALANCE SHEET

SEK million	30 Sep 2023	30 Sep 2022	31 Dec 2022
ASSETS			
Intangible assets	20,948	17,753	18,286
Tangible assets	2,630	2,235	2,364
Financial assets	366	376	365
Inventories	4,184	3,890	3,682
Accounts receivable - trade	3,109	2,934	2,853
Current receivables	914	687	518
Cash and cash equivalents	1,560	1,368	1,703
TOTAL ASSETS	33,711	29,243	29,771
EQUITY AND LIABILITIES			
Equity	15,116	12,564	13,339
Non-current interest-bearing liabilities incl. pension provisions	3,293	3,303	1,725
Other non-current liabilities and provisions	4,636	3,840	4,053
Current interest-bearing liabilities	6,015	5,293	6,608
Accounts payable - trade	1,696	1,602	1,449
Other current liabilities	2,955	2,641	2,597
TOTAL EQUITY AND LIABILITIES	33,711	29,243	29,771

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to Parent Company shareholders

SEK million	30 Sep 2023	30 Sep 2022	31 Dec 2022
Opening equity	13,238	10,645	10,645
Comprehensive income for the period	2,733	2,701	3,569
Change in value, owner transactions	-164	-201	-295
Dividend	-818	-681	-681
Closing equity	14,989	12,464	13,238
<i>Equity attributable to:</i>			
Parent Company shareholders	14,989	12,464	13,238
Non-controlling interests	127	100	101
	15,116	12,564	13,339

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	NINE MONTHS		THIRD QUARTER		FULL YEAR
SEK million	2023	2022	2023	2022	2022
Operating activities					
Operating profit	3,514	2,823	1,130	919	3,953
Depreciation of right-of-use assets	200	152	71	54	211
Other non-cash items	838	681	318	237	940
Interest and financial items, net	-259	-63	-108	-24	-111
Tax paid	-891	-646	-187	-169	-911
Cash flow before changes in working capital	3,402	2,947	1,224	1,017	4,082
Changes in working capital					
Inventories	-278	-1,027	9	-226	-737
Current receivables	-178	-564	162	37	-429
Current liabilities	11	175	38	-244	153
Cash flow from operating activities	2,957	1,531	1,433	584	3,069
Business acquisitions and sales, net	-2,194	-1,875	-266	-927	-2,399
Net investment in tangible assets	-272	-176	-88	-64	-249
Net investment in intangible assets	-34	-21	-4	-9	-69
Cash flow from investing activities	-2,500	-2,072	-358	-1,000	-2,717
Borrowings/repayment of borrowings, net	287	1,021	-1,071	445	540
Dividends paid	-818	-681	-	-	-681
Dividends paid to non-controlling interests	-119	-113	-9	-	-167
Cash flow from financing activities	-650	227	-1,080	445	-308
Cash flow for the period	-193	-314	-5	29	44
Cash and cash equivalents at beginning of period	1,703	1,509	1,587	1,255	1,509
Translation differences	50	173	-22	84	150
Cash and cash equivalents at end of period	1,560	1,368	1,560	1,368	1,703

ACQUISITIONS IN 2023

13 businesses were consolidated in the first nine months of the year. The four British companies Alwaysse Engineering, Broughton Plant Hire and Sales, Didsbury Engineering and The Real Spirit of Coffee, the three Italian companies Astro, Emilplastica and Geax, the German companies Datamed and Kohler Medizintechnik, the Danish company Amayse, the Norwegian company Aura Electric and the Swedish company Doxa Dental were consolidated. Assets of the German company Welte Dentallabor were also consolidated.

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

Acquisition-related expenses of SEK 37 million are included in administrative expenses in the consolidated income statement for the first nine months of the year. Since the respective consolidation dates, the acquired companies have added SEK 629 million to consolidated net sales and SEK 211 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 367 million and EBITA would have increased by a further SEK 101 million.

Acquired net assets

Net assets, SEK million	Carrying amount	Value adjustment	Fair value
Trademarks, customer relationships, licences	32	1,506	1,538
Tangible assets	114	–	114
Inventories, accounts receivable and other receivables	376	-12	364
Accounts payable and other liabilities	-411	-392	-803
Cash and cash equivalents	206	–	206
Net assets	317	1,102	1,419
Goodwill	–	1,211	1,211
Total net assets	317	2,313	2,630

Effect on cash flow, SEK million

Consideration	2,630
Considerations not paid	-252
Cash and cash equivalents in acquired companies	-206
Consideration paid relating to acquisitions from previous years	22
Total cash flow effect	2,194

FINANCIAL INSTRUMENTS

SEK million	30 Sep 2023	30 Sep 2022	31 Dec 2022
Financial assets at amortised cost			
Accounts receivable - trade	3,109	2,934	2,853
Other non-current financial receivables	23	13	15
Cash and cash equivalents	1,560	1,368	1,703
Total	4,692	4,315	4,571
Liabilities at fair value			
Other liabilities ¹	2,258	1,931	1,946
Financial liabilities at amortised cost			
Interest-bearing borrowings	9,206	8,531	8,263
Accounts payable - trade	1,696	1,602	1,449
Total	13,160	12,064	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	30 Sep 2023	30 Sep 2022	31 Dec 2022
Net sales, SEK million	24,017	20,502	21,552
Change in net sales, %	11.4	17.3	23.3
EBITA, SEK million	5,494	4,353	4,662
EBITA margin, %	22.9	21.2	21.6
EBITDA, SEK million	6,081	4,801	5,140
EBITDA margin, %	25.3	23.4	23.8
Capital employed, SEK million	24,002	19,660	20,668
Capital employed excl. goodwill and other intangible assets, SEK million	3,994	3,133	3,444
Return on capital employed, %	22.9	22.1	22.6
Return on capital employed excl. goodwill, %	138	139	135
Return on equity, %	22.1	24.4	23.1
Net debt, SEK million	10,006	9,159	8,576
Net debt/equity ratio	0.7	0.7	0.6
Net debt/EBITDA	1.6	1.9	1.7
Interest-bearing net debt, SEK million	6,636	6,275	5,590
Interest-bearing net debt/EBITDA, times	1.1	1.3	1.1
Equity/assets ratio, %	44.8	43.0	44.8
Number of shares, thousands	454,216	454,216	454,216
Average number of employees	6,683	6,347	6,495

CONDENSED PARENT COMPANY INCOME STATEMENT

SEK million	NINE MONTHS		THIRD QUARTER		FULL YEAR
	2023	2022	2023	2022	2022
Administrative expenses	-93	-91	-29	-32	-120
Other operating income ¹	–	–	–	–	63
Other operating expenses	-1	–	-1	–	–
Operating profit	-94	-91	-30	-32	-57
Net financial items ²	1,494	498	50	-3	501
Profit after financial items	1,400	407	20	-35	444
Appropriations	–	–	–	–	-8
Tax	37	14	21	7	8
Net profit for the period	1,437	421	41	-28	444

¹ Invoicing of Group-wide services.

² The financial net includes received dividends of SEK 1,461 (476) million during the nine-month period.

CONDENSED PARENT COMPANY BALANCE SHEET

SEK million	30 Sep 2023	30 Sep 2022	31 Dec 2022
ASSETS			
Financial assets	8,005	6,747	6,892
Current receivables	9,930	8,760	8,618
Cash and cash equivalents	336	339	587
TOTAL ASSETS	18,271	15,846	16,097
EQUITY AND LIABILITIES			
Equity	4,269	3,626	3,649
Untaxed reserves	114	122	114
Provisions	4	–	–
Non-current interest-bearing liabilities	2,228	2,394	750
Current interest-bearing liabilities	5,730	4,996	6,302
Current non-interest-bearing liabilities	5,926	4,708	5,282
TOTAL EQUITY AND LIABILITIES	18,271	15,846	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 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 21–22.

EBITA compared with financial statements in accordance with IFRS

SEK million	NINE MONTHS 2023	NINE MONTHS 2022	FULL YEAR 2022
Operating profit	3,514	2,823	3,953
Amortisation of intangible assets arising from acquisitions	621	494	673
EBITA	4,135	3,317	4,626
Acquisition costs	37	23	36
EBITA before acquisition costs	4,172	3,340	4,662

EBITDA compared with financial statements in accordance with IFRS

SEK million	NINE MONTHS 2023	NINE MONTHS 2022	FULL YEAR 2022
Operating profit	3,514	2,823	3,953
Depreciation of tangible assets	431	324	454
Amortisation of intangible assets	17	15	24
Amortisation of intangible assets arising from acquisitions	621	494	673
EBITDA	4,583	3,656	5,104
Acquisition costs	37	23	36
EBITDA before acquisition costs	4,620	3,679	5,140

Net debt compared with financial statements in accordance with IFRS

SEK million	30 Sep 2023	30 Sep 2022	31 Dec 2022
Non-current interest-bearing liabilities including pension provisions	2,440	2,566	920
Current interest-bearing liabilities	5,756	5,077	6,373
Cash and cash equivalents	-1,560	-1,368	-1,703
Interest-bearing net debt	6,636	6,275	5,590
Put/call options, additional considerations	2,258	1,931	1,946
Lease liability	1,112	953	1,040
Net debt	10,006	9,159	8,576

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

SEK million	30 Sep 2023	30 Jun 2023	31 Mar 2023	31 Dec 2022
Total assets	33,711	34,329	32,121	29,771
Cash and cash equivalents	-1,560	-1,587	-1,754	-1,703
Interest-bearing pension provisions	-102	-95	-90	-70
Non-interest-bearing liabilities	-7,029	-7,064	-6,717	-6,153
Capital employed	25,020	25,583	23,560	21,845
Goodwill and other intangible assets	-20,948	-21,247	-19,553	-18,286
Capital employed excluding goodwill and other intangible assets	4,072	4,336	4,007	3,559

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 2023	Q2 2023	Q1 2023	Q4 2022
Capital employed	24,002	25,020	25,583	23,560	21,845
Capital employed excluding goodwill and other intangible assets	3,994	4,072	4,336	4,007	3,559
Total	5,494	1,355	1,487	1,330	1,322
Return on capital employed	22.9%				
Return on capital employed excluding goodwill and other intangible assets	138%				